

**UPDATE ON REFUNDING TRANSACTION OF THE  
STATE OF NORTH CAROLINA  
STATE EDUCATION ASSISTANCE AUTHORITY**

**OCTOBER 1, 2008**

Due to the current and continued disruption of the financial markets, the State Education Assistance Authority (the "Authority") was unable to issue its Tax-Exempt Student Loan Revenue and Refunding Bonds, 2008-2 Series, by September 30, 2008. The Authority continues to work on the refinancing transactions currently in process and expects to refund certain bonds issued under and secured by one of the following applicable resolutions "A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE EDUCATION ASSISTANCE AUTHORITY STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" adopted October 7, 2005, as amended; or "A GENERAL RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF STATE EDUCATION ASSISTANCE AUTHORITY GUARANTEED STUDENT LOAN REVENUE BONDS AND OTHER MATTERS RELATING THERETO" adopted September 14, 1995, as amended.

The expected refunding may occur through one or more transactions in order for the Authority to accomplish the refunding of as many variable rate demand bonds and auction rate bonds as reasonably feasible under prevailing market conditions. At this time, the timing, series and amount of bonds to be refunded is uncertain.

This notice is published solely for information purposes and is not to be construed as specific investment, legal, or tax advice. This notice shall not constitute an offer to sell or a solicitation to buy, nor shall there be any sale of any notes/bonds in any state or jurisdiction in which such offer or solicitation or sale would be unlawful prior to registration or qualification under the laws of such state or jurisdiction. Certain statements contained in this notice may be forward-looking in nature. These include all statements relating to plans, expectations, and other statements that are not historical facts and typically use words like "expect," "anticipate," "believe," and similar expressions. Such statements represent management's current beliefs, based upon information available at the time the statements are made, with regard to the matters addressed. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Management does not undertake any obligations to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

The comments contain herein are based on market conditions as of the date of this notice. Different market conditions and assumptions could have materially different results. The Authority is under no obligation to update this notice. Neither the Authority nor any of its affiliates, directors, employees or agent accepts any liability for any loss or damage arising out of the use of all or any part of this notice.

This is not an official redemption notice. Such notice, if sent, will be transmitted by the applicable trustee at a later date.