

Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)

Issuer/Obligated Person: Mississippi Higher Education Assistance Corporation

Issues to which this Report relates:

<u>Cusip</u>	<u>Series</u>
605-354-DJ5	Senior Series 1994-A
605-354-DK2	Senior Series 1994-B
605-354-DL0	Subordinate Series 1994-C
605-354-DM8	Senior Series 1996-A
605-354-DP1	Subordinate Series 1996-C
605-354-DR7	Subordinate Series 1996-C
605-354-DS5	Subordinate Series 1996-C
605-354-DT3	Subordinate Series 1996-C
605-354-DV8	Senior Series 1998-B

Events Reported: Tender Offers

Background

Mississippi Higher Education Assistance Corporation (“MHEAC”) is filing this Event Notice with respect to the securities listed above, which were issued under an Indenture dated as of July 1, 1993 and supplements thereto (the “Indenture”). The securities listed above are referred to herein as the “Obligations.” The trust estate subject to the Indenture is referred to herein as the “Trust Estate.”

The Obligations have credit ratings as follows:

Senior Obligations:	“Aaa” “AAA”	Moody’s Investors Service Fitch, Inc.
Subordinate Obligations:	“A2” “A”	Moody’s Investors Service Fitch, Inc.

Tender Offers

On or about November 24, 2008, and November 25, 2008, the Corporation distributed offers to purchase a portion of the outstanding:

Student Loan Revenue Bonds, Senior Series 1994-A and Senior Series 1994-B, Cusips 605-354-DJ5 and 605-354-DK2;

Student Loan Revenue Bonds, Senior Series 1996-A, Cusip 605-354-DM8; and

Student Loan Revenue Bonds, Senior Series 1998-B, Cusip 605-354-DV8.

Copies of the Offer Documents and the forms for Letters of Transmittal are attached.

The information contained in this Event Notice has been submitted by MHEAC to report certain events and future plans of MHEAC with respect to the Obligations. Nothing contained in this Event Notice is, or should be construed as, a representation by MHEAC that the information included in this Event Notice constitutes all of the information that may be material to a decision to invest in, hold or dispose of any of the Obligations, or any other obligations or securities of MHEAC. General information concerning MHEAC is available at www.esfweb.com/mheac.html.

Date submitted: November 26, 2008

Offer to Purchase

MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

Offer to Purchase

For Aggregate Cash Consideration Not to Exceed \$71,900,000

Outstanding

**Auction Rate Student Loan Revenue Bonds, Senior Series 1994-A and 1994-B
at a Purchase Price not to Exceed \$49,000.00 (98% of the par value), and not to be Less than
\$47,500.00 (95% of the par value), Per \$50,000.00 Principal Amount plus Accrued Interest**

The Offer (as defined below) will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the "Expiration Time"). Holders (as defined below) of Senior Series 1994 Auction Rate Bonds (as defined below) must tender their Senior Series 1994 Auction Rate Bonds before the Expiration Time to receive the Tender Offer Consideration (as defined below), subject to the terms and conditions set forth in the Offer.

Mississippi Higher Education Assistance Corporation, a Mississippi non-profit corporation ("MHEAC") hereby offers to purchase, acting through BancorpSouth Bank, as trustee (the "Trustee") under the Indenture (as defined below), the Auction Rate Student Loan Revenue Bonds, Senior Series 1994-A and 1994-B set forth in the chart below (the "Senior Series 1994 Auction Rate Bonds") for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$71,900,000.00 (the "Maximum Aggregate Tender Offer Consideration"), upon the terms and subject to the conditions set forth in this Offer to Purchase (this "Statement") and in the accompanying Letter of Transmittal (the "Letter of Transmittal" and, together with this Statement, the "Offer").

Senior Series 1994 Auction Rate Bonds			
Auction Rate Student Loan Revenue Bonds, Senior Series 1994-A and 1994-B			
	Initial Principal Amount	Outstanding Principal Amount (November 24, 2008)	CUSIP
Senior Series 1994-A	\$50,000,000	\$35,000,000	605-354-DJ5
Senior Series 1994-B	\$51,700,000	\$51,700,000	605-354-DK2

The Offer is not conditioned on any minimum amount of Senior Series 1994 Auction Rate Bonds being tendered. The Offer is, however, subject to other conditions.

Validly tendered Senior Series 1994 Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the "Auction Process"). Under the Auction Process, each registered owner of Senior Series 1994 Auction Rate Bonds (a "Holder") desiring to tender Senior Series 1994 Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a "Price"), not to exceed \$49,000.00 (98% of the par value), and not to be less than \$47,500.00 (95% of the par value), for each \$50,000.00 principal amount of Senior Series 1994 Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1994 Auction Rate Bonds and the aggregate principal amount of Senior Series 1994 Auction Rate Bonds (in integral multiples of \$50,000.00) it is willing to sell at each such Price (the "Tendered Amount"). Promptly following the

Expiration Time, upon the terms and subject to the conditions of the Offer, Senior Series 1994 Auction Rate Bonds validly tendered at the lowest Price will be accepted first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1994 Auction Rate Bonds submitted after the Expiration Time will be valid.

If validly tendered Senior Series 1994 Auction Rate Bonds are accepted for payment in accordance with the Auction Process, MHEAC will pay a total cash consideration for each \$50,000.00 principal amount of such accepted Senior Series 1994 Auction Rate Bonds equal to the Price at which such Senior Series 1994 Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the "Tender Offer Consideration"). The "Settlement Date" in respect of any tendered Senior Series 1994 Auction Rate Bonds that are accepted for payment is expected to be the third New York City business day following the Expiration Time.

MHEAC will only purchase the maximum principal amount of Senior Series 1994 Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1994 Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$50,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

Following the earlier of the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1994 Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

All tenders of Senior Series 1994 Auction Rate Bonds shall be made in minimum denominations of \$50,000.00 or integral multiples thereof. Tenders of Senior Series 1994 Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$50,000.00.

None of MHEAC, its affiliates, the Trustee, GTBF (as defined below), the Depositary (as defined below) or the Information Agent (as defined below) makes any recommendation as to whether Holders should tender their Senior Series 1994 Auction Rate Bonds pursuant to the Offer. Each Holder must make its own decision with regard to tendering its Senior Series 1994 Auction Rate Bonds pursuant to the Offer.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THE OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Trustee Under the Indenture for the Senior Series 1994 Auction Rate Bonds is:

BancorpSouth Bank

November 24, 2008

IMPORTANT INFORMATION

Tenders of Senior Series 1994 Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. Also, tendered Senior Series 1994 Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1994 Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1994 Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

The Depository for the Offer is Global Bondholder Services Corporation (the “Depository”).

The Information Agent for the Offer is Global Bondholder Services Corporation (the “Information Agent”).

Subject to the terms and conditions set forth in the Offer, the Tender Offer Consideration to which a tendering Holder is entitled pursuant to the Offer will be paid on the Settlement Date. Under no circumstances will any interest be payable because of any delay in the transmission of funds to Holders by DTC (as defined below).

Notwithstanding any other provision of the Offer, MHEAC’s obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1994 Auction Rate Bonds validly tendered pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or MHEAC’s waiver of the Conditions (as defined in “Terms of the Offer — Conditions to the Offer”).

MHEAC reserves the right, in its sole discretion, to waive any one or more of the Conditions at any time and to terminate the Offer at any time and for any reason. See “Terms of the Offer — Conditions to the Offer.”

MHEAC retains the right to extend the Expiration Time of the Offer from time to time.

Subject to applicable securities laws and the terms set forth in the Offer, MHEAC reserves the right, before the Expiration Time (i) to waive any and all Conditions, (ii) to terminate the Offer, (iii) to extend the Expiration Time, (iv) to increase the Maximum Aggregate Tender Offer Consideration or (v) otherwise to amend the Offer in any respect. In the event that the Offer is terminated or otherwise not completed, the Tender Offer Consideration will not be paid or become payable to Holders of Senior Series 1994 Auction Rate Bonds that have validly tendered their Senior Series 1994 Auction Rate Bonds in connection with the Offer, in which case the tendered Senior Series 1994 Auction Rate Bonds will be promptly returned to the Holders.

Holders of Senior Series 1994 Auction Rate Bonds should take note of the following dates in connection with the Offer:

<u>Date</u>	<u>Calendar Date</u>	<u>Event</u>
Expiration Time	5:00 p.m., New York City time on December 23, 2008, unless extended or earlier terminated by MHEAC.	The last time and day for Holders to tender Senior Series 1994 Auction Rate Bonds pursuant to the Offer.
Settlement Date	MHEAC expects that this date will be December 29, 2008, the third New York City business day after the Expiration Time, unless the Offer is extended by MHEAC.	The day that MHEAC deposits with DTC the amount of cash necessary to pay each tendering Holder the Tender Offer Consideration.

The Settlement Date is also the day that DTC pays each tendering Holder the Tender Offer Consideration for all tendered Senior Series 1994 Auction Rate Bonds accepted for payment.

A beneficial owner of Senior Series 1994 Auction Rate Bonds that are held of record by a broker, dealer, custodian bank, depository, trust company or other nominee must instruct such nominee to tender such Senior Series 1994 Auction Rate Bonds on the beneficial owner's behalf. See "Terms of the Offer — Procedure for Tendering Senior Series 1994 Auction Rate Bonds."

The Depository Trust Company ("DTC") has authorized DTC participants that hold Senior Series 1994 Auction Rate Bonds on behalf of beneficial owners of Senior Series 1994 Auction Rate Bonds through DTC to tender their Senior Series 1994 Auction Rate Bonds as if they were Holders. To effect a tender, DTC participants may, in lieu of physically completing and signing the Letter of Transmittal, transmit their acceptance to DTC through the DTC Automated Tender Offer Program ("ATOP") for which the transaction will be eligible and follow the procedure for book-entry transfer set forth in "Terms of the Offer — Procedure for Tendering Senior Series 1994 Auction Rate Bonds." If Senior Series 1994 Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should contact such broker, dealer, custodian bank, depository, trust company or other nominee to determine whether a fee will be charged by such broker, dealer, custodian bank, depository, trust company or other nominee to tender such Senior Series 1994 Auction Rate Bonds.

Questions and requests for assistance may be directed to the Information Agent at its address and telephone number set forth on the back cover of this Statement. Additional copies of this Statement and the Letter of Transmittal and other related materials may be obtained from the Information Agent at its address and telephone number set forth on the back cover of this Statement. Beneficial owners may also contact their brokers, dealers, custodian banks, depositories, trust companies or other nominees through which they hold Senior Series 1994 Auction Rate Bonds with questions and requests for assistance.

The delivery of this Statement shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of MHEAC since the date hereof.

This Statement does not constitute an offer to purchase Senior Series 1994 Auction Rate Bonds in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer under applicable securities, "blue sky" or other laws.

In accordance with the Indenture (as defined below), MHEAC has directed and authorized the Trustee to purchase Senior Series 1994 Auction Rate Bonds on behalf of MHEAC upon the terms and conditions of the Offer. Therefore, pursuant to such instruction and authorization, and in compliance with the Indenture, any solicitation, acceptance, allocation and purchase of Senior Series 1994 Auction Rate Bonds upon the terms and conditions of the Offer is being made by MHEAC.

This Statement and the Letter of Transmittal contain important information which should be read carefully in their entirety before any decision is made with respect to the Offer.

None of MHEAC, its affiliates, the Trustee, GTBF, the Depository or the Information Agent makes any recommendation as to whether Holders should tender their Senior Series 1994 Auction Rate Bonds pursuant to the Offer. MHEAC has not authorized any person to make any recommendation on its behalf as to whether you should tender or refrain from tendering your

Senior Series 1994 Auction Rate Bonds in the Offer. MHEAC has not authorized any person to give any information other than as contained in this Statement or in the Letter of Transmittal. You should not rely on any recommendation, or any such other representation or information, as having been authorized by MHEAC, the Information Agent or the Depositary.

FORWARD-LOOKING STATEMENTS

MHEAC makes forward-looking statements in this Statement. Certain of the publicly available information relating to the Senior Series 1994 Auction Rate Bonds and MHEAC is based on current expectations, estimates, beliefs, assumptions and projections.

Words such as “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements.

Forward-looking statements speak only as of the date made. MHEAC undertakes no obligation to update any forward-looking statements to reflect the events or circumstances arising after the date as of which they are made. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements included in this Statement or that may be made elsewhere from time to time by, or on behalf of, MHEAC.

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TO HOLDERS OF
 AUCTION RATE STUDENT LOAN REVENUE BONDS, SENIOR SERIES 1994-A and 1994-B
 OF
 MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

This Statement and the accompanying Letter of Transmittal contain important information that should be read carefully before any decision is made with respect to the Offer.

SUMMARY

The following summary is provided solely for the convenience of Holders (as defined below) of the Senior Series 1994 Auction Rate Bonds (as defined below). This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more specific details contained elsewhere in this Statement, the Letter of Transmittal and any amendments or supplements hereto or thereto. Holders of the Senior Series 1994 Auction Rate Bonds are urged to read this Statement in its entirety. Unless otherwise indicated, each of the capitalized terms used but not defined in this summary has the meaning set forth elsewhere in this Statement.

The Offeror Mississippi Higher Education Assistance Corporation, a Mississippi non-profit Corporation ("MHEAC")

The Senior Series 1994 Auction Rate Bonds The Offer relates to the following series of Auction Rate Student Loan Revenue Bonds, Senior Series 1994-A and 1994-B (the "Senior Series 1994 Auction Rate Bonds"):

Auction Rate Student Loan Revenue Bonds, Senior Series 1994-A and 1994-B

Series	Initial Principal Amount	Outstanding Principal Amount (November 24, 2008)	Cusip
Senior Series 1994-A	\$50,000,000	\$35,000,000	605-354-DJ5
Senior Series 1994-B	\$51,700,000	\$51,700,000	605-354-DK2

The Senior Series 1994 Auction Rate Bonds were issued by MHEAC pursuant to, and are secured, on parity with certain other obligations of MHEAC, by the Trust Estate created pursuant to a trust indenture dated as of July 1, 1993, between MHEAC and BancorpSouth Bank, as trustee (the "Trustee"), as supplemented (such trust indenture, as supplemented to date, the "Indenture").

The Offer MHEAC is offering, on the terms and subject to the conditions set forth herein, to purchase outstanding Senior Series 1994 Auction Rate Bonds for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$71,900,000.00 (the "Maximum Aggregate Tender Offer Consideration"). See "Terms of the Offer — Conditions to the Offer."

Expiration Time The Expiration Time is 5:00 p.m., New York City time on December 23, 2008, unless extended or earlier terminated by

MHEAC. MHEAC retains the right to extend the Expiration Time of the Offer from time to time. If a broker, dealer, custodian bank, depository, trust company or other nominee holds your shares, it is likely they have an earlier deadline, for administrative reasons, for you to act to instruct them to accept the tender offer on your behalf. We urge you to contact the broker, dealer, custodian bank, depository, trust company or other nominee to find out their deadline.

Tender Offer Consideration..... If validly tendered Senior Series 1994 Auction Rate Bonds are accepted for payment in accordance with the Auction Process (as defined below), MHEAC will pay a total cash consideration for each \$50,000.00 principal amount of such accepted Senior Series 1994 Auction Rate Bonds equal to the Price (as defined below) at which such Senior Series 1994 Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the "Tender Offer Consideration"). Pursuant to the Auction Process, different Prices may be accepted and paid to Holders of Senior Series 1994 Auction Rate Bonds in the Offer.

Minimum Denominations of Tenders..... All tenders of Senior Series 1994 Auction Rate Bonds shall be made in minimum denominations of \$50,000.00 or integral multiples thereof. Tenders of Senior Series 1994 Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$50,000.00.

Settlement Date The Settlement Date in respect of any validly tendered Senior Series 1994 Auction Rate Bonds that are accepted for payment is expected to be December 29, 2008, the third New York City business day following the Expiration Time.

Tender Offer Price; The Auction Process..... Validly tendered Senior Series 1994 Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the "Auction Process"). Under the Auction Process, each registered owner of Senior Series 1994 Auction Rate Bonds (a "Holder") desiring to tender Senior Series 1994 Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a "Price"), not to exceed \$49,000.00 (98% of the par value), and not to be less than \$47,500.00 (95% of the par value), for each \$50,000.00 principal amount of Senior Series 1994 Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1994 Auction Rate Bonds to MHEAC and the aggregate principal amount of Senior Series 1994 Auction Rate Bonds (in integral multiples of \$50,000.00) it is willing to sell at each such Price (the "Tendered Amount"). Promptly following the Expiration Time, upon the terms and subject to the

conditions of the Offer, Senior Series 1994 Auction Rate Bonds validly tendered at the lowest Price will be accepted (excluding accrued interest which will be payable as part of the purchase price) and first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1994 Auction Rate Bonds submitted after the Expiration Time will be valid.

MHEAC will only purchase the maximum principal amount of Senior Series 1994 Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1994 Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$50,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

Following the earlier of the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1994 Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

All validly tendered Senior Series 1994 Auction Rate Bonds that are purchased pursuant to the Offer will be retired in accordance with the terms of the Indenture.

See "Terms of the Offer — Procedure for Tendering Senior Series 1994 Auction Rate Bonds" for a more detailed description of the Auction Process.

How to Tender Senior Series 1994
Auction Rate Bonds.....

See "Terms of the Offer — Procedure for Tendering Senior Series 1994 Auction Rate Bonds." For further information, call the Information Agent at its telephone number set forth on the back cover of this Statement or consult your broker, dealer, custodian bank, depository, trust company or other nominee for assistance.

Withdrawal Rights.....

Tenders of Senior Series 1994 Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. In addition, tendered Senior Series 1994 Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any

Senior Series 1994 Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1994 Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Purpose of the Offer

The purpose of the Offer is for MHEAC to reduce the principal amount of its outstanding indebtedness, thereby reducing the aggregate amount of its future interest expense.

Certain Consequences to Tendering and Non-Tendering Holders

Each Holder should, prior to making any decision to tender or not tender any of its Senior Series 1994 Auction Rate Bonds, consider certain consequences that may occur. See “Certain Significant Consequences to Non-Tendering Holders” and “Certain Significant Consequences to Tendering Holders.”

Certain Conditions Precedent to the Offer

MHEAC’s obligation to accept for payment, and to pay for, Senior Series 1994 Auction Rate Bonds validly tendered pursuant to the Offer is conditioned upon satisfaction of certain Conditions. See “Terms of the Offer — Conditions to the Offer.”

Important United States Federal Income Tax Considerations

For a summary of certain United States federal income tax consequences of the Offer, see “Important United States Federal Income Tax Considerations for Holders.”

Brokerage Commissions

If Senior Series 1994 Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should ask such broker, dealer, custodian bank, depository, trust company or other nominee whether it will charge a fee to tender such Senior Series 1994 Auction Rate Bonds.

Depository

Global Bondholder Services Corporation.

Information Agent

Global Bondholder Services Corporation.

Further Information

Questions may be directed to the Information Agent, and additional copies of this Statement may be obtained by contacting the Information Agent at its telephone number and address set forth on the back cover of this Statement.

INTRODUCTION

MHEAC is a Mississippi non-profit corporation.

Global Bondholder Services Corporation (“GBSC”) is the Information Agent and the Depository for the Offer. For its services as Information Agent and Depository, GBSC will receive customary fees due to an information agent and depository for similar tender offers.

MHEAC is offering, upon the terms and subject to the Conditions set forth in this Statement and the related Letter of Transmittal, to purchase outstanding Senior Series 1994 Auction Rate Bonds for a cash amount (excluding accrued interest which will be payable as part of the purchase price) up to the Maximum Aggregate Tender Offer Consideration (as defined below). The Offer and the payment for Senior Series 1994 Auction Rate Bonds are conditioned upon, among other things, the satisfaction or waiver by MHEAC of the Conditions. See “Terms of the Offer — Conditions to the Offer.”

SENIOR SERIES 1994 AUCTION RATE BONDS

The Senior Series 1994 Auction Rate Bonds were issued by MHEAC pursuant to, and are secured, on parity with certain other obligations of MHEAC, by the Trust Estate created pursuant to a trust indenture dated as of July 1, 1993, between MHEAC and BancorpSouth Bank, as trustee, as supplemented (such trust indenture, as supplemented to date, the “Indenture”).

Information concerning the terms and conditions applicable to the Senior Series 1994 Auction Rate Bonds may be found in the sections entitled “Description of the Bonds,” “Redemption,” “Tax Matters,” Appendix B, “Certain Definitions and Summary of Certain Provisions of the Indenture,” and Appendix D, “Auction Procedures” in the Official Statement dated November 16, 1994, with respect to the Senior Series 1994 Auction Rate Bonds and certain other obligations (the “1994 Official Statement”), a copy of which is available on the website, <http://www.esfweb.com/mheac.html>.

Information concerning the terms and conditions applicable to the Senior Series 1994 Auction Rate Bonds may also be found in the sections with comparable titles in the Official Statement dated April 12, 1996, with respect to MHEAC’s Student Loan Revenue Bonds, Senior Series 1996-A, Senior Series 1996-B and Subordinate Series 1996-C (which are secured on a parity with the Senior Series 1994 Auction Rate Bonds) and the Official Statement dated June 5, 1998, with respect to MHEAC’s Student Loan Revenue Bonds, Senior Series 1998-A and Senior Series 1998-B (which are also secured on a parity with the Senior Series 1994 Auction Rate Bonds). Copies of these documents are available on the website, <http://www.esfweb.com/mheac.html>. Copies of supplements to the Indenture subsequent to 1998 will be provided upon request.

Information applicable to the Senior Series 1994 Auction Rate Bonds may also be found in:

- (a) Annual Reports filed with Nationally Recognized Municipal Securities Information Repositories;
- (b) Event Notices filed with Nationally Recognized Municipal Securities Information Repositories, and audits of MHEAC’s financial records; and
- (c) Quarterly Servicer Reports with respect to student loan assets held as part of the trust estate pursuant to the Indenture.

Copies of Event Notices filed subsequent to January 1, 2008, and Quarterly Servicer Reports are available on the website, <http://www.esfweb.com/mheac.html>.

A copy of MHEAC's most recent audited financial statements is available on the website, <http://www.esfweb.com/mheac.html>.

MHEAC believes that the documents referenced above were accurate as of the dates thereof. MHEAC makes no representation concerning the continued accuracy of the information in such documents.

PURPOSE OF THE OFFER

Auction rate securities recently have had unprecedented liquidity problems, including failed auctions. As a result, the interest rate of the Senior Series 1994 Auction Rate Bonds at all recent auctions has been set at the maximum rate for the relevant period. The purpose of the Offer is for MHEAC to reduce the principal amount of its outstanding indebtedness, thereby reducing the aggregate amount of its future interest expense.

SOURCES OF FUNDS

Funds currently held as part of the trust estate under the Indenture will be used to purchase Senior Series 1994 Auction Rate Bonds pursuant to the Offer. MHEAC may also use funds received prior to the Expiration Date and/or general funds of MHEAC to pay the purchase price for Senior Series 1994 Auction Rate Bonds.

TERMS OF THE OFFER

General

Upon the terms and subject to the Conditions set forth in this Statement and in the related Letter of Transmittal and any supplements or amendments hereto or thereto, MHEAC hereby offers to purchase Senior Series 1994 Auction Rate Bonds for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$71,900,000.00 (the "Maximum Aggregate Tender Offer Consideration"). If any validly tendered Senior Series 1994 Auction Rate Bonds are accepted for payment pursuant to the Auction Process (as defined below) and are not withdrawn, MHEAC will pay a total consideration for each \$50,000.00 principal amount of such accepted Senior Series 1994 Auction Rate Bonds equal to the Tender Offer Consideration (as defined below). Pursuant to the Auction Process, different Prices may be accepted and paid to Holders of Senior Series 1994 Auction Rate Bonds in the Offer. The Offer will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the "Expiration Time"). Under no circumstances will any additional interest be payable because of any delay in the transmission of funds to the Holders of purchased Senior Series 1994 Auction Rate Bonds or otherwise. No tenders of Senior Series 1994 Auction Rate Bonds submitted after the Expiration Time will be valid.

The next auction date for each Series of Senior Series 1994 Auction Rate Bonds is as listed below (with respect to any series of Senior Series 1994 Auction Rate Bonds, the "Subject Auction Date"):

Series	Next Auction Date
Senior Series 1994-A	December 15, 2008
Senior Series 1994-B	December 22, 2008

Any Holder of a Senior Series 1994 Auction Rate Bond that tenders Senior Series 1994 Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1994 Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. If all of the Senior Series 1994 Auction Rate Bonds of a particular series are tendered prior to the Subject Auction Date, the interest rate on such series of Senior Series 1994 Auction Rate Bonds, from such Subject Auction Date until the Settlement Date will be the All-Hold rate provided in the Indenture.

Because the Tender Offer Consideration for Senior Series 1994 Auction Rate Bonds includes accrued and unpaid interest based on the interest rate determined by auction, the actual amount of consideration that may be received by a tendering Holder pursuant to the Offer will be affected by changes in such interest rate during the term of the Offer prior to the Expiration Time.

Senior Series 1994 Auction Rate Bonds not purchased pursuant to the Offer will continue to be governed by the terms of the Indenture and related transaction documents, including with respect to maturity, the payment of interest, the determination of the interest rate through auctions, redemption and the payment of principal.

Payments will be made on the Settlement Date, which is expected to be December 29, 2008, the third New York City business day following the Expiration Time, for all Senior Series 1994 Auction Rate Bonds validly tendered before the Expiration Time and accepted for payment by MHEAC in accordance with the procedures set forth herein. If the Offer is not consummated, no such payments will be made. Notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for Senior Series 1994 Auction Rate Bonds validly tendered and accepted for payment pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or MHEAC's waiver of the Conditions.

Tenders of Senior Series 1994 Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not occurred. In addition, tendered Senior Series 1994 Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1994 Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, Senior Series 1994 Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders. MHEAC and its affiliates reserve the right to acquire any Senior Series 1994 Auction Rate Bonds that remain outstanding following termination or expiration of the Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than any Price (as defined below) to be paid pursuant to the Offer and could be for cash or other consideration.

The Offer is not conditioned on any minimum amount of Senior Series 1994 Auction Rate Bonds being tendered. However, MHEAC's obligation to accept for payment and to pay for Senior Series 1994 Auction Rate Bonds validly tendered pursuant to the Offer is conditioned upon satisfaction of or MHEAC's waiver of the Conditions, as set forth in "Terms of the Offer — Conditions to the Offer." Subject to applicable securities laws and the terms set forth in the Offer, MHEAC reserves the right, before the Expiration Time, (i) to waive any and all Conditions, (ii) to terminate the Offer, (iii) to extend the Expiration Time, (iv) to increase the Maximum Aggregate Tender Offer Consideration or (v) otherwise to amend the Offer in any respect. The rights reserved by MHEAC in this paragraph are in addition to MHEAC's rights to terminate the Offer described in "Terms of the Offer — Conditions to the Offer."

Any extension, amendment or termination of the Offer will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension of the Offer to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Time. Without limiting the manner in which any public announcement may be made, MHEAC intends to make any such public announcement by issuing a press release to PR Newswire or other similar

media service and will have no further obligation to publish, advertise or otherwise communicate any such public announcement.

If MHEAC makes a material change in the terms of the Offer or the information concerning the Offer, MHEAC will disseminate additional offering materials and extend the Offer to the extent required by applicable law.

None of MHEAC, its affiliates, the Trustee, GTBF, the Depository or the Information Agent makes any recommendation as to whether Holders should tender their Senior Series 1994 Auction Rate Bonds pursuant to the Offer. Holders must make their own decisions with regard to tendering Senior Series 1994 Auction Rate Bonds.

Acceptance for Payment and Payment for Senior Series 1994 Auction Rate Bonds

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment) and applicable law, MHEAC will purchase and, on the Settlement Date, will pay for, all Senior Series 1994 Auction Rate Bonds validly tendered and accepted for payment pursuant to the Offer. For purposes of the Offer, tendered Senior Series 1994 Auction Rate Bonds will be deemed to have been accepted for payment, if, as and when MHEAC gives oral or written notice thereof to the Depository. Such payment shall be made by the deposit of the Tender Offer Consideration for all tendered Senior Series 1994 Auction Rate Bonds accepted for payment in immediately available funds by MHEAC on the Settlement Date with DTC, which will act as agent for tendering Holders for the purpose of receiving payment from MHEAC and transmitting such payment to tendering Holders. Under no circumstances will interest on the Tender Offer Consideration be paid by MHEAC by reason of any delay in the transmission of funds to Holders by DTC. MHEAC expressly reserves the right, in its sole discretion and subject, to the extent (if any) applicable, to Rule 14e-1(c) under the Securities Exchange Act of 1934 (the “Exchange Act”), to delay acceptance for payment of or payment for Senior Series 1994 Auction Rate Bonds in order to comply, in whole or in part, with any applicable law or any other condition. See “Terms of the Offer — Conditions to the Offer.” In all cases, payment by DTC to Holders or beneficial owners of the Tender Offer Consideration for Senior Series 1994 Auction Rate Bonds purchased pursuant to the Offer will be made only after receipt by the Depository of (i) timely confirmation of a book-entry transfer of such Senior Series 1994 Auction Rate Bonds into the Depository’s account at DTC pursuant to the procedures set forth in “Terms of the Offer — Procedure for Tendering Senior Series 1994 Auction Rate Bonds,” (ii) a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or a properly transmitted Agent’s Message (as defined below) through ATOP and (iii) any other documents required by the Letter of Transmittal.

Except as set forth in the Instruction 7 of the Letter of Transmittal, tendering Holders will not be obligated to pay transfer taxes on the purchase of Senior Series 1994 Auction Rate Bonds pursuant to the Offer. If Senior Series 1994 Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should contact such broker, dealer, custodian bank, depository, trust company or other nominee to determine whether a fee will be charged by such broker or bank to tender such Senior Series 1994 Auction Rate Bonds.

Procedure for Tendering Senior Series 1994 Auction Rate Bonds

The tender of Senior Series 1994 Auction Rate Bonds pursuant to the Offer and in accordance with the procedures described below will constitute a valid tender of Senior Series 1994 Auction Rate Bonds.

The method of delivery of Senior Series 1994 Auction Rate Bonds and Letters of Transmittal, any required signature guarantees and all other required documents, including delivery through DTC and any acceptance of an Agent’s Message transmitted through ATOP, is at the election and risk of the person tendering Senior Series 1994 Auction Rate Bonds and delivering Letters of Transmittal

or transmitting an Agent's Message and, except as otherwise provided in the Letter of Transmittal, delivery will be deemed made only when actually received by the Depository. If delivery is made by mail, it is suggested that Holders use properly insured, registered mail with return receipt requested, and that the mailing be made sufficiently in advance of the Expiration Time to permit delivery to the Depository on or before the Expiration Time. Manually signed facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. Tenders not received by the Depository at or prior to the Expiration Time will be disregarded and deemed not validly tendered.

Valid Tender. The tender by a Holder of Senior Series 1994 Auction Rate Bonds in accordance with the Auction Process set forth below under the heading "*—The Auction Process*" and pursuant to one of the procedures set forth below will constitute a binding agreement between such Holder and MHEAC in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

Only Holders are authorized to tender Senior Series 1994 Auction Rate Bonds. The procedures by which beneficial owners may instruct their related Holders to tender the applicable Senior Series 1994 Auction Rate Bonds will depend upon the manner in which the Senior Series 1994 Auction Rate Bonds are held.

Holders that tender any of their Senior Series 1994 Auction Rate Bonds before the Expiration Time and have such tendered Senior Series 1994 Auction Rate Bonds accepted for payment by MHEAC in accordance with the Auction Process will receive the Tender Offer Consideration subject to the terms and conditions set forth in the Offer. Notwithstanding any other provision hereof, payment of the Tender Offer Consideration for Senior Series 1994 Auction Rate Bonds tendered and accepted for payment pursuant to the Offer will, in all cases, be made only after timely receipt (i.e., before the Expiration Time) by the Depository of a Book-Entry Confirmation (as defined below) of the transfer of such Senior Series 1994 Auction Rate Bonds into the Depository's account at DTC as described above, and a Letter of Transmittal (or manually signed facsimile thereof) with respect to such Senior Series 1994 Auction Rate Bonds, properly completed and duly executed, with any required signature guarantees and any other documents required by the Letter of Transmittal, or a properly transmitted Agent's Message (as defined below).

The Auction Process. Validly tendered Senior Series 1994 Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the "Auction Process"). Under the Auction Process, each registered owner of Senior Series 1994 Auction Rate Bonds (a "Holder") desiring to tender Senior Series 1994 Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a "Price"), not to exceed \$49,000.00 (98% of the par value), and not to be less than \$47,500.00 (95% of the par value), for each \$50,000.00 principal amount of Senior Series 1994 Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1994 Auction Rate Bonds and the aggregate principal amount of Senior Series 1994 Auction Rate Bonds (in integral multiples of \$50,000.00) it is willing to sell at each such Price (the "Tendered Amount"). Otherwise valid tenders which specify a price less than \$47,500.00 (95% of the par value), for each \$50,000.00 principal amount of Senior Series 1994 Auction Rate Bonds shall be deemed to have specified a price of \$47,500.00 (95% of the par value), for each \$50,000.00 principal amount of Senior Series 1994 Auction Rate Bonds. Promptly following the Expiration Time, upon the terms and subject to the conditions of the Offer, Senior Series 1994 Auction Rate Bonds validly tendered at the lowest Price will be accepted first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1994 Auction Rate Bonds submitted after the Expiration Time will be valid.

If validly tendered Senior Series 1994 Auction Rate Bonds are accepted for payment in accordance with the Auction Process, MHEAC will pay a total cash consideration for each \$50,000.00 principal

amount of such accepted Senior Series 1994 Auction Rate Bonds equal to the Price at which such Senior Series 1994 Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the “Tender Offer Consideration”). The “Settlement Date” in respect of any tendered Senior Series 1994 Auction Rate Bonds that are accepted for payment is expected to be the third New York City business day following the Expiration Time.

MHEAC will only purchase the maximum principal amount of Senior Series 1994 Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1994 Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$50,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

All tenders of Senior Series 1994 Auction Rate Bonds shall be made in minimum denominations of \$50,000.00 or integral multiples thereof. Tenders of Senior Series 1994 Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$50,000.00.

Following the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1994 Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

In accordance with the Letter of Transmittal, a Holder may tender different portions of the principal amount of its Senior Series 1994 Auction Rate Bonds at different Prices; however, a Holder may not specify Prices for an aggregate principal amount of Senior Series 1994 Auction Rate Bonds in excess of the aggregate principal amount of Senior Series 1994 Auction Rate Bonds held by such Holder. The same portion of Senior Series 1994 Auction Rate Bonds cannot be tendered at more than one Price. To tender Senior Series 1994 Auction Rate Bonds validly, each Price must be for a portion equal to \$50,000.00 principal amount of such Senior Series 1994 Auction Rate Bonds or integral multiples thereof. A Holder who wishes to tender different portions of its Senior Series 1994 Auction Rate Bonds at more than one Price must complete a separate Letter of Transmittal or transmit a separate Agent’s Message through ATOP for each Price at which the related portion of Senior Series 1994 Auction Rate Bonds is being tendered. In case of withdrawal, Holders who tendered portions of their Senior Series 1994 Auction Rate Bonds at multiple Prices pursuant to multiple Letters of Transmittal or Agent’s Messages must comply with the procedures set forth under the heading “*No Withdrawal of Tenders*” with respect to each Letter of Transmittal or Agent’s Message and the related Tendered Amount.

All validly tendered Senior Series 1994 Auction Rate Bonds that are purchased pursuant to the Offer will be retired in accordance with the terms of the Indenture.

Tender of Senior Series 1994 Auction Rate Bonds Held Through a Custodian. To effectively tender Senior Series 1994 Auction Rate Bonds that are held of record by a broker, dealer, custodian bank, depository, trust company or other nominee, the beneficial owner thereof must instruct such custodian to tender Senior Series 1994 Auction Rate Bonds on the beneficial owner’s behalf. The Letter of Transmittal included in the materials provided with this Statement may be used by a beneficial owner in this process to effect the tender. Any beneficial owner of Senior Series 1994 Auction Rate Bonds held of record by DTC or its nominee, through authority granted by DTC, may direct the DTC participant through which such beneficial owner’s Senior Series 1994 Auction Rate Bonds are held in DTC to tender, on such beneficial owner’s behalf, the Senior Series 1994 Auction Rate Bonds beneficially owned by such beneficial owner.

Tender of Bonds Held Through DTC. To effectively tender Senior Series 1994 Auction Rate Bonds that are held through DTC, DTC participants should electronically transmit their acceptance through ATOP (and thereby tender Senior Series 1994 Auction Rate Bonds), for which the transaction will be eligible, followed by a properly completed and duly executed Letter of Transmittal or transmitted Agent's Message delivered to the Depository. Upon receipt of such Holder's acceptance through ATOP, DTC will edit and verify the acceptance and send an Agent's Message to the Depository for its acceptance. Delivery of tendered Senior Series 1994 Auction Rate Bonds must be made to the Depository pursuant to the book-entry delivery procedures set forth below.

Except as provided below, unless the Senior Series 1994 Auction Rate Bonds being tendered are deposited with the Depository before the Expiration Time (accompanied by a properly completed and duly executed Letter of Transmittal or a properly transmitted Agent's Message, as applicable), MHEAC may, in its sole discretion, treat such tender as defective for purposes of the right to receive the Tender Offer Consideration. Payment for Senior Series 1994 Auction Rate Bonds will be made only against deposit of the tendered Senior Series 1994 Auction Rate Bonds and delivery of all other required documents.

In order to validly tender Senior Series 1994 Auction Rate Bonds before the Expiration Time with respect to Senior Series 1994 Auction Rate Bonds transferred pursuant to ATOP, a DTC participant using ATOP must also properly transmit an Agent's Message. Pursuant to authority granted by DTC, any DTC participant which has Senior Series 1994 Auction Rate Bonds credited to its DTC account at any time (and thereby held of record by DTC's nominee) may directly instruct the Depository to tender Senior Series 1994 Auction Rate Bonds before 5:00 p.m., New York City time, on the Expiration Time as though it were the registered Holder thereof by transmitting an Agent's Message.

Book-Entry Delivery Procedures. The Depository will establish an account with respect to the Senior Series 1994 Auction Rate Bonds at DTC for purposes of the Offer within two business days after the date of this Statement, and any financial institution that is a participant in DTC may make book-entry delivery of Senior Series 1994 Auction Rate Bonds by causing DTC to transfer such Senior Series 1994 Auction Rate Bonds into such account in accordance with DTC's procedures for such transfer. However, although delivery of Senior Series 1994 Auction Rate Bonds may be effected through book-entry transfer into the Depository's account at DTC, the Letter of Transmittal (or manually signed facsimile thereof), with any required signature guarantees or an Agent's Message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the Depository at its address set forth on the back cover of this Statement on or before the Expiration Time. Delivery of documents to DTC does not constitute delivery to the Depository. The confirmation of a book-entry transfer into the Depository's account at DTC as described above is referred to herein as a "Book-Entry Confirmation."

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Depository and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the participant in DTC tendering Senior Series 1994 Auction Rate Bonds and that such participant has received this Statement and the Letter of Transmittal and agrees to be bound by the terms of this Statement and the Letter of Transmittal and MHEAC may enforce such agreements against such participant.

Signature Guarantees. Signatures on all Letters of Transmittal must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program (a "Medallion Signature Guarantor"), unless the Senior Series 1994 Auction Rate Bonds tendered thereby are tendered (i) by a registered Holder of Senior Series 1994 Auction Rate Bonds (or by a participant in DTC whose name appears on a security position listing as the owner of such Senior Series 1994 Auction Rate Bonds) that has not completed the box marked "Special Issuance Instructions" or the box marked "Special

Delivery Instructions” in the Letter of Transmittal, or (ii) for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States. See Instruction 4 of the Letter of Transmittal. If the Senior Series 1994 Auction Rate Bonds are registered in the name of a person other than the signer of the Letter of Transmittal, then the signatures on the Letter of Transmittal accompanying the tendered Senior Series 1994 Auction Rate Bonds must be guaranteed by a Medallion Signature Guarantor as described above. See Instructions 1 and 4 of the Letter of Transmittal.

Backup Withholding. To prevent backup U.S. federal income tax withholding, each tendering Holder of Senior Series 1994 Auction Rate Bonds generally must provide the Depository with such Holder’s correct taxpayer identification number and certify that such Holder is not subject to backup U.S. federal income tax withholding by completing the Substitute Form W-9, included in the Letter of Transmittal, or the appropriate Form W-8BEN, as applicable. For a discussion of the U.S. federal income tax considerations relating to backup withholding, see “Important United States Federal Income Tax Considerations for Holders — Backup Withholding and Information Reporting.”

Determination of Validity. No tender shall be deemed to have been validly made until all defects or irregularities in such tender have been cured or waived. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Senior Series 1994 Auction Rate Bonds pursuant to any of the procedures described above will be determined by MHEAC in its sole discretion, which determination shall be final and binding. MHEAC reserves the absolute right to reject any or all tenders of any Senior Series 1994 Auction Rate Bonds determined by it not to be in proper form or if the acceptance for payment of, or payment for, such Senior Series 1994 Auction Rate Bonds may, based on the advice of MHEAC’s counsel, be unlawful. MHEAC also reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer or any defect or irregularity in any tender with respect to Senior Series 1994 Auction Rate Bonds of any particular Holder, whether or not similar defects or irregularities are waived in the case of other Holders. MHEAC’s interpretation of the terms and conditions of the Offer will be final and binding. None of MHEAC, its affiliates, GTBF, the Depository, the Information Agent, the Trustee or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification. If MHEAC waives its right to reject a defective tender of Senior Series 1994 Auction Rate Bonds that would have been accepted through the Auction Process in the absence of the related defect, the Holder will be entitled to the Tender Offer Consideration.

No Withdrawal of Tenders

Tenders of Senior Series 1994 Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. Also, tendered Senior Series 1994 Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1994 Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1994 Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Any notice of withdrawal must (i) specify the name of the person that tendered the Senior Series 1994 Auction Rate Bonds to be withdrawn, (ii) contain the description of the Senior Series 1994 Auction Rate Bonds to be withdrawn and the aggregate principal amount represented by such Senior Series 1994 Auction Rate Bonds and (iii) be signed by the Holder of such Senior Series 1994 Auction Rate Bonds in the same manner as the original signature on the Letter of Transmittal by which such Senior Series 1994 Auction Rate Bonds were tendered (including any required signature guarantees), if any, or be accompanied by (x) documents of transfer sufficient to have the Trustee register the transfer of the Senior Series 1994 Auction Rate Bonds into the name of the person withdrawing such Senior Series 1994 Auction Rate Bonds and (y) a properly completed irrevocable proxy that authorized such person to effect

such withdrawal on behalf of such Holder. In addition, for Senior Series 1994 Auction Rate Bonds tendered through DTC, the notice of withdrawal must also specify the name and number of the account at DTC to be credited with the withdrawn Senior Series 1994 Auction Rate Bonds. If the Senior Series 1994 Auction Rate Bonds to be withdrawn have been delivered or otherwise identified to the Depository, a signed notice of withdrawal is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected by the Depository. Any Senior Series 1994 Auction Rate Bonds properly withdrawn will be deemed to be not validly tendered for purposes of the Offer.

Any Holder who tendered different portions of the principal amount of its Senior Series 1994 Auction Rate Bonds at different Prices as discussed above under the heading “—*Procedure for Tendering Senior Series 1994 Auction Rate Bonds—The Auction Process*” must deliver a separate notice of withdrawal for each Letter of Transmittal or Agent’s Message, as applicable, and related Tendered Amount with respect to which such Holder intends to withdraw its tender.

Any Holder who validly withdraws a prior tender of its Senior Series 1994 Auction Rate Bonds may tender such Senior Series 1994 Auction Rate Bonds again, prior to the Expiration Time and otherwise pursuant to the terms of the Offer as if the withdrawn tender had not been made.

Withdrawals of Senior Series 1994 Auction Rate Bonds can be accomplished only in accordance with the foregoing procedures.

All questions as to the validity (including time of receipt) of notices of withdrawal will be determined by MHEAC in its sole discretion, which determination shall be final and binding. None of MHEAC, its affiliates, the Depository, GTBF, the Trustee, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal, or incur any liability for failure to give any such notification.

Conditions to the Offer

The Offer is not conditioned on any minimum principal amount of Senior Series 1994 Auction Rate Bonds being tendered in the Offer. Notwithstanding any other provision of the Offer and in addition to (and not in limitation of) MHEAC’s rights to extend, amend or terminate the Offer, MHEAC shall not be required to accept for payment, purchase or pay for, and may delay the acceptance for payment of, any tendered Senior Series 1994 Auction Rate Bonds, in each event subject, to the extent (if any) applicable, to Rule 14c-1(c) under the Exchange Act, and may terminate the Offer, if immediately prior to the expiration of the Offer, any of the following (collectively, the “Conditions”) has occurred (or are determined by MHEAC to have occurred):

- (a) there has been instituted or threatened or is pending any action or proceeding (or there shall have been any material adverse development to any action or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, or by any other person, in connection with the Offer that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer;
- (b) there shall have occurred any development which would, in the reasonable judgment of MHEAC, materially adversely affect the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of MHEAC, its subsidiaries or its affiliates;
- (c) an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction has been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer;

(d) there has occurred or is likely to occur (1) any event affecting the business or financial affairs of MHEAC, its subsidiaries or its affiliates that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer, or (2) any legal event which, in the reasonable judgment of MHEAC, is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of MHEAC, its subsidiaries or its affiliates;

(e) the Trustee shall have objected in any respect to or taken any action that could, in the reasonable judgment of MHEAC, adversely affect the consummation of the Offer or has taken any action that challenges the validity or effectiveness of the procedures used by MHEAC in the making of the Offer or the acceptance for payment of, or payment for, Senior Series 1994 Auction Rate Bonds;

(f) any approval, permit, favorable review or consent of any third party required to be obtained in connection with the Offer shall not have been obtained on terms satisfactory to MHEAC in its sole discretion; or

(g) there has occurred, in the reasonable judgment of MHEAC, (1) any general suspension of, or limitation on prices for, trading in securities in the United States or other major securities or financial markets, (2) any significant change in the price of the Senior Series 1994 Auction Rate Bonds since the commencement of the Offer, (3) a material impairment in the trading market for debt securities, (4) a declaration of a banking moratorium or any suspension of payments in respect to banks in the United States or other major financial markets, (5) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in the reasonable judgment of MHEAC, might affect the extension of credit by banks or other lending institutions, (6) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States, (7) any change in the general political, market, economic or financial condition in the United States or internationally that in the reasonable judgment of MHEAC is likely to materially and adversely affect it or trading in the Senior Series 1994 Auction Rate Bonds or (8) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

If any of the above events occur (or are deemed by MHEAC to have occurred), MHEAC may, in its sole discretion:

- terminate the Offer and promptly return all validly tendered Senior Series 1994 Auction Rate Bonds to the Holders;
- extend the Offer and, subject to any withdrawal rights, retain all validly tendered Senior Series 1994 Auction Rate Bonds until the extended Offer expires;
- amend the terms of the Offer; or
- waive any unsatisfied condition and, subject to any requirement to extend the period of time during which the Offer is open, complete the Offer.

The foregoing conditions are for the sole benefit of MHEAC and may be asserted by MHEAC regardless of the circumstances giving rise to any such condition (including any action or inaction by MHEAC) and may be waived by MHEAC, in whole or in part, at any time and from time to time prior to the Expiration Time, in the sole discretion of MHEAC. Any determination by MHEAC concerning the events described above will be final and binding on all parties. Notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1994 Auction Rate Bonds validly tendered pursuant to the Offer is subject to, and

conditioned upon, the satisfaction of or MHEAC's waiver of, all of the Conditions. The failure by MHEAC at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

CERTAIN SIGNIFICANT CONSEQUENCES TO NON-TENDERING HOLDERS

In deciding whether to participate in the Offer, each Holder should consider carefully, in addition to other information contained in this Statement, the following:

No Current Active Trading Market; Possible Effects of the Offer on the Future Trading Market for Senior Series 1994 Auction Rate Bonds

To the knowledge of MHEAC, in recent months, there has not been an active trading market for the Senior Series 1994 Auction Rate Bonds. As discussed in "Terms of the Offer—Procedure for Tendering Senior Series 1994 Auction Rate Bonds—The Auction Process" above, any Senior Series 1994 Auction Rate Bonds acquired by MHEAC will no longer be outstanding pursuant to the Indenture and, thus, will not participate in future auctions. Therefore, to the extent that not all of the Senior Series 1994 Auction Rate Bonds are tendered and purchased pursuant to the Offer, the trading market for the non-tendered Senior Series 1994 Auction Rate Bonds may become even more limited. A bid for a debt security with a smaller outstanding principal amount available for trading (a smaller "float") may be lower than a bid for a comparable debt security with a larger float. Therefore, the market price of the Senior Series 1994 Auction Rate Bonds not tendered and accepted for purchase in the Offer may be affected adversely to the extent that the float will be reduced by the amount of Senior Series 1994 Auction Rate Bonds tendered and purchased pursuant to the Offer. The reduced float may also tend to make the trading price more volatile. Holders of non-tendered Senior Series 1994 Auction Rate Bonds may attempt to obtain quotations for the Senior Series 1994 Auction Rate Bonds from their brokers; however, there can be no assurance that an active trading market will exist for the Senior Series 1994 Auction Rate Bonds following the Offer and no assurance as to the prices at which the Auction Rate Bonds may trade following the Offer. In addition, to the extent any Senior Series 1994 Auction Rate Bonds of a series are tendered and purchased pursuant to the Offer, the aggregate principal amount of Senior Series 1994 Auction Rate Bonds participating in future auctions will decrease. The interest rate of the non-tendered Senior Series 1994 Auction Rate Bonds will continue to be determined pursuant to auctions, which will continue to be governed by the terms of the Indenture. The extent of the market for the Senior Series 1994 Auction Rate Bonds following consummation of the Offer would depend upon the number of Holders remaining at such time, the aggregate principal amount of Senior Series 1994 Auction Rate Bonds outstanding, the interest in maintaining a market in the Senior Series 1994 Auction Rate Bonds on the part of broker-dealers and other factors.

No Assurance of Liquidity Prior to Maturity Date

Although MHEAC may consider making subsequent tender offers for its Senior Series 1994 Auction Rate Bonds, MHEAC cannot provide any assurances that it will purchase or otherwise provide any similar opportunity for the owners of the Senior Series 1994 Auction Rate Bonds to gain liquidity with respect to the Senior Series 1994 Auction Rate Bonds not purchased pursuant to the Offer, either through open market purchases, private negotiated transactions, subsequent tender offers, exchange offers or otherwise. There is no assurance that a trading market for Senior Series 1994 Auction Rate Bonds not purchased pursuant to the Offer will exist, and, even if a trading market were to exist, there is no assurance as to the trading prices for the Senior Series 1994 Auction Rate Bonds, which may be higher or lower than the price for which a Holder may tender its Senior Series 1994 Auction Rate Bonds in the Offer.

MHEAC May Make Subsequent Tender Offers on Different Terms

MHEAC may, from time to time, make additional tender offers for Senior Series 1994 Auction Rate Bonds. Such subsequent tender offers, if any, may be on terms that are either more or less favorable to Holders of Senior Series 1994 Auction Rate Bonds than the terms of the Offer. The decision to make a subsequent tender offer, and the terms of any subsequent tender offers, by MHEAC will depend on various factors existing at that time. There can be no assurance as to whether MHEAC will ultimately choose to make, or whether market conditions will be satisfactory for the making of, subsequent tender offers, and the terms of such subsequent tender offers.

CERTAIN SIGNIFICANT CONSEQUENCES TO TENDERING HOLDERS

In deciding whether to participate in the Offer, each Holder should consider carefully, in addition to other information contained in this Statement, the following:

The Market for Senior Series 1994 Auction Rate Bonds May Recover and Yield Higher Prices than Available in the Offer

As described above under "Purpose of the Offer," the market for auction rate securities has suffered unprecedented liquidity problems. If the market for auction rate securities should improve from its current condition, the liquidity and marketability of the Senior Series 1994 Auction Rate Bonds following such a market recovery may yield a greater price than what may be obtained pursuant to the Offer. The market for auction rate securities could improve for several reasons, including possible governmental action by the United States or other jurisdiction to establish a secondary market in auction rate securities; however, there can be no assurance whether the market for Senior Series 1994 Auction Rate Bonds will improve. It is possible that recent or future actions by federal, state or local legislative or regulatory bodies could result in greater liquidity and/or higher prices for auction rate securities. MHEAC is unable to predict whether any recent or future actions of any legislative or regulatory body will result in greater liquidity and/or higher prices for auction rate securities.

Tendered Senior Series 1994 Auction Rate Bonds are Being Purchased at a Discount

The purchase price for any Senior Series 1994 Auction Rate Bonds validly tendered and accepted for payment in this Offer is capped at 98% of the par value. As a result, the price paid in this Offer to any Holder for any of its Senior Series 1994 Auction Rate Bonds that are validly tendered and accepted for payment may be less than the price such Holders originally paid for their Senior Series 1994 Auction Rate Bonds. Additionally, by tendering its Senior Series 1994 Auction Rate Bonds in the Offer, a Holder may recover less of its invested principal amount than if such Holder were to hold such tendered Senior Series 1994 Auction Rate Bonds to their final maturity on September 1, 2009.

Holders of the Senior Series 1994 Auction Rate Bonds Are Entitled to Receive Par Value at Maturity of the Senior Series 1994 Auction Rate Bonds on September 1, 2009

Holders of Senior Series 1994 Auction Rate Bonds will be entitled to receive 100% of par value, plus accrued and unpaid interest at maturity on September 1, 2009. The Corporation anticipates that Senior Series 1994 Auction Rate Bonds which are not purchased by the Corporation prior to maturity will be paid in full at maturity.

MHEAC May Later Purchase Additional Senior Series 1994 Auction Rate Bonds at More Favorable Prices

The Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to be paid for all Tendered Amounts of Senior Series 1994 Auction Rate Bonds accepted for payment is limited to the Maximum Aggregate Tender Offer Consideration. As a result, it is highly unlikely that all of the outstanding principal amount of the Senior Series 1994 Auction Rate Bonds will be purchased pursuant to the Offer. MHEAC and its affiliates reserve the right to, and may in the future decide to, acquire some or all of the Senior Series 1994 Auction Rate Bonds not purchased pursuant to the Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the Price paid pursuant to the Offer and could be for cash or other consideration. Additionally, MHEAC may issue obligations secured by student loans and its other property and use the proceeds of such issuance to redeem Senior Series 1994 Auction Rate Bonds at par value. Any future purchase may be on the same terms or on terms that are more or less favorable to Holders of Senior Series 1994 Auction Rate Bonds than the terms of the Offer. The decision to make future purchases by MHEAC or its affiliates, and the terms of such future purchases, will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, MHEAC or its affiliates, as applicable, will ultimately choose to pursue in the future.

Tendering Holders May Receive Different Prices for Similar Senior Series 1994 Auction Rate Bonds

Because MHEAC is accepting for purchase Senior Series 1994 Auction Rate Bonds validly tendered in ascending order, from the lowest to highest Price, Holders whose Senior Series 1994 Auction Rate Bonds were accepted for payment at a lower Price will receive that lower Price and less Tender Offer Consideration than Holders whose Senior Series 1994 Auction Rate Bonds were accepted for payment at a higher Price. Holders should take this into account when submitting a Price for their Senior Series 1994 Auction Rate Bonds in accordance with the Auction Process.

MHEAC Has Limited Available Funds and May Not be Able to Purchase All Validly Tendered Senior Series 1994 Auction Rate Bonds

MHEAC has not made any special arrangements to establish any standby credit facility or other source of funds to use for purposes of making payments of the Tender Offer Consideration with respect to any Senior Series 1994 Auction Rate Bonds validly tendered and accepted for payment pursuant to this Offer. Funds currently held as part of the trust estate under the Indenture will be used to pay the Tender Offer Consideration. The Corporation may also use funds received prior to the Expiration Date and/or general funds of the Corporation to pay the Tender Offer Consideration. These funds may not be adequate to purchase all of the validly tendered Senior Series 1994 Auction Rate Bonds.

Holders That Tender Senior Series 1994 Auction Rate Bonds Will Not Be Permitted to Participate in Auctions

As described above under “Terms of the Offer—General,” any Holder of a Senior Series 1994 Auction Rate Bond that tenders Senior Series 1994 Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1994 Auction Rate Bonds in the auction occurring on the Subject Auction Date. It is possible that such Holder would receive a higher price for its Senior Series 1994 Auction Rate Bonds by selling its Senior Series 1994 Auction Rate Bonds in the auction occurring on Subject Auction Date than such Holder would receive pursuant to the Offer.

Therefore, if you wish to participate in any auction for your Senior Series 1994 Auction Rate Bonds prior to the Expiration Time, you should not tender your Senior Series 1994 Auction Rate Bonds prior to the Subject Auction Date. After the Settlement Date, any validly tendered Senior Series 1994 Auction Rate Bonds that are not purchased in the Offer will be able to participate in future auctions.

Interest May Accrue at the All-Hold Rate

As described above under “Terms of the Offer—General,” any Holder of a Senior Series 1994 Auction Rate Bond that tenders Senior Series 1994 Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1994 Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. If all of the Senior Series 1994 Auction Rate Bonds of a particular series are tendered prior to the Subject Auction Date, the interest rate on such series of Senior Series 1994 Auction Rate Bonds, from such Subject Auction Date until the Settlement Date will be the All-Hold rate provided in the Indenture.

Conditions to the Consummation of the Offer and Related Risks

Each of the Conditions of the Offer is described in more detail above under the heading “Terms of the Offer—Conditions to the Offer.” There can be no assurance that such conditions will be met, or that in the event the Offer is not consummated, the market value and liquidity of the Senior Series 1994 Auction Rate Bonds will not be materially and adversely affected.

IMPORTANT UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR HOLDERS

The following discussion is a summary of the important United States federal income tax consequences to Holders from the sale of Senior Series 1994 Auction Rate Bonds to MHEAC pursuant to the Offer. **This summary is for general information only and is not legal or tax advice. The following discussion is not intended to be a complete analysis or description of all potential U.S. Federal income tax considerations or any other considerations of the sale of Senior Series 1994 Auction Rate Bonds pursuant to the Offer. Thus, Holders are urged to consult their own tax advisors as to the specific tax consequences of the Offer to them, including tax return reporting requirements, the applicability and effect of federal, state and local, foreign and other applicable tax laws and the effect of any proposed changes in the tax laws.**

This discussion:

- does not purport to be a complete analysis of all the potential tax consequences that may be important to a Holder based on the Holder’s particular tax situation;
- is based on the current provisions of the United States Internal Revenue Code of 1986, as amended, which we refer to as the “Internal Revenue Code”, the existing applicable United States federal income tax regulations promulgated or proposed under the Internal Revenue Code, which we refer to as the “Treasury Regulations,” judicial authority and current administrative rulings and practice, all of which are subject to change, possibly with retroactive effect, and which are subject to differing interpretations;
- is applicable only to Holders who:
 - are beneficial owners of Senior Series 1994 Auction Rate Bonds; and

- hold Senior Series 1994 Auction Rate Bonds as capital assets for United States federal income tax purposes;
- does not describe all of the United States federal income tax consequences that may be relevant to Holders in light of their particular circumstances or to Holders subject to special rules, such as:
 - banks, thrifts, regulated investment companies or other financial institutions;
 - insurance companies;
 - tax-exempt entities;
 - pension funds;
 - brokers, dealers and certain traders in securities or foreign currency, or traders that elect to mark-to-market their securities;
 - persons holding Senior Series 1994 Auction Rate Bonds as part of a position in a constructive sale transaction, “straddle,” “hedge,” “conversion” or other risk reduction or integrated transaction for United States federal income tax purposes;
 - individuals subject to special rules as a result of the termination of their United States citizenship or residency;
 - Holders subject to the alternative minimum tax;
 - corporations that accumulate earnings in order to avoid United States federal income tax;
 - U.S. Holders (as defined below) that have a functional currency that is not the United States dollar;
 - Non-U.S. Holders (as defined below) subject to special rules under the Internal Revenue Code, such as “controlled foreign corporations” and “passive foreign investment companies”; and
 - partnerships and other pass-through entities for United States federal income tax purposes that hold Senior Series 1994 Auction Rate Bonds and investors holding interests in such partnerships or pass-through entities;
- does not discuss any possible applicability of any alternative minimum taxes or state, local or non-United States taxes and any United States federal tax other than the income tax, including but not limited to the United States federal gift tax and estate tax; and
- does not discuss any reporting requirements of or other consequences under the Treasury Regulations relating to certain tax shelter transactions.

MHEAC has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

As used herein, the term “U.S. Holder” means a beneficial owner of a Senior Series 1994 Auction Rate Bond that, for United States federal income tax purposes, is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the trust’s administration, and one or more “United States persons” (as defined in section 7701(a)(30) of the Internal Revenue Code) have the authority to control all of the substantial decisions of that trust.

Notwithstanding the preceding sentence, certain electing trusts in existence on August 20, 1996 that were treated as United States persons prior to such date may also be treated as U.S. Holders.

If a partnership, including any entity or arrangement treated as a partnership for United States federal income tax purposes, is a Holder of Senior Series 1994 Auction Rate Bonds, then the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Persons that are partners of a partnership holding Senior Series 1994 Auction Rate Bonds should consult their own tax advisors.

The term “Non-U.S. Holder” means any beneficial owner of a Senior Series 1994 Auction Rate Bond that is neither a U.S. Holder nor a partnership or other entity or arrangement treated as a partnership for United States federal income tax purposes. A Non-U.S. Holder should see the discussion under the heading “—Non-U.S. Holders” below for more information.

Holders considering the sale of Senior Series 1994 Auction Rate Bonds to MHEAC pursuant to the Offer are urged to consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under the laws pertaining to any other United States federal tax other than the income tax, the laws of any state, local or non-United States taxing jurisdiction and any applicable treaty.

U.S. Holders

Sale of Senior Series 1994 Auction Rate Bonds to MHEAC pursuant to the Offer

In general, the sale of a Senior Series 1994 Auction Rate Bond by a U.S. Holder pursuant to the Offer will be a taxable transaction to such U.S. Holder for United States federal income tax purposes. Subject to the market discount rules discussed below, a U.S. Holder selling a Senior Series 1994 Auction Rate Bond generally will recognize capital gain or loss in an amount equal to the difference between:

- the amount of cash received for such Senior Series 1994 Auction Rate Bond (other than the portion of such amount that is properly allocable to accrued interest not previously included in income, which will be taxed as ordinary income); and
- the U.S. Holder’s adjusted tax basis in the Senior Series 1994 Auction Rate Bond at the time of sale.

Generally, a U.S. Holder's adjusted tax basis for a Senior Series 1994 Auction Rate Bond will be equal to such U.S. Holder's original purchase price for the Senior Series 1994 Auction Rate Bond, increased by any market discount (defined below) previously included in income by such U.S. Holder pursuant to an election to include market discount in gross income currently as it accrues, and reduced by the accrual of any amortizable bond premium which the U.S. Holder has previously elected to deduct from gross income on an annual basis with respect to the Senior Series 1994 Auction Rate Bond. Any such capital gain or loss will be long-term if the U.S. Holder held the Senior Series 1994 Auction Rate Bond for more than one year at the time of such sale.

An exception to the capital gain treatment described above may apply to a U.S. Holder that purchased a Senior Series 1994 Auction Rate Bond at a "market discount." Subject to a statutory *de minimis* exception, generally market discount is the excess of the "face amount" of such Senior Series 1994 Auction Rate Bond over the U.S. Holder's tax basis in such Senior Series 1994 Auction Rate Bond immediately after its acquisition by such U.S. Holder. In general, unless the U.S. Holder has elected to include market discount in income currently as it accrues, any gain realized by a U.S. Holder on the sale of a Senior Series 1994 Auction Rate Bond having market discount in excess of the specified *de minimis* amount will be recognized and treated as ordinary income to the extent of the market discount that accrued (on a straight line basis or, at the election of the U.S. Holder, on a constant interest basis) while such Senior Series 1994 Auction Rate Bond was held by the U.S. Holder.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to the payment of the gross proceeds of the Offer to a U.S. Holder of Senior Series 1994 Auction Rate Bonds, and a U.S. Holder may be subject to backup withholding (currently at a rate of 28%) on the purchase price for Senior Series 1994 Auction Rate Bonds, including accrued interest, unless such U.S. Holder (i) is a corporation or comes within certain other exempt categories and demonstrates this fact, or (ii) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder's United States federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Non-U.S. Holders

Sale of Senior Series 1994 Auction Rate Bonds to MHEAC pursuant to the Offer

A Non-U.S. Holder who has provided a Form W-8BEN, generally will not be subject to United States federal income and withholding tax on any gain (or market discount) realized on the sale of a Senior Series 1994 Auction Rate Bond unless:

- the gain (or market discount) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, in the case of an applicable income tax treaty, is attributable to a permanent establishment of such Non-U.S. Holder); or
- in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the tax year of the disposition and certain other conditions are met.

Additionally, any gain (or market discount) effectively connected with a trade or business within the United States (or under an applicable treaty attributable to a permanent establishment) of a Non-U.S.

Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax.

Backup Withholding and Information Reporting

Treasury Regulations provide that backup withholding will not apply to payments with respect to which either the requisite certification that the Non-U.S. Holder is not a United States person for United States federal income tax purposes has been received (usually on a Form W-8BEN) or an exemption otherwise has been established, provided that neither we nor our paying agent have actual knowledge, or reason to know, that the Non-U.S. Holder is a United States person for United States federal income tax purposes that is not an exempt recipient or that the conditions of any other exemption are not, in fact, satisfied. Information reporting requirements may apply with respect to payments in respect of accrued interest on Senior Series 1994 Auction Rate Bonds, in which event the amount of interest paid and tax withheld (if any) with respect to each Non-U.S. Holder will be reported annually to the Internal Revenue Service.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a Non-U.S. Holder may be allowed as a credit against such Non-U.S. Holder's United States federal income tax liability and may entitle such Non-U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

The preceding discussion of important United States federal income tax consequences of the sale of Senior Series 1994 Auction Rate Bonds to MHEAC pursuant to the Offer is for general information only and is not tax or legal advice. Accordingly, Holders are urged to consult their own tax advisors as to the particular tax consequences to them of the sale of Senior Series 1994 Auction Rate Bonds to MHEAC pursuant to the Offer including the applicability and effect of any federal, state, local or non-United States tax laws and of any proposed changes in applicable law.

DEPOSITARY AND INFORMATION AGENT

In connection with the Offer, MHEAC has retained Global Bondholder Services Corporation to act as Depositary and as Information Agent, for which it will receive customary fees for its services.

MHEAC has agreed to reimburse the Depositary and Information Agent for its out-of-pocket expenses, including reasonable fees and disbursements of counsel.

MHEAC has retained GBSC to act as Information Agent in connection with the Offer. The Information Agent may contact Holders and beneficial owners of Senior Series 1994 Auction Rate Bonds by mail, telephone and in person and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward materials relating to the Offer to beneficial owners of Senior Series 1994 Auction Rate Bonds.

GBSC, as Depositary and Information Agent, does not assume any responsibility for the accuracy or completeness of the information concerning MHEAC contained in this Statement or for any failure by MHEAC to disclose events that may have occurred and may affect the significance or accuracy of such information.

No fees or commissions have been or will be paid by MHEAC to any broker, dealer or other person, other than the Depositary and the Information Agent, in connection with the Offer. Beneficial owners of Senior Series 1994 Auction Rate Bonds holding through brokers, dealers, custodian banks, depositories, trust companies or other nominees are urged to consult their brokers, dealers, custodian banks, depositories, trust companies or other nominees to determine whether transaction costs are applicable. We will, however, upon request, reimburse brokers, dealers, custodian banks, depositories, trust companies and other nominees for customary mailing and handling expenses incurred by them in forwarding the

Offer and related materials to the beneficial owners of Senior Series 1994 Auction Rate Bonds held by them as a nominee or in a fiduciary capacity.

No broker, dealer, custodian bank, depository, trust company or other nominee has been authorized to act as the agent of MHEAC, the Information Agent or the Depository for purposes of the Offer.

GBSC has been appointed as Depository for the Offer. The Letter of Transmittal and all correspondence in connection with the Offer should be sent or delivered by each Holder or a beneficial owner's broker, dealer, custodian bank, depository, trust company or other nominee to the Depository at the address or to the facsimile number set forth on the back cover of this Statement. Any Holder or beneficial owner that has questions concerning tender procedures should contact the Information Agent at its address and telephone number set forth on the back cover of this Statement.

In accordance with the Indenture, MHEAC has directed and authorized the Trustee on behalf of MHEAC to purchase Senior Series 1994 Auction Rate Bonds upon the terms and conditions of the Offer. Therefore, pursuant to such instruction and authorization, and in compliance with the Indenture, any purchase of Senior Series 1994 Auction Rate Bonds upon the terms and conditions of the Offer will be made by the Trustee.

MISCELLANEOUS

MHEAC is not aware of any jurisdiction in which the making of the Offer is not in compliance with applicable law. If MHEAC becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, MHEAC will make a good faith effort to comply with any such law. If, after such good faith effort, MHEAC cannot comply with any such law, the Offer will not be made to (nor will tenders of Senior Series 1994 Auction Rate Bonds be accepted from or on behalf of) the Holders or beneficial owners of Senior Series 1994 Auction Rate Bonds residing in any such jurisdiction.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Statement and, if given or made, such information or representation may not be relied upon as having been authorized by MHEAC.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS STATEMENT OR TO WHICH MHEAC HAS EXPRESSLY REFERRED YOU. MHEAC HAS NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON ITS BEHALF AS TO WHETHER YOU SHOULD TENDER OR NOT TENDER YOUR SENIOR SERIES 1994 AUCTION RATE BONDS IN THE OFFER. MHEAC HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED IN THIS STATEMENT OR IN THE LETTER OF TRANSMITTAL. ANY RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MADE BY ANYONE ELSE MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY MHEAC, THE TRUSTEE, THE DEPOSITORY OR THE INFORMATION AGENT.

The Letter of Transmittal, Senior Series 1994 Auction Rate Bonds and any other required documents should be sent or delivered to the Depository at one of its addresses set forth below.

The Depository for the Offer is:

GLOBAL BONDHOLDER SERVICES
CORPORATION

By Facsimile Transmission:
(Eligible Institutions Only)
(212) 430-3775

Confirm by Telephone:
(212) 430-3774

By Mail:

65 Broadway – Suite 723
New York, NY 10006

By Overnight Courier:

65 Broadway – Suite 723
New York, NY 10006

By Hand:

65 Broadway – Suite 723
New York, NY 10006

Any questions or requests for assistance may be directed to the Information Agent at its address and telephone number set forth below. Additional copies of this Statement or the Letter of Transmittal may be obtained from the Information Agent at the telephone number or address set forth below. A beneficial owner may also contact such beneficial owner's broker, dealer, custodian bank, depository, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

Global Bondholder Services Corporation
65 Broadway – Suite 723
New York, NY 10006
Attention: Corporate Actions
Banks and Broker Call: (212) 430-3774
Toll Free: (866) 470-3800

LETTER OF TRANSMITTAL

MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

**Offer to Purchase
For Aggregate Cash Consideration Not to Exceed \$71,900,000
Outstanding
Auction Rate Student Loan Revenue Bonds, Senior Series 1994-A and 1994-B
at a Purchase Price not to Exceed \$49,000.00 (98% of the par value), and not to be Less than \$47,500.00 (95%
of the par value), Per \$50,000.00 Principal Amount plus Accrued Interest**

The Offer (as defined below) will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the "Expiration Time"). Holders (as defined below) of Senior Series 1994 Auction Rate Bonds (as defined below) must tender their Senior Series 1994 Auction Rate Bonds before the Expiration Time to receive the Tender Offer Consideration (as defined below), subject to the terms and conditions set forth in the Offer.

The Depositary for the Offer is

Global Bondholder Services Corporation

By Facsimile Transmission:
(Eligible Institutions Only)
(212) 430-3775

Confirm by Telephone:
(212) 430-3774

By Mail:

65 Broadway – Suite 723
New York, NY 10006

By Overnight Courier:

65 Broadway – Suite 723
New York, NY 10006

By Hand:

65 Broadway – Suite 723
New York, NY 10006

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS, OR TRANSMISSION VIA FACSIMILE, OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

The instructions contained herein should be read carefully before this Letter of Transmittal is completed.

HOLDERS THAT WISH TO BE ELIGIBLE TO RECEIVE THE TENDER OFFER CONSIDERATION PURSUANT TO THE OFFER MUST VALIDLY TENDER THEIR BONDS TO THE DEPOSITARY BEFORE THE EXPIRATION TIME. TENDERS OF SENIOR SERIES 1994 AUCTION RATE BONDS MAY NOT BE WITHDRAWN UNLESS 60 DAYS HAVE PASSED SINCE THE COMMENCEMENT OF THE OFFER AND THE EXPIRATION TIME HAS NOT YET OCCURRED. ALSO, TENDERED SENIOR SERIES 1994 AUCTION RATE BONDS MAY BE VALIDLY WITHDRAWN IF THE OFFER IS TERMINATED WITHOUT ANY SENIOR SERIES 1994 AUCTION RATE BONDS BEING PURCHASED THEREUNDER.

THE OFFER IS NOT BEING MADE TO (NOR WILL TENDERS OF SENIOR SERIES 1994 AUCTION RATE BONDS BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS IN ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE OF THE OFFER WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION.

All capitalized terms used herein and not defined herein shall have the meaning ascribed to them in the Offer to Purchase of Mississippi Higher Education Assistance Corporation, a Mississippi non-profit corporation (“MHEAC”) dated November 24, 2008 (as the same may be amended or supplemented from time to time, the “Statement”). Purchases will be through BancorpSouth Bank, as trustee (the “Trustee”) under the Indenture (as defined in the Statement).

This Letter of Transmittal (this “Letter of Transmittal”) is to be used by Holders if tender of the Senior Series 1994 Auction Rate Bonds is to be made by book-entry transfer to the Depository’s account at The Depository Trust Company (“DTC”) pursuant to the procedures set forth in the Statement under the caption “Terms of the Offer — Procedure for Tendering Senior Series 1994 Auction Rate Bonds — Book-Entry Delivery Procedures” by any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of the Senior Series 1994 Auction Rate Bonds.

DTC has authorized DTC participants that hold Senior Series 1994 Auction Rate Bonds on behalf of beneficial owners of Senior Series 1994 Auction Rate Bonds through DTC to tender their Senior Series 1994 Auction Rate Bonds as if they were Holders. To effect a tender, DTC participants may, in lieu of physically completing and signing this Letter of Transmittal, transmit their acceptance to DTC through the DTC Automated Tender Offer Program (“ATOP”) for which the transaction will be eligible and follow the procedure for book-entry transfer set forth in the Statement in “Terms of the Offer — Procedure for Tendering Senior Series 1994 Auction Rate Bonds.”

Your bank or broker can assist you in completing this form. The instructions included with this Letter of Transmittal must be followed. Questions and requests for assistance and requests for additional copies of the Statement and this Letter of Transmittal may be directed to the Information Agent, whose address and telephone number appear at the end of this Letter of Transmittal. See Instruction 10 below.

METHOD OF DELIVERY

Tendered Senior Series 1994 Auction Rate Bonds are being delivered by Book-Entry Transfer made to the account maintained by the Depositary with DTC.

Please complete the following.

Name of Tendering Institution _____

Account Number _____

Transaction Code Number _____

BOND: SIGNATURES MUST BE PROVIDED BELOW

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

By execution hereof, the undersigned acknowledges receipt of the Statement and this Letter of Transmittal and instructions hereto, which together constitute the offer on behalf of MHEAC, to purchase for cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$71,900,000.00 (the “Maximum Aggregate Tender Offer Consideration”) the Auction Rate Student Loan Revenue Bonds, Senior Series 1994-A and 1994-B, set forth in the chart below (the “Senior Series 1994 Auction Rate Bonds”), upon the terms and subject to the conditions set forth in the Statement. Capitalized terms used but not defined herein shall have the meanings given to them in the Statement.

Senior Series 1994 Auction Rate Bonds			
Auction Rate Student Loan Revenue Bonds, Senior Series 1994-A and 1994-B			
Series	Initial Principal Amount	Outstanding Principal Amount (November 24, 2008)	CUSIP
Series 1994-A	\$50,000,000	\$35,000,000	605-354-DJ5
Series 1994-B	\$51,700,000	\$51,700,000	605-354-DK2

Upon the terms and subject to the conditions of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, MHEAC, all right, title and interest in and to the Senior Series 1994 Auction Rate Bonds that are being tendered hereby, subject to the acceptance for payment of, and payment for, the Senior Series 1994 Auction Rate Bonds tendered with this Letter of Transmittal. The undersigned hereby irrevocably constitutes and appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the Depositary also acts as the agent of MHEAC) with respect to such Senior Series 1994 Auction Rate Bonds, with full power of substitution (such power-of-attorney being deemed to be an irrevocable power coupled with an interest) to (i) present such Senior Series 1994 Auction Rate Bonds and all evidences of transfer and authenticity to, or transfer ownership of, such Senior Series 1994 Auction Rate Bonds on the account books maintained by DTC to, or upon the order of, MHEAC, (ii) present such Senior Series 1994 Auction Rate Bonds for transfer of ownership on the books of the Trustee and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Senior Series 1994 Auction Rate Bonds. The undersigned understands that such Senior Series 1994 Auction Rate Bonds may not be validly withdrawn unless 60 days have passed from the commencement of the Offer and the Expiration Time has not yet occurred, or the Offer is terminated without any Senior Series 1994 Auction Rate Bonds being purchased thereunder.

The next auction date for each series of Senior Series 1994 Auction Rate Bonds is as listed below (with respect to any series of Senior Series 1994 Auction Rate Bonds, the “Subject Auction Date”):

Series	Auction Date
1994-A	December 15, 2008
1994-B	December 22, 2008

The undersigned understands that any Holder of a Senior Series 1994 Auction Rate Bond that tenders Senior Series 1994 Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1994 Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. The undersigned understands that if all of the Senior Series 1994 Auction Rate Bonds of a particular series are tendered prior to the Subject Auction Date, the interest rate on such series of Senior Series 1994 Auction Rate Bonds, from such Subject Auction Date until the Settlement Date will be the All-Hold rate provided in the Indenture.

The undersigned understands that, upon the terms and subject to the conditions of the Offer, pursuant to the Auction Process Senior Series 1994 Auction Rate Bonds validly tendered at the lowest Price will be accepted first

and Tendered Amounts will continue to be accepted at the related prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration. The undersigned understands that MHEAC will only purchase the maximum principal amount of Senior Series 1994 Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. The undersigned understands that if multiple Holders have tendered at the highest Price at which Senior Series 1994 Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$50,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. The undersigned understands that all such determinations and allocations will be final and binding.

The undersigned understands that tenders of Senior Series 1994 Auction Rate Bonds submitted in any other principal amount than integral multiples of \$50,000.00 will be rounded down to the next integral multiple of \$50,000.00.

The undersigned understands that MHEAC will calculate the Tender Offer Consideration for any Senior Series 1994 Auction Rate Bonds at the Price, not to exceed \$49,000.00 (98% of the par value), and not to be less than \$47,500.00 (95% of the par value), for each \$50,000.00 principal amount of Senior Series 1994 Auction Rate Bonds, at which the related Tendered Amount was accepted for payment. The undersigned understands that under this procedure, MHEAC will pay to each Holder whose offer is accepted, the Tender Offer Consideration based on the Price offered and accepted for its tendered Senior Series 1994 Auction Rate Bonds, even though other Holders may receive a higher Price for validly tendered Senior Series 1994 Auction Rate Bonds that are accepted for payment. The undersigned understands that MHEAC will only purchase Senior Series 1994 Auction Rate Bonds for an amount (excluding accrued interest which will be payable as part of the purchase price) up to the Maximum Aggregate Tender Offer Consideration and any Senior Series 1994 Auction Rate Bonds tendered at Prices which are in excess thereof will be promptly returned to the tendering Holders.

If the undersigned is not the registered Holder of the Senior Series 1994 Auction Rate Bonds listed in the box above labeled "Description of Senior Series 1994 Auction Rate Bonds" under the column heading "Principal Tendered Amount" in this Letter of Transmittal or such Holder's legal representative or attorney-in-fact, then in order to validly tender, the undersigned will obtain a properly completed irrevocable proxy that authorizes the undersigned (or the undersigned's legal representative or attorney-in-fact) to tender Senior Series 1994 Auction Rate Bonds on behalf of the Holder thereof, and such proxy will be delivered with this Letter of Transmittal.

The undersigned understands that tenders of Senior Series 1994 Auction Rate Bonds pursuant to any of the procedures described in the Statement and in the instructions hereto and acceptance thereof by MHEAC will constitute a binding agreement between the undersigned and MHEAC upon the terms and subject to the conditions of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Senior Series 1994 Auction Rate Bonds tendered hereby, and that when such Senior Series 1994 Auction Rate Bonds are accepted for payment and payment is made by or on behalf of MHEAC, MHEAC will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depository or by MHEAC to be necessary or desirable to complete the sale, assignment and transfer of the Senior Series 1994 Auction Rate Bonds tendered hereby.

For purposes of the Offer, the undersigned understands that MHEAC will be deemed to have accepted for payment validly tendered Senior Series 1994 Auction Rate Bonds (or defectively tendered Senior Series 1994 Auction Rate Bonds with respect to which MHEAC has waived such defect(s)) if, as and when MHEAC gives oral or written notice thereof to the Depository.

The undersigned understands that, notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1994 Auction Rate Bonds validly tendered pursuant to the Offer are subject to, and conditioned upon, the satisfaction of, or MHEAC's waiver of, the Conditions described in the Statement under the caption "Terms of the Offer — Conditions to the Offer." MHEAC reserves the right, in its sole discretion, to waive any one or more of the conditions to the Offer at any time as set forth in the Statement under the caption "Terms of the Offer — Conditions to the Offer."

Any Senior Series 1994 Auction Rate Bonds not accepted for payment will be returned promptly to the undersigned at the address set forth above, unless otherwise indicated herein under "Special Delivery Instructions" below.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives.

The undersigned understands that the delivery and surrender of the Senior Series 1994 Auction Rate Bonds is not effective, and the risk of loss of the Senior Series 1994 Auction Rate Bonds does not pass to the Depository, until receipt by the Depository of this Letter of Transmittal, or a facsimile hereof, properly completed and duly executed, together with all accompanying evidences of authority and any other required documents in form satisfactory to MHEAC. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Senior Series 1994 Auction Rate Bonds will be determined by MHEAC, in its sole discretion, which determination shall be final and binding.

The undersigned releases and discharges MHEAC, the Trustee and all of their respective past, present or future directors, officers, employees and agents (excluding brokers and investment bankers) from any and all liabilities and claims existing on the Settlement Date that are based on or related to the Indenture and/or the Senior Series 1994 Auction Rate Bonds, and waives any and all related claims. The undersigned acknowledges that the release, discharge and waiver described in this paragraph are part of the consideration tendered by holders participating in the Offer and are subject to, and shall be effective upon, the acceptance of and payment for Senior Series 1994 Auction Rate Bonds tendered hereby. Insofar as the release, discharge and waiver applies to liabilities arising under federal securities laws, the Securities and Exchange Commission has expressed the view that such waivers and releases may be against public policy, and are, therefore, unenforceable. Such release, discharge and waiver shall not cover any claims under federal securities laws to the extent that such release, discharge and waiver is against public policy and is therefore unenforceable.

Unless otherwise indicated herein under "Special Issuance Instructions," the undersigned hereby requests that any Senior Series 1994 Auction Rate Bonds representing principal amounts not accepted for payment be issued in the name(s) of the undersigned (and in the case of Senior Series 1994 Auction Rate Bonds tendered by book-entry transfer, by credit to the account at DTC designated above), and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be issued to the order of the undersigned. Similarly, unless otherwise indicated herein under "Special Delivery Instructions," the undersigned hereby requests that any Senior Series 1994 Auction Rate Bonds representing principal amounts not accepted for payment and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be delivered to the undersigned at the address shown above. In the event that the "Special Issuance Instructions" box or the "Special Delivery Instructions" box is, or both are, completed, the undersigned hereby requests that any Senior Series 1994 Auction Rate Bonds representing principal amounts not accepted for payment be issued in the name(s) of, certificates for such Senior Series 1994 Auction Rate Bonds be delivered to, and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be issued in the name(s) of, and be delivered to, the person(s) at the address so indicated, as applicable. The undersigned recognizes that MHEAC has no obligation pursuant to the "Special Issuance Instructions" box or "Special Delivery Instructions" box to transfer any Senior Series 1994 Auction Rate Bonds from the name of the registered Holder(s) thereof if MHEAC does not accept for payment any of the principal amount of such Senior Series 1994 Auction Rate Bonds so tendered.

PLEASE SIGN ON NEXT PAGE

PLEASE SIGN ON THIS PAGE

(To be Completed by All Tendering Holders of Senior Series 1994 Auction Rate Bonds Regardless of Whether Senior Series 1994 Auction Rate Bonds Are Being Physically Delivered Herewith)

This Letter of Transmittal must be signed by the registered Holder(s) of Senior Series 1994 Auction Rate Bonds exactly as their name(s) appear(s) on certificate(s) for Senior Series 1994 Auction Rate Bonds or, if tendered by a DTC participant, exactly as such participant's name appears on a security position listing as the owner of Senior Series 1994 Auction Rate Bonds, or by person(s) authorized to become registered Holder(s) by endorsements and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below under "Capacity" and submit evidence satisfactory to MHEAC of such person's authority to so act. See Instruction 4 below.

X _____

X _____

Signature(s) of Registered Holder(s) or Authorized Signatory

Date: _____, 2008

Name(s): _____

(Please Print)

Capacity: _____

Address: _____

(Including Zip Code)

Area Code and Telephone No.: _____

IMPORTANT: COMPLETE SUBSTITUTE FORM W-9 HEREIN

**SIGNATURE GUARANTEE (See Instruction 4 below)
Certain Signatures Must be Guaranteed by a Medallion Signature Guarantor**

(Name of Eligible Institution Guaranteeing Signatures)

(Address (including zip code) and Telephone Number (including area code) of Firm)

(Authorized Signature)

(Printed Name)

(Title)

Date: _____, 2008

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 3, 4, 5 and 7)

To be completed **ONLY** if certificates for Senior Series 1994 Auction Rate Bonds in a principal amount not accepted for payment are to be issued in the name of, or payment for the Tender Offer Consideration is to be made to, someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal, or if Senior Series 1994 Auction Rate Bonds tendered by book-entry transfer that are not accepted for payment are to be credited to an account maintained at DTC other than the account designated above.

Issue: Senior Series 1994 Auction Rate Bonds
 Payment
(check as applicable)

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

(Tax Identification or Social Security Number)
(See Substitute Form W-9 herein)

Credit untendered Senior Series 1994 Auction Rate Bonds by book-entry to the DTC account set forth below:

(DTC Account Number)

(Name of Account Party)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 3, 4 and 5)

To be completed **ONLY** if certificates for Senior Series 1994 Auction Rate Bonds in a principal amount not accepted for payment or a check for the Tender Offer Consideration are to be sent to someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal or to such person or persons at an address different from that shown in the box entitled "Description of Senior Series 1994 Auction Rate Bonds" within this Letter of Transmittal.

Deliver: Senior Series 1994 Auction Rate Bonds
 Payment
(check as applicable)

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

(Tax Identification or Social Security Number)
(See Substitute Form W-9 herein)

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. Delivery of this Letter of Transmittal and Certificates for Senior Series 1994 Auction Rate Bonds or Book-Entry Confirmations. To tender Senior Series 1994 Auction Rate Bonds in the Offer, physical delivery of certificates for Senior Series 1994 Auction Rate Bonds or a confirmation of any book-entry transfer into the Depository's account with DTC of Senior Series 1994 Auction Rate Bonds tendered electronically, as well as a properly completed and duly executed copy or facsimile of this Letter of Transmittal, and any other documents required by this Letter of Transmittal, must be received by the Depository at its address set forth herein before the Expiration Time in order to receive the Tender Offer Consideration. The method of delivery of this Letter of Transmittal, the Senior Series 1994 Auction Rate Bonds and all other required documents to the Depository is at the election and risk of Holders. If such delivery is by mail, it is suggested that Holders use properly insured registered mail, return receipt requested, and that the mailing be made sufficiently in advance of the Expiration Time to permit delivery to the Depository before such time and date. Except as otherwise provided below, the delivery will be deemed made when actually received or confirmed by the Depository. This Letter of Transmittal and the Senior Series 1994 Auction Rate Bonds should be sent only to the Depository, not to MHEAC, the Trustee, the Information Agent or DTC.

2. Withdrawal of Tenders. Tenders of Senior Series 1994 Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet passed. Also, tendered Senior Series 1994 Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1994 Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1994 Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Any notice of withdrawal must (i) specify the name of the person that tendered the Senior Series 1994 Auction Rate Bonds to be withdrawn, (ii) contain the description of the Senior Series 1994 Auction Rate Bonds to be withdrawn and the aggregate principal amount represented by such Senior Series 1994 Auction Rate Bonds and (iii) be signed by the Holder of such Senior Series 1994 Auction Rate Bonds in the same manner as the original signature on the Letter of Transmittal by which such Senior Series 1994 Auction Rate Bonds were tendered (including any required signature guarantees), if any, or be accompanied by (x) documents of transfer sufficient to have the Trustee register the transfer of the Senior Series 1994 Auction Rate Bonds into the name of the person withdrawing such Senior Series 1994 Auction Rate Bonds and (y) a properly completed irrevocable proxy that authorized such person to effect such withdrawal on behalf of such Holder. In addition, for Senior Series 1994 Auction Rate Bonds tendered through DTC, the notice of withdrawal must also specify the name and number of the account at DTC to be credited with the withdrawn Senior Series 1994 Auction Rate Bonds. If the Senior Series 1994 Auction Rate Bonds to be withdrawn have been delivered or otherwise identified to the Depository, a signed notice of withdrawal is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected. Any Senior Series 1994 Auction Rate Bonds properly withdrawn will be deemed to be not validly tendered for purposes of the Offer. Withdrawal of tendered Senior Series 1994 Auction Rate Bonds can be accomplished only in accordance with the foregoing procedures.

All questions as to the validity (including time of receipt) of notices of withdrawal will be determined by MHEAC in MHEAC's sole discretion, which determination shall be final and binding. None of MHEAC, its affiliates, the Depository, the Trustee or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal, or incur any liability for failure to give any such notification.

3. Partial Tenders. Tenders of Senior Series 1994 Auction Rate Bonds pursuant to the Offer will be accepted only in principal amounts in authorized denominations of \$50,000.00 or integral multiples thereof. Tenders of Senior Series 1994 Auction Rate Bonds submitted in any other principal amount will be rounded down to the next integral multiple of \$50,000.00. The tendering Holder must complete the principal amount tendered in the last column of the box entitled "Description of Senior Series 1994 Auction Rate Bonds" herein. The entire principal amount of all Senior Series 1994 Auction Rate Bonds not accepted for payment will be sent (or, if tendered by book-entry transfer, returned by credit to the account at DTC designated herein) to the Holder unless otherwise provided

in the appropriate box in this Letter of Transmittal (see Instruction 5), promptly after the Senior Series 1994 Auction Rate Bonds which are accepted for payment are purchased.

A Holder who wishes to tender portions of its Senior Series 1994 Auction Rate Bonds at more than one Price must complete a separate Letter of Transmittal for each Price at which the related portion of Senior Series 1994 Auction Rate Bonds is being tendered.

4. Signatures on this Letter of Transmittal; Bond Powers and Endorsement; Guarantee of Signatures. If this Letter of Transmittal is signed by the registered Holder(s) of the Senior Series 1994 Auction Rate Bonds tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

If any of the Senior Series 1994 Auction Rate Bonds tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal. If any tendered Senior Series 1994 Auction Rate Bonds are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are names in which certificates are held.

If this Letter of Transmittal or any certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to MHEAC of their authority so to act must be submitted, unless waived by MHEAC.

If this Letter of Transmittal is signed by the registered Holder(s) of the Senior Series 1994 Auction Rate Bonds listed and transmitted hereby, no endorsements of certificates or separate bond powers are required unless payment is to be made to, or certificates for Senior Series 1994 Auction Rate Bonds not accepted for payment are to be issued to, a person other than the registered Holder(s). Signatures on such certificates or bond powers must be guaranteed as provided below.

If this Letter of Transmittal is signed by a person other than the registered Holder(s) of the Senior Series 1994 Auction Rate Bonds listed, the certificates representing such Senior Series 1994 Auction Rate Bonds must be properly endorsed for transfer by the registered Holder or be accompanied by a properly completed bond power from the registered Holder in form satisfactory to MHEAC, if such Senior Series 1994 Auction Rate Bonds are being tendered in the Offer, with signatures on the endorsement or bond power guaranteed as provided below.

Signatures on all Letters of Transmittal must be guaranteed by a participant in a recognized Medallion Signature Program (a "Medallion Signature Guarantor"), unless the Senior Series 1994 Auction Rate Bonds tendered thereby are tendered (i) by a registered Holder of Senior Series 1994 Auction Rate Bonds (or by a participant in DTC whose name appears on a security position listing as the owner of such Senior Series 1994 Auction Rate Bonds) who has not completed either the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal, or (ii) for the account of a member firm of a registered national securities exchange, a member of the Financial Industry Regulatory Authority or a custodian bank or trust company having an office or correspondent in the United States. If the Senior Series 1994 Auction Rate Bonds are registered in the name of a person other than the signer of the Letter of Transmittal or if Senior Series 1994 Auction Rate Bonds not accepted for payment or not tendered are to be returned to a person other than the registered Holder, then the signatures on the Letters of Transmittal accompanying the tendered Senior Series 1994 Auction Rate Bonds must be guaranteed by a Medallion Signature Guarantor as described above.

5. Special Issuance and Special Delivery Instructions. Tendering Holders should indicate in the applicable box or boxes the name and address to which Senior Series 1994 Auction Rate Bonds for principal amounts not accepted for payment or checks for payment of the Tender Offer Consideration to be made in connection with the Offer are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated. If no instructions are given, Senior Series 1994 Auction Rate Bonds not accepted for payment will be returned to the Holder of the Senior Series 1994 Auction Rate Bonds tendered. Any Holder tendering by book-entry transfer may request that Senior Series 1994 Auction Rate Bonds not accepted for payment be credited to such account at DTC as such Holder may designate under the caption "Special Issuance Instructions."

If no such instructions are given, any such Senior Series 1994 Auction Rate Bonds not accepted for payment will be returned by crediting the account at DTC.

6. Taxpayer Identification Number. Each tendering Holder is required to provide the Depository with the Holder's correct taxpayer identification number ("TIN"), generally the Holder's social security or federal employer identification number, on Substitute Form W-9, which is provided under "Important Tax Information" below, or, alternatively, to establish another basis for exemption from backup withholding. A Holder must cross out item (2) in the Certification box on Substitute Form W-9 if such Holder is subject to backup withholding. In addition to potential penalties, failure to provide the correct information on Substitute Form W-9 may subject the tendering Holder to federal income tax backup withholding (currently at a rate of 28%) on the payments made to the Holder or other payee with respect to Senior Series 1994 Auction Rate Bonds tendered pursuant to the Offer. A Holder shall write "applied for" in the box in Part I of the form if the tendering Holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If "applied for" is written in the box in Part I, an amount will be withheld (currently at a rate of 28%) from all such payments of the Tender Offer Consideration until a TIN is provided to the Depository. In such case, if the Depository does not receive a TIN within 60 days of the Depository's receipt of Substitute Form W-9, the withheld amount will be remitted to the IRS, and if the TIN is provided within 60 days of the Depository's receipt of Substitute Form W-9, such amount will be remitted to such Holder or other payee.

7. Transfer Taxes. MHEAC will pay all transfer taxes applicable to the purchase and transfer of Senior Series 1994 Auction Rate Bonds pursuant to the Offer, except in the case of deliveries of certificates for Senior Series 1994 Auction Rate Bonds for principal amounts not accepted for payment that are to be registered or issued in the name of any person other than the Holder of Senior Series 1994 Auction Rate Bonds tendered thereby.

8. Irregularities. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Senior Series 1994 Auction Rate Bonds will be determined by MHEAC, in its sole discretion, which determination shall be final and binding. Alternative, conditional or contingent tenders will not be considered valid. MHEAC reserves the absolute right to reject any or all tenders of Senior Series 1994 Auction Rate Bonds that are not in proper form or the acceptance of which would, in MHEAC's opinion, be unlawful. MHEAC also reserves the right to waive any defects, irregularities or conditions of tender as to particular Senior Series 1994 Auction Rate Bonds. MHEAC's interpretations of the terms and conditions of the Offer (including the instructions in this Letter of Transmittal) will be final and binding. Any defect or irregularity in connection with tenders of Senior Series 1994 Auction Rate Bonds must be cured within such time as MHEAC determines, unless waived by MHEAC. Tenders of Senior Series 1994 Auction Rate Bonds shall not be deemed to have been made until all defects or irregularities have been waived by MHEAC or cured. None of MHEAC, its affiliates, the Information Agent, the Depository, the Trustee or any other person will be under any duty to give notice of any defects or irregularities in tenders of Senior Series 1994 Auction Rate Bonds, or will incur any liability to Holders for failure to give any such notice.

9. Waiver of Conditions. MHEAC expressly reserves the absolute right, in its sole discretion, to waive any of the Conditions in the case of any Senior Series 1994 Auction Rate Bonds tendered in whole or in part, at any time and from time to time.

10. Requests for Assistance or Additional Copies. Questions and requests for assistance should be directed to the Information Agent at the address and telephone number that appear at the end of this Letter of Transmittal. Additional copies of the Statement, this Letter of Transmittal, and other documents may be obtained from the Information Agent, whose address and telephone number appear at the end of this Letter of Transmittal.

IMPORTANT TAX INFORMATION

A Holder whose tendered Senior Series 1994 Auction Rate Bonds are accepted for payment is required to provide the Depository with such Holder's correct TIN on the Substitute Form W-9 below or otherwise establish a basis for exemption from backup withholding. If such Holder is an individual, the TIN is his or her social security number. If the Depository is not provided with the correct TIN or an adequate basis for exemption, payments made to such Holder with respect to Senior Series 1994 Auction Rate Bonds tendered pursuant to the Offer may be subject to backup withholding.

A Holder may write “applied for” on the line in Part I of the attached Substitute Form W-9 if such Holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If a Holder writes “applied for” in Part I, such Holder must also sign the attached Certificate of Awaiting Taxpayer Identification Number in order to prevent backup withholding. In such event, an amount will be withheld (currently at a rate of 28%) from any payments made to the Holder or other payee prior to the time a properly certified TIN is provided to the Depository. In such case, if the Depository does not receive a TIN within 60 days of the Depository’s receipt of Substitute Form W-9, the withheld amount will be remitted to the IRS, and if the TIN is provided within 60 days of the Depository’s receipt of Substitute Form W-9, such amount will be remitted to such Holder or other payee.

Certain Holders are not subject to these backup withholding and reporting requirements. Exempt Holders should indicate their exempt status on Substitute Form W-9. A Non-U.S Holder may qualify as an exempt recipient by submitting to the Depository the appropriate Form W-8 that has been properly completed and signed under penalties of perjury, attesting to that Holder’s exempt status. A Form W-8 can be obtained from the Depository. See the enclosed “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” for additional instructions.

If backup withholding applies, an amount is required to be withheld (currently at a rate of 28%) from any payments made to the Holder or other payee. Backup withholding is not an additional federal income tax. If the required information is furnished to the Internal Revenue Service, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld, and, if withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

Purpose of Substitute Form W-9

To prevent backup withholding on payments made with respect to Senior Series 1994 Auction Rate Bonds tendered pursuant to the Offer, the Holder is required to provide the Depository with (i) the Holder’s correct TIN by completing the form below, certifying that the TIN provided on Substitute Form W-9 is correct (or that such Holder is awaiting a TIN) and that (A) such Holder is exempt from backup withholding, (B) the Holder has not been notified by the Internal Revenue Service that the Holder is subject to backup withholding as a result of failure to report all interest or dividends or (C) the Internal Revenue Service has notified the Holder that the Holder is no longer subject to backup withholding, or (ii) if applicable, an adequate basis for exemption.

What Number to Give the Depository

The Holder is required to give the Depository the TIN (*i.e.*, social security number or employer identification number) of the registered Holder. If the Senior Series 1994 Auction Rate Bonds are held in more than one name or are held not in the name of the actual owner, consult the enclosed “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” for additional guidance on which number to report.

TO BE COMPLETED BY ALL TENDERING HOLDERS OF BONDS

PAYER'S NAME: Global Bondholder Services Corporation		
Name (if in joint names, list first and circle the name of the person or entity whose number you enter in Part I)		
Business Name (Sole proprietors see the instructions in the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 (the "Guidelines"))		
SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service Payer's Request for Taxpayer Identification Number ("TIN") and Certification	Part I — Taxpayer Identification Number. Please enter your taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see Obtaining a Number in the enclosed Guidelines.) Certify by signing and dating below. Bond: If the account is in more than one name, see chart in the enclosed Guidelines to determine which number to give the payer.	Social Security Number _____ OR Employer Identification Number _____ (If awaiting TIN write "Applied For")
	Part II — For Payees exempt from backup withholding, write "Exempt" in this space: _____	
	Part III — Certification — Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me); (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS notified me that I am no longer subject to backup withholding; and (3) I am a U.S. person (including a U.S. resident alien). Certification Instructions — You should cross out item (2) above if the IRS has notified you that you are subject to backup withholding because you have failed to report all interest and dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you were no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)	
	SIGNATURE _____ DATE _____, 2008	

YOU SHOULD COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN PART I OF THIS SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER	
I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that, notwithstanding the information I provided in Part III of the Substitute Form W-9 (and the fact that I have completed this Certificate of Awaiting Taxpayer Identification Number), all reportable payments made to me thereafter will be subject to backup withholding tax (currently at a rate of 28%), but any amounts withheld will be refunded to me if I furnish my taxpayer identification number within 60 days after the Depository receives this certification.	
Signature _____	Date: _____, 2008

BOND: FAILURE TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING TAX (CURRENTLY AT A RATE OF 28%) ON ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Guidelines for Determining the Proper Identification Number to Give the Payer. The taxpayer identification number for an individual is the individual's Social Security number. Social Security numbers have nine digits separated by two hyphens: e.g., 000-00-0000. The taxpayer identification number for an entity is the entity's Employer Identification number. Employer Identification numbers have nine digits separated by only one hyphen: e.g., 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	Give the SOCIAL SECURITY number of —	For this type of account:	Give the EMPLOYER IDENTIFICATION number of —
1. An individual's account	The individual	6. Sole proprietorship account or single-owner LLC	The owner(3)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	7. A valid trust, estate or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(4)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	8. Corporate account or LLC electing corporate status on Form 8832	The corporation
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	9. Association, club, religious, charitable, educational or other tax-exempt organization	The organization
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)	10. Partnership or multiple-member LLC	The partnership
5. Sole proprietorship account or single-owner LLC	The owner(3)	11. A broker or registered nominee	The broker or nominee
		12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district or prison) that receives agriculture program payments	The public entity

(1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a Social Security number, that person's number must be furnished.

(2) Circle the minor's name and furnish the minor's Social Security number.

(3) You must show the name of the individual. The name of the business or the "doing business as" name may also be entered. Either the Social Security number or the Employer Identification number may be used.

(4) List first and circle the name of the legal trust, estate or pension trust.

BOND: IF NO NAME IS CIRCLED WHEN THERE IS MORE THAN ONE NAME, THE NUMBER WILL BE CONSIDERED TO BE THAT OF THE FIRST NAME LISTED.

Section references are to the Internal Revenue Code.

Obtaining a Number

If you do not have a taxpayer identification number or you do not know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number.

To complete the Substitute Form W-9, if you do not have a taxpayer identification number, write "Applied For" in the space for the taxpayer identification number in Part 1, sign and date the Form, and give it to the requester. If the requester does not receive your taxpayer identification number within 60 days, backup withholding, if applicable, will begin and will continue until you furnish your taxpayer identification number to the requester.

Payees Exempt from Backup Withholding

For certain payees, exemptions from backup withholding apply and no information reporting is required. For interest and dividends, all payees listed below are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7); however, payments that are reportable on Form 1099-MISC and that are medical and healthcare payments, attorneys' fees (including gross proceeds paid to an attorney under Section 6045(f), even if the attorney is a corporation), or payments for services paid by a federal executive agency are not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, and patronage dividends.

- (1) A corporation.
- (2) An organization exempt from tax under section 501(a), or an individual retirement plan ("IRA"), or a custodial account under 403(b)(7), if the account satisfies the requirements of section 401(f)(2).
- (3) The United States or any of its agencies or instrumentalities.
- (4) A State, the District of Columbia, a possession of the United States, or any of its political subdivisions or instrumentalities.
- (5) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (6) An international organization or any of its agencies or instrumentalities.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times during the year under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under section 584(a).
- (13) A financial institution.
- (14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List.
- (15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding including the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) distributions made by an ESOP.

Payments of interest generally not subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals.

Bond: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

- Payments of tax-exempt interest (including exempt interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A and 6050N, and the regulations under those sections.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. ENTER YOUR TAXPAYER IDENTIFICATION NUMBER. WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Privacy Act Notice

Section 6109 requires you to give your correct taxpayer identification number to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal non-tax criminal laws and to combat terrorism. You must provide your taxpayer identification number whether or not you are required to file a tax return. Payers must generally withhold (currently at a rate of 28%) on taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number. If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information with respect to Withholding. If you make a false statement with no reasonable basis which results in no backup withholding, you are subject to a \$500 penalty.

(3) Criminal Penalty for Falsifying Information. Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

The Information Agent for the Offer is:

Global Bondholder Services Corporation
65 Broadway – Suite 723
New York, NY 10006
Attention: Corporate Actions
Banks and Brokers Call: (212) 430-3774
Toll Free: (866) 470-3800

Offer to Purchase

MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

Offer to Purchase

For Aggregate Cash Consideration Not to Exceed \$34,500,000

Outstanding

Auction Rate Student Loan Revenue Bonds, Senior Series 1996-A

at a Purchase Price not to Exceed \$93,000.00 (93% of the par value), and not to be Less than \$83,000.00 (83% of the par value), Per \$100,000.00 Principal Amount plus Accrued Interest

The Offer (as defined below) will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the "Expiration Time"). Holders (as defined below) of Senior Series 1996-A Auction Rate Bonds (as defined below) must tender their Senior Series 1996-A Auction Rate Bonds before the Expiration Time to receive the Tender Offer Consideration (as defined below), subject to the terms and conditions set forth in the Offer.

Mississippi Higher Education Assistance Corporation, a Mississippi non-profit corporation ("MHEAC") hereby offers to purchase, acting through BancorpSouth Bank, as trustee (the "Trustee") under the Indenture (as defined below), the Auction Rate Student Loan Revenue Bonds, Senior Series 1996-A set forth in the chart below (the "Senior Series 1996-A Auction Rate Bonds") for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$34,500,000.00 (the "Maximum Aggregate Tender Offer Consideration"), upon the terms and subject to the conditions set forth in this Offer to Purchase (this "Statement") and in the accompanying Letter of Transmittal (the "Letter of Transmittal" and, together with this Statement, the "Offer").

Senior Series 1996-A Auction Rate Bonds			
Auction Rate Student Loan Revenue Bonds, Senior Series 1996-A			
	Initial Principal Amount	Outstanding Principal Amount (November 25, 2008)	CUSIP
Series			
Senior Series 1996-A	\$39,200,000	\$39,200,000	605-354- DM8

The Offer is not conditioned on any minimum amount of Senior Series 1996-A Auction Rate Bonds being tendered. The Offer is, however, subject to other conditions.

Validly tendered Senior Series 1996-A Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the "Auction Process"). Under the Auction Process, each registered owner of Senior Series 1996-A Auction Rate Bonds (a "Holder") desiring to tender Senior Series 1996-A Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a "Price"), not to exceed \$93,000.00 (93% of the par value), and not to be less than \$83,000.00 (83% of the par value), for each \$100,000.00 principal amount of Senior Series 1996-A Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1996-A Auction Rate Bonds and the aggregate principal amount of Senior Series 1996-A Auction Rate Bonds (in integral multiples of \$100,000.00) it is willing to sell at each such Price (the "Tendered Amount"). Promptly following the Expiration Time, upon the terms and subject to the conditions of the

Offer, Senior Series 1996-A Auction Rate Bonds validly tendered at the lowest Price will be accepted first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1996-A Auction Rate Bonds submitted after the Expiration Time will be valid.

If validly tendered Senior Series 1996-A Auction Rate Bonds are accepted for payment in accordance with the Auction Process, MHEAC will pay a total cash consideration for each \$100,000.00 principal amount of such accepted Senior Series 1996-A Auction Rate Bonds equal to the Price at which such Senior Series 1996-A Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the "Tender Offer Consideration"). The "Settlement Date" in respect of any tendered Senior Series 1996-A Auction Rate Bonds that are accepted for payment is expected to be the third New York City business day following the Expiration Time.

MHEAC will only purchase the maximum principal amount of Senior Series 1996-A Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1996-A Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$100,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

Following the earlier of the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1996-A Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

All tenders of Senior Series 1996-A Auction Rate Bonds shall be made in minimum denominations of \$100,000.00 or integral multiples thereof. Tenders of Senior Series 1996-A Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$100,000.00.

None of MHEAC, its affiliates, the Trustee, GTBF (as defined below), the Depositary (as defined below) or the Information Agent (as defined below) makes any recommendation as to whether Holders should tender their Senior Series 1996-A Auction Rate Bonds pursuant to the Offer. Each Holder must make its own decision with regard to tendering its Senior Series 1996-A Auction Rate Bonds pursuant to the Offer.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THE OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Trustee Under the Indenture for the Senior Series 1996-A Auction Rate Bonds is:

BancorpSouth Bank

November 25, 2008

IMPORTANT INFORMATION

Tenders of Senior Series 1996-A Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. Also, tendered Senior Series 1996-A Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1996-A Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1996-A Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

The Depositary for the Offer is Global Bondholder Services Corporation (the “Depositary”).

The Information Agent for the Offer is Global Bondholder Services Corporation (the “Information Agent”).

Subject to the terms and conditions set forth in the Offer, the Tender Offer Consideration to which a tendering Holder is entitled pursuant to the Offer will be paid on the Settlement Date. Under no circumstances will any interest be payable because of any delay in the transmission of funds to Holders by DTC (as defined below).

Notwithstanding any other provision of the Offer, MHEAC’s obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1996-A Auction Rate Bonds validly tendered pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or MHEAC’s waiver of the Conditions (as defined in “Terms of the Offer — Conditions to the Offer”).

MHEAC reserves the right, in its sole discretion, to waive any one or more of the Conditions at any time and to terminate the Offer at any time and for any reason. See “Terms of the Offer — Conditions to the Offer.”

MHEAC retains the right to extend the Expiration Time of the Offer from time to time.

Subject to applicable securities laws and the terms set forth in the Offer, MHEAC reserves the right, before the Expiration Time (i) to waive any and all Conditions, (ii) to terminate the Offer, (iii) to extend the Expiration Time, (iv) to increase the Maximum Aggregate Tender Offer Consideration or (v) otherwise to amend the Offer in any respect. In the event that the Offer is terminated or otherwise not completed, the Tender Offer Consideration will not be paid or become payable to Holders of Senior Series 1996-A Auction Rate Bonds that have validly tendered their Senior Series 1996-A Auction Rate Bonds in connection with the Offer, in which case the tendered Senior Series 1996-A Auction Rate Bonds will be promptly returned to the Holders.

Holders of Senior Series 1996-A Auction Rate Bonds should take note of the following dates in connection with the Offer:

<u>Date</u>	<u>Calendar Date</u>	<u>Event</u>
Expiration Time	5:00 p.m., New York City time on December 23, 2008, unless extended or earlier terminated by MHEAC.	The last time and day for Holders to tender Senior Series 1996-A Auction Rate Bonds pursuant to the Offer.
Settlement Date	MHEAC expects that this date will be December 29, 2008, the third New York City business day after the Expiration Time, unless the Offer is extended by MHEAC.	The day that MHEAC deposits with DTC the amount of cash necessary to pay each tendering Holder the Tender Offer Consideration.

The Settlement Date is also the day that DTC pays each tendering Holder the Tender Offer Consideration for all tendered Senior Series 1996-A Auction Rate Bonds accepted for payment.

A beneficial owner of Senior Series 1996-A Auction Rate Bonds that are held of record by a broker, dealer, custodian bank, depository, trust company or other nominee must instruct such nominee to tender such Senior Series 1996-A Auction Rate Bonds on the beneficial owner's behalf. See "Terms of the Offer — Procedure for Tendering Senior Series 1996-A Auction Rate Bonds."

The Depository Trust Company ("DTC") has authorized DTC participants that hold Senior Series 1996-A Auction Rate Bonds on behalf of beneficial owners of Senior Series 1996-A Auction Rate Bonds through DTC to tender their Senior Series 1996-A Auction Rate Bonds as if they were Holders. To effect a tender, DTC participants may, in lieu of physically completing and signing the Letter of Transmittal, transmit their acceptance to DTC through the DTC Automated Tender Offer Program ("ATOP") for which the transaction will be eligible and follow the procedure for book-entry transfer set forth in "Terms of the Offer — Procedure for Tendering Senior Series 1996-A Auction Rate Bonds." If Senior Series 1996-A Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should contact such broker, dealer, custodian bank, depository, trust company or other nominee to determine whether a fee will be charged by such broker, dealer, custodian bank, depository, trust company or other nominee to tender such Senior Series 1996-A Auction Rate Bonds.

Questions and requests for assistance may be directed to the Information Agent at its address and telephone number set forth on the back cover of this Statement. Additional copies of this Statement and the Letter of Transmittal and other related materials may be obtained from the Information Agent at its address and telephone number set forth on the back cover of this Statement. Beneficial owners may also contact their brokers, dealers, custodian banks, depositories, trust companies or other nominees through which they hold Senior Series 1996-A Auction Rate Bonds with questions and requests for assistance.

The delivery of this Statement shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of MHEAC since the date hereof.

This Statement does not constitute an offer to purchase Senior Series 1996-A Auction Rate Bonds in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer under applicable securities, "blue sky" or other laws.

In accordance with the Indenture (as defined below), MHEAC has directed and authorized the Trustee to purchase Senior Series 1996-A Auction Rate Bonds on behalf of MHEAC upon the terms and conditions of the Offer. Therefore, pursuant to such instruction and authorization, and in compliance with the Indenture, any solicitation, acceptance, allocation and purchase of Senior Series 1996-A Auction Rate Bonds upon the terms and conditions of the Offer is being made by MHEAC.

This Statement and the Letter of Transmittal contain important information which should be read carefully in their entirety before any decision is made with respect to the Offer.

None of MHEAC, its affiliates, the Trustee, GTBF, the Depository or the Information Agent makes any recommendation as to whether Holders should tender their Senior Series 1996-A Auction Rate Bonds pursuant to the Offer. MHEAC has not authorized any person to make any

recommendation on its behalf as to whether you should tender or refrain from tendering your Senior Series 1996-A Auction Rate Bonds in the Offer. MHEAC has not authorized any person to give any information other than as contained in this Statement or in the Letter of Transmittal. You should not rely on any recommendation, or any such other representation or information, as having been authorized by MHEAC, the Information Agent or the Depositary.

FORWARD-LOOKING STATEMENTS

MHEAC makes forward-looking statements in this Statement. Certain of the publicly available information relating to the Senior Series 1996-A Auction Rate Bonds and MHEAC is based on current expectations, estimates, beliefs, assumptions and projections.

Words such as “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements.

Forward-looking statements speak only as of the date made. MHEAC undertakes no obligation to update any forward-looking statements to reflect the events or circumstances arising after the date as of which they are made. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements included in this Statement or that may be made elsewhere from time to time by, or on behalf of, MHEAC.

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TO HOLDERS OF
 AUCTION RATE STUDENT LOAN REVENUE BONDS, SENIOR SERIES 1996-A OF
 MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

This Statement and the accompanying Letter of Transmittal contain important information that should be read carefully before any decision is made with respect to the Offer.

SUMMARY

The following summary is provided solely for the convenience of Holders (as defined below) of the Senior Series 1996-A Auction Rate Bonds (as defined below). This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more specific details contained elsewhere in this Statement, the Letter of Transmittal and any amendments or supplements hereto or thereto. Holders of the Senior Series 1996-A Auction Rate Bonds are urged to read this Statement in its entirety. Unless otherwise indicated, each of the capitalized terms used but not defined in this summary has the meaning set forth elsewhere in this Statement.

The Offeror Mississippi Higher Education Assistance Corporation, a
 Mississippi non-profit Corporation (“MHEAC”)

The Senior Series 1996-A Auction
 Rate Bonds The Offer relates to the following series of Auction Rate Student
 Loan Revenue Bonds (the “Senior Series 1996-A Auction Rate
 Bonds”):

Auction Rate Student Loan Revenue Bonds, Senior Series 1996-A

Series	Initial Principal Amount	Outstanding Principal Amount (November 25, 2008)	Cusip
Senior Series 1996-A	\$39,200,000	\$39,200,000	605-354- DM8

The Senior Series 1996-A Auction Rate Bonds were issued by MHEAC pursuant to, and are secured, on parity with certain other obligations of MHEAC, by the Trust Estate created pursuant to a trust indenture dated as of July 1, 1993, between MHEAC and BancorpSouth Bank, as trustee (the “Trustee”), as supplemented (such trust indenture, as supplemented to date, the “Indenture”).

The Offer MHEAC is offering, on the terms and subject to the conditions set forth herein, to purchase outstanding Senior Series 1996-A Auction Rate Bonds for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$34,500,000.00 (the “Maximum Aggregate Tender Offer Consideration”). See “Terms of the Offer — Conditions to the Offer.”

Expiration Time The Expiration Time is 5:00 p.m., New York City time on December 23, 2008, unless extended or earlier terminated by MHEAC. MHEAC retains the right to extend the Expiration Time of the Offer from time to time. If a broker, dealer,

custodian bank, depository, trust company or other nominee holds your shares, it is likely they have an earlier deadline, for administrative reasons, for you to act to instruct them to accept the tender offer on your behalf. We urge you to contact the broker, dealer, custodian bank, depository, trust company or other nominee to find out their deadline.

Tender Offer Consideration..... If validly tendered Senior Series 1996-A Auction Rate Bonds are accepted for payment in accordance with the Auction Process (as defined below), MHEAC will pay a total cash consideration for each \$100,000.00 principal amount of such accepted Senior Series 1996-A Auction Rate Bonds equal to the Price (as defined below) at which such Senior Series 1996-A Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the "Tender Offer Consideration"). Pursuant to the Auction Process, different Prices may be accepted and paid to Holders of Senior Series 1996-A Auction Rate Bonds in the Offer.

Minimum Denominations
of Tenders..... All tenders of Senior Series 1996-A Auction Rate Bonds shall be made in minimum denominations of \$100,000.00 or integral multiples thereof. Tenders of Senior Series 1996-A Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$100,000.00.

Settlement Date The Settlement Date in respect of any validly tendered Senior Series 1996-A Auction Rate Bonds that are accepted for payment is expected to be December 29, 2008, the third New York City business day following the Expiration Time.

Tender Offer Price;
The Auction Process..... Validly tendered Senior Series 1996-A Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the "Auction Process"). Under the Auction Process, each registered owner of Senior Series 1996-A Auction Rate Bonds (a "Holder") desiring to tender Senior Series 1996-A Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a "Price"), not to exceed \$93,000.00 (93% of the par value), and not to be less than \$83,000.00 (83% of the par value), for each \$100,000.00 principal amount of Senior Series 1996-A Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1996-A Auction Rate Bonds to MHEAC and the aggregate principal amount of Senior Series 1996-A Auction Rate Bonds (in integral multiples of \$100,000.00) it is willing to sell at each such Price (the "Tendered Amount"). Promptly following the Expiration Time, upon the terms and subject to the conditions of the Offer, Senior Series 1996-A Auction Rate Bonds validly tendered at the lowest

Price will be accepted (excluding accrued interest which will be payable as part of the purchase price) and first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1996-A Auction Rate Bonds submitted after the Expiration Time will be valid.

MHEAC will only purchase the maximum principal amount of Senior Series 1996-A Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1996-A Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$100,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

Following the earlier of the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1996-A Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

All validly tendered Senior Series 1996-A Auction Rate Bonds that are purchased pursuant to the Offer will be retired in accordance with the terms of the Indenture.

See "Terms of the Offer — Procedure for Tendering Senior Series 1996-A Auction Rate Bonds" for a more detailed description of the Auction Process.

How to Tender Senior Series 1996-A Auction Rate Bonds.....

See "Terms of the Offer — Procedure for Tendering Senior Series 1996-A Auction Rate Bonds." For further information, call the Information Agent at its telephone number set forth on the back cover of this Statement or consult your broker, dealer, custodian bank, depository, trust company or other nominee for assistance.

Withdrawal Rights.....

Tenders of Senior Series 1996-A Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. In addition, tendered Senior Series 1996-A Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1996-A Auction Rate Bonds being

purchased thereunder. In the event of a termination of the Offer, the Senior Series 1996-A Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Purpose of the Offer

The purpose of the Offer is for MHEAC to reduce the principal amount of its outstanding indebtedness, thereby reducing the aggregate amount of its future interest expense.

Certain Consequences to Tendering and Non-Tendering Holders

Each Holder should, prior to making any decision to tender or not tender any of its Senior Series 1996-A Auction Rate Bonds, consider certain consequences that may occur. See “Certain Significant Consequences to Non-Tendering Holders” and “Certain Significant Consequences to Tendering Holders.”

Certain Conditions Precedent to the Offer.....

MHEAC’s obligation to accept for payment, and to pay for, Senior Series 1996-A Auction Rate Bonds validly tendered pursuant to the Offer is conditioned upon satisfaction of certain Conditions. See “Terms of the Offer — Conditions to the Offer.”

Important United States Federal Income Tax Considerations.....

For a summary of certain United States federal income tax consequences of the Offer, see “Important United States Federal Income Tax Considerations for Holders.”

Brokerage Commissions.....

If Senior Series 1996-A Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should ask such broker, dealer, custodian bank, depository, trust company or other nominee whether it will charge a fee to tender such Senior Series 1996-A Auction Rate Bonds.

Depository

Global Bondholder Services Corporation.

Information Agent

Global Bondholder Services Corporation.

Further Information

Questions may be directed to the Information Agent, and additional copies of this Statement may be obtained by contacting the Information Agent at its telephone number and address set forth on the back cover of this Statement.

INTRODUCTION

MHEAC is a Mississippi non-profit corporation.

Global Bondholder Services Corporation (“GBSC”) is the Information Agent and the Depository for the Offer. For its services as Information Agent and Depository, GBSC will receive customary fees due to an information agent and depository for similar tender offers.

MHEAC is offering, upon the terms and subject to the Conditions set forth in this Statement and the related Letter of Transmittal, to purchase outstanding Senior Series 1996-A Auction Rate Bonds for a cash amount (excluding accrued interest which will be payable as part of the purchase price) up to the Maximum Aggregate Tender Offer Consideration (as defined below). The Offer and the payment for Senior Series 1996-A Auction Rate Bonds are conditioned upon, among other things, the satisfaction or waiver by MHEAC of the Conditions. See “Terms of the Offer — Conditions to the Offer.”

SENIOR SERIES 1996-A AUCTION RATE BONDS

The Senior Series 1996-A Auction Rate Bonds were issued by MHEAC pursuant to, and are secured, on parity with certain other obligations of MHEAC, by the Trust Estate created pursuant to a trust indenture dated as of July 1, 1993, between MHEAC and BancorpSouth Bank, as trustee, as supplemented (such trust indenture, as supplemented to date, the “Indenture”).

Information concerning the terms and conditions applicable to the Senior Series 1996-A Auction Rate Bonds may be found in the sections entitled “Description of the Bonds,” “Redemption,” “Tax Matters,” Appendix B, “Certain Definitions and Summary of Certain Provisions of the Indenture,” and Appendix D, “Auction Procedures” in the Official Statement dated April 12, 1996, with respect to the Senior Series 1996-A Auction Rate Bonds and certain other obligations (the “1996 Official Statement”), a copy of which is available on the website, <http://www.esfweb.com/mheac.html>.

Information concerning the terms and conditions applicable to the Senior Series 1996-A Auction Rate Bonds may also be found in the sections with comparable titles in the Official Statement dated June 5, 1998, with respect to MHEAC’s Student Loan Revenue Bonds, Senior Series 1998-A and Senior Series 1998-B (which are secured on a parity with the Senior Series 1996-A Auction Rate Bonds). Copies of these documents are available on the website, <http://www.esfweb.com/mheac.html>. Copies of supplements to the Indenture subsequent to 1998 will be provided upon request.

Information applicable to the Senior Series 1996-A Auction Rate Bonds may also be found in:

- (a) Annual Reports filed with Nationally Recognized Municipal Securities Information Repositories;
- (b) Event Notices filed with Nationally Recognized Municipal Securities Information Repositories, and audits of MHEAC’s financial records; and
- (c) Quarterly Servicer Reports with respect to student loan assets held as part of the trust estate pursuant to the Indenture.

Copies of Event Notices filed subsequent to January 1, 2008, and Quarterly Servicer Reports are available on the website, <http://www.esfweb.com/mheac.html>.

A copy of MHEAC's most recent audited financial statements is available on the website, <http://www.esfweb.com/mheac.html>.

MHEAC believes that the documents referenced above were accurate as of the dates thereof. MHEAC makes no representation concerning the continued accuracy of the information in such documents.

PURPOSE OF THE OFFER

Auction rate securities recently have had unprecedented liquidity problems, including failed auctions. As a result, the interest rate of the Senior Series 1996-A Auction Rate Bonds at all recent auctions has been set at the maximum rate for the relevant period. The purpose of the Offer is for MHEAC to reduce the principal amount of its outstanding indebtedness, thereby reducing the aggregate amount of its future interest expense.

SOURCES OF FUNDS

Funds currently held as part of the trust estate under the Indenture will be used to purchase Senior Series 1996-A Auction Rate Bonds pursuant to the Offer. MHEAC may also use funds received prior to the Expiration Date and/or general funds of MHEAC to pay the purchase price for Senior Series 1996-A Auction Rate Bonds.

TERMS OF THE OFFER

General

Upon the terms and subject to the Conditions set forth in this Statement and in the related Letter of Transmittal and any supplements or amendments hereto or thereto, MHEAC hereby offers to purchase Senior Series 1996-A Auction Rate Bonds for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$34,500,000.00 (the "Maximum Aggregate Tender Offer Consideration"). If any validly tendered Senior Series 1996-A Auction Rate Bonds are accepted for payment pursuant to the Auction Process (as defined below) and are not withdrawn, MHEAC will pay a total consideration for each \$100,000.00 principal amount of such accepted Senior Series 1996-A Auction Rate Bonds equal to the Tender Offer Consideration (as defined below). Pursuant to the Auction Process, different Prices may be accepted and paid to Holders of Senior Series 1996-A Auction Rate Bonds in the Offer. The Offer will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the "Expiration Time"). Under no circumstances will any additional interest be payable because of any delay in the transmission of funds to the Holders of purchased Senior Series 1996-A Auction Rate Bonds or otherwise. No tenders of Senior Series 1996-A Auction Rate Bonds submitted after the Expiration Time will be valid.

The next auction date for the Senior Series 1996-A Auction Rate Bonds (the "Subject Auction Date"): is December 9, 2008.

Any Holder of a Senior Series 1996-A Auction Rate Bond that tenders Senior Series 1996-A Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1996-A Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. If all of the Senior Series 1996-A Auction Rate Bonds are tendered prior to the Subject Auction Date, the interest rate on the Senior Series 1996-A Auction Rate

Bonds, from such Subject Auction Date until the Settlement Date, will be the All-Hold rate provided in the Indenture.

Because the Tender Offer Consideration for Senior Series 1996-A Auction Rate Bonds includes accrued and unpaid interest based on the interest rate determined by auction, the actual amount of consideration that may be received by a tendering Holder pursuant to the Offer will be affected by changes in such interest rate during the term of the Offer prior to the Expiration Time.

Senior Series 1996-A Auction Rate Bonds not purchased pursuant to the Offer will continue to be governed by the terms of the Indenture and related transaction documents, including with respect to maturity, the payment of interest, the determination of the interest rate through auctions, redemption and the payment of principal.

Payments will be made on the Settlement Date, which is expected to be December 29, 2008, the third New York City business day following the Expiration Time, for all Senior Series 1996-A Auction Rate Bonds validly tendered before the Expiration Time and accepted for payment by MHEAC in accordance with the procedures set forth herein. If the Offer is not consummated, no such payments will be made. Notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for Senior Series 1996-A Auction Rate Bonds validly tendered and accepted for payment pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or MHEAC's waiver of the Conditions.

Tenders of Senior Series 1996-A Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not occurred. In addition, tendered Senior Series 1996-A Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1996-A Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, Senior Series 1996-A Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders. MHEAC and its affiliates reserve the right to acquire any Senior Series 1996-A Auction Rate Bonds that remain outstanding following termination or expiration of the Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than any Price (as defined below) to be paid pursuant to the Offer and could be for cash or other consideration.

The Offer is not conditioned on any minimum amount of Senior Series 1996-A Auction Rate Bonds being tendered. However, MHEAC's obligation to accept for payment and to pay for Senior Series 1996-A Auction Rate Bonds validly tendered pursuant to the Offer is conditioned upon satisfaction of or MHEAC's waiver of the Conditions, as set forth in "Terms of the Offer — Conditions to the Offer." Subject to applicable securities laws and the terms set forth in the Offer, MHEAC reserves the right, before the Expiration Time, (i) to waive any and all Conditions, (ii) to terminate the Offer, (iii) to extend the Expiration Time, (iv) to increase the Maximum Aggregate Tender Offer Consideration or (v) otherwise to amend the Offer in any respect. The rights reserved by MHEAC in this paragraph are in addition to MHEAC's rights to terminate the Offer described in "Terms of the Offer — Conditions to the Offer."

Any extension, amendment or termination of the Offer will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension of the Offer to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Time. Without limiting the manner in which any public announcement may be made, MHEAC intends to make any such public announcement by issuing a press release to PR Newswire or other similar media service and will have no further obligation to publish, advertise or otherwise communicate any such public announcement.

If MHEAC makes a material change in the terms of the Offer or the information concerning the Offer, MHEAC will disseminate additional offering materials and extend the Offer to the extent required by applicable law.

None of MHEAC, its affiliates, the Trustee, GTBF, the Depository or the Information Agent makes any recommendation as to whether Holders should tender their Senior Series 1996-A Auction Rate Bonds pursuant to the Offer. Holders must make their own decisions with regard to tendering Senior Series 1996-A Auction Rate Bonds.

Acceptance for Payment and Payment for Senior Series 1996-A Auction Rate Bonds

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment) and applicable law, MHEAC will purchase and, on the Settlement Date, will pay for, all Senior Series 1996-A Auction Rate Bonds validly tendered and accepted for payment pursuant to the Offer. For purposes of the Offer, tendered Senior Series 1996-A Auction Rate Bonds will be deemed to have been accepted for payment, if, as and when MHEAC gives oral or written notice thereof to the Depository. Such payment shall be made by the deposit of the Tender Offer Consideration for all tendered Senior Series 1996-A Auction Rate Bonds accepted for payment in immediately available funds by MHEAC on the Settlement Date with DTC, which will act as agent for tendering Holders for the purpose of receiving payment from MHEAC and transmitting such payment to tendering Holders. Under no circumstances will interest on the Tender Offer Consideration be paid by MHEAC by reason of any delay in the transmission of funds to Holders by DTC. MHEAC expressly reserves the right, in its sole discretion and subject, to the extent (if any) applicable, to Rule 14e-1(c) under the Securities Exchange Act of 1934 (the “Exchange Act”), to delay acceptance for payment of or payment for Senior Series 1996-A Auction Rate Bonds in order to comply, in whole or in part, with any applicable law or any other condition. See “Terms of the Offer — Conditions to the Offer.” In all cases, payment by DTC to Holders or beneficial owners of the Tender Offer Consideration for Senior Series 1996-A Auction Rate Bonds purchased pursuant to the Offer will be made only after receipt by the Depository of (i) timely confirmation of a book-entry transfer of such Senior Series 1996-A Auction Rate Bonds into the Depository’s account at DTC pursuant to the procedures set forth in “Terms of the Offer — Procedure for Tendering Senior Series 1996-A Auction Rate Bonds,” (ii) a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or a properly transmitted Agent’s Message (as defined below) through ATOP and (iii) any other documents required by the Letter of Transmittal.

Except as set forth in the Instruction 7 of the Letter of Transmittal, tendering Holders will not be obligated to pay transfer taxes on the purchase of Senior Series 1996-A Auction Rate Bonds pursuant to the Offer. If Senior Series 1996-A Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should contact such broker, dealer, custodian bank, depository, trust company or other nominee to determine whether a fee will be charged by such broker or bank to tender such Senior Series 1996-A Auction Rate Bonds.

Procedure for Tendering Senior Series 1996-A Auction Rate Bonds

The tender of Senior Series 1996-A Auction Rate Bonds pursuant to the Offer and in accordance with the procedures described below will constitute a valid tender of Senior Series 1996-A Auction Rate Bonds.

The method of delivery of Senior Series 1996-A Auction Rate Bonds and Letters of Transmittal, any required signature guarantees and all other required documents, including delivery through DTC and any acceptance of an Agent’s Message transmitted through ATOP, is at the election and risk of the person tendering Senior Series 1996-A Auction Rate Bonds and delivering Letters of Transmittal or transmitting an Agent’s Message and, except as otherwise provided in the Letter of

Transmittal, delivery will be deemed made only when actually received by the Depository. If delivery is made by mail, it is suggested that Holders use properly insured, registered mail with return receipt requested, and that the mailing be made sufficiently in advance of the Expiration Time to permit delivery to the Depository on or before the Expiration Time. Manually signed facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. Tenders not received by the Depository at or prior to the Expiration Time will be disregarded and deemed not validly tendered.

Valid Tender. The tender by a Holder of Senior Series 1996-A Auction Rate Bonds in accordance with the Auction Process set forth below under the heading “—*The Auction Process*” and pursuant to one of the procedures set forth below will constitute a binding agreement between such Holder and MHEAC in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

Only Holders are authorized to tender Senior Series 1996-A Auction Rate Bonds. The procedures by which beneficial owners may instruct their related Holders to tender the applicable Senior Series 1996-A Auction Rate Bonds will depend upon the manner in which the Senior Series 1996-A Auction Rate Bonds are held.

Holders that tender any of their Senior Series 1996-A Auction Rate Bonds before the Expiration Time and have such tendered Senior Series 1996-A Auction Rate Bonds accepted for payment by MHEAC in accordance with the Auction Process will receive the Tender Offer Consideration subject to the terms and conditions set forth in the Offer. Notwithstanding any other provision hereof, payment of the Tender Offer Consideration for Senior Series 1996-A Auction Rate Bonds tendered and accepted for payment pursuant to the Offer will, in all cases, be made only after timely receipt (i.e., before the Expiration Time) by the Depository of a Book-Entry Confirmation (as defined below) of the transfer of such Senior Series 1996-A Auction Rate Bonds into the Depository’s account at DTC as described above, and a Letter of Transmittal (or manually signed facsimile thereof) with respect to such Senior Series 1996-A Auction Rate Bonds, properly completed and duly executed, with any required signature guarantees and any other documents required by the Letter of Transmittal, or a properly transmitted Agent’s Message (as defined below).

The Auction Process. Validly tendered Senior Series 1996-A Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the “Auction Process”). Under the Auction Process, each registered owner of Senior Series 1996-A Auction Rate Bonds (a “Holder”) desiring to tender Senior Series 1996-A Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a “Price”), not to exceed \$93,000.00 (93% of the par value), and not to be less than \$83,000.00 (83% of the par value), for each \$100,000.00 principal amount of Senior Series 1996-A Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1996-A Auction Rate Bonds and the aggregate principal amount of Senior Series 1996-A Auction Rate Bonds (in integral multiples of \$100,000.00) it is willing to sell at each such Price (the “Tendered Amount”). Otherwise valid tenders which specify a price less than \$83,000.00 (83% of the par value), for each \$100,000.00 principal amount of Senior Series 1996-A Auction Rate Bonds shall be deemed to have specified a price of \$83,000.00 (83% of the par value), for each \$100,000.00 principal amount of Senior Series 1996-A Auction Rate Bonds. Promptly following the Expiration Time, upon the terms and subject to the conditions of the Offer, Senior Series 1996-A Auction Rate Bonds validly tendered at the lowest Price will be accepted first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1996-A Auction Rate Bonds submitted after the Expiration Time will be valid.

If validly tendered Senior Series 1996-A Auction Rate Bonds are accepted for payment in accordance with the Auction Process, MHEAC will pay a total cash consideration for each \$100,000.00 principal amount of such accepted Senior Series 1996-A Auction Rate Bonds equal to the Price at which such

Senior Series 1996-A Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the “Tender Offer Consideration”). The “Settlement Date” in respect of any tendered Senior Series 1996-A Auction Rate Bonds that are accepted for payment is expected to be the third New York City business day following the Expiration Time.

MHEAC will only purchase the maximum principal amount of Senior Series 1996-A Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1996-A Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$100,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

All tenders of Senior Series 1996-A Auction Rate Bonds shall be made in minimum denominations of \$100,000.00 or integral multiples thereof. Tenders of Senior Series 1996-A Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$100,000.00.

Following the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1996-A Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

In accordance with the Letter of Transmittal, a Holder may tender different portions of the principal amount of its Senior Series 1996-A Auction Rate Bonds at different Prices; however, a Holder may not specify Prices for an aggregate principal amount of Senior Series 1996-A Auction Rate Bonds in excess of the aggregate principal amount of Senior Series 1996-A Auction Rate Bonds held by such Holder. The same portion of Senior Series 1996-A Auction Rate Bonds cannot be tendered at more than one Price. To tender Senior Series 1996-A Auction Rate Bonds validly, each Price must be for a portion equal to \$100,000.00 principal amount of such Senior Series 1996-A Auction Rate Bonds or integral multiples thereof. A Holder who wishes to tender different portions of its Senior Series 1996-A Auction Rate Bonds at more than one Price must complete a separate Letter of Transmittal or transmit a separate Agent’s Message through ATOP for each Price at which the related portion of Senior Series 1996-A Auction Rate Bonds is being tendered. In case of withdrawal, Holders who tendered portions of their Senior Series 1996-A Auction Rate Bonds at multiple Prices pursuant to multiple Letters of Transmittal or Agent’s Messages must comply with the procedures set forth under the heading “*No Withdrawal of Tenders*” with respect to each Letter of Transmittal or Agent’s Message and the related Tendered Amount.

All validly tendered Senior Series 1996-A Auction Rate Bonds that are purchased pursuant to the Offer will be retired in accordance with the terms of the Indenture.

Tender of Senior Series 1996-A Auction Rate Bonds Held Through a Custodian. To effectively tender Senior Series 1996-A Auction Rate Bonds that are held of record by a broker, dealer, custodian bank, depository, trust company or other nominee, the beneficial owner thereof must instruct such custodian to tender Senior Series 1996-A Auction Rate Bonds on the beneficial owner’s behalf. The Letter of Transmittal included in the materials provided with this Statement may be used by a beneficial owner in this process to effect the tender. Any beneficial owner of Senior Series 1996-A Auction Rate Bonds held of record by DTC or its nominee, through authority granted by DTC, may direct the DTC participant through which such beneficial owner’s Senior Series 1996-A Auction Rate Bonds are held in DTC to

tender, on such beneficial owner's behalf, the Senior Series 1996-A Auction Rate Bonds beneficially owned by such beneficial owner.

Tender of Bonds Held Through DTC. To effectively tender Senior Series 1996-A Auction Rate Bonds that are held through DTC, DTC participants should electronically transmit their acceptance through ATOP (and thereby tender Senior Series 1996-A Auction Rate Bonds), for which the transaction will be eligible, followed by a properly completed and duly executed Letter of Transmittal or transmitted Agent's Message delivered to the Depository. Upon receipt of such Holder's acceptance through ATOP, DTC will edit and verify the acceptance and send an Agent's Message to the Depository for its acceptance. Delivery of tendered Senior Series 1996-A Auction Rate Bonds must be made to the Depository pursuant to the book-entry delivery procedures set forth below.

Except as provided below, unless the Senior Series 1996-A Auction Rate Bonds being tendered are deposited with the Depository before the Expiration Time (accompanied by a properly completed and duly executed Letter of Transmittal or a properly transmitted Agent's Message, as applicable), MHEAC may, in its sole discretion, treat such tender as defective for purposes of the right to receive the Tender Offer Consideration. Payment for Senior Series 1996-A Auction Rate Bonds will be made only against deposit of the tendered Senior Series 1996-A Auction Rate Bonds and delivery of all other required documents.

In order to validly tender Senior Series 1996-A Auction Rate Bonds before the Expiration Time with respect to Senior Series 1996-A Auction Rate Bonds transferred pursuant to ATOP, a DTC participant using ATOP must also properly transmit an Agent's Message. Pursuant to authority granted by DTC, any DTC participant which has Senior Series 1996-A Auction Rate Bonds credited to its DTC account at any time (and thereby held of record by DTC's nominee) may directly instruct the Depository to tender Senior Series 1996-A Auction Rate Bonds before 5:00 p.m., New York City time, on the Expiration Time as though it were the registered Holder thereof by transmitting an Agent's Message.

Book-Entry Delivery Procedures. The Depository will establish an account with respect to the Senior Series 1996-A Auction Rate Bonds at DTC for purposes of the Offer within two business days after the date of this Statement, and any financial institution that is a participant in DTC may make book-entry delivery of Senior Series 1996-A Auction Rate Bonds by causing DTC to transfer such Senior Series 1996-A Auction Rate Bonds into such account in accordance with DTC's procedures for such transfer. However, although delivery of Senior Series 1996-A Auction Rate Bonds may be effected through book-entry transfer into the Depository's account at DTC, the Letter of Transmittal (or manually signed facsimile thereof), with any required signature guarantees or an Agent's Message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the Depository at its address set forth on the back cover of this Statement on or before the Expiration Time. Delivery of documents to DTC does not constitute delivery to the Depository. The confirmation of a book-entry transfer into the Depository's account at DTC as described above is referred to herein as a "Book-Entry Confirmation."

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Depository and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the participant in DTC tendering Senior Series 1996-A Auction Rate Bonds and that such participant has received this Statement and the Letter of Transmittal and agrees to be bound by the terms of this Statement and the Letter of Transmittal and MHEAC may enforce such agreements against such participant.

Signature Guarantees. Signatures on all Letters of Transmittal must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program (a "Medallion Signature Guarantor"), unless the Senior Series 1996-A Auction Rate Bonds tendered thereby are tendered (i) by a registered Holder of Senior Series 1996-A Auction Rate Bonds (or by a participant in

DTC whose name appears on a security position listing as the owner of such Senior Series 1996-A Auction Rate Bonds) that has not completed the box marked “Special Issuance Instructions” or the box marked “Special Delivery Instructions” in the Letter of Transmittal, or (ii) for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States. See Instruction 4 of the Letter of Transmittal. If the Senior Series 1996-A Auction Rate Bonds are registered in the name of a person other than the signer of the Letter of Transmittal, then the signatures on the Letter of Transmittal accompanying the tendered Senior Series 1996-A Auction Rate Bonds must be guaranteed by a Medallion Signature Guarantor as described above. See Instructions 1 and 4 of the Letter of Transmittal.

Backup Withholding. To prevent backup U.S. federal income tax withholding, each tendering Holder of Senior Series 1996-A Auction Rate Bonds generally must provide the Depository with such Holder’s correct taxpayer identification number and certify that such Holder is not subject to backup U.S. federal income tax withholding by completing the Substitute Form W-9, included in the Letter of Transmittal, or the appropriate Form W-8BEN, as applicable. For a discussion of the U.S. federal income tax considerations relating to backup withholding, see “Important United States Federal Income Tax Considerations for Holders — Backup Withholding and Information Reporting.”

Determination of Validity. No tender shall be deemed to have been validly made until all defects or irregularities in such tender have been cured or waived. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Senior Series 1996-A Auction Rate Bonds pursuant to any of the procedures described above will be determined by MHEAC in its sole discretion, which determination shall be final and binding. MHEAC reserves the absolute right to reject any or all tenders of any Senior Series 1996-A Auction Rate Bonds determined by it not to be in proper form or if the acceptance for payment of, or payment for, such Senior Series 1996-A Auction Rate Bonds may, based on the advice of MHEAC’s counsel, be unlawful. MHEAC also reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer or any defect or irregularity in any tender with respect to Senior Series 1996-A Auction Rate Bonds of any particular Holder, whether or not similar defects or irregularities are waived in the case of other Holders. MHEAC’s interpretation of the terms and conditions of the Offer will be final and binding. None of MHEAC, its affiliates, GTBF, the Depository, the Information Agent, the Trustee or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification. If MHEAC waives its right to reject a defective tender of Senior Series 1996-A Auction Rate Bonds that would have been accepted through the Auction Process in the absence of the related defect, the Holder will be entitled to the Tender Offer Consideration.

No Withdrawal of Tenders

Tenders of Senior Series 1996-A Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. Also, tendered Senior Series 1996-A Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1996-A Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1996-A Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Any notice of withdrawal must (i) specify the name of the person that tendered the Senior Series 1996-A Auction Rate Bonds to be withdrawn, (ii) contain the description of the Senior Series 1996-A Auction Rate Bonds to be withdrawn and the aggregate principal amount represented by such Senior Series 1996-A Auction Rate Bonds and (iii) be signed by the Holder of such Senior Series 1996-A Auction Rate Bonds in the same manner as the original signature on the Letter of Transmittal by which such Senior Series 1996-A Auction Rate Bonds were tendered (including any required signature guarantees), if any, or

be accompanied by (x) documents of transfer sufficient to have the Trustee register the transfer of the Senior Series 1996-A Auction Rate Bonds into the name of the person withdrawing such Senior Series 1996-A Auction Rate Bonds and (y) a properly completed irrevocable proxy that authorized such person to effect such withdrawal on behalf of such Holder. In addition, for Senior Series 1996-A Auction Rate Bonds tendered through DTC, the notice of withdrawal must also specify the name and number of the account at DTC to be credited with the withdrawn Senior Series 1996-A Auction Rate Bonds. If the Senior Series 1996-A Auction Rate Bonds to be withdrawn have been delivered or otherwise identified to the Depository, a signed notice of withdrawal is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected by the Depository. Any Senior Series 1996-A Auction Rate Bonds properly withdrawn will be deemed to be not validly tendered for purposes of the Offer.

Any Holder who tendered different portions of the principal amount of its Senior Series 1996-A Auction Rate Bonds at different Prices as discussed above under the heading “—*Procedure for Tendering Senior Series 1996-A Auction Rate Bonds—The Auction Process*” must deliver a separate notice of withdrawal for each Letter of Transmittal or Agent’s Message, as applicable, and related Tendered Amount with respect to which such Holder intends to withdraw its tender.

Any Holder who validly withdraws a prior tender of its Senior Series 1996-A Auction Rate Bonds may tender such Senior Series 1996-A Auction Rate Bonds again, prior to the Expiration Time and otherwise pursuant to the terms of the Offer as if the withdrawn tender had not been made.

Withdrawals of Senior Series 1996-A Auction Rate Bonds can be accomplished only in accordance with the foregoing procedures.

All questions as to the validity (including time of receipt) of notices of withdrawal will be determined by MHEAC in its sole discretion, which determination shall be final and binding. None of MHEAC, its affiliates, the Depository, GTBF, the Trustee, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal, or incur any liability for failure to give any such notification.

Conditions to the Offer

The Offer is not conditioned on any minimum principal amount of Senior Series 1996-A Auction Rate Bonds being tendered in the Offer. Notwithstanding any other provision of the Offer and in addition to (and not in limitation of) MHEAC’s rights to extend, amend or terminate the Offer, MHEAC shall not be required to accept for payment, purchase or pay for, and may delay the acceptance for payment of, any tendered Senior Series 1996-A Auction Rate Bonds, in each event subject, to the extent (if any) applicable, to Rule 14e-1(c) under the Exchange Act, and may terminate the Offer, if immediately prior to the expiration of the Offer, any of the following (collectively, the “Conditions”) has occurred (or are determined by MHEAC to have occurred):

- (a) there has been instituted or threatened or is pending any action or proceeding (or there shall have been any material adverse development to any action or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, or by any other person, in connection with the Offer that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer;
- (b) there shall have occurred any development which would, in the reasonable judgment of MHEAC, materially adversely affect the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of MHEAC, its subsidiaries or its affiliates;
- (c) an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction has been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any

court or governmental, regulatory or administrative agency or instrumentality that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer;

(d) there has occurred or is likely to occur (1) any event affecting the business or financial affairs of MHEAC, its subsidiaries or its affiliates that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer, or (2) any legal event which, in the reasonable judgment of MHEAC, is, or is reasonably likely to be, materially adverse to the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of MHEAC, its subsidiaries or its affiliates;

(e) the Trustee shall have objected in any respect to or taken any action that could, in the reasonable judgment of MHEAC, adversely affect the consummation of the Offer or has taken any action that challenges the validity or effectiveness of the procedures used by MHEAC in the making of the Offer or the acceptance for payment of, or payment for, Senior Series 1996-A Auction Rate Bonds;

(f) any approval, permit, favorable review or consent of any third party required to be obtained in connection with the Offer shall not have been obtained on terms satisfactory to MHEAC in its sole discretion; or

(g) there has occurred, in the reasonable judgment of MHEAC, (1) any general suspension of, or limitation on prices for, trading in securities in the United States or other major securities or financial markets, (2) any significant change in the price of the Senior Series 1996-A Auction Rate Bonds since the commencement of the Offer, (3) a material impairment in the trading market for debt securities, (4) a declaration of a banking moratorium or any suspension of payments in respect to banks in the United States or other major financial markets, (5) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in the reasonable judgment of MHEAC, might affect the extension of credit by banks or other lending institutions, (6) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States, (7) any change in the general political, market, economic or financial condition in the United States or internationally that in the reasonable judgment of MHEAC is likely to materially and adversely affect it or trading in the Senior Series 1996-A Auction Rate Bonds or (8) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

If any of the above events occur (or are deemed by MHEAC to have occurred), MHEAC may, in its sole discretion:

- terminate the Offer and promptly return all validly tendered Senior Series 1996-A Auction Rate Bonds to the Holders;
- extend the Offer and, subject to any withdrawal rights, retain all validly tendered Senior Series 1996-A Auction Rate Bonds until the extended Offer expires;
- amend the terms of the Offer; or
- waive any unsatisfied condition and, subject to any requirement to extend the period of time during which the Offer is open, complete the Offer.

The foregoing conditions are for the sole benefit of MHEAC and may be asserted by MHEAC regardless of the circumstances giving rise to any such condition (including any action or inaction by MHEAC) and may be waived by MHEAC, in whole or in part, at any time and from time to time prior to

the Expiration Time, in the sole discretion of MHEAC. Any determination by MHEAC concerning the events described above will be final and binding on all parties. Notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1996-A Auction Rate Bonds validly tendered pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or MHEAC's waiver of, all of the Conditions. The failure by MHEAC at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

CERTAIN SIGNIFICANT CONSEQUENCES TO NON-TENDERING HOLDERS

In deciding whether to participate in the Offer, each Holder should consider carefully, in addition to other information contained in this Statement, the following:

No Current Active Trading Market; Possible Effects of the Offer on the Future Trading Market for Senior Series 1996-A Auction Rate Bonds

To the knowledge of MHEAC, in recent months, there has not been an active trading market for the Senior Series 1996-A Auction Rate Bonds. As discussed in "Terms of the Offer—Procedure for Tendering Senior Series 1996-A Auction Rate Bonds—The Auction Process" above, any Senior Series 1996-A Auction Rate Bonds acquired by MHEAC will no longer be outstanding pursuant to the Indenture and, thus, will not participate in future auctions. Therefore, to the extent that not all of the Senior Series 1996-A Auction Rate Bonds are tendered and purchased pursuant to the Offer, the trading market for the non-tendered Senior Series 1996-A Auction Rate Bonds may become even more limited. A bid for a debt security with a smaller outstanding principal amount available for trading (a smaller "float") may be lower than a bid for a comparable debt security with a larger float. Therefore, the market price of the Senior Series 1996-A Auction Rate Bonds not tendered and accepted for purchase in the Offer may be affected adversely to the extent that the float will be reduced by the amount of Senior Series 1996-A Auction Rate Bonds tendered and purchased pursuant to the Offer. The reduced float may also tend to make the trading price more volatile. Holders of non-tendered Senior Series 1996-A Auction Rate Bonds may attempt to obtain quotations for the Senior Series 1996-A Auction Rate Bonds from their brokers; however, there can be no assurance that an active trading market will exist for the Senior Series 1996-A Auction Rate Bonds following the Offer and no assurance as to the prices at which the Auction Rate Bonds may trade following the Offer. In addition, to the extent any Senior Series 1996-A Auction Rate Bonds of a series are tendered and purchased pursuant to the Offer, the aggregate principal amount of Senior Series 1996-A Auction Rate Bonds participating in future auctions will decrease. The interest rate of the non-tendered Senior Series 1996-A Auction Rate Bonds will continue to be determined pursuant to auctions, which will continue to be governed by the terms of the Indenture. The extent of the market for the Senior Series 1996-A Auction Rate Bonds following consummation of the Offer would depend upon the number of Holders remaining at such time, the aggregate principal amount of Senior Series 1996-A Auction Rate Bonds outstanding, the interest in maintaining a market in the Senior Series 1996-A Auction Rate Bonds on the part of broker-dealers and other factors.

No Assurance of Liquidity Prior to Maturity Date

Although MHEAC may consider making subsequent tender offers for its Senior Series 1996-A Auction Rate Bonds, MHEAC cannot provide any assurances that it will purchase or otherwise provide any similar opportunity for the owners of the Senior Series 1996-A Auction Rate Bonds to gain liquidity with respect to the Senior Series 1996-A Auction Rate Bonds not purchased pursuant to the Offer, either through open market purchases, private negotiated transactions, subsequent tender offers, exchange offers or otherwise. There is no assurance that a trading market for Senior Series 1996-A Auction Rate Bonds

not purchased pursuant to the Offer will exist, and, even if a trading market were to exist, there is no assurance as to the trading prices for the Senior Series 1996-A Auction Rate Bonds, which may be higher or lower than the price for which a Holder may tender its Senior Series 1996-A Auction Rate Bonds in the Offer.

MHEAC May Make Subsequent Tender Offers on Different Terms

MHEAC may, from time to time, make additional tender offers for Senior Series 1996-A Auction Rate Bonds. Such subsequent tender offers, if any, may be on terms that are either more or less favorable to Holders of Senior Series 1996-A Auction Rate Bonds than the terms of the Offer. The decision to make a subsequent tender offer, and the terms of any subsequent tender offers, by MHEAC will depend on various factors existing at that time. There can be no assurance as to whether MHEAC will ultimately choose to make, or whether market conditions will be satisfactory for the making of, subsequent tender offers, and the terms of such subsequent tender offers.

CERTAIN SIGNIFICANT CONSEQUENCES TO TENDERING HOLDERS

In deciding whether to participate in the Offer, each Holder should consider carefully, in addition to other information contained in this Statement, the following:

The Market for Senior Series 1996-A Auction Rate Bonds May Recover and Yield Higher Prices than Available in the Offer

As described above under “Purpose of the Offer,” the market for auction rate securities has suffered unprecedented liquidity problems. If the market for auction rate securities should improve from its current condition, the liquidity and marketability of the Senior Series 1996-A Auction Rate Bonds following such a market recovery may yield a greater price than what may be obtained pursuant to the Offer. The market for auction rate securities could improve for several reasons, including possible governmental action by the United States or other jurisdiction to establish a secondary market in auction rate securities; however, there can be no assurance whether the market for Senior Series 1996-A Auction Rate Bonds will improve. It is possible that recent or future actions by federal, state or local legislative or regulatory bodies could result in greater liquidity and/or higher prices for auction rate securities. MHEAC is unable to predict whether any recent or future actions of any legislative or regulatory body will result in greater liquidity and/or higher prices for auction rate securities.

Tendered Senior Series 1996-A Auction Rate Bonds are Being Purchased at a Discount

The purchase price for any Senior Series 1996-A Auction Rate Bonds validly tendered and accepted for payment in this Offer is capped at 93% of the par value. As a result, the price paid in this Offer to any Holder for any of its Senior Series 1996-A Auction Rate Bonds that are validly tendered and accepted for payment may be less than the price such Holders originally paid for their Senior Series 1996-A Auction Rate Bonds. Additionally, by tendering its Senior Series 1996-A Auction Rate Bonds in the Offer, a Holder may recover less of its invested principal amount than if such Holder were to hold such tendered Senior Series 1996-A Auction Rate Bonds to their final maturity on September 1, 2016.

Holders of the Senior Series 1996-A Auction Rate Bonds Are Entitled to Receive Par Value at Maturity of the Senior Series 1996-A Auction Rate Bonds on September 1, 2016

Holders of Senior Series 1996-A Auction Rate Bonds will be entitled to receive 100% of par value, plus accrued and unpaid interest at maturity on September 1, 2016. The Corporation anticipates that Senior

Series 1996-A Auction Rate Bonds which are not purchased by the Corporation prior to maturity will be paid in full at maturity.

MHEAC May Later Purchase Additional Senior Series 1996-A Auction Rate Bonds at More Favorable Prices

The Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to be paid for all Tendered Amounts of Senior Series 1996-A Auction Rate Bonds accepted for payment is limited to the Maximum Aggregate Tender Offer Consideration. As a result, it is highly unlikely that all of the outstanding principal amount of the Senior Series 1996-A Auction Rate Bonds will be purchased pursuant to the Offer. MHEAC and its affiliates reserve the right to, and may in the future decide to, acquire some or all of the Senior Series 1996-A Auction Rate Bonds not purchased pursuant to the Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the Price paid pursuant to the Offer and could be for cash or other consideration. Additionally, MHEAC may issue obligations secured by student loans and its other property and use the proceeds of such issuance to redeem Senior Series 1996-A Auction Rate Bonds at par value. Any future purchase may be on the same terms or on terms that are more or less favorable to Holders of Senior Series 1996-A Auction Rate Bonds than the terms of the Offer. The decision to make future purchases by MHEAC or its affiliates, and the terms of such future purchases, will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, MHEAC or its affiliates, as applicable, will ultimately choose to pursue in the future.

Tendering Holders May Receive Different Prices for Similar Senior Series 1996-A Auction Rate Bonds

Because MHEAC is accepting for purchase Senior Series 1996-A Auction Rate Bonds validly tendered in ascending order, from the lowest to highest Price, Holders whose Senior Series 1996-A Auction Rate Bonds were accepted for payment at a lower Price will receive that lower Price and less Tender Offer Consideration than Holders whose Senior Series 1996-A Auction Rate Bonds were accepted for payment at a higher Price. Holders should take this into account when submitting a Price for their Senior Series 1996-A Auction Rate Bonds in accordance with the Auction Process.

MHEAC Has Limited Available Funds and May Not be Able to Purchase All Validly Tendered Senior Series 1996-A Auction Rate Bonds

MHEAC has not made any special arrangements to establish any standby credit facility or other source of funds to use for purposes of making payments of the Tender Offer Consideration with respect to any Senior Series 1996-A Auction Rate Bonds validly tendered and accepted for payment pursuant to this Offer. Funds currently held as part of the trust estate under the Indenture will be used to pay the Tender Offer Consideration. The Corporation may also use funds received prior to the Expiration Date and/or general funds of the Corporation to pay the Tender Offer Consideration. These funds may not be adequate to purchase all of the validly tendered Senior Series 1996-A Auction Rate Bonds.

Holders That Tender Senior Series 1996-A Auction Rate Bonds Will Not Be Permitted to Participate in Auctions

As described above under “Terms of the Offer—General,” any Holder of a Senior Series 1996-A Auction Rate Bond that tenders Senior Series 1996-A Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1996-A Auction Rate Bonds in the auction occurring on the Subject Auction Date. It is possible that such Holder would receive a higher

price for its Senior Series 1996-A Auction Rate Bonds by selling its Senior Series 1996-A Auction Rate Bonds in the auction occurring on Subject Auction Date than such Holder would receive pursuant to the Offer. Therefore, if you wish to participate in any auction for your Senior Series 1996-A Auction Rate Bonds prior to the Expiration Time, you should not tender your Senior Series 1996-A Auction Rate Bonds prior to the Subject Auction Date. After the Settlement Date, any validly tendered Senior Series 1996-A Auction Rate Bonds that are not purchased in the Offer will be able to participate in future auctions.

Interest May Accrue at the All-Hold Rate

As described above under “Terms of the Offer—General,” any Holder of a Senior Series 1996-A Auction Rate Bond that tenders Senior Series 1996-A Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1996-A Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. If all of the Senior Series 1996-A Auction Rate Bonds are tendered prior to the Subject Auction Date, the interest rate on the Senior Series 1996-A Auction Rate Bonds, from such Subject Auction Date until the Settlement Date will be the All-Hold rate provided in the Indenture.

Conditions to the Consummation of the Offer and Related Risks

Each of the Conditions of the Offer is described in more detail above under the heading “Terms of the Offer—Conditions to the Offer.” There can be no assurance that such conditions will be met, or that in the event the Offer is not consummated, the market value and liquidity of the Senior Series 1996-A Auction Rate Bonds will not be materially and adversely affected.

IMPORTANT UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR HOLDERS

The following discussion is a summary of the important United States federal income tax consequences to Holders from the sale of Senior Series 1996-A Auction Rate Bonds to MHEAC pursuant to the Offer. **This summary is for general information only and is not legal or tax advice. The following discussion is not intended to be a complete analysis or description of all potential U.S. Federal income tax considerations or any other considerations of the sale of Senior Series 1996-A Auction Rate Bonds pursuant to the Offer. Thus, Holders are urged to consult their own tax advisors as to the specific tax consequences of the Offer to them, including tax return reporting requirements, the applicability and effect of federal, state and local, foreign and other applicable tax laws and the effect of any proposed changes in the tax laws.**

This discussion:

- does not purport to be a complete analysis of all the potential tax consequences that may be important to a Holder based on the Holder’s particular tax situation;
- is based on the current provisions of the United States Internal Revenue Code of 1986, as amended, which we refer to as the “Internal Revenue Code”, the existing applicable United States federal income tax regulations promulgated or proposed under the Internal Revenue Code, which we refer to as the “Treasury Regulations,” judicial authority and current administrative rulings and practice, all of which are subject to change, possibly with retroactive effect, and which are subject to differing interpretations;
- is applicable only to Holders who:

- are beneficial owners of Senior Series 1996-A Auction Rate Bonds; and
- hold Senior Series 1996-A Auction Rate Bonds as capital assets for United States federal income tax purposes;
- does not describe all of the United States federal income tax consequences that may be relevant to Holders in light of their particular circumstances or to Holders subject to special rules, such as:
 - banks, thrifts, regulated investment companies or other financial institutions;
 - insurance companies;
 - tax-exempt entities;
 - pension funds;
 - brokers, dealers and certain traders in securities or foreign currency, or traders that elect to mark-to-market their securities;
 - persons holding Senior Series 1996-A Auction Rate Bonds as part of a position in a constructive sale transaction, “straddle,” “hedge,” “conversion” or other risk reduction or integrated transaction for United States federal income tax purposes;
 - individuals subject to special rules as a result of the termination of their United States citizenship or residency;
 - Holders subject to the alternative minimum tax;
 - corporations that accumulate earnings in order to avoid United States federal income tax;
 - U.S. Holders (as defined below) that have a functional currency that is not the United States dollar;
 - Non-U.S. Holders (as defined below) subject to special rules under the Internal Revenue Code, such as “controlled foreign corporations” and “passive foreign investment companies”; and
 - partnerships and other pass-through entities for United States federal income tax purposes that hold Senior Series 1996-A Auction Rate Bonds and investors holding interests in such partnerships or pass-through entities;
- does not discuss any possible applicability of any alternative minimum taxes or state, local or non-United States taxes and any United States federal tax other than the income tax, including but not limited to the United States federal gift tax and estate tax; and
- does not discuss any reporting requirements of or other consequences under the Treasury Regulations relating to certain tax shelter transactions.

MHEAC has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not

assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

As used herein, the term “U.S. Holder” means a beneficial owner of a Senior Series 1996-A Auction Rate Bond that, for United States federal income tax purposes, is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the trust’s administration, and one or more “United States persons” (as defined in section 7701(a)(30) of the Internal Revenue Code) have the authority to control all of the substantial decisions of that trust.

Notwithstanding the preceding sentence, certain electing trusts in existence on August 20, 1996 that were treated as United States persons prior to such date may also be treated as U.S. Holders.

If a partnership, including any entity or arrangement treated as a partnership for United States federal income tax purposes, is a Holder of Senior Series 1996-A Auction Rate Bonds, then the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Persons that are partners of a partnership holding Senior Series 1996-A Auction Rate Bonds should consult their own tax advisors.

The term “Non-U.S. Holder” means any beneficial owner of a Senior Series 1996-A Auction Rate Bond that is neither a U.S. Holder nor a partnership or other entity or arrangement treated as a partnership for United States federal income tax purposes. A Non-U.S. Holder should see the discussion under the heading “—Non-U.S. Holders” below for more information.

Holders considering the sale of Senior Series 1996-A Auction Rate Bonds to MHEAC pursuant to the Offer are urged to consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under the laws pertaining to any other United States federal tax other than the income tax, the laws of any state, local or non-United States taxing jurisdiction and any applicable treaty.

U.S. Holders

Sale of Senior Series 1996-A Auction Rate Bonds to MHEAC pursuant to the Offer

In general, the sale of a Senior Series 1996-A Auction Rate Bond by a U.S. Holder pursuant to the Offer will be a taxable transaction to such U.S. Holder for United States federal income tax purposes. Subject to the market discount rules discussed below, a U.S. Holder selling a Senior Series 1996-A Auction Rate Bond generally will recognize capital gain or loss in an amount equal to the difference between:

- the amount of cash received for such Senior Series 1996-A Auction Rate Bond (other than the portion of such amount that is properly allocable to accrued interest not previously included in income, which will be taxed as ordinary income); and

- the U.S. Holder's adjusted tax basis in the Senior Series 1996-A Auction Rate Bond at the time of sale.

Generally, a U.S. Holder's adjusted tax basis for a Senior Series 1996-A Auction Rate Bond will be equal to such U.S. Holder's original purchase price for the Senior Series 1996-A Auction Rate Bond, increased by any market discount (defined below) previously included in income by such U.S. Holder pursuant to an election to include market discount in gross income currently as it accrues, and reduced by the accrual of any amortizable bond premium which the U.S. Holder has previously elected to deduct from gross income on an annual basis with respect to the Senior Series 1996-A Auction Rate Bond. Any such capital gain or loss will be long-term if the U.S. Holder held the Senior Series 1996-A Auction Rate Bond for more than one year at the time of such sale.

An exception to the capital gain treatment described above may apply to a U.S. Holder that purchased a Senior Series 1996-A Auction Rate Bond at a "market discount." Subject to a statutory *de minimis* exception, generally market discount is the excess of the "face amount" of such Senior Series 1996-A Auction Rate Bond over the U.S. Holder's tax basis in such Senior Series 1996-A Auction Rate Bond immediately after its acquisition by such U.S. Holder. In general, unless the U.S. Holder has elected to include market discount in income currently as it accrues, any gain realized by a U.S. Holder on the sale of a Senior Series 1996-A Auction Rate Bond having market discount in excess of the specified *de minimis* amount will be recognized and treated as ordinary income to the extent of the market discount that accrued (on a straight line basis or, at the election of the U.S. Holder, on a constant interest basis) while such Senior Series 1996-A Auction Rate Bond was held by the U.S. Holder.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to the payment of the gross proceeds of the Offer to a U.S. Holder of Senior Series 1996-A Auction Rate Bonds, and a U.S. Holder may be subject to backup withholding (currently at a rate of 28%) on the purchase price for Senior Series 1996-A Auction Rate Bonds, including accrued interest, unless such U.S. Holder (i) is a corporation or comes within certain other exempt categories and demonstrates this fact, or (ii) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder's United States federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Non-U.S. Holders

Sale of Senior Series 1996-A Auction Rate Bonds to MHEAC pursuant to the Offer

A Non-U.S. Holder who has provided a Form W-8BEN, generally will not be subject to United States federal income and withholding tax on any gain (or market discount) realized on the sale of a Senior Series 1996-A Auction Rate Bond unless:

- the gain (or market discount) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, in the case of an applicable income tax treaty, is attributable to a permanent establishment of such Non-U.S. Holder); or
- in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the tax year of the disposition and certain other conditions are met.

Additionally, any gain (or market discount) effectively connected with a trade or business within the United States (or under an applicable treaty attributable to a permanent establishment) of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax.

Backup Withholding and Information Reporting

Treasury Regulations provide that backup withholding will not apply to payments with respect to which either the requisite certification that the Non-U.S. Holder is not a United States person for United States federal income tax purposes has been received (usually on a Form W-8BEN) or an exemption otherwise has been established, provided that neither we nor our paying agent have actual knowledge, or reason to know, that the Non-U.S. Holder is a United States person for United States federal income tax purposes that is not an exempt recipient or that the conditions of any other exemption are not, in fact, satisfied. Information reporting requirements may apply with respect to payments in respect of accrued interest on Senior Series 1996-A Auction Rate Bonds, in which event the amount of interest paid and tax withheld (if any) with respect to each Non-U.S. Holder will be reported annually to the Internal Revenue Service.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a Non-U.S. Holder may be allowed as a credit against such Non-U.S. Holder's United States federal income tax liability and may entitle such Non-U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

The preceding discussion of important United States federal income tax consequences of the sale of Senior Series 1996-A Auction Rate Bonds to MHEAC pursuant to the Offer is for general information only and is not tax or legal advice. Accordingly, Holders are urged to consult their own tax advisors as to the particular tax consequences to them of the sale of Senior Series 1996-A Auction Rate Bonds to MHEAC pursuant to the Offer including the applicability and effect of any federal, state, local or non-United States tax laws and of any proposed changes in applicable law.

DEPOSITARY AND INFORMATION AGENT

In connection with the Offer, MHEAC has retained Global Bondholder Services Corporation to act as Depositary and as Information Agent, for which it will receive customary fees for its services.

MHEAC has agreed to reimburse the Depositary and Information Agent for its out-of-pocket expenses, including reasonable fees and disbursements of counsel.

MHEAC has retained GBSC to act as Information Agent in connection with the Offer. The Information Agent may contact Holders and beneficial owners of Senior Series 1996-A Auction Rate Bonds by mail, telephone and in person and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward materials relating to the Offer to beneficial owners of Senior Series 1996-A Auction Rate Bonds.

GBSC, as Depositary and Information Agent, does not assume any responsibility for the accuracy or completeness of the information concerning MHEAC contained in this Statement or for any failure by MHEAC to disclose events that may have occurred and may affect the significance or accuracy of such information.

No fees or commissions have been or will be paid by MHEAC to any broker, dealer or other person, other than the Depositary and the Information Agent, in connection with the Offer. Beneficial owners of Senior Series 1996-A Auction Rate Bonds holding through brokers, dealers, custodian banks, depositories, trust companies or other nominees are urged to consult their brokers, dealers, custodian banks, depositories, trust companies or other nominees to determine whether transaction costs are

applicable. We will, however, upon request, reimburse brokers, dealers, custodian banks, depositories, trust companies and other nominees for customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of Senior Series 1996-A Auction Rate Bonds held by them as a nominee or in a fiduciary capacity.

No broker, dealer, custodian bank, depository, trust company or other nominee has been authorized to act as the agent of MHEAC, the Information Agent or the Depository for purposes of the Offer.

GBSC has been appointed as Depository for the Offer. The Letter of Transmittal and all correspondence in connection with the Offer should be sent or delivered by each Holder or a beneficial owner's broker, dealer, custodian bank, depository, trust company or other nominee to the Depository at the address or to the facsimile number set forth on the back cover of this Statement. Any Holder or beneficial owner that has questions concerning tender procedures should contact the Information Agent at its address and telephone number set forth on the back cover of this Statement.

In accordance with the Indenture, MHEAC has directed and authorized the Trustee on behalf of MHEAC to purchase Senior Series 1996-A Auction Rate Bonds upon the terms and conditions of the Offer. Therefore, pursuant to such instruction and authorization, and in compliance with the Indenture, any purchase of Senior Series 1996-A Auction Rate Bonds upon the terms and conditions of the Offer will be made by the Trustee.

MISCELLANEOUS

MHEAC is not aware of any jurisdiction in which the making of the Offer is not in compliance with applicable law. If MHEAC becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, MHEAC will make a good faith effort to comply with any such law. If, after such good faith effort, MHEAC cannot comply with any such law, the Offer will not be made to (nor will tenders of Senior Series 1996-A Auction Rate Bonds be accepted from or on behalf of) the Holders or beneficial owners of Senior Series 1996-A Auction Rate Bonds residing in any such jurisdiction.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Statement and, if given or made, such information or representation may not be relied upon as having been authorized by MHEAC.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS STATEMENT OR TO WHICH MHEAC HAS EXPRESSLY REFERRED YOU. MHEAC HAS NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON ITS BEHALF AS TO WHETHER YOU SHOULD TENDER OR NOT TENDER YOUR SENIOR SERIES 1996-A AUCTION RATE BONDS IN THE OFFER. MHEAC HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED IN THIS STATEMENT OR IN THE LETTER OF TRANSMITTAL. ANY RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MADE BY ANYONE ELSE MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY MHEAC, THE TRUSTEE, THE DEPOSITARY OR THE INFORMATION AGENT.

The Letter of Transmittal, Senior Series 1996-A Auction Rate Bonds and any other required documents should be sent or delivered to the Depository at one of its addresses set forth below.

The Depository for the Offer is:

GLOBAL BONDHOLDER SERVICES
CORPORATION

By Facsimile Transmission:
(Eligible Institutions Only)
(212) 430-3775

Confirm by Telephone:
(212) 430-3774

By Mail:

65 Broadway – Suite 723
New York, NY 10006

By Overnight Courier:

65 Broadway – Suite 723
New York, NY 10006

By Hand:

65 Broadway – Suite 723
New York, NY 10006

Any questions or requests for assistance may be directed to the Information Agent at its address and telephone number set forth below. Additional copies of this Statement or the Letter of Transmittal may be obtained from the Information Agent at the telephone number or address set forth below. A beneficial owner may also contact such beneficial owner's broker, dealer, custodian bank, depository, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

Global Bondholder Services Corporation
65 Broadway – Suite 723
New York, NY 10006
Attention: Corporate Actions
Banks and Broker Call: (212) 430-3774
Toll Free: (866) 470-3800

LETTER OF TRANSMITTAL

MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

**Offer to Purchase
For Aggregate Cash Consideration Not to Exceed \$34,500,000
Outstanding
Auction Rate Student Loan Revenue Bonds, Senior Series 1996-A
at a Purchase Price not to Exceed \$93,000.00 (93% of the par value), and not to be Less than \$83,000.00 (83%
of the par value), Per \$100,000.00 Principal Amount plus Accrued Interest**

The Offer (as defined below) will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the "Expiration Time"). Holders (as defined below) of Senior Series 1996-A Auction Rate Bonds (as defined below) must tender their Senior Series 1996-A Auction Rate Bonds before the Expiration Time to receive the Tender Offer Consideration (as defined below), subject to the terms and conditions set forth in the Offer.

The Depositary for the Offer is

Global Bondholder Services Corporation

By Facsimile Transmission:
(Eligible Institutions Only)
(212) 430-3775

Confirm by Telephone:
(212) 430-3774

By Mail:

65 Broadway – Suite 723
New York, NY 10006

By Overnight Courier:

65 Broadway – Suite 723
New York, NY 10006

By Hand:

65 Broadway – Suite 723
New York, NY 10006

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS, OR TRANSMISSION VIA FACSIMILE, OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

The instructions contained herein should be read carefully before this Letter of Transmittal is completed.

HOLDERS THAT WISH TO BE ELIGIBLE TO RECEIVE THE TENDER OFFER CONSIDERATION PURSUANT TO THE OFFER MUST VALIDLY TENDER THEIR BONDS TO THE DEPOSITARY BEFORE THE EXPIRATION TIME. TENDERS OF SENIOR SERIES 1996-A AUCTION RATE BONDS MAY NOT BE WITHDRAWN UNLESS 60 DAYS HAVE PASSED SINCE THE COMMENCEMENT OF THE OFFER AND THE EXPIRATION TIME HAS NOT YET OCCURRED. ALSO, TENDERED SENIOR SERIES 1996-A AUCTION RATE BONDS MAY BE VALIDLY WITHDRAWN IF THE OFFER IS TERMINATED WITHOUT ANY SENIOR SERIES 1996-A AUCTION RATE BONDS BEING PURCHASED THEREUNDER.

THE OFFER IS NOT BEING MADE TO (NOR WILL TENDERS OF SENIOR SERIES 1996-A AUCTION RATE BONDS BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS IN ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE OF THE OFFER WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION.

All capitalized terms used herein and not defined herein shall have the meaning ascribed to them in the Offer to Purchase of Mississippi Higher Education Assistance Corporation, a Mississippi non-profit corporation (“MHEAC”) dated November 25, 2008 (as the same may be amended or supplemented from time to time, the “Statement”). Purchases will be through BancorpSouth Bank, as trustee (the “Trustee”) under the Indenture (as defined in the Statement).

This Letter of Transmittal (this “Letter of Transmittal”) is to be used by Holders if tender of the Senior Series 1996-A Auction Rate Bonds is to be made by book-entry transfer to the Depository’s account at The Depository Trust Company (“DTC”) pursuant to the procedures set forth in the Statement under the caption “Terms of the Offer — Procedure for Tendering Senior Series 1996-A Auction Rate Bonds — Book-Entry Delivery Procedures” by any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of the Senior Series 1996-A Auction Rate Bonds.

DTC has authorized DTC participants that hold Senior Series 1996-A Auction Rate Bonds on behalf of beneficial owners of Senior Series 1996-A Auction Rate Bonds through DTC to tender their Senior Series 1996-A Auction Rate Bonds as if they were Holders. To effect a tender, DTC participants may, in lieu of physically completing and signing this Letter of Transmittal, transmit their acceptance to DTC through the DTC Automated Tender Offer Program (“ATOP”) for which the transaction will be eligible and follow the procedure for book-entry transfer set forth in the Statement in “Terms of the Offer — Procedure for Tendering Senior Series 1996-A Auction Rate Bonds.”

Your bank or broker can assist you in completing this form. The instructions included with this Letter of Transmittal must be followed. Questions and requests for assistance and requests for additional copies of the Statement and this Letter of Transmittal may be directed to the Information Agent, whose address and telephone number appear at the end of this Letter of Transmittal. See Instruction 10 below.

METHOD OF DELIVERY

Tendered Senior Series 1996-A Auction Rate Bonds are being delivered by Book-Entry Transfer made to the account maintained by the Depository with DTC.

Please complete the following.

Name of Tendering Institution _____

Account Number _____

Transaction Code Number _____

BOND: SIGNATURES MUST BE PROVIDED BELOW

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

By execution hereof, the undersigned acknowledges receipt of the Statement and this Letter of Transmittal and instructions hereto, which together constitute the offer on behalf of MHEAC, to purchase for cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$34,500,000.00 (the "Maximum Aggregate Tender Offer Consideration") the Auction Rate Student Loan Revenue Bonds, Senior Series 1996-A, as set forth in the chart below (the "Senior Series 1996-A Auction Rate Bonds"), upon the terms and subject to the conditions set forth in the Statement. Capitalized terms used but not defined herein shall have the meanings given to them in the Statement.

Senior Series 1996-A Auction Rate Bonds			
Auction Rate Student Loan Revenue Bonds, Senior Series 1996-A			
	Initial	Outstanding	
Series	Principal Amount	Principal Amount	CUSIP
		(November 25,	
		2008)	
Series 1996-A	\$39,200,000	\$39,200,000	605-354-DM8

Upon the terms and subject to the conditions of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, MHEAC, all right, title and interest in and to the Senior Series 1996-A Auction Rate Bonds that are being tendered hereby, subject to the acceptance for payment of, and payment for, the Senior Series 1996-A Auction Rate Bonds tendered with this Letter of Transmittal. The undersigned hereby irrevocably constitutes and appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the Depositary also acts as the agent of MHEAC) with respect to such Senior Series 1996-A Auction Rate Bonds, with full power of substitution (such power-of-attorney being deemed to be an irrevocable power coupled with an interest) to (i) present such Senior Series 1996-A Auction Rate Bonds and all evidences of transfer and authenticity to, or transfer ownership of, such Senior Series 1996-A Auction Rate Bonds on the account books maintained by DTC to, or upon the order of, MHEAC, (ii) present such Senior Series 1996-A Auction Rate Bonds for transfer of ownership on the books of the Trustee and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Senior Series 1996-A Auction Rate Bonds. The undersigned understands that such Senior Series 1996-A Auction Rate Bonds may not be validly withdrawn unless 60 days have passed from the commencement of the Offer and the Expiration Time has not yet occurred, or the Offer is terminated without any Senior Series 1996-A Auction Rate Bonds being purchased thereunder.

The next auction date for the Senior Series 1996-A Auction Rate Bonds (the "Subject Auction Date") is December 9, 2008

The undersigned understands that any Holder of a Senior Series 1996-A Auction Rate Bond that tenders Senior Series 1996-A Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1996-A Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. The undersigned understands that if all of the Senior Series 1996-A Auction Rate Bonds are tendered prior to the Subject Auction Date, the interest rate on the Senior Series 1996-A Auction Rate Bonds, from such Subject Auction Date until the Settlement Date will be the All-Hold rate provided in the Indenture.

The undersigned understands that, upon the terms and subject to the conditions of the Offer, pursuant to the Auction Process Senior Series 1996-A Auction Rate Bonds validly tendered at the lowest Price will be accepted first and Tendered Amounts will continue to be accepted at the related prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration. The undersigned understands that MHEAC will only purchase the maximum principal amount of Senior Series 1996-A Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. The undersigned understands that if multiple Holders have tendered at the highest Price at which Senior Series 1996-A Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal

amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$100,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. The undersigned understands that all such determinations and allocations will be final and binding.

The undersigned understands that tenders of Senior Series 1996-A Auction Rate Bonds submitted in any other principal amount than integral multiples of \$100,000.00 will be rounded down to the next integral multiple of \$100,000.00.

The undersigned understands that MHEAC will calculate the Tender Offer Consideration for any Senior Series 1996-A Auction Rate Bonds at the Price, not to exceed \$93,000.00 (93% of the par value) , and not to be less than \$83,000.00 (83% of the par value), for each \$100,000.00 principal amount of Senior Series 1996-A Auction Rate Bonds, at which the related Tendered Amount was accepted for payment. The undersigned understands that under this procedure, MHEAC will pay to each Holder whose offer is accepted, the Tender Offer Consideration based on the Price offered and accepted for its tendered Senior Series 1996-A Auction Rate Bonds, even though other Holders may receive a higher Price for validly tendered Senior Series 1996-A Auction Rate Bonds that are accepted for payment. The undersigned understands that MHEAC will only purchase Senior Series 1996-A Auction Rate Bonds for an amount (excluding accrued interest which will be payable as part of the purchase price) up to the Maximum Aggregate Tender Offer Consideration and any Senior Series 1996-A Auction Rate Bonds tendered at Prices which are in excess thereof will be promptly returned to the tendering Holders.

If the undersigned is not the registered Holder of the Senior Series 1996-A Auction Rate Bonds listed in the box above labeled "Description of Senior Series 1996-A Auction Rate Bonds" under the column heading "Principal Tendered Amount" in this Letter of Transmittal or such Holder's legal representative or attorney-in-fact, then in order to validly tender, the undersigned will obtain a properly completed irrevocable proxy that authorizes the undersigned (or the undersigned's legal representative or attorney-in-fact) to tender Senior Series 1996-A Auction Rate Bonds on behalf of the Holder thereof, and such proxy will be delivered with this Letter of Transmittal.

The undersigned understands that tenders of Senior Series 1996-A Auction Rate Bonds pursuant to any of the procedures described in the Statement and in the instructions hereto and acceptance thereof by MHEAC will constitute a binding agreement between the undersigned and MHEAC upon the terms and subject to the conditions of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Senior Series 1996-A Auction Rate Bonds tendered hereby, and that when such Senior Series 1996-A Auction Rate Bonds are accepted for payment and payment is made by or on behalf of MHEAC, MHEAC will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depository or by MHEAC to be necessary or desirable to complete the sale, assignment and transfer of the Senior Series 1996-A Auction Rate Bonds tendered hereby.

For purposes of the Offer, the undersigned understands that MHEAC will be deemed to have accepted for payment validly tendered Senior Series 1996-A Auction Rate Bonds (or defectively tendered Senior Series 1996-A Auction Rate Bonds with respect to which MHEAC has waived such defect(s)) if, as and when MHEAC gives oral or written notice thereof to the Depository.

The undersigned understands that, notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1996-A Auction Rate Bonds validly tendered pursuant to the Offer are subject to, and conditioned upon, the satisfaction of, or MHEAC's waiver of, the Conditions described in the Statement under the caption "Terms of the Offer — Conditions to the Offer." MHEAC reserves the right, in its sole discretion, to waive any one or more of the conditions to the Offer at any time as set forth in the Statement under the caption "Terms of the Offer — Conditions to the Offer."

Any Senior Series 1996-A Auction Rate Bonds not accepted for payment will be returned promptly to the undersigned at the address set forth above, unless otherwise indicated herein under "Special Delivery Instructions" below.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's heirs, personal representatives, executors, administrators, successors, assigns,

trustees in bankruptcy and other legal representatives.

The undersigned understands that the delivery and surrender of the Senior Series 1996-A Auction Rate Bonds is not effective, and the risk of loss of the Senior Series 1996-A Auction Rate Bonds does not pass to the Depository, until receipt by the Depository of this Letter of Transmittal, or a facsimile hereof, properly completed and duly executed, together with all accompanying evidences of authority and any other required documents in form satisfactory to MHEAC. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Senior Series 1996-A Auction Rate Bonds will be determined by MHEAC, in its sole discretion, which determination shall be final and binding.

The undersigned releases and discharges MHEAC, the Trustee and all of their respective past, present or future directors, officers, employees and agents (excluding brokers and investment bankers) from any and all liabilities and claims existing on the Settlement Date that are based on or related to the Indenture and/or the Senior Series 1996-A Auction Rate Bonds, and waives any and all related claims. The undersigned acknowledges that the release, discharge and waiver described in this paragraph are part of the consideration tendered by holders participating in the Offer and are subject to, and shall be effective upon, the acceptance of and payment for Senior Series 1996-A Auction Rate Bonds tendered hereby. Insofar as the release, discharge and waiver applies to liabilities arising under federal securities laws, the Securities and Exchange Commission has expressed the view that such waivers and releases may be against public policy, and are, therefore, unenforceable. Such release, discharge and waiver shall not cover any claims under federal securities laws to the extent that such release, discharge and waiver is against public policy and is therefore unenforceable.

Unless otherwise indicated herein under "Special Issuance Instructions," the undersigned hereby requests that any Senior Series 1996-A Auction Rate Bonds representing principal amounts not accepted for payment be issued in the name(s) of the undersigned (and in the case of Senior Series 1996-A Auction Rate Bonds tendered by book-entry transfer, by credit to the account at DTC designated above), and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be issued to the order of the undersigned. Similarly, unless otherwise indicated herein under "Special Delivery Instructions," the undersigned hereby requests that any Senior Series 1996-A Auction Rate Bonds representing principal amounts not accepted for payment and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be delivered to the undersigned at the address shown above. In the event that the "Special Issuance Instructions" box or the "Special Delivery Instructions" box is, or both are, completed, the undersigned hereby requests that any Senior Series 1996-A Auction Rate Bonds representing principal amounts not accepted for payment be issued in the name(s) of, certificates for such Senior Series 1996-A Auction Rate Bonds be delivered to, and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be issued in the name(s) of, and be delivered to, the person(s) at the address so indicated, as applicable. The undersigned recognizes that MHEAC has no obligation pursuant to the "Special Issuance Instructions" box or "Special Delivery Instructions" box to transfer any Senior Series 1996-A Auction Rate Bonds from the name of the registered Holder(s) thereof if MHEAC does not accept for payment any of the principal amount of such Senior Series 1996-A Auction Rate Bonds so tendered.

PLEASE SIGN ON NEXT PAGE

PLEASE SIGN ON THIS PAGE

(To be Completed by All Tendering Holders of Senior Series 1996-A Auction Rate Bonds Regardless of Whether Senior Series 1996-A Auction Rate Bonds Are Being Physically Delivered Herewith)

This Letter of Transmittal must be signed by the registered Holder(s) of Senior Series 1996-A Auction Rate Bonds exactly as their name(s) appear(s) on certificate(s) for Senior Series 1996-A Auction Rate Bonds or, if tendered by a DTC participant, exactly as such participant's name appears on a security position listing as the owner of Senior Series 1996-A Auction Rate Bonds, or by person(s) authorized to become registered Holder(s) by endorsements and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below under "Capacity" and submit evidence satisfactory to MHEAC of such person's authority to so act. See Instruction 4 below.

X _____

X _____

Signature(s) of Registered Holder(s) or Authorized Signatory

Date: _____, 2008

Name(s): _____

(Please Print)

Capacity: _____

Address: _____

(Including Zip Code)

Area Code and Telephone No.: _____

IMPORTANT: COMPLETE SUBSTITUTE FORM W-9 HEREIN

**SIGNATURE GUARANTEE (See Instruction 4 below)
Certain Signatures Must be Guaranteed by a Medallion Signature Guarantor**

(Name of Eligible Institution Guaranteeing Signatures)

(Address (including zip code) and Telephone Number (including area code) of Firm)

(Authorized Signature)

(Printed Name)

(Title)

Date: _____, 2008

SPECIAL ISSUANCE INSTRUCTIONS

(See Instructions 3, 4, 5 and 7)

To be completed **ONLY** if certificates for Senior Series 1996-A Auction Rate Bonds in a principal amount not accepted for payment are to be issued in the name of, or payment for the Tender Offer Consideration is to be made to, someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal, or if Senior Series 1996-A Auction Rate Bonds tendered by book-entry transfer that are not accepted for payment are to be credited to an account maintained at DTC other than the account designated above.

Issue: Senior Series 1996-A Auction Rate Bonds
 Payment
(check as applicable)

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

(Tax Identification or Social Security Number)
(See Substitute Form W-9 herein)

Credit untendered Senior Series 1996-A Auction Rate Bonds by book-entry to the DTC account set forth below:

(DTC Account Number)

(Name of Account Party)

SPECIAL DELIVERY INSTRUCTIONS

(See Instructions 3, 4 and 5)

To be completed **ONLY** if certificates for Senior Series 1996-A Auction Rate Bonds in a principal amount not accepted for payment or a check for the Tender Offer Consideration are to be sent to someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal or to such person or persons at an address different from that shown in the box entitled "Description of Senior Series 1996-A Auction Rate Bonds" within this Letter of Transmittal.

Deliver: Senior Series 1996-A Auction Rate Bonds
 Payment
(check as applicable)

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

(Tax Identification or Social Security Number)
(See Substitute Form W-9 herein)

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. Delivery of this Letter of Transmittal and Certificates for Senior Series 1996-A Auction Rate Bonds or Book-Entry Confirmations. To tender Senior Series 1996-A Auction Rate Bonds in the Offer, physical delivery of certificates for Senior Series 1996-A Auction Rate Bonds or a confirmation of any book-entry transfer into the Depository's account with DTC of Senior Series 1996-A Auction Rate Bonds tendered electronically, as well as a properly completed and duly executed copy or facsimile of this Letter of Transmittal, and any other documents required by this Letter of Transmittal, must be received by the Depository at its address set forth herein before the Expiration Time in order to receive the Tender Offer Consideration. The method of delivery of this Letter of Transmittal, the Senior Series 1996-A Auction Rate Bonds and all other required documents to the Depository is at the election and risk of Holders. If such delivery is by mail, it is suggested that Holders use properly insured registered mail, return receipt requested, and that the mailing be made sufficiently in advance of the Expiration Time to permit delivery to the Depository before such time and date. Except as otherwise provided below, the delivery will be deemed made when actually received or confirmed by the Depository. This Letter of Transmittal and the Senior Series 1996-A Auction Rate Bonds should be sent only to the Depository, not to MHEAC, the Trustee, the Information Agent or DTC.

2. Withdrawal of Tenders. Tenders of Senior Series 1996-A Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet passed. Also, tendered Senior Series 1996-A Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1996-A Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1996-A Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Any notice of withdrawal must (i) specify the name of the person that tendered the Senior Series 1996-A Auction Rate Bonds to be withdrawn, (ii) contain the description of the Senior Series 1996-A Auction Rate Bonds to be withdrawn and the aggregate principal amount represented by such Senior Series 1996-A Auction Rate Bonds and (iii) be signed by the Holder of such Senior Series 1996-A Auction Rate Bonds in the same manner as the original signature on the Letter of Transmittal by which such Senior Series 1996-A Auction Rate Bonds were tendered (including any required signature guarantees), if any, or be accompanied by (x) documents of transfer sufficient to have the Trustee register the transfer of the Senior Series 1996-A Auction Rate Bonds into the name of the person withdrawing such Senior Series 1996-A Auction Rate Bonds and (y) a properly completed irrevocable proxy that authorized such person to effect such withdrawal on behalf of such Holder. In addition, for Senior Series 1996-A Auction Rate Bonds tendered through DTC, the notice of withdrawal must also specify the name and number of the account at DTC to be credited with the withdrawn Senior Series 1996-A Auction Rate Bonds. If the Senior Series 1996-A Auction Rate Bonds to be withdrawn have been delivered or otherwise identified to the Depository, a signed notice of withdrawal is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected. Any Senior Series 1996-A Auction Rate Bonds properly withdrawn will be deemed to be not validly tendered for purposes of the Offer. Withdrawal of tendered Senior Series 1996-A Auction Rate Bonds can be accomplished only in accordance with the foregoing procedures.

All questions as to the validity (including time of receipt) of notices of withdrawal will be determined by MHEAC in MHEAC's sole discretion, which determination shall be final and binding. None of MHEAC, its affiliates, the Depository, the Trustee or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal, or incur any liability for failure to give any such notification.

3. Partial Tenders. Tenders of Senior Series 1996-A Auction Rate Bonds pursuant to the Offer will be accepted only in principal amounts in authorized denominations of \$100,000.00 or integral multiples thereof. Tenders of Senior Series 1996-A Auction Rate Bonds submitted in any other principal amount will be rounded down to the next integral multiple of \$100,000.00. The tendering Holder must complete the principal amount tendered in the last column of the box entitled "Description of Senior Series 1996-A Auction Rate Bonds" herein. The entire principal amount of all Senior Series 1996-A Auction Rate Bonds not accepted for payment will be sent (or, if tendered by book-entry transfer, returned by credit to the account at DTC designated herein) to the Holder unless

otherwise provided in the appropriate box in this Letter of Transmittal (see Instruction 5), promptly after the Senior Series 1996-A Auction Rate Bonds which are accepted for payment are purchased.

A Holder who wishes to tender portions of its Senior Series 1996-A Auction Rate Bonds at more than one Price must complete a separate Letter of Transmittal for each Price at which the related portion of Senior Series 1996-A Auction Rate Bonds is being tendered.

4. Signatures on this Letter of Transmittal; Bond Powers and Endorsement; Guarantee of Signatures. If this Letter of Transmittal is signed by the registered Holder(s) of the Senior Series 1996-A Auction Rate Bonds tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

If any of the Senior Series 1996-A Auction Rate Bonds tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal. If any tendered Senior Series 1996-A Auction Rate Bonds are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are names in which certificates are held.

If this Letter of Transmittal or any certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to MHEAC of their authority so to act must be submitted, unless waived by MHEAC.

If this Letter of Transmittal is signed by the registered Holder(s) of the Senior Series 1996-A Auction Rate Bonds listed and transmitted hereby, no endorsements of certificates or separate bond powers are required unless payment is to be made to, or certificates for Senior Series 1996-A Auction Rate Bonds not accepted for payment are to be issued to, a person other than the registered Holder(s). Signatures on such certificates or bond powers must be guaranteed as provided below.

If this Letter of Transmittal is signed by a person other than the registered Holder(s) of the Senior Series 1996-A Auction Rate Bonds listed, the certificates representing such Senior Series 1996-A Auction Rate Bonds must be properly endorsed for transfer by the registered Holder or be accompanied by a properly completed bond power from the registered Holder in form satisfactory to MHEAC, if such Senior Series 1996-A Auction Rate Bonds are being tendered in the Offer, with signatures on the endorsement or bond power guaranteed as provided below.

Signatures on all Letters of Transmittal must be guaranteed by a participant in a recognized Medallion Signature Program (a "Medallion Signature Guarantor"), unless the Senior Series 1996-A Auction Rate Bonds tendered thereby are tendered (i) by a registered Holder of Senior Series 1996-A Auction Rate Bonds (or by a participant in DTC whose name appears on a security position listing as the owner of such Senior Series 1996-A Auction Rate Bonds) who has not completed either the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal, or (ii) for the account of a member firm of a registered national securities exchange, a member of the Financial Industry Regulatory Authority or a custodian bank or trust company having an office or correspondent in the United States. If the Senior Series 1996-A Auction Rate Bonds are registered in the name of a person other than the signer of the Letter of Transmittal or if Senior Series 1996-A Auction Rate Bonds not accepted for payment or not tendered are to be returned to a person other than the registered Holder, then the signatures on the Letters of Transmittal accompanying the tendered Senior Series 1996-A Auction Rate Bonds must be guaranteed by a Medallion Signature Guarantor as described above.

5. Special Issuance and Special Delivery Instructions. Tendering Holders should indicate in the applicable box or boxes the name and address to which Senior Series 1996-A Auction Rate Bonds for principal amounts not accepted for payment or checks for payment of the Tender Offer Consideration to be made in connection with the Offer are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated. If no instructions are given, Senior Series 1996-A Auction Rate Bonds not accepted for payment will be returned to the Holder of the Senior Series 1996-A Auction Rate Bonds tendered. Any Holder tendering by book-entry transfer may request that Senior Series 1996-A Auction Rate Bonds not accepted for payment be credited to such account at DTC as such Holder may designate under the caption "Special Issuance

Instructions.” If no such instructions are given, any such Senior Series 1996-A Auction Rate Bonds not accepted for payment will be returned by crediting the account at DTC.

6. Taxpayer Identification Number. Each tendering Holder is required to provide the Depository with the Holder’s correct taxpayer identification number (“**TIN**”), generally the Holder’s social security or federal employer identification number, on Substitute Form W-9, which is provided under “Important Tax Information” below, or, alternatively, to establish another basis for exemption from backup withholding. A Holder must cross out item (2) in the Certification box on Substitute Form W-9 if such Holder is subject to backup withholding. In addition to potential penalties, failure to provide the correct information on Substitute Form W-9 may subject the tendering Holder to federal income tax backup withholding (currently at a rate of 28%) on the payments made to the Holder or other payee with respect to Senior Series 1996-A Auction Rate Bonds tendered pursuant to the Offer. A Holder shall write “applied for” in the box in Part I of the form if the tendering Holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If “applied for” is written in the box in Part I, an amount will be withheld (currently at a rate of 28%) from all such payments of the Tender Offer Consideration until a TIN is provided to the Depository. In such case, if the Depository does not receive a TIN within 60 days of the Depository’s receipt of Substitute Form W-9, the withheld amount will be remitted to the IRS, and if the TIN is provided within 60 days of the Depository’s receipt of Substitute Form W-9, such amount will be remitted to such Holder or other payee.

7. Transfer Taxes. MHEAC will pay all transfer taxes applicable to the purchase and transfer of Senior Series 1996-A Auction Rate Bonds pursuant to the Offer, except in the case of deliveries of certificates for Senior Series 1996-A Auction Rate Bonds for principal amounts not accepted for payment that are to be registered or issued in the name of any person other than the Holder of Senior Series 1996-A Auction Rate Bonds tendered thereby.

8. Irregularities. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Senior Series 1996-A Auction Rate Bonds will be determined by MHEAC, in its sole discretion, which determination shall be final and binding. Alternative, conditional or contingent tenders will not be considered valid. MHEAC reserves the absolute right to reject any or all tenders of Senior Series 1996-A Auction Rate Bonds that are not in proper form or the acceptance of which would, in MHEAC’s opinion, be unlawful. MHEAC also reserves the right to waive any defects, irregularities or conditions of tender as to particular Senior Series 1996-A Auction Rate Bonds. MHEAC’s interpretations of the terms and conditions of the Offer (including the instructions in this Letter of Transmittal) will be final and binding. Any defect or irregularity in connection with tenders of Senior Series 1996-A Auction Rate Bonds must be cured within such time as MHEAC determines, unless waived by MHEAC. Tenders of Senior Series 1996-A Auction Rate Bonds shall not be deemed to have been made until all defects or irregularities have been waived by MHEAC or cured. None of MHEAC, its affiliates, the Information Agent, the Depository, the Trustee or any other person will be under any duty to give notice of any defects or irregularities in tenders of Senior Series 1996-A Auction Rate Bonds, or will incur any liability to Holders for failure to give any such notice.

9. Waiver of Conditions. MHEAC expressly reserves the absolute right, in its sole discretion, to waive any of the Conditions in the case of any Senior Series 1996-A Auction Rate Bonds tendered in whole or in part, at any time and from time to time.

10. Requests for Assistance or Additional Copies. Questions and requests for assistance should be directed to the Information Agent at the address and telephone number that appear at the end of this Letter of Transmittal. Additional copies of the Statement, this Letter of Transmittal, and other documents may be obtained from the Information Agent, whose address and telephone number appear at the end of this Letter of Transmittal.

IMPORTANT TAX INFORMATION

A Holder whose tendered Senior Series 1996-A Auction Rate Bonds are accepted for payment is required to provide the Depository with such Holder’s correct TIN on the Substitute Form W-9 below or otherwise establish a basis for exemption from backup withholding. If such Holder is an individual, the TIN is his or her social security number. If the Depository is not provided with the correct TIN or an adequate basis for exemption, payments made to such Holder with respect to Senior Series 1996-A Auction Rate Bonds tendered pursuant to the Offer may be subject to backup withholding.

A Holder may write “applied for” on the line in Part I of the attached Substitute Form W-9 if such Holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If a Holder writes “applied for” in Part I, such Holder must also sign the attached Certificate of Awaiting Taxpayer Identification Number in order to prevent backup withholding. In such event, an amount will be withheld (currently at a rate of 28%) from any payments made to the Holder or other payee prior to the time a properly certified TIN is provided to the Depository. In such case, if the Depository does not receive a TIN within 60 days of the Depository’s receipt of Substitute Form W-9, the withheld amount will be remitted to the IRS, and if the TIN is provided within 60 days of the Depository’s receipt of Substitute Form W-9, such amount will be remitted to such Holder or other payee.

Certain Holders are not subject to these backup withholding and reporting requirements. Exempt Holders should indicate their exempt status on Substitute Form W-9. A Non-U.S Holder may qualify as an exempt recipient by submitting to the Depository the appropriate Form W-8 that has been properly completed and signed under penalties of perjury, attesting to that Holder’s exempt status. A Form W-8 can be obtained from the Depository. See the enclosed “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” for additional instructions.

If backup withholding applies, an amount is required to be withheld (currently at a rate of 28%) from any payments made to the Holder or other payee. Backup withholding is not an additional federal income tax. If the required information is furnished to the Internal Revenue Service, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld, and, if withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

Purpose of Substitute Form W-9

To prevent backup withholding on payments made with respect to Senior Series 1996-A Auction Rate Bonds tendered pursuant to the Offer, the Holder is required to provide the Depository with (i) the Holder’s correct TIN by completing the form below, certifying that the TIN provided on Substitute Form W-9 is correct (or that such Holder is awaiting a TIN) and that (A) such Holder is exempt from backup withholding, (B) the Holder has not been notified by the Internal Revenue Service that the Holder is subject to backup withholding as a result of failure to report all interest or dividends or (C) the Internal Revenue Service has notified the Holder that the Holder is no longer subject to backup withholding, or (ii) if applicable, an adequate basis for exemption.

What Number to Give the Depository

The Holder is required to give the Depository the TIN (*i.e.*, social security number or employer identification number) of the registered Holder. If the Senior Series 1996-A Auction Rate Bonds are held in more than one name or are held not in the name of the actual owner, consult the enclosed “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” for additional guidance on which number to report.

TO BE COMPLETED BY ALL TENDERING HOLDERS OF BONDS

PAYER'S NAME: Global Bondholder Services Corporation		
Name (if in joint names, list first and circle the name of the person or entity whose number you enter in Part I)		
Business Name (Sole proprietors see the instructions in the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 (the "Guidelines"))		
SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service Payer's Request for Taxpayer Identification Number ("TIN") and Certification	Part I — Taxpayer Identification Number. Please enter your taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see Obtaining a Number in the enclosed Guidelines.) Certify by signing and dating below. Bond: If the account is in more than one name, see chart in the enclosed Guidelines to determine which number to give the payer.	Social Security Number _____ OR Employer Identification Number _____ (If awaiting TIN write "Applied For")
	Part II — For Payees exempt from backup withholding, write "Exempt" in this space: _____	
	Part III — Certification — Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me); (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS notified me that I am no longer subject to backup withholding; and (3) I am a U.S. person (including a U.S. resident alien). Certification Instructions — You should cross out item (2) above if the IRS has notified you that you are subject to backup withholding because you have failed to report all interest and dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you were no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)	
	SIGNATURE _____ DATE _____, 2008	

YOU SHOULD COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN PART I OF THIS SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER	
I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that, notwithstanding the information I provided in Part III of the Substitute Form W-9 (and the fact that I have completed this Certificate of Awaiting Taxpayer Identification Number), all reportable payments made to me thereafter will be subject to backup withholding tax (currently at a rate of 28%), but any amounts withheld will be refunded to me if I furnish my taxpayer identification number within 60 days after the Depository receives this certification.	
Signature _____	Date: _____, 2008

BOND: FAILURE TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING TAX (CURRENTLY AT A RATE OF 28%) ON ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Guidelines for Determining the Proper Identification Number to Give the Payer. The taxpayer identification number for an individual is the individual's Social Security number. Social Security numbers have nine digits separated by two hyphens: e.g., 000-00-0000. The taxpayer identification number for an entity is the entity's Employer Identification number. Employer Identification numbers have nine digits separated by only one hyphen: e.g., 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	Give the SOCIAL SECURITY number of —	For this type of account:	Give the EMPLOYER IDENTIFICATION number of —
1. An individual's account	The individual	6. Sole proprietorship account or single-owner LLC	The owner(3)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	7. A valid trust, estate or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(4)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	8. Corporate account or LLC electing corporate status on Form 8832	The corporation
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	9. Association, club, religious, charitable, educational or other tax-exempt organization	The organization
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)	10. Partnership or multiple-member LLC	The partnership
5. Sole proprietorship account or single-owner LLC	The owner(3)	11. A broker or registered nominee	The broker or nominee
		12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district or prison) that receives agriculture program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a Social Security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's Social Security number.
- (3) You must show the name of the individual. The name of the business or the "doing business as" name may also be entered. Either the Social Security number or the Employer Identification number may be used.
- (4) List first and circle the name of the legal trust, estate or pension trust.

BOND: IF NO NAME IS CIRCLED WHEN THERE IS MORE THAN ONE NAME, THE NUMBER WILL BE CONSIDERED TO BE THAT OF THE FIRST NAME LISTED.

Section references are to the Internal Revenue Code.

Obtaining a Number

If you do not have a taxpayer identification number or you do not know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number.

To complete the Substitute Form W-9, if you do not have a taxpayer identification number, write "Applied For" in the space for the taxpayer identification number in Part 1, sign and date the Form, and give it to the requester. If the requester does not receive your taxpayer identification number within 60 days, backup withholding, if applicable, will begin and will continue until you furnish your taxpayer identification number to the requester.

Payees Exempt from Backup Withholding

For certain payees, exemptions from backup withholding apply and no information reporting is required. For interest and dividends, all payees listed below are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7); however, payments that are reportable on Form 1099-MISC and that are medical and healthcare payments, attorneys' fees (including gross proceeds paid to an attorney under Section 6045(f), even if the attorney is a corporation), or payments for services paid by a federal executive agency are not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, and patronage dividends.

- (1) A corporation.
- (2) An organization exempt from tax under section 501(a), or an individual retirement plan ("IRA"), or a custodial account under 403(b)(7), if the account satisfies the requirements of section 401(f)(2).
- (3) The United States or any of its agencies or instrumentalities.
- (4) A State, the District of Columbia, a possession of the United States, or any of its political subdivisions or instrumentalities.
- (5) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (6) An international organization or any of its agencies or instrumentalities.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times during the year under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under section 584(a).
- (13) A financial institution.
- (14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List.
- (15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding including the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) distributions made by an ESOP.

Payments of interest generally not subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals.

Bond: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

- Payments of tax-exempt interest (including exempt interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A and 6050N, and the regulations under those sections.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. ENTER YOUR TAXPAYER IDENTIFICATION NUMBER. WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Privacy Act Notice

Section 6109 requires you to give your correct taxpayer identification number to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal non-tax criminal laws and to combat terrorism. You must provide your taxpayer identification number whether or not you are required to file a tax return. Payers must generally withhold (currently at a rate of 28%) on taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number. If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information with respect to Withholding. If you make a false statement with no reasonable basis which results in no backup withholding, you are subject to a \$500 penalty.

(3) Criminal Penalty for Falsifying Information. Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

The Information Agent for the Offer is:

Global Bondholder Services Corporation
65 Broadway – Suite 723
New York, NY 10006
Attention: Corporate Actions
Banks and Brokers Call: (212) 430-3774
Toll Free: (866) 470-3800

LETTER OF TRANSMITTAL

MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

Offer to Purchase
For Aggregate Cash Consideration Not to Exceed \$36,000,000
Outstanding
Auction Rate Student Loan Revenue Bonds, Senior Series 1998-B
at a Purchase Price not to Exceed \$90,000.00 (90% of the par value), and not to be Less than \$80,000.00 (80%
of the par value), Per \$100,000.00 Principal Amount plus Accrued Interest

The Offer (as defined below) will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the "Expiration Time"). Holders (as defined below) of Senior Series 1998-B Auction Rate Bonds (as defined below) must tender their Senior Series 1998-B Auction Rate Bonds before the Expiration Time to receive the Tender Offer Consideration (as defined below), subject to the terms and conditions set forth in the Offer.

The Depositary for the Offer is

Global Bondholder Services Corporation

By Facsimile Transmission:
(Eligible Institutions Only)
(212) 430-3775

Confirm by Telephone:
(212) 430-3774

By Mail:

65 Broadway – Suite 723
New York, NY 10006

By Overnight Courier:

65 Broadway – Suite 723
New York, NY 10006

By Hand:

65 Broadway – Suite 723
New York, NY 10006

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS, OR TRANSMISSION VIA FACSIMILE, OTHER THAN AS SET FORTH ABOVE WILL NOT CONSTITUTE A VALID DELIVERY.

The instructions contained herein should be read carefully before this Letter of Transmittal is completed.

HOLDERS THAT WISH TO BE ELIGIBLE TO RECEIVE THE TENDER OFFER CONSIDERATION PURSUANT TO THE OFFER MUST VALIDLY TENDER THEIR BONDS TO THE DEPOSITARY BEFORE THE EXPIRATION TIME. TENDERS OF SENIOR SERIES 1998-B AUCTION RATE BONDS MAY NOT BE WITHDRAWN UNLESS 60 DAYS HAVE PASSED SINCE THE COMMENCEMENT OF THE OFFER AND THE EXPIRATION TIME HAS NOT YET OCCURRED. ALSO, TENDERED SENIOR SERIES 1998-B AUCTION RATE BONDS MAY BE VALIDLY WITHDRAWN IF THE OFFER IS TERMINATED WITHOUT ANY SENIOR SERIES 1998-B AUCTION RATE BONDS BEING PURCHASED THEREUNDER.

THE OFFER IS NOT BEING MADE TO (NOR WILL TENDERS OF SENIOR SERIES 1998-B AUCTION RATE BONDS BE ACCEPTED FROM OR ON BEHALF OF) HOLDERS IN ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE OF THE OFFER WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION.

All capitalized terms used herein and not defined herein shall have the meaning ascribed to them in the Offer to Purchase of Mississippi Higher Education Assistance Corporation, a Mississippi non-profit corporation ("MHEAC") dated November 25, 2008 (as the same may be amended or supplemented from time to time, the "Statement"). Purchases will be through BancorpSouth Bank, as trustee (the "Trustee") under the Indenture (as defined in the Statement).

This Letter of Transmittal (this "Letter of Transmittal") is to be used by Holders if tender of the Senior Series 1998-B Auction Rate Bonds is to be made by book-entry transfer to the Depository's account at The Depository Trust Company ("DTC") pursuant to the procedures set forth in the Statement under the caption "Terms of the Offer — Procedure for Tendering Senior Series 1998-B Auction Rate Bonds — Book-Entry Delivery Procedures" by any financial institution that is a participant in DTC and whose name appears on a security position listing as the owner of the Senior Series 1998-B Auction Rate Bonds.

DTC has authorized DTC participants that hold Senior Series 1998-B Auction Rate Bonds on behalf of beneficial owners of Senior Series 1998-B Auction Rate Bonds through DTC to tender their Senior Series 1998-B Auction Rate Bonds as if they were Holders. To effect a tender, DTC participants may, in lieu of physically completing and signing this Letter of Transmittal, transmit their acceptance to DTC through the DTC Automated Tender Offer Program ("ATOP") for which the transaction will be eligible and follow the procedure for book-entry transfer set forth in the Statement in "Terms of the Offer — Procedure for Tendering Senior Series 1998-B Auction Rate Bonds."

Your bank or broker can assist you in completing this form. The instructions included with this Letter of Transmittal must be followed. Questions and requests for assistance and requests for additional copies of the Statement and this Letter of Transmittal may be directed to the Information Agent, whose address and telephone number appear at the end of this Letter of Transmittal. See Instruction 10 below.

METHOD OF DELIVERY

Tendered Senior Series 1998-B Auction Rate Bonds are being delivered by Book-Entry Transfer made to the account maintained by the Depository with DTC.

Please complete the following.

Name of Tendering Institution _____

Account Number _____

Transaction Code Number _____

BOND: SIGNATURES MUST BE PROVIDED BELOW

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

By execution hereof, the undersigned acknowledges receipt of the Statement and this Letter of Transmittal and instructions hereto, which together constitute the offer on behalf of MHEAC, to purchase for cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$36,000,000.00 (the "Maximum Aggregate Tender Offer Consideration") the Auction Rate Student Loan Revenue Bonds, Senior Series 1998-B, as set forth in the chart below (the "Senior Series 1998-B Auction Rate Bonds"), upon the terms and subject to the conditions set forth in the Statement. Capitalized terms used but not defined herein shall have the meanings given to them in the Statement.

Senior Series 1998-B Auction Rate Bonds			
Auction Rate Student Loan Revenue Bonds, Senior Series 1998-B			
		Outstanding Principal Amount (November 25, 2008)	
Series	Initial Principal Amount		CUSIP
Series 1998-B	\$42,100,000	\$42,100,000	605-354-DV8

Upon the terms and subject to the conditions of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, MHEAC, all right, title and interest in and to the Senior Series 1998-B Auction Rate Bonds that are being tendered hereby, subject to the acceptance for payment of, and payment for, the Senior Series 1998-B Auction Rate Bonds tendered with this Letter of Transmittal. The undersigned hereby irrevocably constitutes and appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned (with full knowledge that the Depositary also acts as the agent of MHEAC) with respect to such Senior Series 1998-B Auction Rate Bonds, with full power of substitution (such power-of-attorney being deemed to be an irrevocable power coupled with an interest) to (i) present such Senior Series 1998-B Auction Rate Bonds and all evidences of transfer and authenticity to, or transfer ownership of, such Senior Series 1998-B Auction Rate Bonds on the account books maintained by DTC to, or upon the order of, MHEAC, (ii) present such Senior Series 1998-B Auction Rate Bonds for transfer of ownership on the books of the Trustee and (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Senior Series 1998-B Auction Rate Bonds. The undersigned understands that such Senior Series 1998-B Auction Rate Bonds may not be validly withdrawn unless 60 days have passed from the commencement of the Offer and the Expiration Time has not yet occurred, or the Offer is terminated without any Senior Series 1998-B Auction Rate Bonds being purchased thereunder.

The next auction date for the Senior Series 1998-B Auction Rate Bonds (the "Subject Auction Date") is December 1, 2008

The undersigned understands that any Holder of a Senior Series 1998-B Auction Rate Bond that tenders Senior Series 1998-B Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1998-B Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. The undersigned understands that if all of the Senior Series 1998-B Auction Rate Bonds are tendered prior to the Subject Auction Date, the interest rate on the Senior Series 1998-B Auction Rate Bonds, from such Subject Auction Date until the Settlement Date will be the All-Hold rate provided in the Indenture.

The undersigned understands that, upon the terms and subject to the conditions of the Offer, pursuant to the Auction Process Senior Series 1998-B Auction Rate Bonds validly tendered at the lowest Price will be accepted first and Tendered Amounts will continue to be accepted at the related prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration. The undersigned understands that MHEAC will only purchase the maximum principal amount of Senior Series 1998-B Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. The undersigned understands that if multiple Holders have tendered at the highest Price at which Senior Series 1998-B Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal

amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$100,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. The undersigned understands that all such determinations and allocations will be final and binding.

The undersigned understands that tenders of Senior Series 1998-B Auction Rate Bonds submitted in any other principal amount than integral multiples of \$100,000.00 will be rounded down to the next integral multiple of \$100,000.00.

The undersigned understands that MHEAC will calculate the Tender Offer Consideration for any Senior Series 1998-B Auction Rate Bonds at the Price, not to exceed \$90,000.00 (90% of the par value), and not to be less than \$80,000.00 (80% of the par value), for each \$100,000.00 principal amount of Senior Series 1998-B Auction Rate Bonds, at which the related Tendered Amount was accepted for payment. The undersigned understands that under this procedure, MHEAC will pay to each Holder whose offer is accepted, the Tender Offer Consideration based on the Price offered and accepted for its tendered Senior Series 1998-B Auction Rate Bonds, even though other Holders may receive a higher Price for validly tendered Senior Series 1998-B Auction Rate Bonds that are accepted for payment. The undersigned understands that MHEAC will only purchase Senior Series 1998-B Auction Rate Bonds for an amount (excluding accrued interest which will be payable as part of the purchase price) up to the Maximum Aggregate Tender Offer Consideration and any Senior Series 1998-B Auction Rate Bonds tendered at Prices which are in excess thereof will be promptly returned to the tendering Holders.

If the undersigned is not the registered Holder of the Senior Series 1998-B Auction Rate Bonds listed in the box above labeled "Description of Senior Series 1998-B Auction Rate Bonds" under the column heading "Principal Tendered Amount" in this Letter of Transmittal or such Holder's legal representative or attorney-in-fact, then in order to validly tender, the undersigned will obtain a properly completed irrevocable proxy that authorizes the undersigned (or the undersigned's legal representative or attorney-in-fact) to tender Senior Series 1998-B Auction Rate Bonds on behalf of the Holder thereof, and such proxy will be delivered with this Letter of Transmittal.

The undersigned understands that tenders of Senior Series 1998-B Auction Rate Bonds pursuant to any of the procedures described in the Statement and in the instructions hereto and acceptance thereof by MHEAC will constitute a binding agreement between the undersigned and MHEAC upon the terms and subject to the conditions of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Senior Series 1998-B Auction Rate Bonds tendered hereby, and that when such Senior Series 1998-B Auction Rate Bonds are accepted for payment and payment is made by or on behalf of MHEAC, MHEAC will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depository or by MHEAC to be necessary or desirable to complete the sale, assignment and transfer of the Senior Series 1998-B Auction Rate Bonds tendered hereby.

For purposes of the Offer, the undersigned understands that MHEAC will be deemed to have accepted for payment validly tendered Senior Series 1998-B Auction Rate Bonds (or defectively tendered Senior Series 1998-B Auction Rate Bonds with respect to which MHEAC has waived such defect(s)) if, as and when MHEAC gives oral or written notice thereof to the Depository.

The undersigned understands that, notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1998-B Auction Rate Bonds validly tendered pursuant to the Offer are subject to, and conditioned upon, the satisfaction of, or MHEAC's waiver of, the Conditions described in the Statement under the caption "Terms of the Offer — Conditions to the Offer." MHEAC reserves the right, in its sole discretion, to waive any one or more of the conditions to the Offer at any time as set forth in the Statement under the caption "Terms of the Offer — Conditions to the Offer."

Any Senior Series 1998-B Auction Rate Bonds not accepted for payment will be returned promptly to the undersigned at the address set forth above, unless otherwise indicated herein under "Special Delivery Instructions" below.

All authority conferred or agreed to be conferred by this Letter of Transmittal shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Letter of Transmittal shall be binding upon the undersigned's heirs, personal representatives, executors, administrators, successors, assigns,

trustees in bankruptcy and other legal representatives.

The undersigned understands that the delivery and surrender of the Senior Series 1998-B Auction Rate Bonds is not effective, and the risk of loss of the Senior Series 1998-B Auction Rate Bonds does not pass to the Depository, until receipt by the Depository of this Letter of Transmittal, or a facsimile hereof, properly completed and duly executed, together with all accompanying evidences of authority and any other required documents in form satisfactory to MHEAC. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Senior Series 1998-B Auction Rate Bonds will be determined by MHEAC, in its sole discretion, which determination shall be final and binding.

The undersigned releases and discharges MHEAC, the Trustee and all of their respective past, present or future directors, officers, employees and agents (excluding brokers and investment bankers) from any and all liabilities and claims existing on the Settlement Date that are based on or related to the Indenture and/or the Senior Series 1998-B Auction Rate Bonds, and waives any and all related claims. The undersigned acknowledges that the release, discharge and waiver described in this paragraph are part of the consideration tendered by holders participating in the Offer and are subject to, and shall be effective upon, the acceptance of and payment for Senior Series 1998-B Auction Rate Bonds tendered hereby. Insofar as the release, discharge and waiver applies to liabilities arising under federal securities laws, the Securities and Exchange Commission has expressed the view that such waivers and releases may be against public policy, and are, therefore, unenforceable. Such release, discharge and waiver shall not cover any claims under federal securities laws to the extent that such release, discharge and waiver is against public policy and is therefore unenforceable.

Unless otherwise indicated herein under "Special Issuance Instructions," the undersigned hereby requests that any Senior Series 1998-B Auction Rate Bonds representing principal amounts not accepted for payment be issued in the name(s) of the undersigned (and in the case of Senior Series 1998-B Auction Rate Bonds tendered by book-entry transfer, by credit to the account at DTC designated above), and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be issued to the order of the undersigned. Similarly, unless otherwise indicated herein under "Special Delivery Instructions," the undersigned hereby requests that any Senior Series 1998-B Auction Rate Bonds representing principal amounts not accepted for payment and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be delivered to the undersigned at the address shown above. In the event that the "Special Issuance Instructions" box or the "Special Delivery Instructions" box is, or both are, completed, the undersigned hereby requests that any Senior Series 1998-B Auction Rate Bonds representing principal amounts not accepted for payment be issued in the name(s) of, certificates for such Senior Series 1998-B Auction Rate Bonds be delivered to, and checks for payments of the Tender Offer Consideration to be made in connection with the Offer be issued in the name(s) of, and be delivered to, the person(s) at the address so indicated, as applicable. The undersigned recognizes that MHEAC has no obligation pursuant to the "Special Issuance Instructions" box or "Special Delivery Instructions" box to transfer any Senior Series 1998-B Auction Rate Bonds from the name of the registered Holder(s) thereof if MHEAC does not accept for payment any of the principal amount of such Senior Series 1998-B Auction Rate Bonds so tendered.

PLEASE SIGN ON NEXT PAGE

PLEASE SIGN ON THIS PAGE

(To be Completed by All Tendering Holders of Senior Series 1998-B Auction Rate Bonds Regardless of Whether Senior Series 1998-B Auction Rate Bonds Are Being Physically Delivered Herewith)

This Letter of Transmittal must be signed by the registered Holder(s) of Senior Series 1998-B Auction Rate Bonds exactly as their name(s) appear(s) on certificate(s) for Senior Series 1998-B Auction Rate Bonds or, if tendered by a DTC participant, exactly as such participant's name appears on a security position listing as the owner of Senior Series 1998-B Auction Rate Bonds, or by person(s) authorized to become registered Holder(s) by endorsements and documents transmitted with this Letter of Transmittal. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below under "Capacity" and submit evidence satisfactory to MHEAC of such person's authority to so act. See Instruction 4 below.

X _____

X _____

Signature(s) of Registered Holder(s) or Authorized Signatory

Date: _____, 2008

Name(s): _____

(Please Print)

Capacity: _____

Address: _____

(Including Zip Code)

Area Code and Telephone No.: _____

IMPORTANT: COMPLETE SUBSTITUTE FORM W-9 HEREIN

**SIGNATURE GUARANTEE (See Instruction 4 below)
Certain Signatures Must be Guaranteed by a Medallion Signature Guarantor**

(Name of Eligible Institution Guaranteeing Signatures)

(Address (including zip code) and Telephone Number (including area code) of Firm)

(Authorized Signature)

(Printed Name)

(Title)

Date: _____, 2008

SPECIAL ISSUANCE INSTRUCTIONS

(See Instructions 3, 4, 5 and 7)

To be completed **ONLY** if certificates for Senior Series 1998-B Auction Rate Bonds in a principal amount not accepted for payment are to be issued in the name of, or payment for the Tender Offer Consideration is to be made to, someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal, or if Senior Series 1998-B Auction Rate Bonds tendered by book-entry transfer that are not accepted for payment are to be credited to an account maintained at DTC other than the account designated above.

Issue: Senior Series 1998-B Auction Rate Bonds
 Payment
(check as applicable)

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

(Tax Identification or Social Security Number)
(See Substitute Form W-9 herein)

Credit untendered Senior Series 1998-B Auction Rate Bonds by book-entry to the DTC account set forth below:

(DTC Account Number)

(Name of Account Party)

SPECIAL DELIVERY INSTRUCTIONS

(See Instructions 3, 4 and 5)

To be completed **ONLY** if certificates for Senior Series 1998-B Auction Rate Bonds in a principal amount not accepted for payment or a check for the Tender Offer Consideration are to be sent to someone other than the person or persons whose signature(s) appear(s) within this Letter of Transmittal or to such person or persons at an address different from that shown in the box entitled "Description of Senior Series 1998-B Auction Rate Bonds" within this Letter of Transmittal.

Deliver: Senior Series 1998-B Auction Rate Bonds
 Payment
(check as applicable)

Name: _____
(Please Print)

Address: _____

(Include Zip Code)

(Tax Identification or Social Security Number)
(See Substitute Form W-9 herein)

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Offer

1. Delivery of this Letter of Transmittal and Certificates for Senior Series 1998-B Auction Rate Bonds or Book-Entry Confirmations. To tender Senior Series 1998-B Auction Rate Bonds in the Offer, physical delivery of certificates for Senior Series 1998-B Auction Rate Bonds or a confirmation of any book-entry transfer into the Depository's account with DTC of Senior Series 1998-B Auction Rate Bonds tendered electronically, as well as a properly completed and duly executed copy or facsimile of this Letter of Transmittal, and any other documents required by this Letter of Transmittal, must be received by the Depository at its address set forth herein before the Expiration Time in order to receive the Tender Offer Consideration. The method of delivery of this Letter of Transmittal, the Senior Series 1998-B Auction Rate Bonds and all other required documents to the Depository is at the election and risk of Holders. If such delivery is by mail, it is suggested that Holders use properly insured registered mail, return receipt requested, and that the mailing be made sufficiently in advance of the Expiration Time to permit delivery to the Depository before such time and date. Except as otherwise provided below, the delivery will be deemed made when actually received or confirmed by the Depository. This Letter of Transmittal and the Senior Series 1998-B Auction Rate Bonds should be sent only to the Depository, not to MHEAC, the Trustee, the Information Agent or DTC.

2. Withdrawal of Tenders. Tenders of Senior Series 1998-B Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet passed. Also, tendered Senior Series 1998-B Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1998-B Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1998-B Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Any notice of withdrawal must (i) specify the name of the person that tendered the Senior Series 1998-B Auction Rate Bonds to be withdrawn, (ii) contain the description of the Senior Series 1998-B Auction Rate Bonds to be withdrawn and the aggregate principal amount represented by such Senior Series 1998-B Auction Rate Bonds and (iii) be signed by the Holder of such Senior Series 1998-B Auction Rate Bonds in the same manner as the original signature on the Letter of Transmittal by which such Senior Series 1998-B Auction Rate Bonds were tendered (including any required signature guarantees), if any, or be accompanied by (x) documents of transfer sufficient to have the Trustee register the transfer of the Senior Series 1998-B Auction Rate Bonds into the name of the person withdrawing such Senior Series 1998-B Auction Rate Bonds and (y) a properly completed irrevocable proxy that authorized such person to effect such withdrawal on behalf of such Holder. In addition, for Senior Series 1998-B Auction Rate Bonds tendered through DTC, the notice of withdrawal must also specify the name and number of the account at DTC to be credited with the withdrawn Senior Series 1998-B Auction Rate Bonds. If the Senior Series 1998-B Auction Rate Bonds to be withdrawn have been delivered or otherwise identified to the Depository, a signed notice of withdrawal is effective immediately upon written or facsimile notice of withdrawal even if physical release is not yet effected. Any Senior Series 1998-B Auction Rate Bonds properly withdrawn will be deemed to be not validly tendered for purposes of the Offer. Withdrawal of tendered Senior Series 1998-B Auction Rate Bonds can be accomplished only in accordance with the foregoing procedures.

All questions as to the validity (including time of receipt) of notices of withdrawal will be determined by MHEAC in MHEAC's sole discretion, which determination shall be final and binding. None of MHEAC, its affiliates, the Depository, the Trustee or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal, or incur any liability for failure to give any such notification.

3. Partial Tenders. Tenders of Senior Series 1998-B Auction Rate Bonds pursuant to the Offer will be accepted only in principal amounts in authorized denominations of \$100,000.00 or integral multiples thereof. Tenders of Senior Series 1998-B Auction Rate Bonds submitted in any other principal amount will be rounded down to the next integral multiple of \$100,000.00. The tendering Holder must complete the principal amount tendered in the last column of the box entitled "Description of Senior Series 1998-B Auction Rate Bonds" herein. The entire principal amount of all Senior Series 1998-B Auction Rate Bonds not accepted for payment will be sent (or, if tendered by book-entry transfer, returned by credit to the account at DTC designated herein) to the Holder unless

otherwise provided in the appropriate box in this Letter of Transmittal (see Instruction 5), promptly after the Senior Series 1998-B Auction Rate Bonds which are accepted for payment are purchased.

A Holder who wishes to tender portions of its Senior Series 1998-B Auction Rate Bonds at more than one Price must complete a separate Letter of Transmittal for each Price at which the related portion of Senior Series 1998-B Auction Rate Bonds is being tendered.

4. Signatures on this Letter of Transmittal; Bond Powers and Endorsement; Guarantee of Signatures. If this Letter of Transmittal is signed by the registered Holder(s) of the Senior Series 1998-B Auction Rate Bonds tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate(s) without any change whatsoever.

If any of the Senior Series 1998-B Auction Rate Bonds tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal. If any tendered Senior Series 1998-B Auction Rate Bonds are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are names in which certificates are held.

If this Letter of Transmittal or any certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to MHEAC of their authority so to act must be submitted, unless waived by MHEAC.

If this Letter of Transmittal is signed by the registered Holder(s) of the Senior Series 1998-B Auction Rate Bonds listed and transmitted hereby, no endorsements of certificates or separate bond powers are required unless payment is to be made to, or certificates for Senior Series 1998-B Auction Rate Bonds not accepted for payment are to be issued to, a person other than the registered Holder(s). Signatures on such certificates or bond powers must be guaranteed as provided below.

If this Letter of Transmittal is signed by a person other than the registered Holder(s) of the Senior Series 1998-B Auction Rate Bonds listed, the certificates representing such Senior Series 1998-B Auction Rate Bonds must be properly endorsed for transfer by the registered Holder or be accompanied by a properly completed bond power from the registered Holder in form satisfactory to MHEAC, if such Senior Series 1998-B Auction Rate Bonds are being tendered in the Offer, with signatures on the endorsement or bond power guaranteed as provided below.

Signatures on all Letters of Transmittal must be guaranteed by a participant in a recognized Medallion Signature Program (a "Medallion Signature Guarantor"), unless the Senior Series 1998-B Auction Rate Bonds tendered thereby are tendered (i) by a registered Holder of Senior Series 1998-B Auction Rate Bonds (or by a participant in DTC whose name appears on a security position listing as the owner of such Senior Series 1998-B Auction Rate Bonds) who has not completed either the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal, or (ii) for the account of a member firm of a registered national securities exchange, a member of the Financial Industry Regulatory Authority or a custodian bank or trust company having an office or correspondent in the United States. If the Senior Series 1998-B Auction Rate Bonds are registered in the name of a person other than the signer of the Letter of Transmittal or if Senior Series 1998-B Auction Rate Bonds not accepted for payment or not tendered are to be returned to a person other than the registered Holder, then the signatures on the Letters of Transmittal accompanying the tendered Senior Series 1998-B Auction Rate Bonds must be guaranteed by a Medallion Signature Guarantor as described above.

5. Special Issuance and Special Delivery Instructions. Tendering Holders should indicate in the applicable box or boxes the name and address to which Senior Series 1998-B Auction Rate Bonds for principal amounts not accepted for payment or checks for payment of the Tender Offer Consideration to be made in connection with the Offer are to be issued or sent, if different from the name and address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the taxpayer identification or social security number of the person named must also be indicated. If no instructions are given, Senior Series 1998-B Auction Rate Bonds not accepted for payment will be returned to the Holder of the Senior Series 1998-B Auction Rate Bonds tendered. Any Holder tendering by book-entry transfer may request that Senior Series 1998-B Auction Rate Bonds not accepted for payment be credited to such account at DTC as such Holder may designate under the caption "Special Issuance

Instructions.” If no such instructions are given, any such Senior Series 1998-B Auction Rate Bonds not accepted for payment will be returned by crediting the account at DTC.

6. Taxpayer Identification Number. Each tendering Holder is required to provide the Depository with the Holder’s correct taxpayer identification number (“**TIN**”), generally the Holder’s social security or federal employer identification number, on Substitute Form W-9, which is provided under “Important Tax Information” below, or, alternatively, to establish another basis for exemption from backup withholding. A Holder must cross out item (2) in the Certification box on Substitute Form W-9 if such Holder is subject to backup withholding. In addition to potential penalties, failure to provide the correct information on Substitute Form W-9 may subject the tendering Holder to federal income tax backup withholding (currently at a rate of 28%) on the payments made to the Holder or other payee with respect to Senior Series 1998-B Auction Rate Bonds tendered pursuant to the Offer. A Holder shall write “applied for” in the box in Part I of the form if the tendering Holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If “applied for” is written in the box in Part I, an amount will be withheld (currently at a rate of 28%) from all such payments of the Tender Offer Consideration until a TIN is provided to the Depository. In such case, if the Depository does not receive a TIN within 60 days of the Depository’s receipt of Substitute Form W-9, the withheld amount will be remitted to the IRS, and if the TIN is provided within 60 days of the Depository’s receipt of Substitute Form W-9, such amount will be remitted to such Holder or other payee.

7. Transfer Taxes. MHEAC will pay all transfer taxes applicable to the purchase and transfer of Senior Series 1998-B Auction Rate Bonds pursuant to the Offer, except in the case of deliveries of certificates for Senior Series 1998-B Auction Rate Bonds for principal amounts not accepted for payment that are to be registered or issued in the name of any person other than the Holder of Senior Series 1998-B Auction Rate Bonds tendered thereby.

8. Irregularities. All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Senior Series 1998-B Auction Rate Bonds will be determined by MHEAC, in its sole discretion, which determination shall be final and binding. Alternative, conditional or contingent tenders will not be considered valid. MHEAC reserves the absolute right to reject any or all tenders of Senior Series 1998-B Auction Rate Bonds that are not in proper form or the acceptance of which would, in MHEAC’s opinion, be unlawful. MHEAC also reserves the right to waive any defects, irregularities or conditions of tender as to particular Senior Series 1998-B Auction Rate Bonds. MHEAC’s interpretations of the terms and conditions of the Offer (including the instructions in this Letter of Transmittal) will be final and binding. Any defect or irregularity in connection with tenders of Senior Series 1998-B Auction Rate Bonds must be cured within such time as MHEAC determines, unless waived by MHEAC. Tenders of Senior Series 1998-B Auction Rate Bonds shall not be deemed to have been made until all defects or irregularities have been waived by MHEAC or cured. None of MHEAC, its affiliates, the Information Agent, the Depository, the Trustee or any other person will be under any duty to give notice of any defects or irregularities in tenders of Senior Series 1998-B Auction Rate Bonds, or will incur any liability to Holders for failure to give any such notice.

9. Waiver of Conditions. MHEAC expressly reserves the absolute right, in its sole discretion, to waive any of the Conditions in the case of any Senior Series 1998-B Auction Rate Bonds tendered in whole or in part, at any time and from time to time.

10. Requests for Assistance or Additional Copies. Questions and requests for assistance should be directed to the Information Agent at the address and telephone number that appear at the end of this Letter of Transmittal. Additional copies of the Statement, this Letter of Transmittal, and other documents may be obtained from the Information Agent, whose address and telephone number appear at the end of this Letter of Transmittal.

IMPORTANT TAX INFORMATION

A Holder whose tendered Senior Series 1998-B Auction Rate Bonds are accepted for payment is required to provide the Depository with such Holder’s correct TIN on the Substitute Form W-9 below or otherwise establish a basis for exemption from backup withholding. If such Holder is an individual, the TIN is his or her social security number. If the Depository is not provided with the correct TIN or an adequate basis for exemption, payments made to such Holder with respect to Senior Series 1998-B Auction Rate Bonds tendered pursuant to the Offer may be subject to backup withholding.

A Holder may write “applied for” on the line in Part I of the attached Substitute Form W-9 if such Holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If a Holder writes “applied for” in Part I, such Holder must also sign the attached Certificate of Awaiting Taxpayer Identification Number in order to prevent backup withholding. In such event, an amount will be withheld (currently at a rate of 28%) from any payments made to the Holder or other payee prior to the time a properly certified TIN is provided to the Depository. In such case, if the Depository does not receive a TIN within 60 days of the Depository’s receipt of Substitute Form W-9, the withheld amount will be remitted to the IRS, and if the TIN is provided within 60 days of the Depository’s receipt of Substitute Form W-9, such amount will be remitted to such Holder or other payee.

Certain Holders are not subject to these backup withholding and reporting requirements. Exempt Holders should indicate their exempt status on Substitute Form W-9. A Non-U.S Holder may qualify as an exempt recipient by submitting to the Depository the appropriate Form W-8 that has been properly completed and signed under penalties of perjury, attesting to that Holder’s exempt status. A Form W-8 can be obtained from the Depository. See the enclosed “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” for additional instructions.

If backup withholding applies, an amount is required to be withheld (currently at a rate of 28%) from any payments made to the Holder or other payee. Backup withholding is not an additional federal income tax. If the required information is furnished to the Internal Revenue Service, the federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld, and, if withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

Purpose of Substitute Form W-9

To prevent backup withholding on payments made with respect to Senior Series 1998-B Auction Rate Bonds tendered pursuant to the Offer, the Holder is required to provide the Depository with (i) the Holder’s correct TIN by completing the form below, certifying that the TIN provided on Substitute Form W-9 is correct (or that such Holder is awaiting a TIN) and that (A) such Holder is exempt from backup withholding, (B) the Holder has not been notified by the Internal Revenue Service that the Holder is subject to backup withholding as a result of failure to report all interest or dividends or (C) the Internal Revenue Service has notified the Holder that the Holder is no longer subject to backup withholding, or (ii) if applicable, an adequate basis for exemption.

What Number to Give the Depository

The Holder is required to give the Depository the TIN (*i.e.*, social security number or employer identification number) of the registered Holder. If the Senior Series 1998-B Auction Rate Bonds are held in more than one name or are held not in the name of the actual owner, consult the enclosed “Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9” for additional guidance on which number to report.

TO BE COMPLETED BY ALL TENDERING HOLDERS OF BONDS

PAYER'S NAME: Global Bondholder Services Corporation		
Name (if in joint names, list first and circle the name of the person or entity whose number you enter in Part I)		
Business Name (Sole proprietors see the instructions in the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 (the "Guidelines"))		
SUBSTITUTE Form W-9 Department of the Treasury Internal Revenue Service Payer's Request for Taxpayer Identification Number ("TIN") and Certification	Part I — Taxpayer Identification Number. Please enter your taxpayer identification number in the box at right. (For most individuals, this is your social security number. If you do not have a number, see Obtaining a Number in the enclosed Guidelines.) Certify by signing and dating below. Bond: If the account is in more than one name, see chart in the enclosed Guidelines to determine which number to give the payer.	Social Security Number _____ OR Employer Identification Number _____ (If awaiting TIN write "Applied For")
	Part II — For Payees exempt from backup withholding, write "Exempt" in this space: _____	
	Part III — Certification — Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me); (2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS notified me that I am no longer subject to backup withholding; and (3) I am a U.S. person (including a U.S. resident alien). Certification Instructions — You should cross out item (2) above if the IRS has notified you that you are subject to backup withholding because you have failed to report all interest and dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you were no longer subject to backup withholding, do not cross out item (2). (Also see instructions in the enclosed Guidelines.)	
	SIGNATURE _____ DATE _____, 2008	

YOU SHOULD COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN PART I OF THIS SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER	
I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that, notwithstanding the information I provided in Part III of the Substitute Form W-9 (and the fact that I have completed this Certificate of Awaiting Taxpayer Identification Number), all reportable payments made to me thereafter will be subject to backup withholding tax (currently at a rate of 28%), but any amounts withheld will be refunded to me if I furnish my taxpayer identification number within 60 days after the Depository receives this certification.	
Signature _____	Date: _____, 2008

BOND: FAILURE TO COMPLETE AND RETURN THE SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING TAX (CURRENTLY AT A RATE OF 28%) ON ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

**GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9**

Guidelines for Determining the Proper Identification Number to Give the Payer. The taxpayer identification number for an individual is the individual's Social Security number. Social Security numbers have nine digits separated by two hyphens: e.g., 000-00-0000. The taxpayer identification number for an entity is the entity's Employer Identification number. Employer Identification numbers have nine digits separated by only one hyphen: e.g., 00-0000000. The table below will help determine the number to give the payer.

For this type of account:	Give the SOCIAL SECURITY number of —	For this type of account:	Give the EMPLOYER IDENTIFICATION number of —
1. An individual's account	The individual	6. Sole proprietorship account or single-owner LLC	The owner(3)
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)	7. A valid trust, estate or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(4)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)	8. Corporate account or LLC electing corporate status on Form 8832	The corporation
4. a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)	9. Association, club, religious, charitable, educational or other tax-exempt organization	The organization
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)	10. Partnership or multiple-member LLC	The partnership
5. Sole proprietorship account or single-owner LLC	The owner(3)	11. A broker or registered nominee	The broker or nominee
		12. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district or prison) that receives agriculture program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has a Social Security number, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's Social Security number.
- (3) You must show the name of the individual. The name of the business or the "doing business as" name may also be entered. Either the Social Security number or the Employer Identification number may be used.
- (4) List first and circle the name of the legal trust, estate or pension trust.

BOND: IF NO NAME IS CIRCLED WHEN THERE IS MORE THAN ONE NAME, THE NUMBER WILL BE CONSIDERED TO BE THAT OF THE FIRST NAME LISTED.

Section references are to the Internal Revenue Code.

Obtaining a Number

If you do not have a taxpayer identification number or you do not know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number.

To complete the Substitute Form W-9, if you do not have a taxpayer identification number, write "Applied For" in the space for the taxpayer identification number in Part 1, sign and date the Form, and give it to the requester. If the requester does not receive your taxpayer identification number within 60 days, backup withholding, if applicable, will begin and will continue until you furnish your taxpayer identification number to the requester.

Payees Exempt from Backup Withholding

For certain payees, exemptions from backup withholding apply and no information reporting is required. For interest and dividends, all payees listed below are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7); however, payments that are reportable on Form 1099-MISC and that are medical and healthcare payments, attorneys' fees (including gross proceeds paid to an attorney under Section 6045(f), even if the attorney is a corporation), or payments for services paid by a federal executive agency are not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, and patronage dividends.

- (1) A corporation.
- (2) An organization exempt from tax under section 501(a), or an individual retirement plan ("IRA"), or a custodial account under 403(b)(7), if the account satisfies the requirements of section 401(f)(2).
- (3) The United States or any of its agencies or instrumentalities.
- (4) A State, the District of Columbia, a possession of the United States, or any of its political subdivisions or instrumentalities.
- (5) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (6) An international organization or any of its agencies or instrumentalities.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times during the year under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under section 584(a).
- (13) A financial institution.
- (14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List.
- (15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding including the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident alien partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.
- Section 404(k) distributions made by an ESOP.

Payments of interest generally not subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals.

Bond: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

- Payments of tax-exempt interest (including exempt interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage or student loan interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A and 6050N, and the regulations under those sections.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. ENTER YOUR TAXPAYER IDENTIFICATION NUMBER. WRITE "EXEMPT" ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Privacy Act Notice

Section 6109 requires you to give your correct taxpayer identification number to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. We may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal non-tax criminal laws and to combat terrorism. You must provide your taxpayer identification number whether or not you are required to file a tax return. Payers must generally withhold (currently at a rate of 28%) on taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number. If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Civil Penalty for False Information with respect to Withholding. If you make a false statement with no reasonable basis which results in no backup withholding, you are subject to a \$500 penalty.

(3) Criminal Penalty for Falsifying Information. Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE

The Information Agent for the Offer is:

Global Bondholder Services Corporation
65 Broadway – Suite 723
New York, NY 10006
Attention: Corporate Actions
Banks and Brokers Call: (212) 430-3774
Toll Free: (866) 470-3800

Offer to Purchase

MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

Offer to Purchase

For Aggregate Cash Consideration Not to Exceed \$36,000,000

Outstanding

Auction Rate Student Loan Revenue Bonds, Senior Series 1998-B

at a Purchase Price not to Exceed \$90,000.00 (90% of the par value), and not to be Less than \$80,000.00 (80% of the par value), Per \$100,000.00 Principal Amount plus Accrued Interest

The Offer (as defined below) will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the “Expiration Time”). Holders (as defined below) of Senior Series 1998-B Auction Rate Bonds (as defined below) must tender their Senior Series 1998-B Auction Rate Bonds before the Expiration Time to receive the Tender Offer Consideration (as defined below), subject to the terms and conditions set forth in the Offer.

Mississippi Higher Education Assistance Corporation, a Mississippi non-profit corporation (“MHEAC”) hereby offers to purchase, acting through BancorpSouth Bank, as trustee (the “Trustee”) under the Indenture (as defined below), the Auction Rate Student Loan Revenue Bonds, Senior Series 1998-B set forth in the chart below (the “Senior Series 1998-B Auction Rate Bonds”) for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$36,000,000.00 (the “Maximum Aggregate Tender Offer Consideration”), upon the terms and subject to the conditions set forth in this Offer to Purchase (this “Statement”) and in the accompanying Letter of Transmittal (the “Letter of Transmittal” and, together with this Statement, the “Offer”).

Senior Series 1998-B Auction Rate Bonds			
Auction Rate Student Loan Revenue Bonds, Senior Series 1998-B			
Series	Initial Principal Amount	Outstanding Principal Amount (November 25, 2008)	CUSIP
Senior Series 1998-B	\$42,100,000	\$42,100,000	605-354- DV8

The Offer is not conditioned on any minimum amount of Senior Series 1998-B Auction Rate Bonds being tendered. The Offer is, however, subject to other conditions.

Validly tendered Senior Series 1998-B Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the “Auction Process”). Under the Auction Process, each registered owner of Senior Series 1998-B Auction Rate Bonds (a “Holder”) desiring to tender Senior Series 1998-B Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a “Price”), not to exceed \$90,000.00 (90% of the par value), and not to be less than \$80,000.00 (80% of the par value), for each \$100,000.00 principal amount of Senior Series 1998-B Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1998-B Auction Rate Bonds and the aggregate principal amount of Senior Series 1998-B Auction Rate Bonds (in integral multiples of \$100,000.00) it is willing to sell at each such Price (the “Tendered Amount”). Promptly following the Expiration Time, upon the terms and subject to the conditions of the

Offer, Senior Series 1998-B Auction Rate Bonds validly tendered at the lowest Price will be accepted first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1998-B Auction Rate Bonds submitted after the Expiration Time will be valid.

If validly tendered Senior Series 1998-B Auction Rate Bonds are accepted for payment in accordance with the Auction Process, MHEAC will pay a total cash consideration for each \$100,000.00 principal amount of such accepted Senior Series 1998-B Auction Rate Bonds equal to the Price at which such Senior Series 1998-B Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the "Tender Offer Consideration"). The "Settlement Date" in respect of any tendered Senior Series 1998-B Auction Rate Bonds that are accepted for payment is expected to be the third New York City business day following the Expiration Time.

MHEAC will only purchase the maximum principal amount of Senior Series 1998-B Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1998-B Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$100,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

Following the earlier of the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1998-B Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

All tenders of Senior Series 1998-B Auction Rate Bonds shall be made in minimum denominations of \$100,000.00 or integral multiples thereof. Tenders of Senior Series 1998-B Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$100,000.00.

None of MHEAC, its affiliates, the Trustee, GTBF (as defined below), the Depositary (as defined below) or the Information Agent (as defined below) makes any recommendation as to whether Holders should tender their Senior Series 1998-B Auction Rate Bonds pursuant to the Offer. Each Holder must make its own decision with regard to tendering its Senior Series 1998-B Auction Rate Bonds pursuant to the Offer.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE OFFER OR PASSED UPON THE FAIRNESS OR MERITS OF THE OFFER OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Trustee Under the Indenture for the Senior Series 1998-B Auction Rate Bonds is:

BancorpSouth Bank

November 25, 2008

IMPORTANT INFORMATION

Tenders of Senior Series 1998-B Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. Also, tendered Senior Series 1998-B Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1998-B Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1998-B Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

The Depositary for the Offer is Global Bondholder Services Corporation (the “Depositary”).

The Information Agent for the Offer is Global Bondholder Services Corporation (the “Information Agent”).

Subject to the terms and conditions set forth in the Offer, the Tender Offer Consideration to which a tendering Holder is entitled pursuant to the Offer will be paid on the Settlement Date. Under no circumstances will any interest be payable because of any delay in the transmission of funds to Holders by DTC (as defined below).

Notwithstanding any other provision of the Offer, MHEAC’s obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1998-B Auction Rate Bonds validly tendered pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or MHEAC’s waiver of the Conditions (as defined in “Terms of the Offer — Conditions to the Offer”).

MHEAC reserves the right, in its sole discretion, to waive any one or more of the Conditions at any time and to terminate the Offer at any time and for any reason. See “Terms of the Offer — Conditions to the Offer.”

MHEAC retains the right to extend the Expiration Time of the Offer from time to time.

Subject to applicable securities laws and the terms set forth in the Offer, MHEAC reserves the right, before the Expiration Time (i) to waive any and all Conditions, (ii) to terminate the Offer, (iii) to extend the Expiration Time, (iv) to increase the Maximum Aggregate Tender Offer Consideration or (v) otherwise to amend the Offer in any respect. In the event that the Offer is terminated or otherwise not completed, the Tender Offer Consideration will not be paid or become payable to Holders of Senior Series 1998-B Auction Rate Bonds that have validly tendered their Senior Series 1998-B Auction Rate Bonds in connection with the Offer, in which case the tendered Senior Series 1998-B Auction Rate Bonds will be promptly returned to the Holders.

Holders of Senior Series 1998-B Auction Rate Bonds should take note of the following dates in connection with the Offer:

<u>Date</u>	<u>Calendar Date</u>	<u>Event</u>
Expiration Time	5:00 p.m., New York City time on December 23, 2008, unless extended or earlier terminated by MHEAC.	The last time and day for Holders to tender Senior Series 1998-B Auction Rate Bonds pursuant to the Offer.
Settlement Date	MHEAC expects that this date will be December 29, 2008, the third New York City business day after the Expiration Time, unless the Offer is extended by MHEAC.	The day that MHEAC deposits with DTC the amount of cash necessary to pay each tendering Holder the Tender Offer Consideration.

The Settlement Date is also the day that DTC pays each tendering Holder the Tender Offer Consideration for all tendered Senior Series 1998-B Auction Rate Bonds accepted for payment.

A beneficial owner of Senior Series 1998-B Auction Rate Bonds that are held of record by a broker, dealer, custodian bank, depository, trust company or other nominee must instruct such nominee to tender such Senior Series 1998-B Auction Rate Bonds on the beneficial owner's behalf. See "Terms of the Offer — Procedure for Tendering Senior Series 1998-B Auction Rate Bonds."

The Depository Trust Company ("DTC") has authorized DTC participants that hold Senior Series 1998-B Auction Rate Bonds on behalf of beneficial owners of Senior Series 1998-B Auction Rate Bonds through DTC to tender their Senior Series 1998-B Auction Rate Bonds as if they were Holders. To effect a tender, DTC participants may, in lieu of physically completing and signing the Letter of Transmittal, transmit their acceptance to DTC through the DTC Automated Tender Offer Program ("ATOP") for which the transaction will be eligible and follow the procedure for book-entry transfer set forth in "Terms of the Offer — Procedure for Tendering Senior Series 1998-B Auction Rate Bonds." If Senior Series 1998-B Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should contact such broker, dealer, custodian bank, depository, trust company or other nominee to determine whether a fee will be charged by such broker, dealer, custodian bank, depository, trust company or other nominee to tender such Senior Series 1998-B Auction Rate Bonds.

Questions and requests for assistance may be directed to the Information Agent at its address and telephone number set forth on the back cover of this Statement. Additional copies of this Statement and the Letter of Transmittal and other related materials may be obtained from the Information Agent at its address and telephone number set forth on the back cover of this Statement. Beneficial owners may also contact their brokers, dealers, custodian banks, depositories, trust companies or other nominees through which they hold Senior Series 1998-B Auction Rate Bonds with questions and requests for assistance.

The delivery of this Statement shall not under any circumstances create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth herein or in any attachments hereto or materials delivered herewith or in the affairs of MHEAC since the date hereof.

This Statement does not constitute an offer to purchase Senior Series 1998-B Auction Rate Bonds in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such offer under applicable securities, "blue sky" or other laws.

In accordance with the Indenture (as defined below), MHEAC has directed and authorized the Trustee to purchase Senior Series 1998-B Auction Rate Bonds on behalf of MHEAC upon the terms and conditions of the Offer. Therefore, pursuant to such instruction and authorization, and in compliance with the Indenture, any solicitation, acceptance, allocation and purchase of Senior Series 1998-B Auction Rate Bonds upon the terms and conditions of the Offer is being made by MHEAC.

This Statement and the Letter of Transmittal contain important information which should be read carefully in their entirety before any decision is made with respect to the Offer.

None of MHEAC, its affiliates, the Trustee, GTBF, the Depository or the Information Agent makes any recommendation as to whether Holders should tender their Senior Series 1998-B Auction Rate Bonds pursuant to the Offer. MHEAC has not authorized any person to make any

recommendation on its behalf as to whether you should tender or refrain from tendering your Senior Series 1998-B Auction Rate Bonds in the Offer. MHEAC has not authorized any person to give any information other than as contained in this Statement or in the Letter of Transmittal. You should not rely on any recommendation, or any such other representation or information, as having been authorized by MHEAC, the Information Agent or the Depositary.

FORWARD-LOOKING STATEMENTS

MHEAC makes forward-looking statements in this Statement. Certain of the publicly available information relating to the Senior Series 1998-B Auction Rate Bonds and MHEAC is based on current expectations, estimates, beliefs, assumptions and projections.

Words such as “expects,” “intends,” “plans,” “projects,” “believes,” “estimates” and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict. Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements.

Forward-looking statements speak only as of the date made. MHEAC undertakes no obligation to update any forward-looking statements to reflect the events or circumstances arising after the date as of which they are made. As a result of these risks and uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements included in this Statement or that may be made elsewhere from time to time by, or on behalf of, MHEAC.

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TO HOLDERS OF
 AUCTION RATE STUDENT LOAN REVENUE BONDS, SENIOR SERIES 1998-B OF
 MISSISSIPPI HIGHER EDUCATION ASSISTANCE CORPORATION

This Statement and the accompanying Letter of Transmittal contain important information that should be read carefully before any decision is made with respect to the Offer.

SUMMARY

The following summary is provided solely for the convenience of Holders (as defined below) of the Senior Series 1998-B Auction Rate Bonds (as defined below). This summary is not intended to be complete and is qualified in its entirety by reference to the full text and more specific details contained elsewhere in this Statement, the Letter of Transmittal and any amendments or supplements hereto or thereto. Holders of the Senior Series 1998-B Auction Rate Bonds are urged to read this Statement in its entirety. Unless otherwise indicated, each of the capitalized terms used but not defined in this summary has the meaning set forth elsewhere in this Statement.

The Offeror Mississippi Higher Education Assistance Corporation, a Mississippi non-profit Corporation (“MHEAC”)

The Senior Series 1998-B Auction Rate Bonds The Offer relates to the following series of Auction Rate Student Loan Revenue Bonds (the “Senior Series 1998-B Auction Rate Bonds”):

Auction Rate Student Loan Revenue Bonds, Senior Series 1998-B

Series	Initial Principal Amount	Outstanding Principal Amount (November 25, 2008)	Cusip
Senior Series 1998-B	\$42,100,000	\$42,100,000	605-354- DV8

The Senior Series 1998-B Auction Rate Bonds were issued by MHEAC pursuant to, and are secured, on parity with certain other obligations of MHEAC, by the Trust Estate created pursuant to a trust indenture dated as of July 1, 1993, between MHEAC and BancorpSouth Bank, as trustee (the “Trustee”), as supplemented (such trust indenture, as supplemented to date, the “Indenture”).

The Offer MHEAC is offering, on the terms and subject to the conditions set forth herein, to purchase outstanding Senior Series 1998-B Auction Rate Bonds for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$36,000,000.00 (the “Maximum Aggregate Tender Offer Consideration”). See “Terms of the Offer — Conditions to the Offer.”

Expiration Time The Expiration Time is 5:00 p.m., New York City time on December 23, 2008, unless extended or earlier terminated by MHEAC. MHEAC retains the right to extend the Expiration Time of the Offer from time to time. If a broker, dealer,

custodian bank, depository, trust company or other nominee holds your shares, it is likely they have an earlier deadline, for administrative reasons, for you to act to instruct them to accept the tender offer on your behalf. We urge you to contact the broker, dealer, custodian bank, depository, trust company or other nominee to find out their deadline.

Tender Offer Consideration.....

If validly tendered Senior Series 1998-B Auction Rate Bonds are accepted for payment in accordance with the Auction Process (as defined below), MHEAC will pay a total cash consideration for each \$100,000.00 principal amount of such accepted Senior Series 1998-B Auction Rate Bonds equal to the Price (as defined below) at which such Senior Series 1998-B Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the "Tender Offer Consideration"). Pursuant to the Auction Process, different Prices may be accepted and paid to Holders of Senior Series 1998-B Auction Rate Bonds in the Offer.

Minimum Denominations
of Tenders.....

All tenders of Senior Series 1998-B Auction Rate Bonds shall be made in minimum denominations of \$100,000.00 or integral multiples thereof. Tenders of Senior Series 1998-B Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$100,000.00.

Settlement Date

The Settlement Date in respect of any validly tendered Senior Series 1998-B Auction Rate Bonds that are accepted for payment is expected to be December 29, 2008, the third New York City business day following the Expiration Time.

Tender Offer Price;
The Auction Process.....

Validly tendered Senior Series 1998-B Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the "Auction Process"). Under the Auction Process, each registered owner of Senior Series 1998-B Auction Rate Bonds (a "Holder") desiring to tender Senior Series 1998-B Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a "Price"), not to exceed \$90,000.00 (90% of the par value), and not to be less than \$80,000.00 (80% of the par value), for each \$100,000.00 principal amount of Senior Series 1998-B Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1998-B Auction Rate Bonds to MHEAC and the aggregate principal amount of Senior Series 1998-B Auction Rate Bonds (in integral multiples of \$100,000.00) it is willing to sell at each such Price (the "Tendered Amount"). Promptly following the Expiration Time, upon the terms and subject to the conditions of the Offer, Senior Series 1998-B Auction Rate Bonds validly tendered at the lowest

Price will be accepted (excluding accrued interest which will be payable as part of the purchase price) and first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1998-B Auction Rate Bonds submitted after the Expiration Time will be valid.

MHEAC will only purchase the maximum principal amount of Senior Series 1998-B Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1998-B Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$100,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

Following the earlier of the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1998-B Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

All validly tendered Senior Series 1998-B Auction Rate Bonds that are purchased pursuant to the Offer will be retired in accordance with the terms of the Indenture.

See "Terms of the Offer — Procedure for Tendering Senior Series 1998-B Auction Rate Bonds" for a more detailed description of the Auction Process.

How to Tender Senior Series 1998-B Auction Rate Bonds.....

See "Terms of the Offer — Procedure for Tendering Senior Series 1998-B Auction Rate Bonds." For further information, call the Information Agent at its telephone number set forth on the back cover of this Statement or consult your broker, dealer, custodian bank, depository, trust company or other nominee for assistance.

Withdrawal Rights.....

Tenders of Senior Series 1998-B Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. In addition, tendered Senior Series 1998-B Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1998-B Auction Rate Bonds being purchased

thereunder. In the event of a termination of the Offer, the Senior Series 1998-B Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Purpose of the Offer

The purpose of the Offer is for MHEAC to reduce the principal amount of its outstanding indebtedness, thereby reducing the aggregate amount of its future interest expense.

Certain Consequences to Tendering and Non-Tendering Holders

Each Holder should, prior to making any decision to tender or not tender any of its Senior Series 1998-B Auction Rate Bonds, consider certain consequences that may occur. See “Certain Significant Consequences to Non-Tendering Holders” and “Certain Significant Consequences to Tendering Holders.”

Certain Conditions Precedent to the Offer.....

MHEAC’s obligation to accept for payment, and to pay for, Senior Series 1998-B Auction Rate Bonds validly tendered pursuant to the Offer is conditioned upon satisfaction of certain Conditions. See “Terms of the Offer — Conditions to the Offer.”

Important United States Federal Income Tax Considerations.....

For a summary of certain United States federal income tax consequences of the Offer, see “Important United States Federal Income Tax Considerations for Holders.”

Brokerage Commissions.....

If Senior Series 1998-B Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should ask such broker, dealer, custodian bank, depository, trust company or other nominee whether it will charge a fee to tender such Senior Series 1998-B Auction Rate Bonds.

Depository

Global Bondholder Services Corporation.

Information Agent

Global Bondholder Services Corporation.

Further Information

Questions may be directed to the Information Agent, and additional copies of this Statement may be obtained by contacting the Information Agent at its telephone number and address set forth on the back cover of this Statement.

INTRODUCTION

MHEAC is a Mississippi non-profit corporation.

Global Bondholder Services Corporation (“GBSC”) is the Information Agent and the Depositary for the Offer. For its services as Information Agent and Depositary, GBSC will receive customary fees due to an information agent and depositary for similar tender offers.

MHEAC is offering, upon the terms and subject to the Conditions set forth in this Statement and the related Letter of Transmittal, to purchase outstanding Senior Series 1998-B Auction Rate Bonds for a cash amount (excluding accrued interest which will be payable as part of the purchase price) up to the Maximum Aggregate Tender Offer Consideration (as defined below). The Offer and the payment for Senior Series 1998-B Auction Rate Bonds are conditioned upon, among other things, the satisfaction or waiver by MHEAC of the Conditions. See “Terms of the Offer — Conditions to the Offer.”

SENIOR SERIES 1998-B AUCTION RATE BONDS

The Senior Series 1998-B Auction Rate Bonds were issued by MHEAC pursuant to, and are secured, on parity with certain other obligations of MHEAC, by the Trust Estate created pursuant to a trust indenture dated as of July 1, 1993, between MHEAC and BancorpSouth Bank, as trustee, as supplemented (such trust indenture, as supplemented to date, the “Indenture”).

Information concerning the terms and conditions applicable to the Senior Series 1998-B Auction Rate Bonds may be found in the sections entitled “Description of the Bonds,” “Redemption,” “Tax Matters,” Appendix B, “Certain Definitions and Summary of Certain Provisions of the Indenture,” and Appendix D, “Auction Procedures” in the Official Statement dated June 5, 1998, with respect to the Senior Series 1998-B Auction Rate Bonds and certain other obligations (the “1998 Official Statement”), a copy of which is available on the website, <http://www.esfweb.com/mheac.html>. Copies of supplements to the Indenture subsequent to 1998 will be provided upon request.

Information applicable to the Senior Series 1998-B Auction Rate Bonds may also be found in:

- (a) Annual Reports filed with Nationally Recognized Municipal Securities Information Repositories;
- (b) Event Notices filed with Nationally Recognized Municipal Securities Information Repositories, and audits of MHEAC’s financial records; and
- (c) Quarterly Servicer Reports with respect to student loan assets held as part of the trust estate pursuant to the Indenture.

Copies of Event Notices filed subsequent to January 1, 2008, and Quarterly Servicer Reports are available on the website, <http://www.esfweb.com/mheac.html>.

A copy of MHEAC’s most recent audited financial statements is available on the website, <http://www.esfweb.com/mheac.html>.

MHEAC believes that the documents referenced above were accurate as of the dates thereof. MHEAC makes no representation concerning the continued accuracy of the information in such documents.

PURPOSE OF THE OFFER

Auction rate securities recently have had unprecedented liquidity problems, including failed auctions. As a result, the interest rate of the Senior Series 1998-B Auction Rate Bonds at all recent auctions has been set at the maximum rate for the relevant period. The purpose of the Offer is for MHEAC to reduce the principal amount of its outstanding indebtedness, thereby reducing the aggregate amount of its future interest expense.

SOURCES OF FUNDS

Funds currently held as part of the trust estate under the Indenture will be used to purchase Senior Series 1998-B Auction Rate Bonds pursuant to the Offer. MHEAC may also use funds received prior to the Expiration Date and/or general funds of MHEAC to pay the purchase price for Senior Series 1998-B Auction Rate Bonds.

TERMS OF THE OFFER

General

Upon the terms and subject to the Conditions set forth in this Statement and in the related Letter of Transmittal and any supplements or amendments hereto or thereto, MHEAC hereby offers to purchase Senior Series 1998-B Auction Rate Bonds for aggregate cash consideration (excluding accrued interest which will be payable as part of the purchase price) not to exceed \$36,000,000.00 (the "Maximum Aggregate Tender Offer Consideration"). If any validly tendered Senior Series 1998-B Auction Rate Bonds are accepted for payment pursuant to the Auction Process (as defined below) and are not withdrawn, MHEAC will pay a total consideration for each \$100,000.00 principal amount of such accepted Senior Series 1998-B Auction Rate Bonds equal to the Tender Offer Consideration (as defined below). Pursuant to the Auction Process, different Prices may be accepted and paid to Holders of Senior Series 1998-B Auction Rate Bonds in the Offer. The Offer will expire at 5:00 p.m., New York City time, on December 23, 2008 unless extended or earlier terminated (such time and date, as the same may be extended, the "Expiration Time"). Under no circumstances will any additional interest be payable because of any delay in the transmission of funds to the Holders of purchased Senior Series 1998-B Auction Rate Bonds or otherwise. No tenders of Senior Series 1998-B Auction Rate Bonds submitted after the Expiration Time will be valid.

The next auction date for the Senior Series 1998-B Auction Rate Bonds (the "Subject Auction Date"): is December 1, 2008.

Any Holder of a Senior Series 1998-B Auction Rate Bond that tenders Senior Series 1998-B Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1998-B Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. If all of the Senior Series 1998-B Auction Rate Bonds are tendered prior to the Subject Auction Date, the interest rate on the Senior Series 1998-B Auction Rate Bonds, from such Subject Auction Date until the Settlement Date, will be the All-Hold rate provided in the Indenture.

Because the Tender Offer Consideration for Senior Series 1998-B Auction Rate Bonds includes accrued and unpaid interest based on the interest rate determined by auction, the actual amount of consideration that may be received by a tendering Holder pursuant to the Offer will be affected by changes in such interest rate during the term of the Offer prior to the Expiration Time.

Senior Series 1998-B Auction Rate Bonds not purchased pursuant to the Offer will continue to be governed by the terms of the Indenture and related transaction documents, including with respect to

maturity, the payment of interest, the determination of the interest rate through auctions, redemption and the payment of principal.

Payments will be made on the Settlement Date, which is expected to be December 29, 2008, the third New York City business day following the Expiration Time, for all Senior Series 1998-B Auction Rate Bonds validly tendered before the Expiration Time and accepted for payment by MHEAC in accordance with the procedures set forth herein. If the Offer is not consummated, no such payments will be made. Notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for Senior Series 1998-B Auction Rate Bonds validly tendered and accepted for payment pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or MHEAC's waiver of the Conditions.

Tenders of Senior Series 1998-B Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not occurred. In addition, tendered Senior Series 1998-B Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1998-B Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, Senior Series 1998-B Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders. MHEAC and its affiliates reserve the right to acquire any Senior Series 1998-B Auction Rate Bonds that remain outstanding following termination or expiration of the Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than any Price (as defined below) to be paid pursuant to the Offer and could be for cash or other consideration.

The Offer is not conditioned on any minimum amount of Senior Series 1998-B Auction Rate Bonds being tendered. However, MHEAC's obligation to accept for payment and to pay for Senior Series 1998-B Auction Rate Bonds validly tendered pursuant to the Offer is conditioned upon satisfaction of or MHEAC's waiver of the Conditions, as set forth in "Terms of the Offer — Conditions to the Offer." Subject to applicable securities laws and the terms set forth in the Offer, MHEAC reserves the right, before the Expiration Time, (i) to waive any and all Conditions, (ii) to terminate the Offer, (iii) to extend the Expiration Time, (iv) to increase the Maximum Aggregate Tender Offer Consideration or (v) otherwise to amend the Offer in any respect. The rights reserved by MHEAC in this paragraph are in addition to MHEAC's rights to terminate the Offer described in "Terms of the Offer — Conditions to the Offer."

Any extension, amendment or termination of the Offer will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension of the Offer to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Time. Without limiting the manner in which any public announcement may be made, MHEAC intends to make any such public announcement by issuing a press release to PR Newswire or other similar media service and will have no further obligation to publish, advertise or otherwise communicate any such public announcement.

If MHEAC makes a material change in the terms of the Offer or the information concerning the Offer, MHEAC will disseminate additional offering materials and extend the Offer to the extent required by applicable law.

None of MHEAC, its affiliates, the Trustee, GTBF, the Depositary or the Information Agent makes any recommendation as to whether Holders should tender their Senior Series 1998-B Auction Rate Bonds pursuant to the Offer. Holders must make their own decisions with regard to tendering Senior Series 1998-B Auction Rate Bonds.

Acceptance for Payment and Payment for Senior Series 1998-B Auction Rate Bonds

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment) and applicable law, MHEAC will purchase and, on the Settlement Date, will pay for, all Senior Series 1998-B Auction Rate Bonds validly tendered and accepted for payment pursuant to the Offer. For purposes of the Offer, tendered Senior Series 1998-B Auction Rate Bonds will be deemed to have been accepted for payment, if, as and when MHEAC gives oral or written notice thereof to the Depository. Such payment shall be made by the deposit of the Tender Offer Consideration for all tendered Senior Series 1998-B Auction Rate Bonds accepted for payment in immediately available funds by MHEAC on the Settlement Date with DTC, which will act as agent for tendering Holders for the purpose of receiving payment from MHEAC and transmitting such payment to tendering Holders. Under no circumstances will interest on the Tender Offer Consideration be paid by MHEAC by reason of any delay in the transmission of funds to Holders by DTC. MHEAC expressly reserves the right, in its sole discretion and subject, to the extent (if any) applicable, to Rule 14e-1(c) under the Securities Exchange Act of 1934 (the “Exchange Act”), to delay acceptance for payment of or payment for Senior Series 1998-B Auction Rate Bonds in order to comply, in whole or in part, with any applicable law or any other condition. See “Terms of the Offer — Conditions to the Offer.” In all cases, payment by DTC to Holders or beneficial owners of the Tender Offer Consideration for Senior Series 1998-B Auction Rate Bonds purchased pursuant to the Offer will be made only after receipt by the Depository of (i) timely confirmation of a book-entry transfer of such Senior Series 1998-B Auction Rate Bonds into the Depository’s account at DTC pursuant to the procedures set forth in “Terms of the Offer — Procedure for Tendering Senior Series 1998-B Auction Rate Bonds,” (ii) a properly completed and duly executed Letter of Transmittal (or manually signed facsimile thereof) or a properly transmitted Agent’s Message (as defined below) through ATOP and (iii) any other documents required by the Letter of Transmittal.

Except as set forth in the Instruction 7 of the Letter of Transmittal, tendering Holders will not be obligated to pay transfer taxes on the purchase of Senior Series 1998-B Auction Rate Bonds pursuant to the Offer. If Senior Series 1998-B Auction Rate Bonds are held through a broker, dealer, custodian bank, depository, trust company or other nominee, the related beneficial owner should contact such broker, dealer, custodian bank, depository, trust company or other nominee to determine whether a fee will be charged by such broker or bank to tender such Senior Series 1998-B Auction Rate Bonds.

Procedure for Tendering Senior Series 1998-B Auction Rate Bonds

The tender of Senior Series 1998-B Auction Rate Bonds pursuant to the Offer and in accordance with the procedures described below will constitute a valid tender of Senior Series 1998-B Auction Rate Bonds.

The method of delivery of Senior Series 1998-B Auction Rate Bonds and Letters of Transmittal, any required signature guarantees and all other required documents, including delivery through DTC and any acceptance of an Agent’s Message transmitted through ATOP, is at the election and risk of the person tendering Senior Series 1998-B Auction Rate Bonds and delivering Letters of Transmittal or transmitting an Agent’s Message and, except as otherwise provided in the Letter of Transmittal, delivery will be deemed made only when actually received by the Depository. If delivery is made by mail, it is suggested that Holders use properly insured, registered mail with return receipt requested, and that the mailing be made sufficiently in advance of the Expiration Time to permit delivery to the Depository on or before the Expiration Time. Manually signed facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. Tenders not received by the Depository at or prior to the Expiration Time will be disregarded and deemed not validly tendered.

Valid Tender. The tender by a Holder of Senior Series 1998-B Auction Rate Bonds in accordance with the Auction Process set forth below under the heading “—*The Auction Process*” and pursuant to one of the procedures set forth below will constitute a binding agreement between such Holder and MHEAC in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

Only Holders are authorized to tender Senior Series 1998-B Auction Rate Bonds. The procedures by which beneficial owners may instruct their related Holders to tender the applicable Senior Series 1998-B Auction Rate Bonds will depend upon the manner in which the Senior Series 1998-B Auction Rate Bonds are held.

Holders that tender any of their Senior Series 1998-B Auction Rate Bonds before the Expiration Time and have such tendered Senior Series 1998-B Auction Rate Bonds accepted for payment by MHEAC in accordance with the Auction Process will receive the Tender Offer Consideration subject to the terms and conditions set forth in the Offer. Notwithstanding any other provision hereof, payment of the Tender Offer Consideration for Senior Series 1998-B Auction Rate Bonds tendered and accepted for payment pursuant to the Offer will, in all cases, be made only after timely receipt (i.e., before the Expiration Time) by the Depository of a Book-Entry Confirmation (as defined below) of the transfer of such Senior Series 1998-B Auction Rate Bonds into the Depository’s account at DTC as described above, and a Letter of Transmittal (or manually signed facsimile thereof) with respect to such Senior Series 1998-B Auction Rate Bonds, properly completed and duly executed, with any required signature guarantees and any other documents required by the Letter of Transmittal, or a properly transmitted Agent’s Message (as defined below).

The Auction Process. Validly tendered Senior Series 1998-B Auction Rate Bonds will be accepted for payment subject to, and at prices determined pursuant to, an auction process (the “Auction Process”). Under the Auction Process, each registered owner of Senior Series 1998-B Auction Rate Bonds (a “Holder”) desiring to tender Senior Series 1998-B Auction Rate Bonds must, prior to the Expiration Time, specify the price or prices (in integral multiples of \$100.00) (each, a “Price”), not to exceed \$90,000.00 (90% of the par value), and not to be less than \$80,000.00 (80% of the par value), for each \$100,000.00 principal amount of Senior Series 1998-B Auction Rate Bonds, at which such Holder is willing to sell its Senior Series 1998-B Auction Rate Bonds and the aggregate principal amount of Senior Series 1998-B Auction Rate Bonds (in integral multiples of \$100,000.00) it is willing to sell at each such Price (the “Tendered Amount”). Otherwise valid tenders which specify a price less than \$80,000.00 (80% of the par value), for each \$100,000.00 principal amount of Senior Series 1998-B Auction Rate Bonds shall be deemed to have specified a price of \$80,000.00 (80% of the par value), for each \$100,000.00 principal amount of Senior Series 1998-B Auction Rate Bonds. Promptly following the Expiration Time, upon the terms and subject to the conditions of the Offer, Senior Series 1998-B Auction Rate Bonds validly tendered at the lowest Price will be accepted first and Tendered Amounts will continue to be accepted at the related Prices in ascending order of such Prices up to the Maximum Aggregate Tender Offer Consideration as described below. No tenders of Senior Series 1998-B Auction Rate Bonds submitted after the Expiration Time will be valid.

If validly tendered Senior Series 1998-B Auction Rate Bonds are accepted for payment in accordance with the Auction Process, MHEAC will pay a total cash consideration for each \$100,000.00 principal amount of such accepted Senior Series 1998-B Auction Rate Bonds equal to the Price at which such Senior Series 1998-B Auction Rate Bonds were accepted for payment *plus* accrued and unpaid interest on the principal amount thereof from the last applicable interest payment date to, but not including, the Settlement Date (the “Tender Offer Consideration”). The “Settlement Date” in respect of any tendered Senior Series 1998-B Auction Rate Bonds that are accepted for payment is expected to be the third New York City business day following the Expiration Time.

MHEAC will only purchase the maximum principal amount of Senior Series 1998-B Auction Rate Bonds that may be accepted without causing the aggregate Tender Offer Consideration (excluding

accrued interest which will be payable as part of the purchase price) to exceed the Maximum Aggregate Tender Offer Consideration. If multiple Holders have tendered at the highest Price at which Senior Series 1998-B Auction Rate Bonds are to be accepted, MHEAC will first attempt to accept for payment such Tendered Amounts on a pro rata basis (based on the principal amount tendered at such Price), and if MHEAC is unable to make such pro rata allocation because its remaining available funds are insufficient to purchase the principal amount of such Tendered Amounts in an integral multiple of \$100,000.00, then MHEAC, in its sole discretion, will determine which Tendered Amounts shall be accepted for payment. All such determinations and allocations will be final and binding.

All tenders of Senior Series 1998-B Auction Rate Bonds shall be made in minimum denominations of \$100,000.00 or integral multiples thereof. Tenders of Senior Series 1998-B Auction Rate Bonds submitted in any other amount will be rounded down to the next integral multiple of \$100,000.00.

Following the Expiration Time or the date on which the Offer is terminated, any validly tendered Senior Series 1998-B Auction Rate Bonds not accepted for payment will be promptly returned to the tendering Holders.

In accordance with the Letter of Transmittal, a Holder may tender different portions of the principal amount of its Senior Series 1998-B Auction Rate Bonds at different Prices; however, a Holder may not specify Prices for an aggregate principal amount of Senior Series 1998-B Auction Rate Bonds in excess of the aggregate principal amount of Senior Series 1998-B Auction Rate Bonds held by such Holder. The same portion of Senior Series 1998-B Auction Rate Bonds cannot be tendered at more than one Price. To tender Senior Series 1998-B Auction Rate Bonds validly, each Price must be for a portion equal to \$100,000.00 principal amount of such Senior Series 1998-B Auction Rate Bonds or integral multiples thereof. A Holder who wishes to tender different portions of its Senior Series 1998-B Auction Rate Bonds at more than one Price must complete a separate Letter of Transmittal or transmit a separate Agent's Message through ATOP for each Price at which the related portion of Senior Series 1998-B Auction Rate Bonds is being tendered. In case of withdrawal, Holders who tendered portions of their Senior Series 1998-B Auction Rate Bonds at multiple Prices pursuant to multiple Letters of Transmittal or Agent's Messages must comply with the procedures set forth under the heading "*No Withdrawal of Tenders*" with respect to each Letter of Transmittal or Agent's Message and the related Tendered Amount.

All validly tendered Senior Series 1998-B Auction Rate Bonds that are purchased pursuant to the Offer will be retired in accordance with the terms of the Indenture.

Tender of Senior Series 1998-B Auction Rate Bonds Held Through a Custodian. To effectively tender Senior Series 1998-B Auction Rate Bonds that are held of record by a broker, dealer, custodian bank, depository, trust company or other nominee, the beneficial owner thereof must instruct such custodian to tender Senior Series 1998-B Auction Rate Bonds on the beneficial owner's behalf. The Letter of Transmittal included in the materials provided with this Statement may be used by a beneficial owner in this process to effect the tender. Any beneficial owner of Senior Series 1998-B Auction Rate Bonds held of record by DTC or its nominee, through authority granted by DTC, may direct the DTC participant through which such beneficial owner's Senior Series 1998-B Auction Rate Bonds are held in DTC to tender, on such beneficial owner's behalf, the Senior Series 1998-B Auction Rate Bonds beneficially owned by such beneficial owner.

Tender of Bonds Held Through DTC. To effectively tender Senior Series 1998-B Auction Rate Bonds that are held through DTC, DTC participants should electronically transmit their acceptance through ATOP (and thereby tender Senior Series 1998-B Auction Rate Bonds), for which the transaction will be eligible, followed by a properly completed and duly executed Letter of Transmittal or transmitted Agent's Message delivered to the Depository. Upon receipt of such Holder's acceptance through ATOP, DTC will edit and verify the acceptance and send an Agent's Message to the Depository for its acceptance. Delivery

of tendered Senior Series 1998-B Auction Rate Bonds must be made to the Depository pursuant to the book-entry delivery procedures set forth below.

Except as provided below, unless the Senior Series 1998-B Auction Rate Bonds being tendered are deposited with the Depository before the Expiration Time (accompanied by a properly completed and duly executed Letter of Transmittal or a properly transmitted Agent's Message, as applicable), MHEAC may, in its sole discretion, treat such tender as defective for purposes of the right to receive the Tender Offer Consideration. Payment for Senior Series 1998-B Auction Rate Bonds will be made only against deposit of the tendered Senior Series 1998-B Auction Rate Bonds and delivery of all other required documents.

In order to validly tender Senior Series 1998-B Auction Rate Bonds before the Expiration Time with respect to Senior Series 1998-B Auction Rate Bonds transferred pursuant to ATOP, a DTC participant using ATOP must also properly transmit an Agent's Message. Pursuant to authority granted by DTC, any DTC participant which has Senior Series 1998-B Auction Rate Bonds credited to its DTC account at any time (and thereby held of record by DTC's nominee) may directly instruct the Depository to tender Senior Series 1998-B Auction Rate Bonds before 5:00 p.m., New York City time, on the Expiration Time as though it were the registered Holder thereof by transmitting an Agent's Message.

Book-Entry Delivery Procedures. The Depository will establish an account with respect to the Senior Series 1998-B Auction Rate Bonds at DTC for purposes of the Offer within two business days after the date of this Statement, and any financial institution that is a participant in DTC may make book-entry delivery of Senior Series 1998-B Auction Rate Bonds by causing DTC to transfer such Senior Series 1998-B Auction Rate Bonds into such account in accordance with DTC's procedures for such transfer. However, although delivery of Senior Series 1998-B Auction Rate Bonds may be effected through book-entry transfer into the Depository's account at DTC, the Letter of Transmittal (or manually signed facsimile thereof), with any required signature guarantees or an Agent's Message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the Depository at its address set forth on the back cover of this Statement on or before the Expiration Time. Delivery of documents to DTC does not constitute delivery to the Depository. The confirmation of a book-entry transfer into the Depository's account at DTC as described above is referred to herein as a "Book-Entry Confirmation."

The term "Agent's Message" means a message transmitted by DTC to, and received by, the Depository and forming a part of the Book-Entry Confirmation, which states that DTC has received an express acknowledgment from the participant in DTC tendering Senior Series 1998-B Auction Rate Bonds and that such participant has received this Statement and the Letter of Transmittal and agrees to be bound by the terms of this Statement and the Letter of Transmittal and MHEAC may enforce such agreements against such participant.

Signature Guarantees. Signatures on all Letters of Transmittal must be guaranteed by a recognized participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchange Medallion Program (a "Medallion Signature Guarantor"), unless the Senior Series 1998-B Auction Rate Bonds tendered thereby are tendered (i) by a registered Holder of Senior Series 1998-B Auction Rate Bonds (or by a participant in DTC whose name appears on a security position listing as the owner of such Senior Series 1998-B Auction Rate Bonds) that has not completed the box marked "Special Issuance Instructions" or the box marked "Special Delivery Instructions" in the Letter of Transmittal, or (ii) for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office or correspondent in the United States. See Instruction 4 of the Letter of Transmittal. If the Senior Series 1998-B Auction Rate Bonds are registered in the name of a person other than the signer of the Letter of Transmittal, then the signatures on the Letter of Transmittal accompanying the tendered Senior Series 1998-B Auction Rate

Bonds must be guaranteed by a Medallion Signature Guarantor as described above. See Instructions 1 and 4 of the Letter of Transmittal.

Backup Withholding. To prevent backup U.S. federal income tax withholding, each tendering Holder of Senior Series 1998-B Auction Rate Bonds generally must provide the Depository with such Holder's correct taxpayer identification number and certify that such Holder is not subject to backup U.S. federal income tax withholding by completing the Substitute Form W-9, included in the Letter of Transmittal, or the appropriate Form W-8BEN, as applicable. For a discussion of the U.S. federal income tax considerations relating to backup withholding, see "Important United States Federal Income Tax Considerations for Holders — Backup Withholding and Information Reporting."

Determination of Validity. No tender shall be deemed to have been validly made until all defects or irregularities in such tender have been cured or waived. All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tendered Senior Series 1998-B Auction Rate Bonds pursuant to any of the procedures described above will be determined by MHEAC in its sole discretion, which determination shall be final and binding. MHEAC reserves the absolute right to reject any or all tenders of any Senior Series 1998-B Auction Rate Bonds determined by it not to be in proper form or if the acceptance for payment of, or payment for, such Senior Series 1998-B Auction Rate Bonds may, based on the advice of MHEAC's counsel, be unlawful. MHEAC also reserves the absolute right, in its sole discretion, to waive any of the conditions of the Offer or any defect or irregularity in any tender with respect to Senior Series 1998-B Auction Rate Bonds of any particular Holder, whether or not similar defects or irregularities are waived in the case of other Holders. MHEAC's interpretation of the terms and conditions of the Offer will be final and binding. None of MHEAC, its affiliates, GTBF, the Depository, the Information Agent, the Trustee or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification. If MHEAC waives its right to reject a defective tender of Senior Series 1998-B Auction Rate Bonds that would have been accepted through the Auction Process in the absence of the related defect, the Holder will be entitled to the Tender Offer Consideration.

No Withdrawal of Tenders

Tenders of Senior Series 1998-B Auction Rate Bonds may not be withdrawn unless 60 days have passed since the commencement of the Offer and the Expiration Time has not yet occurred. Also, tendered Senior Series 1998-B Auction Rate Bonds may be validly withdrawn if the Offer is terminated without any Senior Series 1998-B Auction Rate Bonds being purchased thereunder. In the event of a termination of the Offer, the Senior Series 1998-B Auction Rate Bonds tendered pursuant to the Offer will be promptly returned to the tendering Holders.

Any notice of withdrawal must (i) specify the name of the person that tendered the Senior Series 1998-B Auction Rate Bonds to be withdrawn, (ii) contain the description of the Senior Series 1998-B Auction Rate Bonds to be withdrawn and the aggregate principal amount represented by such Senior Series 1998-B Auction Rate Bonds and (iii) be signed by the Holder of such Senior Series 1998-B Auction Rate Bonds in the same manner as the original signature on the Letter of Transmittal by which such Senior Series 1998-B Auction Rate Bonds were tendered (including any required signature guarantees), if any, or be accompanied by (x) documents of transfer sufficient to have the Trustee register the transfer of the Senior Series 1998-B Auction Rate Bonds into the name of the person withdrawing such Senior Series 1998-B Auction Rate Bonds and (y) a properly completed irrevocable proxy that authorized such person to effect such withdrawal on behalf of such Holder. In addition, for Senior Series 1998-B Auction Rate Bonds tendered through DTC, the notice of withdrawal must also specify the name and number of the account at DTC to be credited with the withdrawn Senior Series 1998-B Auction Rate Bonds. If the Senior Series 1998-B Auction Rate Bonds to be withdrawn have been delivered or otherwise identified to the Depository, a signed notice of withdrawal is effective immediately upon written or facsimile notice of

withdrawal even if physical release is not yet effected by the Depository. Any Senior Series 1998-B Auction Rate Bonds properly withdrawn will be deemed to be not validly tendered for purposes of the Offer.

Any Holder who tendered different portions of the principal amount of its Senior Series 1998-B Auction Rate Bonds at different Prices as discussed above under the heading “—*Procedure for Tendering Senior Series 1998-B Auction Rate Bonds—The Auction Process*” must deliver a separate notice of withdrawal for each Letter of Transmittal or Agent’s Message, as applicable, and related Tendered Amount with respect to which such Holder intends to withdraw its tender.

Any Holder who validly withdraws a prior tender of its Senior Series 1998-B Auction Rate Bonds may tender such Senior Series 1998-B Auction Rate Bonds again, prior to the Expiration Time and otherwise pursuant to the terms of the Offer as if the withdrawn tender had not been made.

Withdrawals of Senior Series 1998-B Auction Rate Bonds can be accomplished only in accordance with the foregoing procedures.

All questions as to the validity (including time of receipt) of notices of withdrawal will be determined by MHEAC in its sole discretion, which determination shall be final and binding. None of MHEAC, its affiliates, the Depository, GTBF, the Trustee, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal, or incur any liability for failure to give any such notification.

Conditions to the Offer

The Offer is not conditioned on any minimum principal amount of Senior Series 1998-B Auction Rate Bonds being tendered in the Offer. Notwithstanding any other provision of the Offer and in addition to (and not in limitation of) MHEAC’s rights to extend, amend or terminate the Offer, MHEAC shall not be required to accept for payment, purchase or pay for, and may delay the acceptance for payment of, any tendered Senior Series 1998-B Auction Rate Bonds, in each event subject, to the extent (if any) applicable, to Rule 14e-1(c) under the Exchange Act, and may terminate the Offer, if immediately prior to the expiration of the Offer, any of the following (collectively, the “Conditions”) has occurred (or are determined by MHEAC to have occurred):

- (a) there has been instituted or threatened or is pending any action or proceeding (or there shall have been any material adverse development to any action or proceeding currently instituted, threatened or pending) before or by any court, governmental, regulatory or administrative agency or instrumentality, or by any other person, in connection with the Offer that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer;
- (b) there shall have occurred any development which would, in the reasonable judgment of MHEAC, materially adversely affect the business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects of MHEAC, its subsidiaries or its affiliates;
- (c) an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction has been proposed, enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer;
- (d) there has occurred or is likely to occur (1) any event affecting the business or financial affairs of MHEAC, its subsidiaries or its affiliates that, in the reasonable judgment of MHEAC, would or might challenge, prohibit, prevent, restrict, delay or otherwise affect the consummation of the Offer or otherwise relates in any manner to the Offer, or (2) any legal event which, in the reasonable judgment of MHEAC, is, or is reasonably likely to be, materially adverse to the business,

operations, properties, condition (financial or otherwise), assets, liabilities or prospects of MHEAC, its subsidiaries or its affiliates;

(e) the Trustee shall have objected in any respect to or taken any action that could, in the reasonable judgment of MHEAC, adversely affect the consummation of the Offer or has taken any action that challenges the validity or effectiveness of the procedures used by MHEAC in the making of the Offer or the acceptance for payment of, or payment for, Senior Series 1998-B Auction Rate Bonds;

(f) any approval, permit, favorable review or consent of any third party required to be obtained in connection with the Offer shall not have been obtained on terms satisfactory to MHEAC in its sole discretion; or

(g) there has occurred, in the reasonable judgment of MHEAC, (1) any general suspension of, or limitation on prices for, trading in securities in the United States or other major securities or financial markets, (2) any significant change in the price of the Senior Series 1998-B Auction Rate Bonds since the commencement of the Offer, (3) a material impairment in the trading market for debt securities, (4) a declaration of a banking moratorium or any suspension of payments in respect to banks in the United States or other major financial markets, (5) any limitation (whether or not mandatory) by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, or other event that, in the reasonable judgment of MHEAC, might affect the extension of credit by banks or other lending institutions, (6) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States, (7) any change in the general political, market, economic or financial condition in the United States or internationally that in the reasonable judgment of MHEAC is likely to materially and adversely affect it or trading in the Senior Series 1998-B Auction Rate Bonds or (8) in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof.

If any of the above events occur (or are deemed by MHEAC to have occurred), MHEAC may, in its sole discretion:

- terminate the Offer and promptly return all validly tendered Senior Series 1998-B Auction Rate Bonds to the Holders;
- extend the Offer and, subject to any withdrawal rights, retain all validly tendered Senior Series 1998-B Auction Rate Bonds until the extended Offer expires;
- amend the terms of the Offer; or
- waive any unsatisfied condition and, subject to any requirement to extend the period of time during which the Offer is open, complete the Offer.

The foregoing conditions are for the sole benefit of MHEAC and may be asserted by MHEAC regardless of the circumstances giving rise to any such condition (including any action or inaction by MHEAC) and may be waived by MHEAC, in whole or in part, at any time and from time to time prior to the Expiration Time, in the sole discretion of MHEAC. Any determination by MHEAC concerning the events described above will be final and binding on all parties. Notwithstanding any other provision of the Offer, MHEAC's obligations to accept for payment and to pay the Tender Offer Consideration for the Senior Series 1998-B Auction Rate Bonds validly tendered pursuant to the Offer is subject to, and conditioned upon, the satisfaction of or MHEAC's waiver of, all of the Conditions. The failure by MHEAC at any time to exercise any of the foregoing rights will not be deemed a waiver of any other right and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

CERTAIN SIGNIFICANT CONSEQUENCES TO NON-TENDERING HOLDERS

In deciding whether to participate in the Offer, each Holder should consider carefully, in addition to other information contained in this Statement, the following:

No Current Active Trading Market; Possible Effects of the Offer on the Future Trading Market for Senior Series 1998-B Auction Rate Bonds

To the knowledge of MHEAC, in recent months, there has not been an active trading market for the Senior Series 1998-B Auction Rate Bonds. As discussed in “Terms of the Offer—Procedure for Tendering Senior Series 1998-B Auction Rate Bonds—The Auction Process” above, any Senior Series 1998-B Auction Rate Bonds acquired by MHEAC will no longer be outstanding pursuant to the Indenture and, thus, will not participate in future auctions. Therefore, to the extent that not all of the Senior Series 1998-B Auction Rate Bonds are tendered and purchased pursuant to the Offer, the trading market for the non-tendered Senior Series 1998-B Auction Rate Bonds may become even more limited. A bid for a debt security with a smaller outstanding principal amount available for trading (a smaller “float”) may be lower than a bid for a comparable debt security with a larger float. Therefore, the market price of the Senior Series 1998-B Auction Rate Bonds not tendered and accepted for purchase in the Offer may be affected adversely to the extent that the float will be reduced by the amount of Senior Series 1998-B Auction Rate Bonds tendered and purchased pursuant to the Offer. The reduced float may also tend to make the trading price more volatile. Holders of non-tendered Senior Series 1998-B Auction Rate Bonds may attempt to obtain quotations for the Senior Series 1998-B Auction Rate Bonds from their brokers; however, there can be no assurance that an active trading market will exist for the Senior Series 1998-B Auction Rate Bonds following the Offer and no assurance as to the prices at which the Auction Rate Bonds may trade following the Offer. In addition, to the extent any Senior Series 1998-B Auction Rate Bonds of a series are tendered and purchased pursuant to the Offer, the aggregate principal amount of Senior Series 1998-B Auction Rate Bonds participating in future auctions will decrease. The interest rate of the non-tendered Senior Series 1998-B Auction Rate Bonds will continue to be determined pursuant to auctions, which will continue to be governed by the terms of the Indenture. The extent of the market for the Senior Series 1998-B Auction Rate Bonds following consummation of the Offer would depend upon the number of Holders remaining at such time, the aggregate principal amount of Senior Series 1998-B Auction Rate Bonds outstanding, the interest in maintaining a market in the Senior Series 1998-B Auction Rate Bonds on the part of broker-dealers and other factors.

No Assurance of Liquidity Prior to Maturity Date

Although MHEAC may consider making subsequent tender offers for its Senior Series 1998-B Auction Rate Bonds, MHEAC cannot provide any assurances that it will purchase or otherwise provide any similar opportunity for the owners of the Senior Series 1998-B Auction Rate Bonds to gain liquidity with respect to the Senior Series 1998-B Auction Rate Bonds not purchased pursuant to the Offer, either through open market purchases, private negotiated transactions, subsequent tender offers, exchange offers or otherwise. There is no assurance that a trading market for Senior Series 1998-B Auction Rate Bonds not purchased pursuant to the Offer will exist, and, even if a trading market were to exist, there is no assurance as to the trading prices for the Senior Series 1998-B Auction Rate Bonds, which may be higher or lower than the price for which a Holder may tender its Senior Series 1998-B Auction Rate Bonds in the Offer.

MHEAC May Make Subsequent Tender Offers on Different Terms

MHEAC may, from time to time, make additional tender offers for Senior Series 1998-B Auction Rate Bonds. Such subsequent tender offers, if any, may be on terms that are either more or less favorable

to Holders of Senior Series 1998-B Auction Rate Bonds than the terms of the Offer. The decision to make a subsequent tender offer, and the terms of any subsequent tender offers, by MHEAC will depend on various factors existing at that time. There can be no assurance as to whether MHEAC will ultimately choose to make, or whether market conditions will be satisfactory for the making of, subsequent tender offers, and the terms of such subsequent tender offers.

CERTAIN SIGNIFICANT CONSEQUENCES TO TENDERING HOLDERS

In deciding whether to participate in the Offer, each Holder should consider carefully, in addition to other information contained in this Statement, the following:

The Market for Senior Series 1998-B Auction Rate Bonds May Recover and Yield Higher Prices than Available in the Offer

As described above under “Purpose of the Offer,” the market for auction rate securities has suffered unprecedented liquidity problems. If the market for auction rate securities should improve from its current condition, the liquidity and marketability of the Senior Series 1998-B Auction Rate Bonds following such a market recovery may yield a greater price than what may be obtained pursuant to the Offer. The market for auction rate securities could improve for several reasons, including possible governmental action by the United States or other jurisdiction to establish a secondary market in auction rate securities; however, there can be no assurance whether the market for Senior Series 1998-B Auction Rate Bonds will improve. It is possible that recent or future actions by federal, state or local legislative or regulatory bodies could result in greater liquidity and/or higher prices for auction rate securities. MHEAC is unable to predict whether any recent or future actions of any legislative or regulatory body will result in greater liquidity and/or higher prices for auction rate securities.

Tendered Senior Series 1998-B Auction Rate Bonds are Being Purchased at a Discount

The purchase price for any Senior Series 1998-B Auction Rate Bonds validly tendered and accepted for payment in this Offer is capped at 90% of the par value. As a result, the price paid in this Offer to any Holder for any of its Senior Series 1998-B Auction Rate Bonds that are validly tendered and accepted for payment may be less than the price such Holders originally paid for their Senior Series 1998-B Auction Rate Bonds. Additionally, by tendering its Senior Series 1998-B Auction Rate Bonds in the Offer, a Holder may recover less of its invested principal amount than if such Holder were to hold such tendered Senior Series 1998-B Auction Rate Bonds to their final maturity on September 1, 2033.

Holders of the Senior Series 1998-B Auction Rate Bonds Are Entitled to Receive Par Value at Maturity of the Senior Series 1998-B Auction Rate Bonds on September 1, 2033

Holders of Senior Series 1998-B Auction Rate Bonds will be entitled to receive 100% of par value, plus accrued and unpaid interest at maturity on September 1, 2033. The Corporation anticipates that Senior Series 1998-B Auction Rate Bonds which are not purchased by the Corporation prior to maturity will be paid in full at maturity.

MHEAC May Later Purchase Additional Senior Series 1998-B Auction Rate Bonds at More Favorable Prices

The Tender Offer Consideration (excluding accrued interest which will be payable as part of the purchase price) to be paid for all Tendered Amounts of Senior Series 1998-B Auction Rate Bonds accepted for payment is limited to the Maximum Aggregate Tender Offer Consideration. As a result, it is highly unlikely that all of the outstanding principal amount of the Senior Series 1998-B Auction Rate

Bonds will be purchased pursuant to the Offer. MHEAC and its affiliates reserve the right to, and may in the future decide to, acquire some or all of the Senior Series 1998-B Auction Rate Bonds not purchased pursuant to the Offer through open market purchases, privately negotiated transactions, subsequent tender offers, exchange offers or otherwise, upon such terms and at such prices as they may determine, which may be more or less than the Price paid pursuant to the Offer and could be for cash or other consideration. Additionally, MHEAC may issue obligations secured by student loans and its other property and use the proceeds of such issuance to redeem Senior Series 1998-B Auction Rate Bonds at par value. Any future purchase may be on the same terms or on terms that are more or less favorable to Holders of Senior Series 1998-B Auction Rate Bonds than the terms of the Offer. The decision to make future purchases by MHEAC or its affiliates, and the terms of such future purchases, will depend on various factors existing at that time. There can be no assurance as to which of these alternatives, if any, MHEAC or its affiliates, as applicable, will ultimately choose to pursue in the future.

Tendering Holders May Receive Different Prices for Similar Senior Series 1998-B Auction Rate Bonds

Because MHEAC is accepting for purchase Senior Series 1998-B Auction Rate Bonds validly tendered in ascending order, from the lowest to highest Price, Holders whose Senior Series 1998-B Auction Rate Bonds were accepted for payment at a lower Price will receive that lower Price and less Tender Offer Consideration than Holders whose Senior Series 1998-B Auction Rate Bonds were accepted for payment at a higher Price. Holders should take this into account when submitting a Price for their Senior Series 1998-B Auction Rate Bonds in accordance with the Auction Process.

MHEAC Has Limited Available Funds and May Not be Able to Purchase All Validly Tendered Senior Series 1998-B Auction Rate Bonds

MHEAC has not made any special arrangements to establish any standby credit facility or other source of funds to use for purposes of making payments of the Tender Offer Consideration with respect to any Senior Series 1998-B Auction Rate Bonds validly tendered and accepted for payment pursuant to this Offer. Funds currently held as part of the trust estate under the Indenture will be used to pay the Tender Offer Consideration. The Corporation may also use funds received prior to the Expiration Date and/or general funds of the Corporation to pay the Tender Offer Consideration. These funds may not be adequate to purchase all of the validly tendered Senior Series 1998-B Auction Rate Bonds.

Holders That Tender Senior Series 1998-B Auction Rate Bonds Will Not Be Permitted to Participate in Auctions

As described above under “Terms of the Offer—General,” any Holder of a Senior Series 1998-B Auction Rate Bond that tenders Senior Series 1998-B Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1998-B Auction Rate Bonds in the auction occurring on the Subject Auction Date. It is possible that such Holder would receive a higher price for its Senior Series 1998-B Auction Rate Bonds by selling its Senior Series 1998-B Auction Rate Bonds in the auction occurring on Subject Auction Date than such Holder would receive pursuant to the Offer. Therefore, if you wish to participate in any auction for your Senior Series 1998-B Auction Rate Bonds prior to the Expiration Time, you should not tender your Senior Series 1998-B Auction Rate Bonds prior to the Subject Auction Date. After the Settlement Date, any validly tendered Senior Series 1998-B Auction Rate Bonds that are not purchased in the Offer will be able to participate in future auctions.

Interest May Accrue at the All-Hold Rate

As described above under “Terms of the Offer—General,” any Holder of a Senior Series 1998-B Auction Rate Bond that tenders Senior Series 1998-B Auction Rate Bonds prior to the Subject Auction Date for the applicable series will not be permitted to sell its Senior Series 1998-B Auction Rate Bonds in connection with the Subject Auction Date and, therefore, will be deemed to have submitted a hold order. If all of the Senior Series 1998-B Auction Rate Bonds are tendered prior to the Subject Auction Date, the interest rate on the Senior Series 1998-B Auction Rate Bonds, from such Subject Auction Date until the Settlement Date will be the All-Hold rate provided in the Indenture.

Conditions to the Consummation of the Offer and Related Risks

Each of the Conditions of the Offer is described in more detail above under the heading “Terms of the Offer—Conditions to the Offer.” There can be no assurance that such conditions will be met, or that in the event the Offer is not consummated, the market value and liquidity of the Senior Series 1998-B Auction Rate Bonds will not be materially and adversely affected.

IMPORTANT UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR HOLDERS

The following discussion is a summary of the important United States federal income tax consequences to Holders from the sale of Senior Series 1998-B Auction Rate Bonds to MHEAC pursuant to the Offer. **This summary is for general information only and is not legal or tax advice. The following discussion is not intended to be a complete analysis or description of all potential U.S. Federal income tax considerations or any other considerations of the sale of Senior Series 1998-B Auction Rate Bonds pursuant to the Offer. Thus, Holders are urged to consult their own tax advisors as to the specific tax consequences of the Offer to them, including tax return reporting requirements, the applicability and effect of federal, state and local, foreign and other applicable tax laws and the effect of any proposed changes in the tax laws.**

This discussion:

- does not purport to be a complete analysis of all the potential tax consequences that may be important to a Holder based on the Holder’s particular tax situation;
- is based on the current provisions of the United States Internal Revenue Code of 1986, as amended, which we refer to as the “Internal Revenue Code”, the existing applicable United States federal income tax regulations promulgated or proposed under the Internal Revenue

Code, which we refer to as the “Treasury Regulations,” judicial authority and current administrative rulings and practice, all of which are subject to change, possibly with retroactive effect, and which are subject to differing interpretations;

- is applicable only to Holders who:
 - are beneficial owners of Senior Series 1998-B Auction Rate Bonds; and
 - hold Senior Series 1998-B Auction Rate Bonds as capital assets for United States federal income tax purposes;
- does not describe all of the United States federal income tax consequences that may be relevant to Holders in light of their particular circumstances or to Holders subject to special rules, such as:
 - banks, thrifts, regulated investment companies or other financial institutions;
 - insurance companies;
 - tax-exempt entities;
 - pension funds;
 - brokers, dealers and certain traders in securities or foreign currency, or traders that elect to mark-to-market their securities;
 - persons holding Senior Series 1998-B Auction Rate Bonds as part of a position in a constructive sale transaction, “straddle,” “hedge,” “conversion” or other risk reduction or integrated transaction for United States federal income tax purposes;
 - individuals subject to special rules as a result of the termination of their United States citizenship or residency;
 - Holders subject to the alternative minimum tax;
 - corporations that accumulate earnings in order to avoid United States federal income tax;
 - U.S. Holders (as defined below) that have a functional currency that is not the United States dollar;
 - Non-U.S. Holders (as defined below) subject to special rules under the Internal Revenue Code, such as “controlled foreign corporations” and “passive foreign investment companies”; and
 - partnerships and other pass-through entities for United States federal income tax purposes that hold Senior Series 1998-B Auction Rate Bonds and investors holding interests in such partnerships or pass-through entities;
- does not discuss any possible applicability of any alternative minimum taxes or state, local or non-United States taxes and any United States federal tax other than the income tax, including but not limited to the United States federal gift tax and estate tax; and

- does not discuss any reporting requirements of or other consequences under the Treasury Regulations relating to certain tax shelter transactions.

MHEAC has not sought and will not seek any rulings from the Internal Revenue Service with respect to any matter discussed herein. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any of the tax characterizations and tax consequences set forth below.

As used herein, the term “U.S. Holder” means a beneficial owner of a Senior Series 1998-B Auction Rate Bond that, for United States federal income tax purposes, is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the trust’s administration, and one or more “United States persons” (as defined in section 7701(a)(30) of the Internal Revenue Code) have the authority to control all of the substantial decisions of that trust.

Notwithstanding the preceding sentence, certain electing trusts in existence on August 20, 1996 that were treated as United States persons prior to such date may also be treated as U.S. Holders.

If a partnership, including any entity or arrangement treated as a partnership for United States federal income tax purposes, is a Holder of Senior Series 1998-B Auction Rate Bonds, then the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Persons that are partners of a partnership holding Senior Series 1998-B Auction Rate Bonds should consult their own tax advisors.

The term “Non-U.S. Holder” means any beneficial owner of a Senior Series 1998-B Auction Rate Bond that is neither a U.S. Holder nor a partnership or other entity or arrangement treated as a partnership for United States federal income tax purposes. A Non-U.S. Holder should see the discussion under the heading “—Non-U.S. Holders” below for more information.

Holders considering the sale of Senior Series 1998-B Auction Rate Bonds to MHEAC pursuant to the Offer are urged to consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under the laws pertaining to any other United States federal tax other than the income tax, the laws of any state, local or non-United States taxing jurisdiction and any applicable treaty.

U.S. Holders

Sale of Senior Series 1998-B Auction Rate Bonds to MHEAC pursuant to the Offer

In general, the sale of a Senior Series 1998-B Auction Rate Bond by a U.S. Holder pursuant to the Offer will be a taxable transaction to such U.S. Holder for United States federal income tax purposes. Subject to the market discount rules discussed below, a U.S. Holder selling a Senior Series 1998-B Auction Rate Bond generally will recognize capital gain or loss in an amount equal to the difference between:

- the amount of cash received for such Senior Series 1998-B Auction Rate Bond (other than the portion of such amount that is properly allocable to accrued interest not previously included in income, which will be taxed as ordinary income); and
- the U.S. Holder's adjusted tax basis in the Senior Series 1998-B Auction Rate Bond at the time of sale.

Generally, a U.S. Holder's adjusted tax basis for a Senior Series 1998-B Auction Rate Bond will be equal to such U.S. Holder's original purchase price for the Senior Series 1998-B Auction Rate Bond, increased by any market discount (defined below) previously included in income by such U.S. Holder pursuant to an election to include market discount in gross income currently as it accrues, and reduced by the accrual of any amortizable bond premium which the U.S. Holder has previously elected to deduct from gross income on an annual basis with respect to the Senior Series 1998-B Auction Rate Bond. Any such capital gain or loss will be long-term if the U.S. Holder held the Senior Series 1998-B Auction Rate Bond for more than one year at the time of such sale.

An exception to the capital gain treatment described above may apply to a U.S. Holder that purchased a Senior Series 1998-B Auction Rate Bond at a "market discount." Subject to a statutory *de minimis* exception, generally market discount is the excess of the "face amount" of such Senior Series 1998-B Auction Rate Bond over the U.S. Holder's tax basis in such Senior Series 1998-B Auction Rate Bond immediately after its acquisition by such U.S. Holder. In general, unless the U.S. Holder has elected to include market discount in income currently as it accrues, any gain realized by a U.S. Holder on the sale of a Senior Series 1998-B Auction Rate Bond having market discount in excess of the specified *de minimis* amount will be recognized and treated as ordinary income to the extent of the market discount that accrued (on a straight line basis or, at the election of the U.S. Holder, on a constant interest basis) while such Senior Series 1998-B Auction Rate Bond was held by the U.S. Holder.

Backup Withholding and Information Reporting

In general, information reporting requirements will apply to the payment of the gross proceeds of the Offer to a U.S. Holder of Senior Series 1998-B Auction Rate Bonds, and a U.S. Holder may be subject to backup withholding (currently at a rate of 28%) on the purchase price for Senior Series 1998-B Auction Rate Bonds, including accrued interest, unless such U.S. Holder (i) is a corporation or comes within certain other exempt categories and demonstrates this fact, or (ii) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder may be allowed as a credit against such U.S. Holder's United States federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Non-U.S. Holders

Sale of Senior Series 1998-B Auction Rate Bonds to MHEAC pursuant to the Offer

A Non-U.S. Holder who has provided a Form W-8BEN, generally will not be subject to United States federal income and withholding tax on any gain (or market discount) realized on the sale of a Senior Series 1998-B Auction Rate Bond unless:

- the gain (or market discount) is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (and, in the case of an applicable income tax treaty, is attributable to a permanent establishment of such Non-U.S. Holder); or

- in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the tax year of the disposition and certain other conditions are met.

Additionally, any gain (or market discount) effectively connected with a trade or business within the United States (or under an applicable treaty attributable to a permanent establishment) of a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax.

Backup Withholding and Information Reporting

Treasury Regulations provide that backup withholding will not apply to payments with respect to which either the requisite certification that the Non-U.S. Holder is not a United States person for United States federal income tax purposes has been received (usually on a Form W-8BEN) or an exemption otherwise has been established, provided that neither we nor our paying agent have actual knowledge, or reason to know, that the Non-U.S. Holder is a United States person for United States federal income tax purposes that is not an exempt recipient or that the conditions of any other exemption are not, in fact, satisfied. Information reporting requirements may apply with respect to payments in respect of accrued interest on Senior Series 1998-B Auction Rate Bonds, in which event the amount of interest paid and tax withheld (if any) with respect to each Non-U.S. Holder will be reported annually to the Internal Revenue Service.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a Non-U.S. Holder may be allowed as a credit against such Non-U.S. Holder's United States federal income tax liability and may entitle such Non-U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

The preceding discussion of important United States federal income tax consequences of the sale of Senior Series 1998-B Auction Rate Bonds to MHEAC pursuant to the Offer is for general information only and is not tax or legal advice. Accordingly, Holders are urged to consult their own tax advisors as to the particular tax consequences to them of the sale of Senior Series 1998-B Auction Rate Bonds to MHEAC pursuant to the Offer including the applicability and effect of any federal, state, local or non-United States tax laws and of any proposed changes in applicable law.

DEPOSITARY AND INFORMATION AGENT

In connection with the Offer, MHEAC has retained Global Bondholder Services Corporation to act as Depositary and as Information Agent, for which it will receive customary fees for its services.

MHEAC has agreed to reimburse the Depositary and Information Agent for its out-of-pocket expenses, including reasonable fees and disbursements of counsel.

MHEAC has retained GBSC to act as Information Agent in connection with the Offer. The Information Agent may contact Holders and beneficial owners of Senior Series 1998-B Auction Rate Bonds by mail, telephone and in person and may request brokers, dealers, custodian banks, depositories, trust companies and other nominees to forward materials relating to the Offer to beneficial owners of Senior Series 1998-B Auction Rate Bonds.

GBSC, as Depositary and Information Agent, does not assume any responsibility for the accuracy or completeness of the information concerning MHEAC contained in this Statement or for any failure by MHEAC to disclose events that may have occurred and may affect the significance or accuracy of such information.

No fees or commissions have been or will be paid by MHEAC to any broker, dealer or other person, other than the Depositary and the Information Agent, in connection with the Offer. Beneficial owners of Senior Series 1998-B Auction Rate Bonds holding through brokers, dealers, custodian banks, depositories, trust companies or other nominees are urged to consult their brokers, dealers, custodian banks, depositories, trust companies or other nominees to determine whether transaction costs are applicable. We will, however, upon request, reimburse brokers, dealers, custodian banks, depositories, trust companies and other nominees for customary mailing and handling expenses incurred by them in forwarding the Offer and related materials to the beneficial owners of Senior Series 1998-B Auction Rate Bonds held by them as a nominee or in a fiduciary capacity.

No broker, dealer, custodian bank, depository, trust company or other nominee has been authorized to act as the agent of MHEAC, the Information Agent or the Depositary for purposes of the Offer.

GBSC has been appointed as Depositary for the Offer. The Letter of Transmittal and all correspondence in connection with the Offer should be sent or delivered by each Holder or a beneficial owner's broker, dealer, custodian bank, depository, trust company or other nominee to the Depositary at the address or to the facsimile number set forth on the back cover of this Statement. Any Holder or beneficial owner that has questions concerning tender procedures should contact the Information Agent at its address and telephone number set forth on the back cover of this Statement.

In accordance with the Indenture, MHEAC has directed and authorized the Trustee on behalf of MHEAC to purchase Senior Series 1998-B Auction Rate Bonds upon the terms and conditions of the Offer. Therefore, pursuant to such instruction and authorization, and in compliance with the Indenture, any purchase of Senior Series 1998-B Auction Rate Bonds upon the terms and conditions of the Offer will be made by the Trustee.

MISCELLANEOUS

MHEAC is not aware of any jurisdiction in which the making of the Offer is not in compliance with applicable law. If MHEAC becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, MHEAC will make a good faith effort to comply with any such law. If, after such good faith effort, MHEAC cannot comply with any such law, the Offer will not be made to (nor will tenders of Senior Series 1998-B Auction Rate Bonds be accepted from or on behalf of) the Holders or beneficial owners of Senior Series 1998-B Auction Rate Bonds residing in any such jurisdiction.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Statement and, if given or made, such information or representation may not be relied upon as having been authorized by MHEAC.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS STATEMENT OR TO WHICH MHEAC HAS EXPRESSLY REFERRED YOU. MHEAC HAS NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON ITS BEHALF AS TO WHETHER YOU SHOULD TENDER OR NOT TENDER YOUR SENIOR SERIES 1998-B AUCTION RATE BONDS IN THE OFFER. MHEAC HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED IN THIS STATEMENT OR IN THE LETTER OF TRANSMITTAL. ANY RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MADE BY ANYONE ELSE MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY MHEAC, THE TRUSTEE, THE DEPOSITARY OR THE INFORMATION AGENT.

The Letter of Transmittal, Senior Series 1998-B Auction Rate Bonds and any other required documents should be sent or delivered to the Depository at one of its addresses set forth below.

The Depository for the Offer is:

GLOBAL BONDHOLDER SERVICES
CORPORATION

By Facsimile Transmission:
(Eligible Institutions Only)
(212) 430-3775

Confirm by Telephone:
(212) 430-3774

By Mail:

65 Broadway – Suite 723
New York, NY 10006

By Overnight Courier:

65 Broadway – Suite 723
New York, NY 10006

By Hand:

65 Broadway – Suite 723
New York, NY 10006

Any questions or requests for assistance may be directed to the Information Agent at its address and telephone number set forth below. Additional copies of this Statement or the Letter of Transmittal may be obtained from the Information Agent at the telephone number or address set forth below. A beneficial owner may also contact such beneficial owner's broker, dealer, custodian bank, depository, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

Global Bondholder Services Corporation
65 Broadway – Suite 723
New York, NY 10006
Attention: Corporate Actions
Banks and Broker Call: (212) 430-3774
Toll Free: (866) 470-3800