

Please refer to the KHESLC Revenue Bond Resolution disclaimer at http://www.studentloanpeople.com/investor_relations.html

ANNUAL FINANCIAL INFORMATION DATED AS OF MARCH 14, 2008, SUBMITTED BY THE KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION PURSUANT TO RULE 15c2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND TO THE CONTINUING DISCLOSURE AGREEMENTS DATED: (I.) SEPTEMBER 12, 1996, RELATIVE TO ITS INSURED STUDENT LOAN REVENUE BONDS, 1996 SERIES A (CUSIP: 491303HV8); AND (II.) MAY 14, 2003, RELATIVE TO ITS INSURED STUDENT LOAN REVENUE BONDS, 2003 SERIES A (CUSIP: 49130NAR0).

**KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION
1983 GENERAL BOND RESOLUTION**

I. \$25,000,000 Insured Student Loan Revenue Bonds, 1996 Series A

**Official Statement Dated September 10, 1996
Bond Delivery Date: September 12, 1996**

II. \$20,600,000 Insured Student Loan Revenue Bonds, 2003 Series A

**Official Statement Dated May 14, 2003
Bond Delivery Date: May 20, 2003**

And

**III. \$46,000,000 Insured Student Loan Revenue Bonds, 1991 Series E
(Issued Prior to Rule 15c-12)**

**Official Statement Dated November 27, 1991
Bond Delivery Date: December 9, 1991**

I. ANNUAL FINANCIAL INFORMATION

Outstanding Insured Student Loan Revenue Bonds

The following chart sets forth the outstanding Insured Student Loan Revenue Bonds. The Corporation has no other outstanding borrowings other than described below.

<u>Series Designation</u>	<u>Original Amount Outstanding</u>	<u>Amount Outstanding as of December 31, 2007</u>
1991 Series E	46,000,000	46,000,000
1996 Series A	25,000,000	25,000,000
2003 Series A	<u>20,600,000</u>	<u>20,600,000</u>
Total	\$ <u>91,600,000</u>	\$ <u>91,600,000</u>

As of December 22, 2006, the Corporation entered into a Revolving Credit Facility Agreement with JP Morgan Chase Bank. The Corporation may receive advances from time to time up to the aggregate initial Commitment Amount of \$40,000,000. The Corporation may request a decrease or increase in the Commitment Amount not to exceed \$120,000,000. At December 31, 2007, there was \$120,000,000 outstanding under the Agreement.

The Corporation has from time to time also issued Student Loan Revenue Bonds. The Corporation's Student Loan Revenue Bonds are secured by two different trust estates that are separate and apart from the trust estate created by the General Bond Resolution, which secures the Corporation's Insured Student Loan Revenue Bonds. As of December 31, 2007, the outstanding aggregate principal amount for each of these estates was \$855,650,000 and \$1,200,000,000 respectively.

**The Corporation's Present Portfolio of Insured Student Loans
Held Under the General Bond Resolution**

The following are summaries, as of December 31, 2007, of all Student Loans held under the General Bond Resolution.

<u>Loan Type*</u>	<u>Outstanding Principal</u>	<u>Percent of Total</u>
Stafford and FISL	\$ 30,124,884	42%
PLUS and SLS	3,316,830	4%
Consolidation	38,958,928	54%
Total	<u>\$ 72,400,642</u>	<u>100%</u>

<u>Status*</u>		
Interim (includes loans in school and grace)	\$ 8,699,618	12%
Deferment	7,816,863	11%
Repayment	55,884,161	77%
Total	<u>\$ 72,400,642</u>	<u>100%</u>

<u>School Type*</u>		
Four-Year Public	\$ 16,013,874	22%
Four-Year Private	9,607,403	13%
Two-Year Public and Private	2,114,225	3%
Out-of-State Public and Private	3,769,333	5%
Proprietary	1,936,879	3%
Consolidation Loans (not classified by school type)	38,958,928	54%
Total	<u>\$ 72,400,642</u>	<u>100%</u>

As of December 31, 2007, of the total cash and investments held under the General Bond Resolution, \$11,120,575 was available to finance Student Loans.

*The Corporation has established certain allowances for losses on Insured Student Loans which are reflected in its financial statements but not in the preceding summaries.

**Kentucky Higher Education Assistance Authority
Federal Reimbursement of the Authority**

Following are the Authority's claims rates, calculated in accordance with the reimbursement provisions of the Higher Education Act, and the Authority's federal reimbursement rates for the last five federal fiscal years:

<u>Year Ended September 30</u>	<u>Claims Rate</u>	<u>Reimbursement Rate</u>
2003	2.28%	96.8%
2004	1.68%	96.3%
2005	2.18%	95.8%
2006	2.33%	95.6%
2007	2.84%	95.4%

*For Insured Student Loans originated October 1, 1993 through September 30, 1998, the federal reimbursement rate is 98%. The rate for Insured Student Loans originated on or after October 1, 1998 is 95%. For the last five federal fiscal years, the Authority has received the maximum reimbursement rate allowed under the Higher Education Act.

Present Student Loan Guarantees

The following table summarizes the student loans guaranteed by the Authority (and reinsured by the Secretary) and the aggregate outstanding guarantee commitment for the periods indicated. The Coverage Ratio set forth below is determined by dividing the funds available in the Loan Insurance Fund by the principal amount of the aggregate outstanding guarantee commitment.

<u>Fiscal Year Ended June 30</u>	<u>Annual Principal Amount of Loans Guaranteed</u>	<u>Aggregate Principal Guarantee Commitment</u>	<u>Coverage Ratio</u>
2003	787,554,900	2,602,904,617	.63%
2004	960,906,210	2,908,356,000	.44%
2005	1,197,075,689	3,338,746,000	.25%
2006	1,382,055,617	3,619,085,511	.21%
2007	1,338,171,232	3,931,562,000	.26%

II. FINANCIAL STATEMENTS

Audited financial statements of the Corporation and of the Authority for the fiscal year ending June 30, 2007 respectively, are submitted herewith.