

## Important Information for Our Borrowers

As you may have seen in recent media reports, the sub prime mortgage crisis is affecting almost all segments of the credit industry, including student loans. Due to this ongoing disruption in the global credit markets we regret to report that the T.H.E. Bonus will be temporarily suspended. As disclosed, the T.H.E. Bonus amount is based on current financial market conditions and portfolio performance and is therefore subject to change. Our nonprofit mission, helping students lower the cost of financing higher education, remains intact and we hope to begin reinstating the T.H.E. Bonus as market conditions improve.

The money used to fund student loans comes primarily from the sale of bonds and other securities. Due to the credit crunch, the cost of financing has increased significantly over the last six months. In addition, student loan providers are facing much higher interest rates on securities used to finance loans that have already been made.

This change will in no way affect T.H.E.'s tradition of delivering superior service to students, borrowers and families. The T.H.E. Loan Program has always put our customers first, by being the first to offer substantial cost-saving options for our customers.

We created the T.H.E. Loan Program in 1997 to provide students a low cost option to financing their education by using the excess margin generally earned on education loans to buy down borrowers' origination fees and to return that margin to our borrowers during the repayment phase of the loan. We've met that commitment for the past 10 years.

The entire student loan industry is impacted by the financial market problems stemming from the sub prime mortgage crisis and we are diligently working with banks, Wall Street firms, and Congress to find a solution as quickly as possible. We look forward to the calming of the credit markets and the reinstatement of the T.H.E. Bonus.

Please call us at 1-800-366-0604 if you have any questions.