



For Immediate Release
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TG to subsidize federal default fee on behalf of students

ROUND ROCK, TEXAS – TG announced today that it will subsidize the one-percent federal default fee for federal Stafford and PLUS loans on behalf of student and parent borrowers for the 2006-2007 Award Year (loans guaranteed through June 30, 2007). After careful consideration, TG’s board of directors approved the subsidy that is expected to provide approximately \$35 million in savings to over 500,000 borrowers over the next year.

“TG has been able to provide \$150 million in savings to more than 1.2 million borrowers over the past seven years through its guaranty fee waiver,” said Albon Head, chair of TG’s board of directors, “We are delighted that by subsidizing this fee, we can continue to provide students with additional funds to apply directly to their educational expenses.”

TG’s President and CEO Sue McMillin noted, “We are pleased to have the opportunity to assist students and families through this direct benefit to education loan borrowers. At the same time, we are mindful of our obligation to maintain the financial integrity and stability of the Federal Family Education Loan Program for generations to come.”

McMillin added, “TG’s subsidy of the federal default fee for the coming award year will not in any way compromise the exceptional customer service and products for which TG is known.”

The recently enacted Deficit Reduction Act (Public Law 109-171) requires guarantors to deposit one percent of loans guaranteed and disbursed on or after July 1, 2006, into the federal fund. The federal fund is owned by the federal government and covers its risk associated with student loan default. TG’s board of directors will evaluate the continuation of this subsidy beyond the next award year by spring 2007.

-30-

TG is a public, nonprofit corporation that helps create access to higher education for millions of families and students through its role as an administrator of the Federal Family Education Loan Program (FFELP). Its vision is to be the premier source of information, financing, and assistance to help all families and students realize their educational and career dreams. Additional information about TG can be found online at www.tgslc.org. This press release can be downloaded from www.tgslc.org/newsroom/.