

Mississippi Higher Education Assistance Corporation

Issuer Update

June 2014

Bank of America 
Merrill Lynch

ESF
EDUCATION SERVICES
FOUNDATION

Notice to Recipient

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We do not provide legal, compliance, tax or accounting advice. Accordingly, any statements contained herein as to tax matters were neither written nor intended by us to be used and cannot be used by any taxpayer for the purpose of avoiding tax penalties that may be imposed on such taxpayer. If any person uses or refers to any such tax statement in promoting, marketing or recommending a partnership or other entity, investment plan or arrangement to any taxpayer, then the statement expressed herein is being delivered to support the promotion or marketing of the transaction or matter addressed and the recipient should seek advice based on its particular circumstances from an independent tax advisor. Notwithstanding anything that may appear herein or in other materials to the contrary, the Company shall be permitted to disclose the tax treatment and tax structure of a transaction (including any materials, opinions or analyses relating to such tax treatment or tax structure, but without disclosure of identifying information or, except to the extent relating to such tax structure or tax treatment, any nonpublic commercial or financial information) on and after the earliest to occur of the date of (i) public announcement of discussions relating to such transaction, (ii) public announcement of such transaction or (iii) execution of a definitive agreement (with or without conditions) to enter into such transaction; provided, however, that if such transaction is not consummated for any reason, the provisions of this sentence shall cease to apply. Copyright 2014 Bank of America Corporation.

Mississippi Higher Education Assistance Corporation

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Mississippi Higher Education Assistance Corporation

The Corporation

- The Mississippi Higher Education Assistance Corporation (the “Corporation”) is a Mississippi nonprofit corporation organized under Title 79, Chapter 11, Mississippi Code of 1972, as amended
- The Corporation was organized in January, 1980, at the request of the Board of Trustees of State Institutions of Higher Learning of the State and the Post-Secondary Financial Assistance Board of the State
- The Corporation is not an agency or instrumentality of the State or any agency or political subdivision thereof
- The Corporation's Articles of Incorporation provide, among other things, that the Corporation is established and shall be operated exclusively for the purpose of acquiring student loan notes incurred under the Higher Education Act
- The Corporation is governed by a Board of Directors consisting of seven members
- The Corporation does not currently have any members
- The Corporation has no staff. The business operations of the Corporation are managed by Education Services Foundation (the “Foundation”) pursuant to a management services agreement

The Foundation

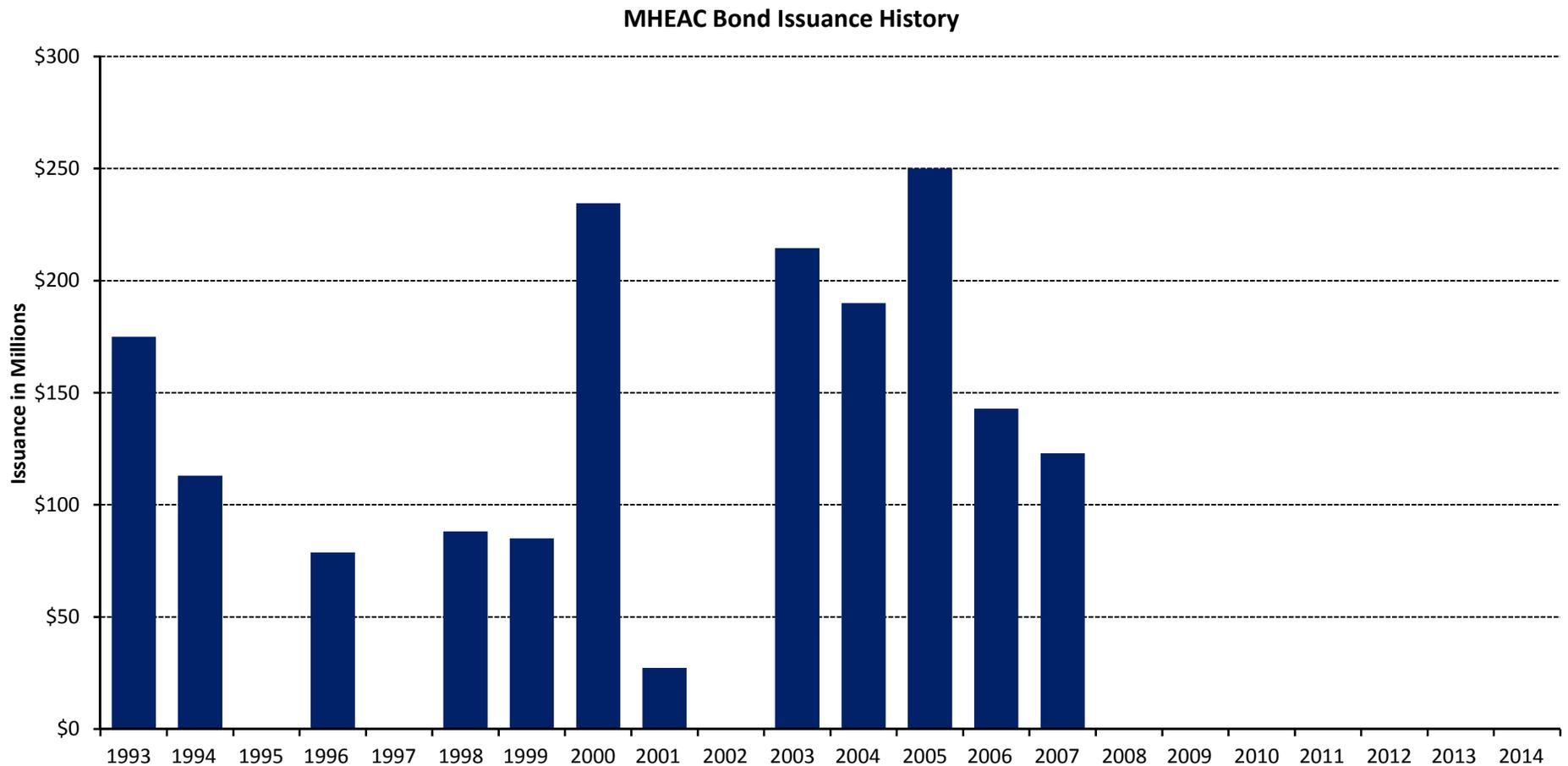
- The Foundation was established on March 24, 1995 under Title 79, Chapter II, Mississippi Code of 1972, as amended, as a nonprofit corporation to engage in a variety of activities intended to increase the level of appropriate quality education in the State and elsewhere
- The Foundation began management of the Corporation as of May 1, 1997, pursuant to a management services agreement. In addition, the Foundation acquired all or substantially all of the operating assets of the Corporation (not including student loans), pursuant to an asset purchase agreement, dated as of April 11, 1997
- The Foundation's Articles of Incorporation provide, among other things, that the Foundation is organized exclusively for charitable and educational purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code
- The Foundation is governed by a Board of Directors consisting of seven members. The officers and directors of the Foundation are identical to the officers and directors of the Corporation
- The Foundation does not currently have any members

Debt Outstanding

- The Corporation has previously issued various series of student loan bonds and notes pursuant to the 1999 Indenture and 2004 Indenture
- As of May 31, 2014, the Corporation has approximately \$287.65 million in principal amount of student loan bonds and notes issued under prior indentures, approximately \$224.15 million in the 1999 Indenture and \$63.50 million in the 2004 Indenture
- All outstanding student loan bonds and notes are Auction Rate Securities

Indenture	Issue	Interest Rate	Cusip	Balance	Tax Status
1999	1999-A1	Variable - ARS	605354DW6	21,500,000	Exempt
1999	1999-A3	Variable - ARS	605354DY2	9,300,000	Taxable
1999	2000-A1	Variable - ARS	605354EA3	5,000,000	Taxable
1999	2000-A2	Variable - ARS	605354EC9	4,850,000	Exempt
1999	2000-A3	Variable - ARS	605354ED7	22,200,000	Taxable
1999	2000-A4	Variable - ARS	605354EF2	1,600,000	Exempt
1999	2001-A1	Variable - ARS	605354EJ4	3,100,000	Exempt
1999	2003-A1	Variable - ARS	605354EK1	5,000,000	Taxable
1999	2003-A2	Variable - ARS	605354EL9	200,000	Taxable
1999	2003-A3	Variable - ARS	605354EN5	9,500,000	Taxable
1999	2004-A2	Variable - ARS	605354ER6	15,500,000	Taxable
1999	2004-A3	Variable - ARS	605354ES4	2,000,000	Taxable
1999	2004-A4	Variable - ARS	605354ET2	24,900,000	Taxable
1999	2005-A2	Variable - ARS	605354EY1	5,000,000	Exempt
1999	2005-A4	Variable - ARS	605354EV7	16,600,000	Taxable
1999	2005-A5	Variable - ARS	605354EW5	3,000,000	Taxable
1999	2006-A1	Variable - ARS	605354FA2	68,100,000	Exempt
1999	2006-A2	Variable - ARS	605354FC8	6,800,000	Exempt
2004	2004-A1	Variable - ARS	605354EP0	20,100,000	Exempt
2004	2007-A1	Variable - ARS	605354FD6	37,900,000	Exempt
2004	2007-A2	Variable - ARS	605354FE4	5,500,000	Exempt
Total				287,650,000	

Bond Issuance by Year since 1993 – Total of \$1,722,200,000



Collateral Overview

- The following collateral characteristics are for the FFELP loans the Corporation owns on Balance Sheet or as part of its Trusts
- All portfolio characteristics are as of the May 31, 2014

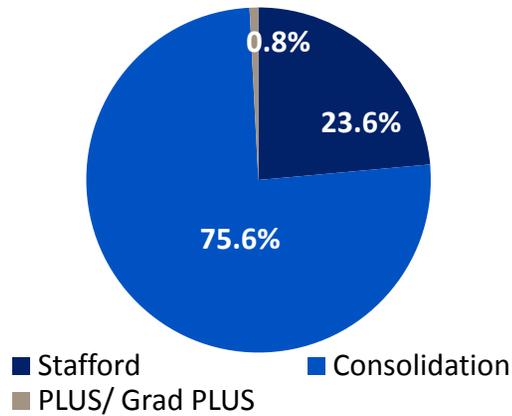
COMPOSITION OF THE FFELP LOANS AS OF MAY 31, 2014

Aggregate Outstanding Principal Balance	\$388,866,397
Accrued Interest to be Capitalized	\$3,943,422
Number of Borrowers	24,981
Average Outstanding Principal Balance Per Borrower	\$15,566
Number of Loans	45,213
Average Outstanding Principal Balance Per Loan	\$8,601
Weighted Average Remaining Term to Scheduled Maturity (Months)	157
Weighted Average Seasoning (Months)	94
Weighted Average Annual Borrower Interest Rate	4.44%
Weight Average Special Allowance Payment Repayment Margin to One-Month LIBOR	2.55%
Weight Average Special Allowance Payment Repayment Margin to 91-Day Treasury Bill	2.99%

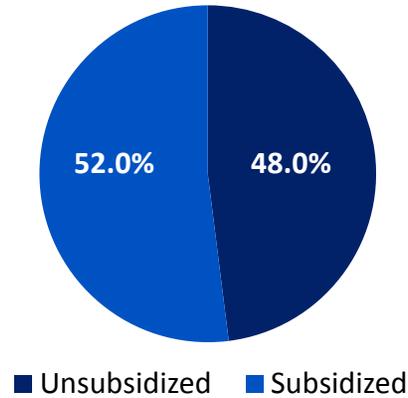
Mississippi Higher Education Assistance Corporation

Characteristics of Loan Portfolio (As of May 31, 2014)

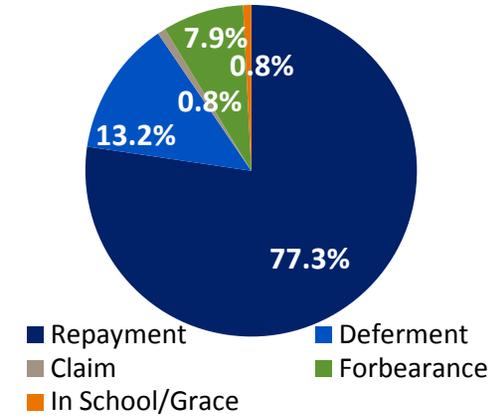
Loan Type



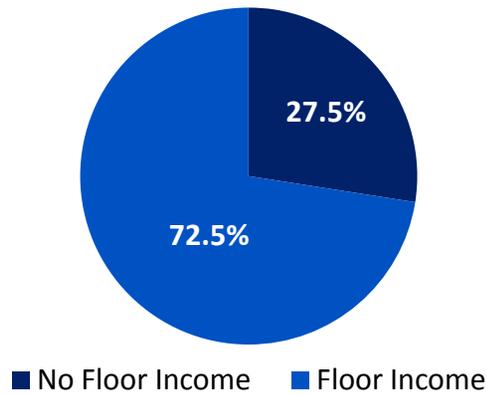
Subsidy Status



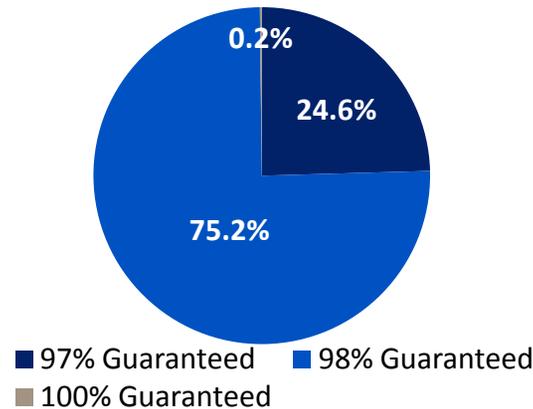
Loan Status



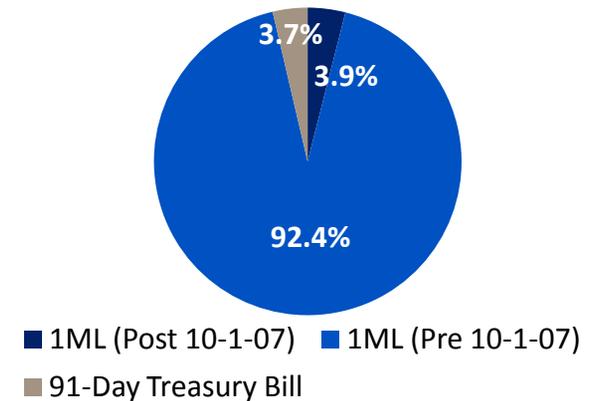
Floor Income



Insurance



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Servicer

XEROX-ES

- XEROX-ES is a for-profit limited liability company and a wholly-owned subsidiary of Xerox Corporation (“Xerox”)
- XEROX-ES has its headquarters in Long Beach, CA and has domestic regional processing centers in Long Beach and Bakersfield, California; Utica, New York; Aberdeen, South Dakota and Madison, Mississippi
- The Guaranteed Loan Servicing Group is operated by XEROX-ES as an independent, third party education loan servicer with approximately 1,000 employees, providing full service loan origination and servicing for the Federal Stafford, PLUS and Consolidation education loan programs and many alternative/private loan programs
- XEROX-ES and its predecessors have over 46 years of experience providing outsourcing services to higher education. As of April 2014, the Guaranteed Loan Servicing Group of XEROX-ES currently services approximately 3.0 million education loan accounts with loans valued at approximately \$44 billion
- Xerox files periodic reports with the Securities and Exchange Commission as required by the Securities Exchange Act of 1934, as amended. Xerox also currently provides information through Xerox’s website at <http://www.xerox.com>

Senior Leadership Resumes

William F. Alvis, *Interim Executive Director, Interim Chief Executive Officer and Chief Financial Officer*

William F. Alvis currently serves as the Interim Executive Director and Interim Chief Executive Officer of the Foundation and the Corporation. Mr. Alvis also serves as the Chief Financial Officer of the Foundation and the Corporation. Mr. Alvis started working for the Corporation in 1989 as a Financial Analyst, then as the Manager of Accounting and finally as Controller. Prior to joining the Corporation, Mr. Alvis was an auditor with Arthur Andersen & Co. in New Orleans, Louisiana and an auditor with Mississippi Power & Light Co. in Jackson, Mississippi. Mr. Alvis holds a Bachelor of Professional Accountancy degree from Mississippi State University and is a licensed CPA.

Minette D. Ketchings, *Controller and Assistant Secretary*

Minette D. Ketchings serves as the Controller of the Foundation. Ms. Ketchings also serves as the Assistant Secretary of the Foundation and the Corporation. Ms. Ketchings started working for the Corporation in 1991 as a Senior Auditor. During her employment at the Foundation, Ms. Ketchings has served as Manager of Program Development, Assistant Controller and Controller. Prior to joining the Corporation, Ms. Ketchings worked as an Internal Auditor with Trustmark National Bank in Jackson, Mississippi, as an Accountant for Lindsey and Company in Searcy, Arkansas, and as Assistant to the Operations Officer at Farmers and Merchants Bank (now Community Bank) in Forest, Mississippi. Ms. Ketchings holds a Bachelor of Professional Accountancy degree from Mississippi State University and is a licensed CPA.