

INVITATION TO OFFER BONDS

made by the

FINANCE AUTHORITY OF MAINE

**The Authority invites its Bondowners to offer to sell to the Authority for cash the
AUCTION RATE BONDS
of the Authority listed on Appendix A hereto.**

**THE INVITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME
ON THE EXPIRATION DATE OF JUNE 5, 2009, UNLESS CHANGED.**

**To make an informed decision as to whether, and how, to offer its Bonds, a Bondowner must read
this Invitation To Offer Bonds carefully and consult its broker-dealer or other financial advisor.**

The Dissemination Agent, Paying Agent and Tender Agent for the Invitation is:

**The Bank of New York Mellon, as Trustee
for FINANCE AUTHORITY OF MAINE**

Investors with questions about the Invitation should contact the Authority:

**Finance Authority of Maine
5 Community Drive, P.O. Box 949
Augusta, ME 04332
Attention: Invitation to Offer Bonds Coordinator
Christopher Roney, Esq.
“Cronney@famemaine.com”**

Key Dates

*All of these dates are subject to change – Notices of changes will be sent in the manner provided
for in this Invitation:*

| | |
|---|---------------|
| Expiration Date <i>deadline for receipt of Offers</i> | June 5, 2009 |
| Notification of accepted and rejected Offers | June 10, 2009 |
| Release of all Bonds Offered which have not been accepted for purchase..... | June 15, 2009 |
| Settlement Date <i>payment made on all accepted Bonds</i> | June 15, 2009 |

TABLE OF CONTENTS

| | Page |
|--|------|
| 1. Introduction | 1 |
| 2. Source of Funds to Purchase Bonds | 4 |
| 3. Certain Potential Adverse Effects of Invitation on Owners of Bonds..... | 4 |
| 4. Expiration Date..... | 5 |
| 5. Information About Invitation | 5 |
| 6. How Offers Can Be Made | 5 |
| 7. Accrued Interest | 6 |
| 8. Provisions Applicable to all Offers | 6 |
| 9. Procedures For Offering Bonds Held through Brokers and Banks | 8 |
| 10. ATOP Account | 8 |
| 11. Determinations as to Form and Validity of Offers; Right of Waiver and Rejection..... | 9 |
| 12. Amendments and Withdrawals of Offers | 9 |
| 13. Irrevocability of Offers..... | 10 |
| 14. Determination of Amounts to be Purchased..... | 10 |
| 15. Determination of Purchase Prices | 11 |
| 16. Acceptance of Offers Constitutes Irrevocable Agreement; Notice of Results | 11 |
| 17. Settlement Date; Settlement Procedures | 12 |
| 18. Purchase Funds..... | 12 |
| 19. Conditions to Purchase | 12 |
| 20. Extension of Offer Submission Period; Termination and Amendment of Invitation; Changes to Terms..... | 13 |
| 21. Certain Federal Income Tax Consequences | 14 |
| 22. Waiver and Indemnity | 14 |
| 23. Dissemination Agent, Paying Agent and Tender Agent Fees and Expenses | 15 |
| 24. Miscellaneous..... | 15 |

No one has been authorized by the Authority or the Dissemination Agent to recommend to any Bondowners whether to offer Bonds pursuant to the Invitation, or at what price or prices any offer should be made. No one has been authorized to give any information or to make any representation in connection with the Invitation other than those contained in the Invitation or included therein by specific reference. Any recommendation, information and representations given or made cannot be relied upon as having been authorized by the Authority or the Dissemination Agent.

The Authority and the Dissemination Agent do not recommend to any Bondowner whether to offer Bonds, at what price or prices an offer should be made. Each Bondowner must make these decisions and should read the Invitation and consult with its broker-dealer or other financial advisor in making these decisions.

INVITATION TO OFFER BONDS
made by the
FINANCE AUTHORITY OF MAINE

1. Introduction

This Invitation to Offer Bonds (the “Invitation”) is made by the Finance Authority of Maine (the “Authority”) to the owners (the “Bondowners”) of the Authority’s auction rate bonds (collectively, the “Bonds”) listed on Appendix A to this document.

Each Bondowner is invited by the Authority to offer to sell to the Authority for cash all or any part of its Bonds, subject to the terms and conditions set forth in this Invitation at an offer price specified by the Bondowner (an “Offer Price”), subject to acceptance by the Authority as described herein (an “Offer”).

This is the second invitation to offer bonds instituted by the Authority. The Authority published its first invitation on March 4, 2009 (the “First Invitation”). Pursuant to the First Invitation, the Authority accepted the tender of a certain number of Bonds at offer prices at or below \$850 per thousand, with the balance of offers being rejected. However, no action taken by the Authority in connection with the First Invitation shall in any way limit the rights of the Authority pursuant to this second Invitation, as described below.

Prices of Bonds that the Authority accepts for purchase will be determined pursuant to the auction procedure described herein. See “**15. Determination of Purchase Prices**”.

The Authority is under no obligation to purchase any Bonds Offered pursuant to this Invitation. The Authority may decide to purchase all less than all, or none of the Bonds bearing a particular CUSIP number (each a “Series”) Offered to the Authority.

The Authority currently expects to apply approximately \$35 million of funds available to it to purchase its Bonds pursuant to Offers responsive to this Invitation, but reserves the right to increase or decrease this amount based upon the Offers received or other factors. If the Authority receives favorable Offer Prices pursuant to the Invitation, which afford it the opportunity to reach its economic goals, it could use all or any portion of such funds to purchase Bonds of any Series. The Authority has no present intention of purchasing Bonds in the secondary market at prices equal to, or greater than, par, but reserves the right to do so in the future. In addition, the Authority reserves the rights, from time to time, to purchase Bonds in the secondary market by

methods that may include, without limitation, the distribution of separate invitations to tender, bidding upon Bonds that may be offered in any manner and negotiation with individual Bondowners, to redeem Bonds at par in accordance with their terms and to fund such purchase or redemption from any source available to the Authority. See “3. Certain Potential Adverse Effects of Invitation on Owners of Bonds”.

As more fully described herein, the “Expiration Date” is June 5, 2009 (subject to change as described herein). The Bonds the Authority decides to purchase will be paid for by 2:00 p.m. on June 15, 2009 (the “Settlement Date”). Accrued interest on the purchased Bonds through the day before the Settlement Date (the “Accrued Interest”) will also be paid on the Settlement Date.

The Dissemination Agent for the Invitation is The Bank of New York Mellon. Institutional investors with questions about the Invitation should contact the Authority as set forth on the cover of the Invitation.

All times in the Invitation are New York City Time.

In accordance with the provisions of Rule 15c2-12, as amended (“Rule 15c2-12”), promulgated by the United States Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, as amended, on December 30, 2008, the Authority filed with Bloomberg Municipal Repository, DPC Data Inc., Interactive Data Pricing and Reference Data, Inc., and Standard & Poor’s Securities Evaluations, Inc. (such repositories being all of the “Nationally Recognized Municipal Securities Information Repositories” (“NRMSIRs”) approved by the SEC pursuant to Rule 15c2-12 as of such date) a document entitled “Annual Financial Information” (the “2008 Annual Notice”). The 2008 Annual Notice sets forth certain information with respect to the Authority and to the Bonds including, among other things, the Authority’s financial statements for the fiscal years ended June 30, 2008 and 2007, and certain student loan portfolio information. In addition: (i) on July 12, 2007 the Trustee filed with each NRMSIR a document entitled “Notice of Completed Actions” (the “July 12, 2007 Notice”), (ii) on July 25, 2007 the Trustee filed with each NRMSIR a document entitled “Notice of Completed Actions” (the “July 25, 2007 Notice”), (iii) on February 12, 2008, the Authority filed with each NRMSIR a document entitled “Notice of Material Event – Rating Change” (the “February 12, 2008 Material Event Notice”), (iv) on July 31, 2008, the Authority filed with each NRMSIR a document entitled “Notice of Material Event – Rating Change” (the “July 31, 2008 Material Event Notice”), (v) on September 26, 2008, the Authority filed with each NRMSIR a document entitled “Notice” (the “September 26, 2008 Notice”), (vi) on February 2, 2009, the Authority filed with each NRMSIR a document entitled “Notice of

Material Event — Rating Change” (the “February 2, 2009 Material Event Notice”), (vii) on March 12, 2009, the Authority filed with each NRMSIR a document entitled “Notice” (the “March 12, 2009 Notice”), and (viii) on April 22, 2009, the Authority filed with each NRMSIR a document entitled “Notice of Material Event — Rating Change” (the “April 22, 2009 Material Event Notice”). The July 12, 2007 Notice and July 25, 2007 Notice disclose the completion of certain actions with respect to the 2003 Senior Series A Bonds, the 2005 Senior Series A-1 Bonds and 2005 Senior Series A-2 Bonds in connection with the issuance of the 2007 Senior Series A-1 Bonds, 2007 Senior Series A-2 Bonds and 2007 Senior Series A-3 Bonds, including the retirement of the 2003 Subordinate Series B Bonds and the 2005 Subordinate Series B Bonds, and the issuance of financial guaranty insurance policies by Ambac Assurance Company for the benefit of the 2003 Senior Series A Bonds, and for the 2005 Senior Series A-1 Bonds and 2005 Senior Series A-2 Bonds. The September 26, 2008 Notice discloses the Authority’s determination that it may, from time to time, purchase Bonds through secondary market transactions. The February 12, 2008 Material Event Notice, the July 31, 2008 Material Event Notice, the February 2, 2009 Material Event Notice, the March 12, 2009 Notice, and the April 22, 2009 Material Event Notice each disclose certain information concerning negative rating actions with respect to each Series of the Bonds. *There is hereby included in this Invitation by this reference the information contained in the 2008 Annual Notice, the July 12, 2007 Notice, July 25, 2007 Notice, February 12, 2008 Material Event Notice, the July 31, 2008 Material Event Notice, the September 26, 2008 Notice, the February 2, 2009 Material Event Notice, the March 12, 2009 Notice, the April 22, 2009 Material Event Notice and, with respect to each Series, the respective Official Statement (each, an “Official Statement” and, collectively, the “Official Statements”) of the Authority with respect to the initial offering of such Series. The Official Statements contain information concerning the Bonds and the security for the Bonds, which includes information concerning the sources of payment of Bond principal and interest, the limitations upon the Authority’s obligation to make such payment, the absence of any obligation of the State of Maine to make such payment and the financial guarantee insurance policies of Ambac Assurance Corporation with respect the Bonds. The Authority makes no representation as to the current or future financial condition of Ambac Assurance Corporation or as to its ability to make payment of any claims that may be made upon such policies. Bondowners are advised that the portions of the Official Statements that are applicable to each Series of Bonds that they own should be read in their entirety in connection with this Invitation.*

Copies of the 2008 Annual Notice, the July 12, 2007 Notice, July 25, 2007 Notice, February 12, 2008 Material Event Notice, the July 31, 2008 Material Event Notice, the September 26, 2008 Notice, the February 2, 2009 Material Event Notice, the March 12, 2009 Notice, and the April 22,

2009 Material Event Notice may be obtained from the NRMSIRs listed above pursuant to their usual procedures and at prescribed rates. Copies of the 2008 Annual Report, the February 12, 2008 Material Event Notice, the July 31, 2008 Material Event Notice, the September 26, 2008 Notice, the February 2, 2009 Material Event Notice, the March 12, 2009 Notice, the April 22, 2009 Material Event Notice and of each of the Official Statements also may be obtained via the Internet, from the Authority's World Wide Web site at "www.famemaine.com/investorInformation.asp". In addition, at its sole discretion, the Authority may from time to time prior to the Expiration Date post additional information, including, without limitation, responses to questions received with respect to this Invitation that the Authority believes may be of general interest to Bondowners considering Offers on its World Wide Web site.

2. Source of Funds to Purchase Bonds

In the event that the Authority does decide to purchase Bonds pursuant to the Invitation, the Authority may apply available funds currently held as part of the trust estate securing the Bonds or other currently available funds of the Authority to such purchase.

3. Certain Potential Adverse Effects of Invitation on Owners of Bonds

The purchase by the Authority of Bonds of any Series may have certain potential adverse effects on owners who do, or who do not, submit Offers, including but not limited to the following:

- the principal amount of the Bonds of such Series available to trade publicly will be reduced, which could adversely affect the liquidity and market value of the Bonds of such Series that remain outstanding.
- the application of funds held as part of the trust estate securing the Bonds may be reduced, which would reduce the availability within the trust estate of certain funds that are currently expected to be required to be applied to fund the potential partial par redemption of Bonds on or before April 1, 2010, or such later date as may be established in accordance with the documents governing such trust estate. There can be no assurance, however, that any such funds actually will be applied to fund the par redemption of Bonds prior to their maturity.

4. Expiration Date

The ability to Offer Bonds for sale to the Authority will expire at 5:00 p.m. on June 5, 2009 or on such earlier or later date as the Authority may determine (the “Expiration Date”). See **“20. Extension of Offer Submission Period; Termination and Amendment of Invitation; Changes to Terms.”**

5. Information About Invitation

The Authority will give information about the Invitation to the market and Bondowners by delivery of the information to the following institutions:

- The Depository Trust Company (“DTC”)
- Standard & Poor’s Securities Evaluations, Inc.
- DPC Data Inc.
- Bloomberg Municipal Repository
- Interactive Data Pricing and Reference Data, Inc.
- RBC Dain Rauscher Inc., as broker-dealer for the auction rate remarketing of the Bonds

These institutions are called the “Information Services.” Delivery by the Authority of information to the Information Services will be deemed to constitute delivery of this information to each Bondowner. The Authority and the Dissemination Agent have no obligation to ensure that a Bondowner actually receives any information given to the Information Services.

A Bondowner who would like to receive information transmitted by the Authority to the Information Services must make appropriate arrangements with its broker-dealer or directly with the Information Services.

6. How Offers Can Be Made

Offers can be made only through the automated tender offer program (“ATOP”) account to be established pursuant to DTC procedures as described in Section 10 of this Invitation. Bondowners who are not DTC participants and who wish to make an offer should contact their broker-dealer, bank, trust company or another financial institution that is a DTC participant to submit their offer through

this ATOP account. See “8. Provisions Applicable to all Offers — Offers of Book-Entry Only Bonds” and “9. Procedures for Offering Bonds Held through Brokers and Banks”.

A Bondowner may make one or more Offers to sell to the Authority Bonds of a particular Series in a maximum par amount of its choosing; **provided, that the par amount Offered is: (i) an integral multiple of \$50,000**, with respect to the 2003 Senior Series A Bonds; **(ii) an integral multiple of \$50,000**, with respect to the 2005 Senior Series A-1 Bonds and 2005 Senior Series A-2 Bonds; and **(iii) an integral multiple of \$100,000**, with respect to the 2007 Senior Series A-1 Bonds, the 2007 Senior Series A-2 Bonds and the 2007 Senior Series A-3 Bonds (respectively, the “Minimum Denominations”) and at an Offer Price of its choosing, expressed as described in the next paragraph.

Each Offer Price must be expressed in dollars per \$1,000 of the maximum par amount of the Bonds of the particular Series Offered. An Offer Price may contain no more than one number to the right of the decimal point. Any Offer Price containing more than one number to the right of the decimal point will not be processed, and will be automatically rejected, by DTC.

A Bondowner may Offer to sell to the Authority portions of the Bonds of a particular Series that it owns at more than one Offer Price or all or a portion of the Bonds of different Series that it owns at the same or at different Offer Prices, so long as each Offer independently conforms to the foregoing requirements and does not exceed the par amount of the applicable Series of Bonds owned by that Bondowner.

7. Accrued Interest

An Offer Price for Bonds must **not** include any amount representing Accrued Interest. For Bonds accepted for purchase, Accrued Interest will be added to the Offer Price (in aggregate, the “Purchase Price”) and paid on the Settlement Date.

8. Provisions Applicable to all Offers

➤*Need for Advice.* A Bondowner should ask its account representative at the financial institution that maintains the account in which its Bonds are held, or another financial advisor, for help in determining:

- whether to Offer Bonds for sale to the Authority;
- the par amount of Bonds of any CUSIP to be Offered for sale to the Authority;

- what the Offer Price(s) should be;
- whether the financial institution that holds its Bonds will charge a fee for submitting Offers (the Authority and the Tender Agent will not charge any Bondowner for making an Offer);
- whether the Authority has purchased its Offered Bonds;
- the possibility, advisability and cost of using the cash from the sale of any of its Bonds that may be purchased pursuant to the Invitation to “swap” into other bonds available in the secondary market. A Bondowner considering a “swap” should also consult its own tax advisor regarding its individual tax situation in connection with a “swap”; and
- whether to offer Bonds to one or more investment banks pursuant to SEC correspondence (<http://www.sec.gov/investor/ars.htm>).

➤ ***Need for Specificity in Tender.*** An Offer must include the CUSIP numbers of each Series of Bonds Offered, the par amount of each Series being offered and the Offer Price(s) applicable to such Bonds.

Each Offer of Bonds of a Series at an Offer Price must be in the par amount of the applicable Minimum Denomination or any integral multiple thereof. An Offer which does not meet this requirement will be reduced to the greatest integral multiple of the applicable Minimum Denomination that does not exceed the principal amount identified in the Offer.

A Bondowner may only Offer to sell Bonds it owns.

“All or none” Offers are not permitted and will, at the option of the Authority, be disregarded.

➤ ***Limitation on Responsibility for Offers.*** The Authority and the Tender Agent are not responsible for making or transmitting any offer to sell Bonds or for any mistakes, errors or omissions in the making or transmission of any Offer.

➤ ***Offers of Book-Entry-Only Bonds.*** The Bonds are held in book-entry-only form through the facilities of DTC or are held in “street name.” As a result, positions in Bonds are held by the broker-dealers, banks, trust companies and other financial institutions that are participants in DTC, or are the registered owners of the “street name” bonds, for the benefit of the Bondowners who own the actual beneficial ownership interests in these Bonds. *Bondowners*

who own beneficial ownership interests in Bonds held through DTC and who are not DTC participants, or who hold beneficial ownership interests in “street name” Bonds, can only make Offers to sell such Bonds through the financial institution which maintains the account in which their Bonds are held pursuant to the procedures set forth in Sections 9 and 10 below. Such a Bondowner should ask its account representative at the financial institution that maintains the account in which its Bonds are held for assistance in submitting an Offer through the ATOP account described in Section 10 of this Invitation.

9. Procedures For Offering Bonds Held through Brokers and Banks

To Offer a Bond that is held through a broker, custodian bank, trust company or other nominee, including through DTC, the Bondowner who is the beneficial owner of such Bond must instruct the firm at which this beneficial ownership is held to Offer such Bond on the Bondowner’s behalf. Some firms will require written instructions to take such action while others will act on oral or telephonic instructions from their customers. A Bondowner should consult its broker, custodian, bank, trust company or other custodian or nominee to determine the preferred procedure.

10. ATOP Account

The Authority will establish an ATOP account with respect to the Bonds at DTC for purposes of this Invitation within three business days after the date of this Invitation (the “Authority’s ATOP Account”). The Authority’s ATOP account will be established pursuant to DTC’s ATOP account procedures. *All procedural requirements relating to Offers that are described in this Invitation are subject in their entirety to the operational practices of DTC with respect to its ATOP accounts.* Any financial institution that is a participant in DTC may make a book-entry Offer of the Bonds by causing DTC to transfer such Bonds into the Authority’s ATOP Account in accordance with DTC’s procedures for such transfer. Concurrently with the delivery of Bonds through book-entry transfer into the Authority’s ATOP Account, an Agent’s Message (as defined below) in connection with such book-entry transfer must be transmitted to and received by the Authority on or prior to the Expiration Date (as this Date may have been changed pursuant to the Invitation). The confirmation of a book-entry transfer into the Authority’s ATOP Account 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 Authority and forming a part of the Book-Entry Confirmation which states that DTC has received an express acknowledgment from a participant in DTC described in such Agent’s Message, stating the aggregate amount of Bonds which have been tendered by such participant pursuant to the Invitation and

to the effect that such participant agrees to be bound by the terms of the Invitation. The name and account number of the beneficial owner of the Bonds being tendered must be included in the Agent's Message with respect to all Offers of Bonds from a single Bondowner.

Unless the Bonds being tendered are received in the Authority's ATOP Account on or prior to the Expiration Date (as this Date may have been changed pursuant to the Invitation) and are accompanied by a properly transmitted Agent's Message, the Authority may, at its option, treat such tender as defective for all purposes of the Invitation.

The delivery of Bonds through DTC, and any acceptance of an Agent's Message transmitted through ATOP, is at the election and risk of the person Offering Bonds. The Authority will instruct DTC to return those Bonds that were Offered through the Authority's ATOP Account but were not accepted for purchase or not purchased to the person or entity that Offered these Bonds. The Authority and the Tender Agent are not responsible or liable for the return of Bonds to their owners or to any custodian, nor as to the time by which such return is completed.

11. Determinations as to Form and Validity of Offers; Right of Waiver and Rejection

All questions as to the validity (including the time of receipt at the Authority's ATOP Account), form, eligibility and acceptance of any Offers will be determined by the Authority in its discretion and will be final, conclusive and binding, without liability to any Bondowner or its nominee.

The Authority reserves the right to waive any irregularities or defects in any Offer. The Authority and the Tender Agent are not obligated to give notice of any defects or irregularities in Offers and they will have no liability for failing to give this notice.

The Authority reserves the absolute right to reject any and all Offers, whether or not they comply with the terms of the Invitation.

12. Amendments and Withdrawals of Offers

➤ **General.** A Bondowner who has made an Offer may amend its Offer in any respect consistent with the terms of this Invitation, or may withdraw its Offer, so long as such amendment or withdrawal is made by not later than 5:00 p.m. on the Expiration Date (as this date may have been changed as described in Section 20 of the Invitation) in the manner described in this Section.

All questions as to the validity (including the time of receipt) of an amendment or withdrawal will be determined by the Authority in its discretion and will be final, conclusive and binding, without liability to any Bondowner or its nominee.

➤ ***Bonds Held through Broker-Dealers, Banks and Others.*** An Offer of Bonds made through the Authority's ATOP Account may be amended or withdrawn by the Bondowner of these Bonds giving instructions to the broker-dealer or other custodian or nominee that holds its Bonds in substantially the same manner as it gave the instructions for its Offer. An Offer made through the Authority's ATOP Account may be amended or withdrawn by an amended Offer or notice of withdrawal being received at the Authority's ATOP Account by not later than 5:00 p.m. on the Expiration Date (as this date may have been changed pursuant to the Invitation). In order to ensure the timely making of an amended Offer or withdrawal of an Offer, a Bondowner must notify the firm that submitted its Offer of its desire to amend or withdraw in time for the amendment or withdrawal to be made by such firm and received at the Authority's ATOP Account by 5:00 p.m. on the Expiration Date (as this Date may have been changed pursuant to the Invitation). In addition, the amendment or notice of withdrawal received through the Authority's ATOP Account must specify the CUSIP number, the principal amount of these Bonds previously Offered, the DTC Voluntary Offer Instruction number for the Bonds for which the Offer is being amended or withdrawn and the name and account number of the beneficial owner of those Bonds.

13. Irrevocability of Offers

All Offers (including amended Offers) to sell Bonds not properly withdrawn will become irrevocable as of 5:00 p.m. on the Expiration Date (as this date may have been changed pursuant to the Invitation).

14. Determination of Amounts to be Purchased

The Authority does not have to purchase any Bond Offered. The Authority will determine which Bonds, if any, it will purchase. The Authority therefore has the right to purchase none, some or all of the Bonds of a particular Series Offered.

After the Expiration Date (as this date may have been changed pursuant to the Invitation), the Authority will determine the amount (if any) of the Bonds of a particular Series that it will purchase.

15. **Determination of Purchase Prices**

➤ ***Mechanics of Auction Procedure.*** For each Series of Bonds that the Authority decides to purchase, the specific Offered Bonds to be purchased will be determined separately by the Authority through an auction procedure. Under this procedure, the Authority will first determine, in its sole discretion, the amount of funds, if any, that it will apply to pay the aggregate Purchase Price of Offered Bonds of a particular Series and will then select the specific Offered Bonds that it will purchase sequentially in increasing order of Offer Price, so that all Bonds of such Series that were Offered at any Offer Price will be purchased prior to the purchase of any Offered Bonds of such Series that were Offered at a higher Offer Price, until the remaining funds that were so determined to be available to purchase Bonds and such Series and that remain unapplied are insufficient to fund the purchase of any remaining Offered Bond of such Series, determined on the basis of the applicable Minimum Denomination of Bonds of such Series.

➤ ***Procedures in the Event of Overtender.*** If the Authority receives Offers of the Bonds of a particular Series at the same Offer Price which, together, exceed the difference between (a) the aggregate Purchase Price of such Series that the Authority has decided to purchase and (b) the aggregate Purchase Price of Bonds of such Series that were the subject of eligible Offers at lower Offer Prices, then the Bonds of such Series that were Offered at such same Offer Price that are to be purchased will be selected on a pro rata basis reflecting the ratio of (x) the aggregate par amount of the Bonds of such Series Offered by each Bondowner at such Offer Price to (y) the aggregate par amount of the Bonds of such Series Offered by all Bondowners at such Offer Price, determined on the basis of the applicable Minimum Denomination of Bonds of such Series.

16. **Acceptance of Offers Constitutes Irrevocable Agreement; Notice of Results**

Acceptance by the Authority of Offers to sell Bonds will constitute an irrevocable agreement between the Offering Bondowner and the Authority to sell and purchase these Bonds, subject to the conditions and terms of the Invitation.

The acceptance of all or a portion of Bonds Offered (or rejection of all or a portion of an Offer) will be deemed made when written notification is transmitted to the Bondowner through DTC on the third business day after the Expiration Date.

17. Settlement Date; Settlement Procedures

➤ **General.** The Settlement Date is the day on which Bonds accepted for purchase will be purchased and paid for at the applicable Purchase Prices on such Bonds. The Settlement Date has been set as 2:00 p.m. on June 15, 2009. If the Authority does not complete the purchase of the Bonds by 2:00 p.m. on June 15, 2009, the right and obligation of the Authority to purchase any Bonds will automatically terminate, without any liability to any Bondowner (or its nominee). All Bonds which the Authority purchases pursuant to the Invitation will be cancelled.

The Authority and the Tender Agent have no responsibility or liability for the distribution of the Purchase Prices to the owners (or their nominees) by the Paying Agent and nominees or when such distributions are made.

➤ **Payment Procedure.** On the Settlement Date, the Authority will pay, in immediately available funds, to DTC the aggregate Purchase Prices of the Bonds of each Series accepted for purchase that were offered through the Authority's ATOP Account. It is expected that, in accordance with DTC's standard procedures, DTC will transmit the aggregate Purchase Price in immediately available funds to each of its participant financial institutions holding those Bonds accepted for purchase on behalf of Bondowners for delivery to the Bondowners.

18. Purchase Funds

The funds (the "Purchase Funds") to purchase Bonds will be provided by the Authority from available funds of the Authority, which may include, but need not be limited to, funds held in the trust estate securing the Bonds that are available for this purpose, that the Authority may decide to apply to the purchase of Bonds. The Accrued Interest due on purchased Bonds on the Settlement Date will also be paid from available funds of the Authority and will be part of the Purchase Funds.

19. Conditions to Purchase

The Authority will not be required to purchase any Bonds of a Series it has decided to purchase, and will incur no liability as a result, if, before payment for the Bonds of such Series:

(a) Litigation or another proceeding is pending or threatened which the Authority believes may, directly or indirectly, have an adverse impact on the Invitation or the expected benefits of the Invitation to the Authority or the Bondowners of the Bonds of such Series.

(b) A war, escalation of military hostilities, act of terrorism, national emergency, banking moratorium, suspension of payments by banks, general suspension of trading by the New York Stock Exchange or limitation of prices on the New York Stock Exchange occurs and the Authority believes this fact makes it inadvisable to proceed with the purchase of the Bonds of such Series.

(c) A material change in the business or affairs of the Authority or the insurer of the Bonds, has occurred which the Authority believes makes it inadvisable to proceed with the purchase of Bonds of such Series.

These conditions are for the sole benefit of the Authority. They may be asserted by the Authority regardless of the circumstances giving rise to any of these conditions or may be waived by the Authority in whole or in part at any time and from time to time in its discretion. The failure by the Authority at any time to exercise any of these rights will not be deemed a waiver of any of these rights, and the waiver of these rights with respect to particular facts and other circumstances will not be deemed a waiver of these rights with respect to any other facts and circumstances. Each of these rights will be deemed an ongoing right of the Authority which may be asserted at any time and from time to time. Any determination by the Authority concerning the events described in this Section will be final and binding upon all parties. If, prior to the time of payment for any Bonds, any of the events described happens, the Authority will have the absolute right to cancel its obligations to purchase Bonds of any or all Series without any liability to any Bondowner (or its nominee).

20. Extension of Offer Submission Period; Termination and Amendment of Invitation; Changes to Terms

The Authority has the right to announce an extension of the Expiration Date, but not of the Settlement Date, with respect to all or any portion of the Bonds at any time prior to 5:00 p.m. on the third business day prior to the Expiration Date then in effect. Notice of an extension of the Expiration Date will be given to the Information Services and will be effective when this notice is transmitted to the Information Services.

The Authority also has the right to terminate the Invitation with respect to all or any portion of the Bonds at any time by giving notice to the Information Services of this termination. The termination will be effective at the time specified in such notice; provided that such notice with respect to a particular Series can only become effective before the date on which the notice of acceptance of Offers for that Series is given pursuant to Section 16 hereof.

The Authority also has the right to amend or waive any of the other terms of the Invitation, with the exception of the Settlement Date, with respect to all or any portion of the Bonds in any respect and at any time by giving notice to the Information Services of this amendment or waiver. This amendment or waiver will be effective at the time specified in such notice; provided that such notice with respect to a particular Series can only become effective before the date on which the notice of acceptance of offers for that Series is given pursuant to Section 16 hereof.

If the Authority extends the Expiration Date, or amends other terms of the Invitation (including a waiver of any term as described above) in any material respect, the Authority may (but is not required to) disseminate additional Invitation material.

No extension of the Expiration Date or termination or other amendment of the Invitation (or waiver of any terms of the Invitation) will (a) change the Authority's right to decline to purchase any Bonds, or to decline to purchase any Bonds of any Series, without liability or (b) give rise to any liability of the Authority or of the Tender Agent to any Bondowner (or its nominee).

21. Certain Federal Income Tax Consequences

The Authority has been advised that sales by Bondowners pursuant to the Invitation may have tax consequences for the Offering Bondowner pursuant to federal, state, local or foreign tax laws applicable to such Offering Bondowner. Such consequences may be dependent upon numerous factors, which may include such Bondowner's adjusted tax basis in the Offered Bonds, the Purchase Price applicable to such Offered Bonds and various factors affecting the Offering Bondowner's general tax position.

This Invitation does not attempt to describe the tax consequences to any Bondowner of selling Bonds pursuant hereto and should not be construed as a tax opinion or tax advice to Bondowners. Bondowners are urged to consult their own tax advisors to determine the particular federal, state, local and foreign tax consequences that may be applicable to them as a result of sales made by them pursuant to the Invitation, including the effect of possible changes in such tax laws.

22. Waiver and Indemnity

In addition to the foregoing, (a) all Bondowners, who sell Bonds to the Authority pursuant to this Invitation, thereby agree to waive any and all claims which may be available to such Bondowner or losses or liabilities which have been, or will be in the future, incurred by such Bondowner in connection with the Bondowner's ownership of such Bonds, and (b) all Bondowners, who sell Bonds to the Authority pursuant to this Invitation and are any of a broker, dealer or financial institution that has purchased such

Bonds from an investor, thereby agree to indemnify and hold harmless the Authority and each person, if any, who controls the Authority against any and all losses, claims, damages and liabilities arising out of any litigation or action commenced or threatened by such investor against the Authority. In case any such claim shall be made or action brought against the Authority or person controlling the Authority in respect of which indemnity may be sought against the Bondowner, the Authority shall promptly notify the Bondowner in writing setting forth the particulars of such claim or action and the Bondowner shall assume the defense thereof including the employment of counsel, satisfactory to the Authority (who shall not, except with the consent of the Authority, be counsel for the Bondowner), and the payment of all expenses. The Authority or any such controlling person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Authority or such controlling person or persons unless the employment, and payment by the Bondowner, of such counsel has been specifically authorized by the Bondowner or unless, in the opinion of counsel to the Authority, the Authority has a defense or defenses not available to the Bondowner.

23. Dissemination Agent, Paying Agent and Tender Agent Fees and Expenses

The Authority will pay the Dissemination Agent, Paying Agent and Tender Agent fees based upon the amount of Bonds purchased pursuant to the Invitation, as well as the reasonable out-of-pocket costs and expenses relating to this Invitation. No such fees, costs and expenses with respect to this Invitation shall be charged to Bondowners by the Dissemination Agent, Paying Agent and Tender Agent.

24. Miscellaneous

The Invitation is not being made to, and Offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which the Invitation or the acceptance thereof would not be in compliance with the laws of such jurisdiction.

The CUSIP numbers contained in Appendix A are provided for the convenience of the Bondowners, and none of the Authority, the Paying Agent, the Tender Agent nor the Dissemination Agent make any representation as to, or takes any responsibility for, the correctness of such CUSIP numbers.

FINANCE AUTHORITY OF MAINE

By: /S/ Elizabeth L. Bordowitz

Acting Chief Executive Officer

APPENDIX A
FINANCE AUTHORITY OF MAINE
Outstanding Debt

| CUSIP* | Bond Series | Amount Outstanding | Maturity | Interest Rate |
|---------------------------|------------------------|-------------------------------|------------------|--------------------------|
| 56041W AA0 | 2003 Senior Series A | \$66,000,000 | December 1, 2033 | Auction Rate |
| 56041W AC6 | 2005 Senior Series A-1 | 47,500,000 | December 1, 2035 | Auction Rate |
| 56041W AD4 | 2005 Senior Series A-2 | 44,000,000 | December 1, 2035 | Auction Rate |
| 56041W AF9 | 2007 Senior Series A-1 | 50,000,000 | December 1, 2037 | Auction Rate |
| 56041W AG7 | 2007 Senior Series A-2 | 50,000,000 | December 1, 2037 | Auction Rate |
| 56041W AH5 | 2007 Senior Series A-3 | 40,000,000 | December 1, 2037 | Auction Rate |
| Total Outstanding: | | \$297,500,000 | | |

* Neither the Authority nor the Dissemination Agent shall be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to the correctness thereof as indicated in this Invitation. CUSIP numbers are included solely for the convenience of holders.