

Rating Action: Mississippi Higher Education Assistance Corporation (1999 Indenture)

Moody's places on review for downgrade Mississippi Higher Education student loan notes

Approximately \$109 million of asset-backed securities are affected.

New York, August 27, 2008 -- Moody's Investors Service has placed on review for possible downgrade nine tranches from two Mississippi Higher Education Assistance Corporation indentures. All nine tranches were originally rated A2.

The review is prompted by the increase in funding cost due to the prolonged and continuing dislocations in the Student Loan Auction Rate Securities (SLARS) market. Since February 2008 many auctions have failed.

As most student loan collateral is indexed to the Financial Commercial Paper, LIBOR, or Prime rates, trusts that have issued SLARS have suffered excess spread compression as the yield on the assets has not increased in tandem with the cost of the liabilities. In most structures, excess spread is a primary source of credit enhancement.

As the auction rate market remains under stress and auctions continue to fail, the ability of the trusts that have issued SLARS to accumulate credit enhancement has been negatively impacted.

The complete rating actions are as follows:

Issuer: Mississippi Higher Education Assistance Corporation (1999 Indenture)

Student Loan Revenue Bonds, Subordinate Series 1999B-1, current rating A2, on review for possible downgrade;

Student Loan Asset-Backed Notes, Subordinate Series 2000-B-1, current rating A2, on review for possible downgrade;

Student Loan Revenue Bonds, Subordinate Series 2000-B-2, current rating A2, on review for possible downgrade;

Student Loan Revenue Bonds, Subordinate Series 2000-B-3-2, current rating A2, on review for possible downgrade;

Student Loan Asset-Backed Notes, Subordinate Series 2003-B-1, current rating A2, on review for possible downgrade;

Student Loan Revenue Bonds, Subordinate Series 2005-B1, current rating A2, on review for possible downgrade;

Student Loan Revenue Bonds, Subordinate Series 2006-B1, current rating A2, on review for possible downgrade;

Issuer: Mississippi Higher Education Assistance Corporation (2004 Indenture)

Student Loan Revenue Bonds, Senior Series 2004-B-1, current rating A2, on review for possible downgrade;

Student Loan Revenue Bonds, Senior Series 2007-B-1, current rating A2, on review for possible downgrade.

For more information please see [www. Moodys.com](http://www.Moodys.com)

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