

**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.**

**THIS INVITATION WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME**

**ON THE EXPIRATION DATE OF JUNE 18, 2010, 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 this Invitation is:**

**The Bank of New York Mellon Trust Company, N.A., as Trustee**

**Institutional Bondowners with questions about this 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”**

**Other Bondowners with questions about this Invitation should contact the financial institution that maintains the account in which their Bonds are held.**

**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 18, 2010
Notification of accepted and rejected Offers .....	June 21, 2010
Release of all Bonds Offered which have not been accepted for purchase.....	June 23, 2010
Settlement Date <i>payment made on all accepted Bonds</i> .....	June 23, 2010

Invitation Date - May 28, 2010

**TABLE OF CONTENTS**

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

	Appendix A – FINANCE AUTHORITY OF MAINE — Outstanding Education Loan Revenue Bonds.....	A-1
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**No one has been authorized by the Authority, the Trustee, the Paying Agent, the Tender Agent or the Dissemination Agent to recommend to any Bondowners whether to offer Bonds pursuant to this 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 this Invitation other than those contained in this 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, the Trustee, the Paying Agent, the Tender Agent or the Dissemination Agent.**

**The Authority, the Trustee, the Paying Agent, the Tender Agent 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 this 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 (this “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 Invitation.

**The Authority reserves the right to increase or decrease the amount of funds that it currently expects to apply to purchase Series 2003 Bonds, Series 2005 Bonds or Series 2007 Bonds based upon the Offers received or other factors. If the Authority receives favorable Offer Prices pursuant to this Invitation, which afford it the opportunity to reach its economic goals, it could use any funds legally available to it for such purposes to purchase Bonds of any Series. 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 a redemption price of 100% of principal amount thereof plus accrued interest in accordance with their terms and to fund such purchase or redemption from any source available to the Authority. See “—*Certain Recent Federal Legislation,*” “—*Authority Examination of Potential Actions Concerning the Trust Estate*” and “3. *Certain Potential Adverse Effects of Invitation on Owners of Bonds.*”**

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

This is the fifth 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 \$850.0 per thousand, with the balance of offers being rejected. The Authority published its second invitation on May 12, 2009 (the “Second Invitation”). Pursuant to the Second Invitation, the Authority accepted the tender of a certain number of Bonds at offer prices at or below \$890.0 per thousand, with the balance of offers being rejected. The Authority published its third invitation on August 24, 2009 (the “Third Invitation”). The Authority rejected all offers received pursuant to the Third Invitation. The Authority published its fourth

Invitation on December 1, 2009 (“the Fourth Invitation”). No offers were received in response to the Fourth Invitation. However, no action taken by the Authority in connection with any of the First Invitation, the Second Invitation, the Third Invitation or the Fourth Invitation shall in any way limit the rights of the Authority pursuant to this fifth invitation, as described below.

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

The Authority shall purchase all Education Loan Revenue Bonds 2003 Senior Series A (“Series 2003 Bonds”) that are Offered at Offer Prices that are acceptable to the Authority, subject to the applicable total amount that the Authority has committed to make available to purchase Series 2003 Bonds (the “Series 2003 Tender Ceiling”), which is initially \$25,400,000, and to the provisions of this Invitation relating to the selection of Series 2003 Bonds in the event that the aggregate Purchase Price of all Series 2003 Bonds by all Bondowners that would otherwise qualify for purchase under this Invitation exceeds the applicable Series 2003 Tender Ceiling. Offered Series 2003 Bonds will be selected in order of increasing Offer Price, beginning with the lowest Offer Price received with respect to an otherwise qualified Offer, until either all Offers at Offer Prices that the Authority deems acceptable have been selected or the Series 2003 Tender Ceiling is reached. The Authority reserves the right, however, to increase or to decrease the Series 2003 Tender Ceiling at any time prior to Notification of accepted and rejected Offers as described herein. **Anything contained in this Invitation to the contrary notwithstanding, the Authority reserves the right to reject all Offers of Series 2003 Bonds at Offer Prices that the Authority deems, in its absolute discretion, to be unacceptable. See 6. “How Offers Can Be Made” and “15. Determination of Purchase Prices.”** The Authority also reserves the rights: (i) to purchase Series 2003 Bonds after the Settlement Date pursuant to one or more subsequent invitations to tender Bonds or through one or more negotiated transactions, including purchases that may be for prices higher than are applicable to purchases of Offered Bonds pursuant to this Invitation; and (ii) to redeem Series 2003 Bonds after the Settlement Date at a redemption price of 100% of principal amount thereof plus accrued interest. **See “—Certain Recent Legislation,” “—Authority Examination of Potential Actions Concerning the Trust Estate” and “3. Certain Potential Adverse Effects of Invitation on Owners of Bonds.”**

The Authority shall purchase all Education Loan Revenue Bonds 2005 Senior Series A-1 and 2005 Senior Series A-2 (collectively, “Series 2005 Bonds”) that are Offered at Offer Prices that are acceptable to the Authority, subject to the applicable total amount that the Authority has committed to

make available to purchase Series 2005 Bonds (the “Series 2005 Tender Ceiling”), which is initially \$24,300,000, and to the provisions of this Invitation relating to the selection of Series 2005 Bonds in the event that the aggregate Purchase Price of all Series 2005 Bonds by all Bondowners that would otherwise qualify for purchase under this Invitation exceeds the applicable Series 2005 Tender Ceiling. Offered Series 2005 Bonds will be selected in order of increasing Offer Price, beginning with the lowest Offer Price received with respect to an otherwise qualified Offer, until either all Offers at Offer Prices that the Authority deems acceptable have been selected or the Series 2005 Tender Ceiling is reached. The Authority reserves the right, however, to increase or to decrease the Series 2005 Tender Ceiling at any time prior to Notification of accepted and rejected Offers as described herein. **Anything contained in this Invitation to the contrary notwithstanding, the Authority also reserves the right to reject all Offers of Series 2005 Bonds at Offer Prices that the Authority deems, in its absolute discretion, to be unacceptable.** No distinction shall be made between 2005 Senior Series A-1 and 2005 Senior Series A-2 Bonds for purposes of this Invitation except as expressly stated herein. **See “6. How Offers Can be Made” and “15. Determination of Purchase Prices.”** The Authority also reserves the rights (i) to purchase Series 2005 Bonds after the Settlement Date pursuant to one or more subsequent invitations to tender Bonds or through one or more negotiated transactions, including purchases that may be for prices higher than are applicable to purchases of Offered Bonds pursuant to this Invitation; and (ii) to redeem Series 2005 Bonds after the Settlement Date at a redemption price of 100% of principal amount thereof plus accrued interest. **See “—Certain Recent Federal Legislation,” “—Authority Examination of Potential Actions Concerning the Trust Estate” and “3. Certain Potential Adverse Effects of Invitation on Owners of Bonds.”**

The Authority shall purchase all Education Loan Revenue Bonds 2007 Senior Series A-1, 2007 Senior Series A-2 and 2007 Senior Series A-3 (collectively, “Series 2007 Bonds”) that are Offered at Offer Prices that are acceptable to the Authority subject to the applicable total amount that the Authority has committed to make available to purchase Series 2007 Bonds (the “Series 2007 Tender Ceiling” and, collectively with the Series 2003 Tender Ceiling and the Series 2005 Tender Ceiling, a “Tender Ceiling”), which Series 2007 Tender Ceiling is initially \$47,800,000, and to the provisions of this Invitation relating to the selection of Series 2007 Bonds in the event that the aggregate Purchase Price of all Series 2007 Bonds by all Bondowners that would otherwise qualify for purchase under this Invitation exceeds the applicable Series 2007 Tender Ceiling. Offered Series 2007 Bonds will be selected in order of increasing Offer Price, beginning with the lowest Offer Price received with respect to an otherwise qualified Offer, until either all Offers at Offer Prices that the Authority deems acceptable have been selected or the Series 2007 Tender Ceiling is reached. The Authority reserves the right, however, to increase or to decrease the

Series 2007 Tender Ceiling at any time prior to Notification of accepted and rejected Offers as described herein. No distinction shall be made between 2007 Senior Series A-1, 2007 Senior Series A-2 Bonds and 2007 Senior Series A-3 Bonds for purposes of this Invitation except as expressly stated herein. **Anything contained in this Invitation to the contrary notwithstanding, the Authority reserves also the right to reject all Offers of Series 2007 Bonds at Offer Prices that the Authority deems, in its absolute discretion, to be unacceptable. See “6. How Offers Can be Made” and “15. Determination of Purchase Prices.”** The Authority also reserves the rights: (i) to purchase Series 2007 Bonds after the Settlement Date pursuant to one or more subsequent invitations to tender Bonds or through one or more negotiated transactions, including purchases that may be for prices higher than are applicable to purchases of Offered Bonds pursuant to this Invitation; and (ii) to redeem Series 2007 Bonds after the Settlement Date at a redemption price of 100% of principal amount thereof plus accrued interest. See “—*Certain Recent Federal Legislation*,” “—*Authority Examination of Potential Actions Concerning the Trust Estate*” and “**3. Certain Potential Adverse Effects of Invitation on Owners of Bonds.**”

Without in any way limiting the Authority’s discretion with respect to the acceptance or rejection of Offers submitted at a specific Offer Price, the Authority’s current goal in distributing this Invitation is to purchase Bonds in an aggregate principal amount and at Purchase Prices reflecting aggregate discounts sufficient to increase the ratio of assets included in the trust estate securing the Bonds the “Trust Estate”) to Trust Estate liabilities so that such assets would exceed such liabilities by a meaningful margin. Assuming that Series 2003 Bonds, Series 2005 Bonds and Series 2007 Bonds are to be purchased in respective principal amounts equivalent to their respective Tender Ceilings as described herein, the Authority projects that an average Purchase Price of \$935.0 per \$1,000 could cause Trust Estate assets to at least equal Trust Estate liabilities immediately subsequent to such purchase. The Authority does not intend to offer additional guidance with respect to its current views as to Offering Prices. Such views, and the goal described above, are subject to change without notice. See “—*Certain Recent Federal Legislation*,” “—*Authority Examination of Potential Actions Concerning the Trust Estate*” and “**3. Certain Potential Adverse Effects of Invitation on Owners of Bonds.**”

As more fully described herein, the “Expiration Date” is June 18, 2010 (subject to change as described herein). The Bonds the Authority decides to purchase will be paid for by 2:00 p.m. on June 23, 2010 (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, Paying Agent and Tender Agent for this Invitation is The Bank of New York Mellon Trust Company, N.A. (in such capacities, the “Dissemination Agent,” “Paying Agent” or

“Tender Agent”, as applicable). Institutional Bondowners with questions about this Invitation should contact the Authority as set forth on the cover of this Invitation. Other Bondowners with questions should contact the financial institution which maintains the account in which their Bonds are held.

**All times in this Invitation are New York City time.**

***Availability of Certain Information.*** Pursuant to continuing disclosure agreements executed by the Authority that reflect 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”) that were then 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 statement for the fiscal year ended June 30, 2008 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 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 Notice”), (v) on September 26, 2008, the Authority filed with each NRMSIR a document entitled “Notice” (the “September 26, 2008 Notice”), (vi) on December 1, 2008, the Authority filed with each NRMSIR a document entitled “Notice of Material Event – Rating Change” (the “December 1, 2008 Notice”), (vii) on February 2, 2009, the Authority filed with each NRMSIR a document entitled “Notice of Material Event – Rating Change” (the “February 2, 2009 Notice”), (viii) on March 12, 2009, the Authority filed with each NRMSIR a document entitled “Notice” (the “March 12, 2009 Notice”), and (ix) on April 22, 2009, the Authority filed with each NRMSIR a document entitled “Notice of Material Event – Rating Change” (the “April 22, 2009 Notice”). The July 12, 2007 Notice and the 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 the 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 Education Loan Revenue Bonds 2003 Subordinate Series B and 2005 Subordinate Series B, 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 Notice, the July 31, 2008 Notice, the December 1, 2008 Notice, the February 2, 2009 Notice, the March 12, 2009 Notice, and the April 22, 2009 Notice each disclose certain information concerning negative rating actions with respect to each Series of the Bonds.

Subsequent to the filing of the Notices referred to in the immediately preceding paragraph, the Municipal Securities Rulemaking Board ("MSRB") has implemented its Electronic Municipal Market Access System ("EMMA"), and the recognition of each of the private repositories with which the Secondary Market Filings were made as NRMSIRs has been withdrawn by the SEC. The Authority has caused copies of each of the notices referred to in the immediately preceding paragraph to be filed with EMMA as the only current national repository. On August 17, 2009 the Authority filed with EMMA a document entitled "Notice of Material Event – Rating Change" (the "August 17, 2009 Notice"), which disclosed certain information concerning negative rating actions with respect to each Series of the Bonds. On December 30, 2009, the Authority filed with EMMA the same types of annual financial information found in the 2008 Annual Notice, updated through fiscal year ended June 30, 2009 (the "2009 Annual Notice"). On May 26, 2010 the Authority filed with EMMA a document entitled "Notice of Material Event – Optional Redemption of Bonds" (the "May 26, 2010 Notice" and, collectively with the August 17, 2009 Notice, the 2009 Annual Notice and each of the notices referred to in the preceding paragraph, the "Secondary Market Filings"). Copies of the Secondary Market Filings may be obtained through EMMA, without charge, pursuant to the MSRB's regular procedures. Information concerning such procedures is available at "[www.emma.msrb.org](http://www.emma.msrb.org)".

**Copies of each of the Official Statements of the Authority with respect to the initial offering of a Series (each, an "Official Statement" and, collectively, the "Official Statements", each of the Secondary Market Filings and certain information concerning the Trust Estate and the loans included in the Trust Estate may be obtained via the Internet, from the Authority's web site at "[www.famemaine.com/investorInformation.asp](http://www.famemaine.com/investorInformation.asp)". In addition, at its sole discretion, the Authority may from time to time prior to the Expiration Date post on such web site 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 web site.**

*There is hereby included in this Invitation by this reference the information contained in each of the Secondary Market Filings and, with respect to each Series, the respective Official Statement 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 (each, a "Bond Insurance Policy") of Ambac Assurance Corporation ("Ambac") with respect the Bonds. The Authority, the Trustee, the Paying Agent, the Tender Agent and the Dissemination Agent make no representation as to the current or future financial condition of Ambac or as to its ability to make payment of any claims that may be made upon such Bond Insurance 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.*

***Certain Recent Federal Legislation.*** Federal legislation titled the "Student Aid and Fiscal Responsibility Act of 2009" ("SAFRA") became effective on March 30, 2010. SAFRA provisions include:

- (i) termination of authority to originate new Federal Family Education Loan Program ("FFELP") loans to require initial disbursement prior to July 1, 2010; and
- (ii) authorization of origination between July 1, 2010 and June 30, 2011 of Federal Direct Student Loan Program ("FDSL") loans for the purpose of consolidating certain FFELP loans.

All of the education loans included in the trust estate securing the Bonds (the "Trust Estate") are FFELP loans. No representation is made as to whether the provisions identified above might materially affect the ability of the Trust Estate to generate revenues adequate, along with Trust Estate cash reserves, to fund the timely payment of costs of loan administration and of all Bond principal and interest or affect the Authority's ability to discharge its administrative responsibilities with respect to the Trust Estate or as to whether the provisions identified above are the only current provisions of SAFRA that might have such an effect. In addition, there can be no assurance as to the potential effect of any other potential federal or state legislation, upon the Trust Estate or the Authority's administration of the Trust Estate.

***Authority Examination of Potential Actions Concerning the Trust Estate.*** The Authority has determined that the Trust Estate currently includes approximately \$98,000,000 of immediately expendable cash that was received by the Authority as repayment of FFELP loan principal or of loans made by the Authority for the purpose of financing FFELP Loans and that, as a result of the implementation of the SAFRA provisions described above, this cash amount will not be used to finance additional FFELP Loans. The Authority is currently examining a range of potential actions that it may take with respect to this immediately expendable cash amount and the other assets held in the Trust Estate. Such potential actions include the application of funds held in the Trust Estate to fund the partial par redemption of currently Outstanding Bonds. The Authority recently redeemed an aggregate amount of \$8,100,000 of Bonds at a redemption price of 100% of principal amount thereof plus accrued interest. It is currently anticipated that additional partial redemption at a redemption price of 100% of principal amount thereof plus accrued interest through application of any amounts credited to the Loan Account and of revenues, including recoveries of principal, that are received by the Trust Estate and that are in excess of required payments under the Trust Estate indenture that are then not otherwise funded will take place from time to time commencing July 1, 2010. **See “—*Certain Recent Federal Legislation*” and “3. *Certain Potential Adverse Effects of Invitation on Owners of Bonds.*”**

As part of its examination, the Authority has reviewed cash flow projections that reflect that the Trust Estate may not produce sufficient revenues to fund the timely payment of all principal of and interest on the currently Outstanding Bonds as well as the costs of administering the Trust Estate and the Bonds through final Bond maturity under certain interest rate, administrative cost and FFELP loan assumptions. There can be no assurance that such assumptions will, in fact, be realized and, to the extent that such assumptions are not realized, the degree to which Trust Estate revenues will be adequate to fund such costs may be affected. However, to the extent that the Trust Estate revenues prove to be inadequate to fund such costs, holders of an affected Series of Bonds will be dependent upon payments received pursuant to the Ambac Bond Insurance Policy applicable to such Series of Bonds as the sole source of unpaid principal of and interest on their Bonds. **See “—*Certain Recent Developments Affecting Ambac.*”**

***Certain Recent Developments Affecting Ambac.*** On March 25, 2010, Ambac Financial Group, Inc. (“AFG”), the parent company of Ambac, filed with the Securities and Exchange Commission (the “SEC”) a report on Form 8-K (the “March 25, 2010 AFG Report”) describing the establishment of a segregated account (the “Segregated Account”) pursuant to Wisconsin law. The March 25, 2010 AFG Report states that:

(i) the purpose of the Segregated Account is to segregate certain segments of Ambac's liabilities;

(ii) on March 24, 2010 the Commissioner of Insurance of the State of Wisconsin (the "Wisconsin Insurance Commissioner") commenced rehabilitation proceedings with respect to the Segregated Account to facilitate an orderly run-off and/or settlement of the liabilities allocated to the Segregated Account;

(iii) the Wisconsin Insurance Commissioner has stated that it will, by approximately September 24, 2010, seek approval of a plan of rehabilitation with respect to the Segregated Account that will, if approved, provide, among other things, (a) that the holders of financial guarantee policies that had been allocated to the Segregated Account ("Segregated Account Policies") shall receive in respect of claims a combination of (i) cash and (ii) "surplus notes", as described in the March 25, 2010 AFG Report and (b) that Ambac, may, with the approval of the Wisconsin Insurance Commissioner, cause additional financial guarantee insurance policies on securities that are payable from student loan assets to be transferred to the Segregated Account; and

(iv) on March 24, 2010 Ambac reached a non-binding agreement with the counterparties to certain credit default swaps to which its affiliate Ambac Credit Products, L.L.C. was a party that were guaranteed by Ambac to enter into a binding agreement pursuant to which, among other things, Ambac's payment obligations relating to financial guarantee insurance policies on securities that are payable from certain specified student loan assets shall be transferred to the Segregated Account.

The Authority has not been advised that, as of the date hereof, the Bond Insurance Policies have been transferred to the Segregated Account. There can be no assurance, however, that one or more of the Bond Insurance Policies will not be transferred to the Segregated Account in the future or of the effect of such a transfer upon the availability to the Trustee of funds upon a transferred Bond Insurance Policy resulting from a deficiency in funds available in the Trust Estate to pay the principal of and interest on the

related Series of Bonds when due. The preceding summary of certain statements included in the March 25, 2010 AFG Report is not intended to be a full description of the March 25, 2010 AFG Report and the Authority does not intend to incorporate the March 25, 2010 AFG Report herein and makes no representation as to the statements contained therein or as to the matters addressed by such statements. Bondholders are advised to refer: (i) to the March 25, 2010 AFG Report and any subsequent or future filings by AFG with the SEC addressing the matters addressed in the March 25, 2010 AFG Report; and (ii) to other information that has been or may be made publicly available by AFG, by Ambac or by the Wisconsin Insurance Commissioner with respect to such matters. The Wisconsin Insurance Commissioner currently makes certain information concerning Ambac financial guarantee policies available at <http://ambacpolicyholders.com>. The Authority does not intend to incorporate any information that is or may become accessible through such website herein and makes no representation as to the statements contained therein or the matters addressed by such statements.

## **2. Source of Funds to Purchase Bonds**

The Authority may apply available funds currently held as part of the Trust Estate or other available funds of the Authority to purchase Bonds pursuant to this Invitation. **See “1. Introduction — Authority Examination of Potential Actions Concerning the Trust Estate.”**

## **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 Bondowners who do, or who do not, submit Offers, including but not limited to the following:

- The principal amount of the Bonds of such Series that are 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. In addition, it is possible that the Authority may repurchase Bonds through negotiated secondary market purchases, which may further reduce the liquidity and market value of the Bonds that remain outstanding and may, under certain circumstances, indirectly affect accounting valuation of such Bonds. Such purchases may be at prices that are higher than, or that are lower than, accepted Offer Prices and may have other terms that vary from those applicable to Offers. The Authority reserves the right to conclude such purchases at any time, subject to compliance with applicable Trust Estate indenture requirements. **See “8. Provisions Applicable to all Offers — Need for Advice.”**

- The amount of funds held as part of the Trust Estate will be reduced, which would reduce the availability within the Trust Estate of certain funds that are currently expected to be applied to fund the potential partial par redemption of Bonds. The Authority redeemed an aggregate amount of \$8,100,000 of Bonds at a redemption price of 100% of principal amount thereof plus accrued interest. It is currently anticipated that additional partial redemption at a redemption price of 100% of principal amount thereof plus accrued interest through application of any amounts credited to the Loan Account and of revenues, including recoveries of principal, that are received by the Trust Estate and that are in excess of required payments under the Trust Estate indenture that are then not otherwise funded will take place from time to time commencing July 1, 2010. Many factors (including, without limitation, the prior retirement of Bonds through purchase at prices other than par) may be expected to affect the existence and amount of such excess revenues and it is not possible to predict with certainty the amount, if any, of such excess revenues that will become available to fund redemption on any date. Any such partial redemption would be allocated by DTC among Bondholders in accordance with DTC's standard procedures at the time of such redemption. The Authority reserves its rights to apply such funds to purchase Bonds of any Series that are subject to such par redemption at prices below par in accordance with the Trust Estate indenture and the applicable supplemental indenture. The Authority may also take certain other actions to increase the amount of such funds, or to decrease the amount of outstanding auction rate Bonds, such as selling loans credited to the Trust Estate, converting auction rate Bonds to fixed rate Bonds or to variable rate demand Bonds or issuing securities to refund auction rate Bonds. There can be no assurance that any such action will be economically feasible at any time. Even if economically feasible, the Authority is not required to take, and may determine not to take, any such action. The Authority does, however, reserve the right to take any such action at any time. The implementation of one or more such actions may result in currently outstanding auction rate Bonds being redeemed at par. There can be no assurance, however, that all, or any specific portion, of a Bondowner's Bonds will be redeemed at par prior to their maturity, or as to the timing of any such redemption. See **"1. Introduction — Certain Recent Federal Legislation" and "—Authority Examination of Potential Actions Concerning the Trust Estate."**

Bondowners are advised to consult their own financial advisors as to the investment risks of tendering, and of not tendering, their Bonds in light of these uncertainties, of the information concerning the current

condition of the Trust Estate and the Bonds contained, or referred to, herein and of the pending legislation describe herein. See **“8. Provisions Applicable to all Offers — *Need for Advice.*”**

#### **4. Expiration Date**

The ability to Offer Bonds for sale to the Authority will expire at 5:00 p.m. on June 18, 2010 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 this Invitation to the market and Bondowners by delivery of the information to the following institutions:

- The Depository Trust Company (“DTC”)
- Municipal Securities Rulemaking Board (“EMMA”)
- RBC Capital Markets, as broker-dealer for the auction rate remarketing of the Bonds

These institutions are called the “Information Notice Recipients”. **Transmission of information by the Authority to the Information Notice Recipients will be deemed to constitute delivery of this information to each Bondowner. The Authority, the Trustee, the Paying Agent, the Tender Agent and the Dissemination Agent have no obligation to ensure that a Bondowner actually receives any information given to the Information Notice Recipients.**

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

#### **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 an integral multiple of:** (i) **\$50,000**, with respect to the 2003 Senior Series A Bonds; (ii) **\$50,000**, with respect to the 2005 Senior Series A-1 Bonds and 2005 Senior Series A-2 Bonds; and (iii) **\$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. **The requirement that Offers must be submitted in a par amount that is an integral multiple of the applicable Minimum Denomination is separately applicable to 2005 Senior Series A-1 and 2005 Senior Series A-2 Bonds and is separately applicable to 2007 Senior Series A-1, 2007 Senior Series A-2 and 2007 Senior Series A-3 Bonds.**

**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.

**Bondowners are advised that their sale to the Authority of a Bond Offered pursuant to this Invitation will constitute a waiver of any claim that they may have against the Authority or the Trustee with respect to such Bond. In addition, Bondowners who are broker-dealers and who have acquired a Bond from an investor are advised that their sale to the Authority of the Bond Offered pursuant to this Invitation will also obligate them to indemnify the Authority and the Trustee from certain claims of such investor. See “22. Waiver and Indemnity.”**

## **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 identified on Appendix A hereto by any CUSIP number 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 (none of the Authority, the Trustee, the Dissemination Agent, the Paying Agent or the Tender Agent will 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 this Invitation to reinvest in other bonds available in the secondary market. A Bondowner considering such a reinvestment should also consult its own tax advisor regarding its individual tax situation in connection with such a reinvestment; 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. **See “6. How Offers Can Be Made.”**

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 applicable 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 by the DTC participant to and received by the Tender Agent on or prior to 5:00 p.m. on the Expiration Date (as this Date may have been changed pursuant to this 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 and Offer Price or Offer Prices of Bonds which have been tendered by such participant pursuant to this Invitation and to the effect that such participant agrees to be bound by the terms of this Invitation.

Unless the Bonds being tendered are received in the Authority's ATOP Account on or prior to 5:00 p.m. on the Expiration Date (as this Date may have been changed pursuant to this 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 this 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 at Offer Prices that are above a maximum Offer Price to be determined by the Authority, in its absolute discretion, for each Series of Bonds, whether or not such Offers otherwise comply with the terms of this 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 below) 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 in accordance with DTC requirements by not later than 5:00 p.m. on the Expiration Date (as this date may have been changed pursuant to this 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 in accordance with DTC requirements by 5:00 p.m. on the Expiration Date (as this Date may have been changed pursuant to this Invitation).

## **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 this Invitation).

## **14. Determination of Amounts to be Purchased**

After the Expiration Date (as this date may have been changed pursuant to this 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.*** Specific Offered Series 2003 Bonds, Series 2005 Bonds or Series 2007 Bonds to be purchased will be determined separately as to each such Series, without regard to any subseries, by the Authority through an auction procedure. Under this procedure, the Authority will determine the specific Offered Series 2003 Bonds, Series 2005 Bonds and Series 2007 Bonds that it will purchase sequentially in increasing order of Offer Price, so that all Series 2003 Bonds, Series 2005 Bonds or Series 2007 Bonds, as applicable, that were Offered in accordance with this Invitation 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 first of: (i) all Offered Bonds of such Series with Offer Prices that are not in excess of a maximum Offer Price to be determined by the Authority, in its absolute discretion, for each Series of Bonds have been purchased; or (ii) the remaining uncommitted amount of the applicable Tender Ceiling is insufficient to fund the purchase of any remaining Offered Bond of such Series with an Offer Price that is not in excess of such maximum Offer Price, in each case determined on the basis of the Minimum Denomination applicable to Bonds of such Series or, if applicable, on the basis of the Minimum Denomination applicable to Bonds of each subseries of such Series. Accordingly, it is possible that accepted Offers for Bonds of the same Series may result in the payment of Purchase Prices based upon different respective Offer Prices. **See “6. How Offers Can Be Made” and “8. Provisions Applicable to all Offers — Need for Advice.”**

***Procedures in the Event of Overtender.*** If the Authority receives multiple Offers for any such Series of Offered Bonds at the same Offer Price that together exceed the difference between (a) the remaining uncommitted amount of the applicable Tender Ceiling 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 Offered Bonds of such Series by each Bondowner at such Offer Price to (y) the aggregate par amount of the Offered Bonds of such Series by all Bondowners at such Offer Price, determined on the basis of the Minimum Denomination applicable to Bonds of such Series or, if applicable, on the basis of the Minimum Denomination applicable to Bonds of each subseries of such Series. **See “6. How Offers Can Be Made” and “8. Provisions Applicable to all Offers — Need for Advice.”**

## **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 this 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 business day after the Expiration Date (the “Notification” and the “Notification 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. The Settlement Date has initially been set as 2:00 p.m. on June 23, 2010. If the Authority does not complete the purchase of the Bonds by 2:00 p.m. on June 23, 2010, 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 this Invitation will be cancelled.

The Authority, the Trustee 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 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 this Invitation or the expected benefits of this 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 (and a new Notification Date and Settlement Date in connection therewith) 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 Notice Recipients and will be effective when this notice is transmitted to the Information Notice Recipients.

The Authority also has the right to terminate this Invitation with respect to all or any portion of the Bonds at any time by giving notice to the Information Notice Recipients 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 to waive compliance by Bondowners with, any of the other terms of this Invitation in any respect (with the exception, after the Notification Date, of the determination of the Purchase Price or of the Settlement Date), with respect to all or any portion of the Bonds, at any time by giving notice to the Information Notice Recipients of this amendment or waiver. Any waiver by the Authority of a requirement applicable to Bondowners will be effective at the time specified in such notice; provided that such notice can only become effective before the Notification Date.

If the Authority extends the Expiration Date, terminates this Invitation or amends or waives other terms of this Invitation 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 or waiver of any terms of this Invitation will give rise to any liability of the Authority, the Trustee, the Dissemination Agent, the Paying Agent or 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 this 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 this 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 against the Authority or the Trustee 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, the Trustee and each person, if any, who controls the Authority or the Trustee 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 or the Trustee based on such Bondowner's participation in this Invitation. 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 this 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**

This Invitation is not being made to, and Offers will not be accepted from or on behalf of, Bondowners in any jurisdiction in which this 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 Trustee, 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  
Chief Executive Officer

**APPENDIX A**

**FINANCE AUTHORITY OF MAINE  
Outstanding Education Loan Revenue Bonds**

<b>CUSIP*</b>	<b>Bond Series</b>	<b>Amount Outstanding</b>	<b>Maturity</b>	<b>Interest Rate</b>
56041W AA0	2003 Senior Series A	\$ 58,250,000	December 1, 2033	Auction Rate
56041W AC6	2005 Senior Series A-1	44,500,000	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	47,100,000	December 1, 2037	Auction Rate
56041W AG7	2007 Senior Series A-2	47,100,000	December 1, 2037	Auction Rate
56041W AH5	2007 Senior Series A-3	37,700,000	December 1, 2037	Auction Rate
	<b>Total Outstanding:</b>	<b>\$278,650,000</b>		

\* None of the Authority, the Trustee, the Paying Agent, the Tender Agent or 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.

\*\* Interest on each Series shown is federally tax-exempt but is subject to treatment as a preference for purposes of the federal alternative minimum tax. Each Series, the transfer of such Series and the income from such Series are exempt from taxation within the State of Maine.