

News Release

FOR IMMEDIATE RELEASE: June 5, 2006

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Campus Partners Receives Strategic Equity Investment from AIG United Guaranty to Fund Expansion of Private Loan Outsourcing Services

Rockville, MD – Campus Partners, a leading education loan servicer, today announced an equity financing commitment from AIG United Guaranty,¹ whose affiliate companies provide mortgage guaranty insurance, private education loan insurance, and other financial services to the mortgage industry. The capital will be used to complete the technology development and personnel expansion of the company's private student loan facilitation business. Campus Partners will provide a complete turnkey outsourcing solution for private student loans, including credit underwriting, insurance, loan origination, funding and loan servicing for lenders, marketing partners and schools interested in offering loans in the expanding private loan market.

“Private student loans are a critical source of capital to help America's families fund the cost of higher education,” said Michael Carey, president of Campus Partners. “Our entry into this market will provide a flexible alternative for lenders and schools to what is currently offered in the marketplace. The investment by AIG United Guaranty and our company's commitment to providing premier quality service to students, schools and lenders uniquely positions us for this rapidly growing market.”

“Our investment in Campus Partners reflects our commitment to the education loan market,” said Alan Atkins, president and group executive of AIG United Guaranty's Domestic Consumer Group. “Campus Partners has a 40-year history of servicing non-federally insured student loans. We believe the company's extensive experience and strong management team will position it as a leader in this increasingly important market.”

Campus Partners plans to launch its full outsourcing services to lenders and schools beginning this fall. Loan insurance will be provided by an affiliate of United Guaranty Corporation. The products will carry the lender's brand and loan origination services will be provided over the web and through the company's call center in Winston-Salem, North Carolina.

¹ AIG United Guaranty is a marketing term for United Guaranty Corporation and its subsidiaries.

About Campus Partners

Campus Partners is a leading provider of education loan servicing, specializing in Private Loans and campus-based Institutional and Perkins Loans. Campus Partners provides loan servicing solutions, including student loan billing, accounting, data processing, default prevention services, and reporting, for over 500 colleges and universities and manages over 600,000 student accounts with a portfolio value of nearly \$2 billion. Through its Campus Partners Private Education Loan Program, the company offers a comprehensive array of insured student loan products and turnkey operational services on behalf of lenders and schools.

Campus Partners has been in business for over 40 years and is the most experienced student loan servicer in the industry. The expansion into Private Loans is a natural extension of its continuing commitment to the education loan marketplace and supports its customers' goal to keep education accessible and affordable for students and their families. Campus Partners is not a lender and does not compete with our lender or school partners.

About AIG United Guaranty

United Guaranty Corporation (AIG United Guaranty) and its subsidiaries are member companies of American International Group, Inc. (AIG). The company has been headquartered in Greensboro, North Carolina, since it was established in 1963.

Subsidiaries of AIG United Guaranty provide mortgage guaranty insurance for first and second mortgages that protects against mortgage credit losses. In addition, AIG United Guaranty's comprehensive range of financial products and services to lenders and investors includes mortgage fraud recovery services and private education loan default insurance. AIG United Guaranty's international locations include offices in Jerusalem, Hong Kong, Taipei, Tokyo, Beijing, Seoul, London, Dublin, Paris, Milan, Madrid, Budapest, Mexico City, Toronto, and Sydney.

About the Private Loan Market

The private education loan market is the fastest growing source of financing used by students and families to pay for college. Private education loan originations exceeded \$14 billion in academic year 2004-2005 and are expected to approximate \$20 billion in academic year 2005-2006.¹ The market for private loans is expected to continue to grow at a 25% annual rate. These loans have become a key factor in financing higher education as federal support has not kept pace with the rising cost of post-secondary education.

The cost of education has continued to rise at rates well above inflation. Additionally, the level of federal grant and loan program support has remained virtually unchanged for more than a decade. The resultant education funding gap widens every year. The average cost of a four year degree for a full-time student attending a private, undergraduate institution is now over \$127,000. The cost for the same student attending a public institution is \$62,000. Yet under the Federal Guaranteed Student Loan program, undergraduates are only eligible to borrow \$19,000. Private Loans have become an essential component to fill this education financing gap.

¹ Trends in Student Aid 2005, The College Board