



2008-2009
ANNUAL REPORT
Serving Montana
Students for 26 years



MONTANA HIGHER EDUCATION
STUDENT ASSISTANCE CORPORATION

LETTER FROM THE CHAIR

As the financial markets continued to shift, and the landscape of the student loan industry remained in flux, Fiscal Year 2008-09 marked a time of perseverance for the Montana Higher Education Student Assistance Corporation (MHESAC).

Despite a wide range of distractions on the national front, we kept our efforts focused close to home – on ensuring Montana students' access to federal student loans and helping to lower the cost of financing postsecondary education.

In Fiscal Year 2008-09, MHESAC provided about \$155 million to our Montana lender partners to support federal Stafford and PLUS education loans for students.

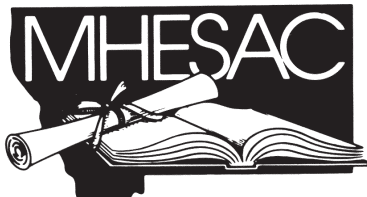
In addition, we delivered \$1.1 million in borrower benefits through interest rate reductions, principal reductions and rebates. That brings the total borrower benefits delivered since 1995 to \$39.7 million!

And while it's hard to say what the future will hold for MHESAC, we are proud of what we have accomplished on behalf of Montana students and families over the past 26 years. We remain dedicated to providing the foundation for academic access to ensure a better tomorrow for Montana.

With all eyes on what will happen next, MHESAC goes forth into its 27th year of serving Montana students.

Fred Flanders

Fred Flanders, Board Chairman
Montana Higher Education Student Assistance Corporation



MHESAC: AN OVERVIEW

Fiscal Year 2008-09 continued to serve up challenging conditions for the Montana Higher Education Student Assistance Corporation (MHESAC) in which to pursue its mission of providing Montana citizens with financial access to higher education.

Despite fluctuations in the financial markets and in the political arena, MHESAC increased its number of Montana and non-Montana borrowers from 107,595 to 111,040. With that rise in MHESAC's number of borrowers came a jump in outstanding principal in student loans in MHESAC's portfolio from \$1.48 billion to \$1.58 billion.

Thanks to prudent and extensive financial planning, MHESAC was able to meet its obligations in respect to loan acquisitions and originations in Fiscal Year 2008-09. Those acquisitions and originations totaled \$183 million.

MHESAC also was able to redeem and retire more than \$43 million of bonds outstanding throughout the fiscal year.

Plus, MHESAC provided its Montana lending partners with \$155.6 million to support low-cost Stafford and PLUS education loans for students.

As an extension of this dedication to Montana students and families, MHESAC delivered \$1.1 million in borrower benefits to 24,918 borrowers through interest rate reductions, principal reductions and rebates.

Since 1995, SAF has delivered \$39.7 million in borrower benefits to about 269,000 borrowers.

Benefit Program	Dollars	Borrowers
Payless	\$283,441	9,419
Incentives	\$7,266	168
Swiftstart	\$215,523	984
Montana's Choice	\$289,947	5,641
ACH Interest Rate Reduction	\$384,401	8,706
TOTAL BENEFITS DELIVERED	\$1,180,578	24,918

**MONTANA HIGHER EDUCATION
STUDENT ASSISTANCE CORPORATION
CONDENSED BALANCE SHEET**

June 30, 2009 and comparative totals for 2008

(expressed in thousands)

ASSETS	2009	2008
CURRENT ASSETS	\$ 3,926	\$ 3,059
RESTRICTED ASSETS	1,846,243	1,899,263
OTHER ASSETS	<u>19,799</u>	<u>21,428</u>
TOTAL ASSETS	<u>\$ 1,869,968</u>	<u>\$ 1,923,750</u>
LIABILITIES AND NET FUND ASSETS		
CURRENT LIABILITIES	\$ 67,560	\$ 49,426
LONG-TERM DEBT	1,773,187	1,830,662
OTHER LIABILITIES	<u>7,493</u>	<u>13,471</u>
TOTAL LIABILITIES	<u>1,848,240</u>	<u>1,893,559</u>
FUND NET ASSETS	<u>21,728</u>	<u>30,191</u>
TOTAL LIABILITIES AND FUND ASSETS	<u>\$ 1,869,968</u>	<u>\$ 1,923,750</u>

**MONTANA HIGHER EDUCATION
STUDENT ASSISTANCE CORPORATION
STATEMENTS OF REVENUE, EXPENSE AND
CHANGES IN FUND NET ASSETS**

Year ended June 30, 2009 and comparative totals for 2008

(expressed in thousands)

	2009	2008
TOTAL OPERATING REVENUE	\$ 73,864	\$ 113,287
TOTAL OPERATING EXPENSE	<u>86,791</u>	<u>124,643</u>
OPERATING INCOME (LOSS)	(12,927)	(11,356)
NONOPERATING REVENUES (EXPENSES)	<u>4,464</u>	<u>3,110</u>
INCREASE (DECREASE) IN NET ASSETS	(8,463)	(8,246)
FUND NET ASSETS, BEGINNING OF YEAR	<u>30,191</u>	<u>38,437</u>
FUND NET ASSETS, END OF YEAR	<u>\$ 21,728</u>	<u>\$ 30,191</u>

MHESAC BOARD OF DIRECTORS

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HELENA



2500 Broadway
Helena, MT 59601-4901
www.mhesac.org

For general information
call MHESAC's business manager,
Student Assistance Foundation:
(406) 495-7800

For loan-related questions call:
(800) 852-2761

For lender services call:
(800) 223-2914

MONTANA HIGHER
EDUCATION STUDENT
ASSISTANCE CORPORATION
(MHESAC) IS A MONTANA
PRIVATE, NONPROFIT
CORPORATION ORGANIZED
UNDER SECTION 150(d) OF
THE U.S. TAX CODE TO
PROVIDE MONTANA
CITIZENS WITH FINANCIAL
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