UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D)

OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)

OCTOBER 3, 2005

NELNET, INC.

(Exact name of registrant as specified in its charter)

NEBRASKA 001-31924 84-0748903

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(State or other jurisdiction (Commission (I.R.S. Employer

of incorporation) File Number) Identification No.)

121 SOUTH 13TH STREET

SUITE 201

LINCOLN, NEBRASKA 68508

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(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (402) 458-2370

Check the appropriate box below if the Form 8-K filing is intended to

simultaneously satisfy the filing obligation of the registrant under any of the

following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act

(17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR

240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the

Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange

Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On October 3, 2005, Nelnet, Inc. entered into a Stock and Asset

Purchase Agreement with NNI Acquisition Servicing Limited Partnership,

Greater Texas Foundation, and LoanSTAR Systems, Inc. which provides that

Nelnet is to acquire LoanSTAR Funding Group, Inc., a wholly-owned

student loan subsidiary of Greater Texas Foundation, including LoanSTAR

Funding Group's student loan portfolio of approximately $850 million

primarily originated under the Federal Family Education Loan Program of

the U.S. Department of Education, and related debt, as well as the

company's sales and marketing operations. The agreement also provides

that Nelnet is to acquire the related servicing assets of LoanSTAR

Systems, Inc. The cash transaction is expected to close in the fourth

quarter of 2005, subject to normal regulatory approval and closing

conditions.

On October 3, 2005, Nelnet, Inc. issued a press release

announcing the agreement. A copy of the press release is attached as an

exhibit to this Report.

The brief description of the agreement as set forth above and

included in the press release does not purport to describe all of the

terms of the agreement, and is qualified by reference to the full text

of the agreement, a copy of which is attached as an exhibit to this

report.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are filed as part of this

report:

2.1 - Stock and Asset Purchase Agreement dated as of October

3, 2005 among Nelnet, Inc., NNI Acquisition Servicing

Limited Partnership, Greater Texas Foundation, and

LoanSTAR Systems, Inc.

99.1 - Press release by Nelnet, Inc. dated October 3, 2005 -

"Nelnet to acquire LoanSTAR Funding Group and related

servicing assets of LoanSTAR Systems"

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of

1934, the registrant has duly caused this report to be signed on its behalf by

the undersigned hereunto duly authorized.

Dated: October 3, 2005

NELNET, INC.

By: /s/ TERRY J. HEIMES

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Terry J. Heimes

Title: Chief Financial Officer

EXHIBIT INDEX

Exhibit No. Description

- ----------- -----------

2.1 Stock and Asset Purchase Agreement dated as of October 3, 2005

among Nelnet, Inc., NNI Acquisition Servicing Limited

Partnership, Greater Texas Foundation, and LoanSTAR Systems,

Inc.

99.1 Press release by Nelnet, Inc. dated October 3, 2005 - "Nelnet to

acquire LoanSTAR Funding Group and related servicing assets of

LoanSTAR Systems"

Exhibit 2.1

STOCK AND ASSET PURCHASE AGREEMENT

This Stock and Asset Purchase Agreement (this "Agreement") is entered

into as of the 3rd day of October, 2005, by and among Nelnet, Inc., a Nebraska

corporation (the "Parent"), NNI Acquisition Servicing Limited Partnership, a

Nebraska limited partnership and indirect wholly owned subsidiary of the Parent

(the "Buyer"), Greater Texas Foundation, a Texas non-profit corporation (the

"Foundation"), and LoanSTAR Systems, Inc., a Texas non-profit corporation (the

"Servicer").

RECITALS

A. The Foundation is the record holder of 100,000 shares of senior

stock, $0.01 par value per share (the "Stock"), of LoanSTAR Funding Group, Inc.,

a Texas corporation (the "Company"), representing all of the issued and

outstanding capital stock of the Company.

B. The parties desire that the Foundation sell to the Buyer and the

Buyer purchase from the Foundation, upon the terms and conditions set forth

herein, the Stock.

C. The Servicer is engaged in Servicing Operations, provides

administrative services to the Foundation, the Company and the Subsidiaries and

currently owns the Purchased Assets.

D. The parties desire that the Servicer sell to the Buyer and the Buyer

purchase from the Servicer, upon the terms and conditions set forth herein, the

Purchased Assets.

NOW, THEREFORE, in consideration of the foregoing premises and in

consideration of and in reliance upon the representations, warranties and

obligations in this Agreement, the parties agree as follows:

AGREEMENT

ARTICLE I

PURCHASE OF STOCK AND ASSETS

1.1 RULES OF CONSTRUCTION. (a) Unless the context otherwise requires, as

used in this Agreement (i) a term has the meaning assigned to it in this

Agreement and (ii) an accounting term not otherwise defined has the meaning

assigned to it in accordance with GAAP. Certain capitalized terms are defined in

Section 9.1 hereof.

(b) The inclusion of any information in the Schedules to this Agreement

(the "Disclosure Schedule") shall not be deemed an admission or acknowledgment,

in and of itself and solely by virtue of the inclusion of such information in

the Disclosure Schedule, that such information is required to be listed in the

Disclosure Schedule or that such items are material to the Company, the

Subsidiaries or the Servicer.

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(c) All references in this Agreement to Schedules, Articles, Sections,

paragraphs and other subdivisions refer to the corresponding Schedules,

Articles, Sections, paragraphs and other subdivisions of this Agreement unless

expressly provided otherwise. Titles appearing at the beginning of any Articles,

Sections, subsections or other subdivisions of this Agreement are for

convenience only, do not constitute any part of such Articles, Sections,

subsections or other subdivisions, and shall be disregarded in construing the

language contained therein. The words "this Agreement," "herein," "hereby,"

"hereunder" and "hereof" and words of similar import refer to this Agreement as

a whole and not to any particular subdivision unless expressly so limited. The

words "this Section," "this subsection" and words of similar import, refer only

to the Sections or subsections hereof in which such words occur. The word

"including" (in its various forms) means "including, without limitation."

Pronouns in masculine, feminine or neuter genders shall be construed to state

and include any other gender and words, terms and titles (including terms

defined herein) in the singular form shall be construed to include the plural

and vice versa, unless the context otherwise expressly requires. Unless the

context otherwise requires, all defined terms contained herein shall include the

singular and plural and the conjunctive and disjunctive forms of such defined

terms.

1.2 PURCHASE OF STOCK. On the terms and subject to the conditions of

this Agreement, at the Closing, the Foundation agrees to sell, transfer and

assign to the Buyer, free of all Liens (including any Lien that would otherwise

constitute a Permitted Encumbrance), and the Buyer agrees to purchase, the Stock

representing 100% of the equity of the Company.

1.3 SALE AND TRANSFER OF ASSETS. On the terms and subject to the

conditions of this Agreement, at the Closing, the Servicer agrees to convey,

sell, assign, transfer and deliver to Buyer, and Buyer shall purchase and

acquire from the Servicer, all of the assets, properties, rights, privileges,

claims, contracts and interests of every kind and description, real or personal,

tangible or intangible, absolute or contingent, wherever situated, whether or

not carried or reflected on the books and records of the Servicer, that are

owned by the Servicer and used in the conduct of the Servicing Operations, free

and clear of any and all Liens, except for the Retained Assets (such assets,

properties, rights, privileges, claims, contracts and interests being

hereinafter collectively referred to as the "Purchased Assets"). Without

limiting the generality of the foregoing, the Purchased Assets shall include the

following:

(a) TANGIBLE PERSONAL PROPERTY. All of the equipment, office

furniture, furnishings, office equipment, computer hardware and

software, leasehold and other improvements and all other tangible

personal property owned by the Servicer in connection with the Servicing

Operations;

(b) BOOKS, RECORDS AND WRITTEN MATERIALS. All of the business

records of the Servicer used in connection with the Servicing

Operations, including all financial books and records, studies,

analyses, plans, forms, specifications, technical data, and any similar

information which has been reduced to writing and stored in any physical

location or on any type of media, electronic or otherwise, provided that

the Servicer shall be permitted to retain copies of such items for its

records and such items that relate solely to the Retained Assets;

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(c) CATALOGS AND ADVERTISING MATERIAL. All of the promotional and

advertising materials, including all catalogs, brochures, videos, plans,

manuals, handbooks, and equipment owned by or used or held for use by

the Servicer in connection with the Servicing Operations;

(d) INTELLECTUAL PROPERTY. Any and all intellectual property

owned by the Servicer, together with all claims for damages against

Persons by reason of past infringement thereon and the right to sue for

and collect such damages, confidential or proprietary business

information and trade secrets and all other intellectual and intangible

property rights owned by the Servicer, or in which the Servicer has any

right or interest whatsoever, and which are used or held for use by the

Servicer in connection with the Servicing Operations (where there are

multiple copies of such material in possession or control of the

Servicer, all copies of such material);

(e) CONTRACTS. All rights and benefits of the Servicer in, to and

under the contracts, leases, instruments, agreements and loans, written

or oral (collectively, the "Servicing Operation Contracts") to which the

Servicer is a party and which relate to the Servicing Operations or by

which the Servicing Operations are conducted or by which any of the

other Purchased Assets are bound; Schedule 1.3(e) lists each Servicing

Operation Contract that involves purchases, sales, transfers, services

or obligations of the Servicer in excess of $250,000 over the life of

such Servicing Operation Contract;

(f) LICENSES. To the extent assignable under applicable Law, any

license, franchise, concession, certificate or registration from or with

a Governmental Authority, and held by or used or held for use in

connection with the Servicing Operations;

(g) PERMITS. To the extent assignable under applicable Law, any

permit, consent, authorization or approval from or with a Governmental

Authority, and held by or used or held for use in connection with the

Servicing Operations;

(h) NAMES. All rights in and to the trade names owned or held by

the Servicer; and

(i) ACCOUNT. The Lender Payable Account (reflecting an amount of

approximately $3.2 million as of August 31, 2005), and all funds held

therein, described in Schedule 1.4(b).

1.4 RETAINED ASSETS. Notwithstanding Section 1.3 or any other provision

of this Agreement, , the Purchased Assets shall not include, and the Servicer

shall retain all of its right, title and interest in and to and all Liabilities

arising under, the following assets and properties (collectively, the "Retained

Assets"):

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(a) all cash, cash equivalents and other types of investments of

the Servicer, including (i) certificates of deposit and marketable

securities and (ii) cash and securities related to the Flexible Option

Plan of the Servicer;

(b) all bank accounts and similar accounts, other than the

accounts listed on Schedule 1.4(b);

(c) all accounts receivable of the Servicer accrued as of and

through the Closing Date;

(d) all insurance policies, programs, reserves and related bonds

of any nature maintained by the Servicer (as identified in Schedule

1.4(d) attached hereto);

(e) the organizational documents and corporate minute books of

the Servicer;

(f) such records as relate primarily to (i) the items set forth

in the foregoing subsections (a), (b), (c) and (d), (ii) the Liabilities

not assumed by the Buyer or (iii) the negotiation and consummation of

the transactions contemplated by this Agreement;

(g) all of Servicer's rights, demands and causes of action that

arise under or are related to any Excluded Contract;

(h) any and all claims, causes of action, avoidance actions,

counterclaims, demands, controversies, costs, debts, sums of money,

accounts, reckonings, bonds, bills, damages, obligations, liabilities,

objections, legal proceedings, equitable proceedings, executions of any

nature, type, or description, choses in action, rights of recovery, and

rights of recoupment or set-off against any Person, in each case, that

do not arise under the Purchased Assets;

(i) all of Servicer's rights, demands and causes of action that

arise under or are related to this Agreement;

(j) any agreement, contract, arrangement, unexpired lease of real

or personal property, license and purchase order that is not a Servicing

Operations Contract; Schedule 1.4(j) lists each agreement, contract,

arrangement, unexpired lease of real or personal property, license and

purchase order of Servicer that is not a Servicing Operation Contract

and that involves purchases, sales, transfers or services or obligations

of the Servicer in excess of $250,000 over the life thereof; and

(k) the assets related to or used in providing the administrative

services currently provided by the Servicer to the Foundation, the

Company and the Subsidiaries, which are identified in Schedule 1.4(k)

attached hereto.

1.5 ASSUMPTION OF LIABILITIES. (a) The transfer of the Purchased Assets

pursuant to this Agreement shall not include the assumption of any liability or

obligation unless the Buyer expressly assumes such liability or obligation

pursuant to this Section 1.5. Subject to the terms and conditions of this

Agreement, at the Closing Buyer will assume, pay, satisfy, discharge, perform

and fulfill, as and when due, only the following liabilities, obligations and

commitments of the Servicer (collectively, the "Assumed Liabilities"):

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(i) all obligations of the Servicer under or with respect to the

Servicing Operation Contracts, subject to adjustments set forth in

Section 1.6 hereof;

(ii) all Liabilities of the Servicer under the severance policy

set forth in Schedule 1.5 hereof;

(iii) the Liabilities of the Servicer as of the Closing Date that

would be properly accrued on the balance sheet of the Servicer

(determined in a manner consistent with the preparation of the Balance

Sheet) under the line items "Lenders Payable," "Accrued Vacation

Payable" and "Capital Lease Liability"; and

(iv) all other liabilities and obligations of the Servicer that

relate to the Purchased Assets that arise from events occurring after

the Closing Date.

(b) All Assumed Liabilities shall be paid or discharged by Buyer in the

ordinary course of business when such liabilities become due and payable. The

assumption by Buyer of the Assumed Liabilities shall not enlarge any rights or

remedies of any third party thereunder, and Buyer shall not be prevented from

contesting in good faith any of the Assumed Liabilities. The covenants and

agreements of this Section 1.5 are for the sole benefit of the Servicer and are

not for the benefit of, and shall not be enforced or enforceable by, any

creditor of Buyer, the Servicer or any third party.

1.6 ADJUSTMENTS AND PRORATIONS.

(a) Subject to Section 7.11, all revenues and expenses of the Servicer

arising under the Servicing Operations Contracts, wages, salaries, vacation, and

sick leave, personal days, and other employee compensation pay and prepaid and

deferred items (other than the expenses of Servicer under the severance policy

set forth in Schedule 1.5 hereof), shall be prorated between Buyer and Servicer,

and an appropriate adjustment to the Purchase Price shall be made, in accordance

with the principle that, except as otherwise expressly set forth in this

Agreement, (i) Servicer shall receive all revenues, and shall be responsible for

all expenses, relating to the Purchased Assets and Assumed Liabilities for the

period ending at 11:59 p.m. on the day prior to the Closing Date, and (ii) Buyer

shall receive all revenues, and shall be responsible for all expenses, relating

to the Purchased Assets and Assumed Liabilities thereafter. Subject to Section

7.11, Servicer shall be liable for all the costs of employee compensation or

other benefits relating to the business or operations of the Purchased Assets

attributable to service with the Servicer through 11:59 p.m. on the date prior

to the Closing Date (other than the expenses of Servicer under the severance

policy set forth in Schedule 1.5 hereof), including (i) all taxes and related

contributions, vacations and sick pay and (ii) all group medical, dental or

death benefits for expenses incurred, related to or arising from events

occurring on or prior to 11:59 p.m. on the date prior to the Closing Date, or

death or disability occurring on or prior to 11:59 p.m. on the date prior to the

Closing Date, whether reported by the Closing Date or thereafter. Subject to

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Section 7.11, Buyer shall be liable for all of the costs of employee

compensation and other benefits (including the types of costs referred to in

clauses (i) and (ii) above) relating to the employees of the Servicer who

continue employment or service with Buyer, Parent or an Affiliate thereof,

attributable to service with Buyer, Parent or an Affiliate thereof on and after

the Closing Date, including any severance liabilities as provided in Section

1.5(ii).

(b) Prorations pursuant to this Section 1.6 and the related adjustments

to the Purchase Price will be determined in a manner consistent with the

preparation of the Balance Sheet and paid by the appropriate party no later than

90 days after the Closing Date, unless there is a dispute with respect thereto

(in which event the payment shall be made as set forth below). Within 60 days

after the Closing Date, Buyer shall submit to Servicer its good faith

determination of the adjustments or prorations required by this Section 1.6.

Buyer's determination of the amount of adjustment under this Section 1.6 shall

be made in a manner consistent with the preparation of the Balance Sheet. If

Servicer disagrees with the determination made by Buyer of the adjustment,

Servicer shall give prompt written notice thereof, but in no event later than 20

days after notice of Buyer's determination, specifying in reasonable detail the

nature and extent of the disagreement, and Buyer and Servicer shall have a

period of 30 days in which to resolve the disagreement. If the parties are

unable to resolve the disagreement within such 30 day period, the matter shall

be submitted to a mutually agreed independent certified public accounting firm,

which accounting firm shall be directed to submit a final resolution within 30

days. The accounting firm's determination shall be binding on Buyer and

Servicer. Each party shall bear the fees and expenses of its own

representatives, including its independent accountants, if any, and shall share

equally the fees and expenses of such public accounting firm, if engaged, to

resolve any disagreement between the parties. Within five business days

following a final determination hereunder, the party obligated to make payment

will make the payments determined to be due and owing in accordance with this

Section 1.6.

1.7 PARENT ASSURANCES. In the event the Buyer breaches any covenant,

promise, agreement or obligation contained herein or in any other document,

certificate or agreement delivered by the Buyer pursuant hereto or contemplated

hereby, the Parent shall assume the performance of such covenant, promise,

agreement or obligation of the Buyer and the full and timely payment of all

amounts payable by the Buyer to the Foundation or the Servicer pursuant to the

terms of, or arising as a result of a default or breach under, this Agreement

and the other documents, certificates or agreements delivered by the Buyer

pursuant hereto or contemplated hereby. Without limitation, the Parent shall be

jointly and severally liable with the Buyer and Buyer's permitted assigns for

all liabilities and obligations of any such entity under the terms of this

Agreement and the other documents, certificates and agreements delivered by the

Buyer pursuant hereto or contemplated hereby.

ARTICLE II

CONSIDERATION

2.1 PURCHASE PRICE. In consideration of the Stock and the Purchased

Assets, the Buyer will pay to the Foundation and the Servicer the aggregate

purchase price of ONE HUNDRED SEVENTY THREE MILLION, FIVE HUNDRED EIGHTY FIVE

THOUSAND, THREE HUNDRED THIRTY ONE DOLLARS ($173,585,331) (the "Purchase

Price"), payable as set forth below and as adjusted in accordance with the other

provisions of this Agreement. The parties hereto agree that the Purchase Price

shall be increased at Closing by an amount equal to 37% of any amounts paid by

the Company pursuant to Section 7.18 hereof.

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2.1.1 CLOSING PAYMENT. At the Closing, the Buyer will pay the

Foundation and the Servicer in immediately available funds the amount of the

Purchase Price, to be allocated in accordance with Section 7.9 hereof, and to be

paid by wire transfers pursuant to instructions which shall be furnished by the

Foundation and the Servicer to the Buyer at least two (2) days prior to the

Closing Date.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE FOUNDATION

The Foundation represents and warrants to the Buyer, as to the

Foundation and also with respect to the Company and each of the Subsidiaries, as

of the date of this Agreement as follows:

3.1 [RESERVED.]

3.2 AUTHORIZATION; ORGANIZATION AND STANDING; NON-CONTRAVENTION. (a) The

Foundation is a non-profit corporation duly organized, validly existing and in

good standing under the laws of the State of Texas. The Foundation has the

necessary corporate power and authority to execute and deliver this Agreement

and to perform its obligations hereunder. Assuming the due authorization,

execution and delivery of this Agreement by the Buyer and the Parent, this

Agreement constitutes the valid and binding obligation of the Foundation

enforceable against the Foundation in accordance with its terms, subject, as to

enforceability, to applicable bankruptcy, insolvency, fraudulent conveyance,

reorganization, moratorium and similar laws affecting creditors' rights and

remedies generally and to general principals of equity (regardless of whether

enforcement is sought in a proceeding at law or in equity).

(b) The execution and delivery of this Agreement by the Foundation do

not, and the consummation of the transactions contemplated hereby and the

performance by the Foundation of its obligations under this Agreement will not

(i) violate any Law applicable to the Foundation, (ii) conflict with, result in

a breach of, constitute a default under, result in the acceleration of, create

in any Person the right to accelerate, modify or cancel, or require any notice

under any material contract to which the Company is a party or by which the

Company is bound or which any of its assets are subject, (iii) violate

provisions of the Company's articles of incorporation or bylaws, or (iv) violate

any order, judgment or decree to which the Company or the Foundation is bound,

except, with respect to the matters referred in clauses (i), (ii) and (iv), for

such conflicts, breaches, defaults, accelerations, rights, modifications,

cancellations, notices or violations that would not reasonably be expected to

have a Material Adverse Effect. No approval, authorization, license, permit or

other action by, or filing with, any Governmental Authority or non-governmental

third party is required that has not been obtained in connection with the

execution and delivery of this Agreement by the Foundation or the consummation

by the Foundation of the transactions contemplated hereby, except such as may be

required under the Hart-Scott-Rodino Act.

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3.3 INTELLECTUAL PROPERTY. Schedule 3.3 attached hereto sets forth a

materially complete list of all patents, pending patent applications and

registration certificates, all trade names, trade marks and service marks and

applications therefor, all copyright registrations, all copyrights not

registered, all internet domain name registrations of the Company, and all

source codes used in the business and operations of the Company and the

Subsidiaries as presently conducted (collectively, the "Company Intellectual

Property"). The Company is the sole and exclusive owner of the entire right,

title and interest in and to the Company Intellectual Property, free of any and

all Liens and there are no pending, or to the Foundation's knowledge, threatened

proceedings or litigation or other adverse claims affecting or with respect to

the Company Intellectual Property. To the Foundation's knowledge, (a) no Person

is infringing the Company Intellectual Property and (b) none of the Company

Intellectual Property is infringing upon the intellectual property rights of any

other Persons.

3.4 ORGANIZATION AND STANDING OF THE COMPANY.

(a) The Company is a corporation duly organized, validly existing

and in good standing under the laws of the State of Texas and is duly

qualified to transact business and is in good standing in every

jurisdiction in which the nature of the business conducted by it or the

character or location of properties owned or leased by it makes such

qualification necessary, except in such jurisdictions where failure to

be so duly qualified would not reasonably be expected to have a Material

Adverse Effect. A list of the jurisdictions in which the Company is

qualified to transact business is set forth in Schedule 3.4 attached

hereto.

(b) Each Subsidiary has been duly organized and is in good

standing under the laws of the jurisdiction of its organization, and is

duly qualified to transact business and is in good standing in every

jurisdiction in which the nature of the business conducted by it or the

character or location of properties owned or leased by it makes such

qualification necessary, except in such jurisdictions where failure to

be so duly qualified would not reasonably be expected to have a Material

Adverse Effect. A list of the jurisdictions in which each Subsidiary is

qualified to transact business is set forth in Schedule 3.4 attached

hereto. All of the issued and outstanding equity interests of each

Subsidiary have been duly authorized and validly issued and all of the

equity interests of each Subsidiary are owned by the Company, directly

or through Subsidiaries, free of any Liens. There are no outstanding

subscriptions, options, warrants, calls, contracts, demands,

commitments, convertible securities, rights of first refusal or other

agreements or arrangements of any nature whatsoever under which any

Subsidiary is or may become obligated to issue, assign or transfer any

equity interest in such Subsidiary. Set forth in Schedule 3.4(b) is a

list of the indentures of trust to which each of the Subsidiaries is a

party. Each of the Subsidiaries has all requisite limited liability

company or partnership power and authority to own its properties and

carry on its business as presently conducted.

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(c) The Foundation has delivered to the Buyer a true and complete

copy of the Company's articles of incorporation and bylaws, and any

amendments thereto, as currently in effect. The Foundation has provided

to the Buyer a materially complete and accurate copy of the minute books

of the Company, with all necessary signatures, setting forth meetings

and certain actions taken by the shareholders and directors of the

Company. The stock transfer books and stock ledgers of the Company are

in all material respects in good order, true, correct and up to date,

with all necessary signatures, and set forth all stock certificates

issued, transferred and surrendered. The Company is not in default, in

any material respect, under or in violation, in any material respect, of

any provision of its articles of incorporation or bylaws,

(d) The Company's authorized capital stock consists of 100,000

shares of senior stock, $0.01 par value per share, and 100,000 shares of

common stock, $0.01 par value per share, of which 100,000 shares of

senior stock are issued and outstanding and owned by the Foundation,

free of any Liens (including any Lien that would otherwise constitute a

Permitted Encumbrance), and no shares of common stock are issued or

outstanding. The Stock is duly authorized, validly issued, fully paid,

non-assessable and free of preemptive rights, and is subject to no

restrictions with respect to transferability (other than restrictions,

if any, imposed by Law). There are no outstanding or authorized stock

appreciation, phantom stock, profit participation or similar rights with

respect to the Company, other than phantom stock rights described on

Schedule 3.4(d). There are no voting trusts, proxies or other agreements

or understandings with respect to the voting of the Stock. There are no

outstanding subscriptions, options, warrants, calls, contracts, demands,

commitments, convertible securities rights of first refusal or other

agreements or arrangements of any nature whatsoever under which the

Foundation or the Company are or may become obligated to issue, assign

or transfer any shares of the capital stock of the Company.

(e) Each of the Company and the Subsidiaries has all licenses,

permits and authorizations necessary to carry on the businesses in which

it is engaged and to own and use the properties owned and used by it,

except for such licenses, permits and authorizations, the absence of

which would not reasonably be expected to have a Material Adverse

Effect. None of the licenses, permits and authorizations of the Company

or the Subsidiaries will be terminated or are terminable due to

consummation of the transaction provided for herein.

3.5 GOOD TITLE TO ASSETS. The Company and the Subsidiaries are the sole

owners of, and have good title to or a valid leasehold in, free and clear of any

Liens, the properties and assets used by them in the conduct of their business

or shown on the Balance Sheet. Without limiting the foregoing, the Company and

the Subsidiaries are the sole owners of and have good and marketable title to,

free and clear of any Liens, through their eligible lender trustee, portfolios

of FFELP Loans having an aggregate outstanding principal balance of not less

than $839,000,000 as of August 31, 2005.

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3.6 MATERIAL CONTRACTS. Schedule 3.6 attached hereto lists each

agreement that is binding upon the Company or a Subsidiary, and which

individually involve purchases, sales, transfers or services or obligations of

the Company or a Subsidiary aggregating in excess of $250,000 over the life of

such agreement. True, correct and complete copies of all documents referred to

in Schedule 3.6 have been made available to the Buyer for its review. To the

knowledge of the Foundation, no Person has claimed that any of such agreements

listed in Schedule 3.6 are invalid or unenforceable in any material respect or

in default in any material respect. Except as disclosed in Schedule 3.6, none of

such agreements contain any provision which will or could result in termination

or modification of such agreement upon consummation of the transactions

contemplated by this Agreement. With respect to each of the agreements listed in

Schedule 3.6, such agreement is legal, valid, binding, enforceable and in full

force and effect, subject, as to enforceability, to applicable bankruptcy,

insolvency, fraudulent conveyance, reorganization, moratorium and similar laws

affecting creditors' rights and remedies generally and to general principals of

equity (regardless of whether enforcement is sought in a proceeding at law or in

equity) and, to the Foundation's knowledge, no party is in breach or default

thereunder in any material respect and no event has occurred which with notice

or lapse of time, would constitute a material breach or default of, or permit

termination, modification or acceleration under, such agreement.

3.7 SUBSIDIARIES. The Company has no subsidiary other than the

Subsidiaries.

3.8 LITIGATION. There are no actions, claims, proceedings, litigation,

state or federal equal employment opportunity commission proceedings pending or,

to the Foundation's knowledge, threatened against the Company or any Subsidiary

with respect to their business, that would reasonably be expected to have,

directly or indirectly, individually or in aggregate, a Material Adverse Effect.

All pending litigation to which the Company is a party is identified in Schedule

3.8 attached hereto.

3.9 COMPLIANCE WITH LAWS. The Company and the Subsidiaries have complied

in all material respects and are complying in all material respects with all

Laws, and the Company has not received notice of violation of any applicable

Law.

3.10 COMPENSATION OF EMPLOYEES. Schedule 3.10(a) is a materially true,

correct and complete list of the names and job titles of all persons who are

employees, independent contractors or agents of the Company, together with

current annual base salaries and 2004 bonuses and commissions of such employees,

independent contractors or agents. Other than the employment agreements and

consulting agreements listed in Schedule 3.10(b), the Company has no employment

agreements, compensation or deferred compensation arrangements or consulting

agreements with any employee or other person or entity which are in writing or

which are not terminable at will. The Subsidiaries have no employees.

3.11 TAXES. All material Tax returns required to be filed prior to the

date of this Agreement have been filed in a timely manner and are true, complete

and correct in all material respects. All material Taxes relating to the Company

due on or before the date of this Agreement have been timely and fully paid. The

charges, accruals and reserves for Taxes due, or accrued but not yet due,

relating to the Company for any Tax period prior to the Closing Date as

reflected on the books of the Company are adequate to cover such Taxes. No

penalties or other charges of any nature are or will become due with respect to

the late filing of, or late payment of Taxes on, any Tax returns with respect to

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periods ending prior to the Closing Date. All material Taxes that the Company is

required by Law to withhold or collect have, in all respects, been duly withheld

or collected and have been timely paid over to the extent due and payable. There

are no Tax sharing agreements to which the Company is now or ever has been a

party. The Company is not a party to any agreement that would result, separately

or in the aggregate, in the payment of any "excess parachute payments" within

the meaning of ss. 280G of the Code. The Company is not a party to any joint

venture, partnership or other arrangement or contract that could be treated as a

partnership for federal income tax purposes, other than through the ownership of

the Subsidiaries.

3.12 EMPLOYEE BENEFIT PLANS. Except as identified in Schedule 3.12

attached hereto, the Company does not have "employee benefit plans" as that term

is defined in Section 3(3) of ERISA, that currently are maintained by, sponsored

in whole or in part by or contributed to, by or on behalf of the Company as

applicable, for the benefit of the respective employees, retirees, dependents,

spouses, directors, independent contractors or other beneficiaries. The Company

has made available to the Buyer true and correct copies of all material pension,

retirement, profit-sharing, deferred compensation, stock option, employee stock

ownership, severance pay, vacation, bonus or other material incentive plans, all

other material written employee programs, arrangements or agreements, whether

arrived at through collective bargaining or otherwise, all material medical,

vision, dental or other health plans, all life insurance plans and all other

material employee benefit plans or fringe benefit plans, including, without

limitation, all "employee benefit plans" as that term is defined in Section 3(3)

of ERISA, currently adopted, maintained by, sponsored in whole or in part by, or

contributed to by, or on behalf of, the Company for the benefit of its

employees, retirees, dependents, spouses, directors, independent contractors or

other beneficiaries who are eligible to participate therein (the "Benefit

Plans"). Neither the Foundation, the Company nor any ERISA affiliate of the

Foundation (which for purposes of this Agreement shall mean any entity required

to be aggregated with the Foundation or the Company under Code Sections 414(b),

(c), (m) or (o)) maintains or has maintained any multi employer plan within the

meaning of Section 3(37) of ERISA. All Benefit Plans are in compliance in all

material respects with the applicable terms of ERISA, the Code and any other

applicable laws, rules and regulations. No Benefit Plan that is a "defined

benefit plan" (within the meaning of Section 3(35) of ERISA) has any "unfunded

current liability," as that term is defined in Section 302(d)(8)(A) of ERISA,

and the present fair market value of the assets of any such plan exceeds the

plan's "benefit liabilities," as that term is defined in Section 4001(a)(16) of

ERISA, when determined under actuarial factors that would apply if the plan

terminated in accordance with all applicable legal requirements. No Benefit Plan

has an "accumulated funding deficiency" as defined in Code Section 412. No event

has occurred with respect to a Benefit Plan that could subject the Company to

liability under Title IV of ERISA. No Benefit Plan has been funded or

administered in a manner that would result in any material Liability for any Tax

or penalty for overfunding or prohibited transactions under applicable law.

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3.13 ABSENCE OF CERTAIN EVENTS. Except as identified and described in

Schedule 3.13 attached hereto or as effected or contemplated by this Agreement,

since July 31, 2005 (with respect to items (b), (c), (f), (g), (h), (j) and (m)

below) and since December 31, 2004 (with respect to items (a), (d), (e), (i),

(k) and (l) below), there has not been:

(a) an amendment to the Company's articles of incorporation or

bylaws, or merger by the Company with or into or consolidation with any

Person, an amendment of or modification to, or an agreement to amend or

modify, any material agreement identified in Schedule 3.6 hereof to

which the Company is a party, other than those made in the ordinary

course of business, or a change or agreement to change the character or

business of the Company in any material respect;

(b) any dividends declared (other than the dividend described

under Section 7.21) or paid, or other distributions of any kind made, to

the Company's shareholder, or any direct or indirect redemption,

purchase, retirement or other acquisition of any of the Stock;

(c) any loan or advance made by the Company to any of the

Company's officers, directors, employees, consultants or shareholders

other than in the ordinary course of business;

(d) any strike or other labor dispute that has resulted in or

would reasonably be expected to have a Material Adverse Effect;

(e) any loss of any material permit, license, qualification or

certificate of authority held by the Company or a Subsidiary;

(f) an incurrence by the Company or a Subsidiary of indebtedness,

or entry by the Company or a Subsidiary into a transaction or series of

transactions creating an obligation or Liability of the Company or a

Subsidiary, in an amount exceeding $250,000, or any guarantee by the

Company or a Subsidiary of any indebtedness, Liability or obligation of

any other Person involving any amount exceeding $250,000, in each case,

other than in the ordinary course of business and other than in

connection with an amendment or restatement of the Company's existing

bank loan agreements;

(g) any obligation, Liability or Lien, paid, discharged or

satisfied by or on behalf of the Company or a Subsidiary other than in

the ordinary course of the Company's business and other than the current

Liabilities reflected in the Balance Sheet;

(h) any sale, transfer or other disposition of any asset or group

of related assets of the Company or a Subsidiary having a book value in

excess of $250,000 in the aggregate, or cancellation of debts or claims

of the Company having a book value in excess of $250,000 in the

aggregate, except in the ordinary course of business and except for the

Student Loans identified on Schedule 3.13(h), which may be transferred

or sold to the Foundation prior to Closing;

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(i) any material change in, or any contract to materially change,

the compensation or other direct or indirect remuneration payable to any

officer, employee or consultant of the Company or any bonus, incentive

or deferred compensation, profit sharing, retirement, pension, group

insurance, death benefit or other fringe benefit plan, or any employment

or consulting agreement, granted, entered into or materially amended or

altered, other than (i) in the ordinary course of business, (ii) as

required pursuant to an existing employment agreement, (iii) the

severance policy adopted by the Company on September 7, 2005 as amended

on September 30, 2005 and (iv) the employment agreements between the

Company and each of Richard Hendee and George Durstine, as identified in

Schedule 3.10(b) hereof;

(j) any capital expenditure, addition or improvement made or

committed to be made by or on behalf of the Company in excess of

$250,000 with respect to any single expenditure, addition or improvement

of the Company;

(k) any termination or failure to renew, or receipt of a threat

(that was not subsequently withdrawn) by a third party to terminate or

fail to renew, any agreement listed on Schedule 3.6;

(l) any material failure to maintain the Books and Records of the

Company in the usual, regular and ordinary manner, consistent with past

practice, or any material change in the accounting principle or practice

of the Company; or

(m) any Material Adverse Effect.

3.14 FINANCIAL STATEMENTS. Set forth in Schedule 3.14 are (a) the

audited consolidated balance sheets of the Foundation, the Company, the

Subsidiaries and the Servicer as of December 31, 2004 and related statements of

income and cash flow for such entities for the fiscal year then ended, and (b)

the unaudited consolidated balance sheet of the Servicer, the Company and the

Subsidiaries at August 31, 2005 (the "Balance Sheet") and the related statements

of income and cash flow for such entities for the eight month period then ended

(collectively, the "Financial Statements"). The Financial Statements fairly

present, in all material respects, the Company's financial condition and

operating results as of the dates of and for the periods of such statements,

have been prepared in conformity of GAAP, where applicable (except that the

unaudited financial statements do not contain all footnotes required by GAAP and

are subject to all normal year-end audit adjustments), and have been prepared on

a consistent basis in all material respects throughout the periods covered

thereby.

3.15 ABSENCE OF UNDISCLOSED LIABILITIES. Neither the Company nor any

Subsidiary has any Liability that will have, or would reasonably be expected to

have, individually or in the aggregate, a Material Adverse Effect, except for

the Liabilities which are accrued or reserved against and reflected upon the

Financial Statements.

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3.16 BROKERS AND FINDERS. The Foundation has not employed any broker or

finder or incurred any Liability for any financial advisory fees, or brokerage

fees, commissions or finder's fees in connection with this Agreement, other than

those set forth in Schedule 3.16 attached hereto.

3.17 CUSTOMERS. No customer which engages the services of the Company

and no lender or school which supplies or assists in supplying student loans has

terminated or, to the knowledge of the Foundation or the Company, threatened to

terminate or decrease its relationship with the Company in any material respect

within the previous twelve month period. The Company is not required to provide

any bonding or other financial security arrangements in connection with any

transactions with any customers or suppliers.

3.18 REAL ESTATE. Schedule 3.18 attached hereto is a true and complete

schedule of all leases of real estate to which the Company is a party and all

parcels of real estate in which the Company holds a leasehold interest. All such

leases are in full force and effect, the Company shall have the quiet and

peaceful possession of the properties covered thereby, and none of the lessors

thereunder are in material default under any of the terms thereof.

3.19 FAIRNESS OPINION. The Foundation has received an opinion from

Houlihan Lokey Howard & Zukin to the effect that the Purchase Price to be paid

by the Buyer pursuant to this Agreement is fair from a financial point of view

to the Foundation.

3.20 CONVERSION AND CHARITABLE ORGANIZATION STATUS. The Stock qualifies

as "senior stock" under Section 150(d) of the Code. The Foundation's election to

convert under Section 150(d) of the Code and the conversion itself were both

accomplished in accordance with all requirements under Section 150(d)(3) of the

Code and applicable Law, resulting in the Foundation maintaining its Charitable

Organization Status. Interest payable on the Tax-Exempt Bonds is excludable from

the gross income of the holders thereof under the Code, and, to the Foundation's

knowledge, all special allowance payments and interest subsidies billed

historically by the Company or any of the Subsidiaries to the U.S. Secretary of

Education have been properly billed and the Company has been and is entitled to

such special allowance payment and interest subsidies as billed. None of the

Foundation, the Company, the Subsidiaries or any Person acting on their behalf

has ever redeemed or otherwise purchased any securities issued pursuant to any

of the Tax-Exempt Bonds.

3.21 [RESERVED]

3.22 FORWARD FFELP LOAN SALE COMMITMENTS. Schedule 3.22 attached hereto

sets forth a list of all written commitments made by Persons to sell FFELP Loans

to the Company or the Subsidiaries in the future. All of the agreements set

forth in Schedule 3.22 are valid and binding and in full force and effect and

there are no breaches or defaults thereunder, or events which with notice or the

passage of time could constitute a breach or default by the Company or by any

other party thereto, except for such breaches, defaults or events that would not

reasonably be expected to have a Material Adverse Effect. The information in

Schedule 3.22 setting forth the purchase prices and outstanding balances of

FFELP Loans committed for sale to the Company in each such respective agreement

is true and accurate in all material respects.

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3.23 FFELP LOANS. The amount of unpaid principal balance and accrued and

unpaid interest of each FFELP Loan held by or on behalf of the Company or the

Subsidiaries is set forth in Schedule 3.23, attached hereto, is due and owing,

and no counterclaim, offset, defense or right of rescission exists with respect

to any such FFELP Loan or which, with notice or lapse of time could be asserted

by the borrower(s) thereon against the Company or any of the Subsidiaries. Each

FFELP Loan held by or on behalf of the Company or any of the Subsidiaries has

been duly executed and delivered and constitutes the legal, valid and binding

obligation of the maker (and endorser, if any) thereof, enforceable in

accordance with its terms, subject, as to enforceability, to applicable

bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and

similar laws affecting creditors' rights and remedies generally and to general

principals of equity (regardless of whether enforcement is sought in a

proceeding at law or in equity). No FFELP Loan held by or on behalf of the

Company or any of the Subsidiaries bears interest at a rate lower than the

highest rate provided in the Higher Education Act for such type of FFELP Loan,

provided, however, that certain of such FFELP loans are subject to borrower

incentive programs as described in Schedule 3.23. Each FFELP Loan held by or on

behalf of the Company or any of the Subsidiaries is covered by a guarantee

agreement with a guarantee agency in accordance with the Higher Education Act

and is guaranteed as to full outstanding principal and accrued and unpaid

interest in accordance with the Higher Education Act. Each of the FFELP Loans

held by or on behalf of the Company or any of the Subsidiaries complies in all

material respects with applicable Law. Each of the FFELP loans held by or on

behalf of the Company or any of its Subsidiaries have been originated, serviced

and collected in material compliance with the Higher Education Act and rules of

the applicable guarantee agencies. None of any such FFELP Loans are subject to

any error or deficiency in origination, servicing or collection or other

circumstance which may result in either a loss of eligibility to receive any

portion of the principal, interest, interest subsidy payments, special allowance

payments (or guarantee or insurance payments with respect thereto), or may give

rise to any Liability on the part of the Company or any of the Subsidiaries.

Title to any FFELP Loans in which the Company or any of the Subsidiaries holds

an interest is held by an "eligible lender" as defined in the Higher Education

Act, and such eligible lender holds the lender identification numbers set forth

in Schedule 3.23 on behalf of the Company or the Subsidiaries. Neither the

Company nor any of the Subsidiaries own any interest in any Private Loans.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE SERVICER

The Servicer represents to the Buyer as of the date of this Agreement as

follows:

4.1 AUTHORIZATION; ORGANIZATION AND STANDING; NON-CONTRAVENTION. (a) The

Servicer has the necessary corporate power and authority to execute and deliver

this Agreement and to perform its obligations hereunder. Assuming the due

authorization, execution and delivery of this Agreement by the Buyer and the

Parent, this Agreement constitutes the valid and binding obligation of the

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Servicer, enforceable against the Servicer in accordance with its terms subject,

as to enforceability, to applicable bankruptcy, insolvency, fraudulent

conveyance, reorganization, moratorium and similar laws affecting creditors'

rights and remedies generally and to general principals of equity (regardless of

whether enforcement is sought in a proceeding at law or in equity).

(b) The execution and delivery of this Agreement by the Servicer do not,

and the consummation of the transactions contemplated hereby and the performance

by the Servicer of its obligations under this Agreement will not (i) violate any

Law applicable to the Servicer or by which the Purchased Assets are bound, (ii)

conflict with, result in a breach of, constitute a default under, result in the

acceleration of, create in any Person the right to accelerate, modify or cancel,

or require any notice under any material contract to which the Servicer is a

party or by which the Servicer is bound or which any of its assets are subject,

(iii) violate provisions of the Servicer's articles of incorporation or bylaws,

or (iv) violate any order, judgment or decree to which the Servicer is bound,

except, with respect to the matters referred in clauses (i), (ii) and (iv), for

such conflicts, breaches, defaults, accelerations, rights, modifications,

cancellations, notices or violations that would not reasonably be expected to

have a Material Adverse Effect. No approval, authorization, license, permit or

other action by, or filing with, any Governmental Authority or non-governmental

third party is required that has not been obtained in connection with the

execution and delivery of this Agreement by the Servicer or the consummation by

the Servicer of the transactions contemplated hereby, except such as may be

required under the Hart-Scott-Rodino Act.

4.2 INTELLECTUAL PROPERTY. Schedule 4.2 attached hereto sets forth a

materially complete list of all patents, pending patent applications and

registration certificates, all trade names, trade marks and service marks and

applications therefor, all copyright registrations, all copyrights not

registered, all internet domain name registrations of the Servicer, and all

source codes used in the business and operations of the Servicer as presently

conducted (collectively, the "Servicer Intellectual Property"). The Servicer is

the sole and exclusive owner of the entire right, title and interest in and to

the Servicer Intellectual Property, free of any and all Liens and there are no

pending, or to the Servicer's knowledge, threatened proceedings or litigation or

other adverse claims affecting or with respect to the Servicer Intellectual

Property. To the Servicer's knowledge, (a) no Person is infringing the Servicer

Intellectual Property, and (b) none of the Servicer Intellectual Property is

infringing upon the intellectual property rights of any other Persons.

4.3 ORGANIZATION AND STANDING OF THE SERVICER. The Servicer is a

non-profit corporation duly organized, validly existing and in good standing

under the laws of the State of Texas and is duly qualified to transact business

and is in good standing in every jurisdiction in which the nature of the

business conducted by it or the character or location of properties owned or

leased by it makes such qualification necessary, except in such jurisdictions

where failure to be so duly qualified would not reasonably be expected to have a

Material Adverse Effect. A list of the jurisdictions in which the Servicer is

qualified to transact business is set forth in Schedule 4.3 attached hereto.

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4.4 GOOD TITLE TO ASSETS. The Servicer is the sole owner of, and has

good title to or a valid leasehold in, the properties and assets used by it in

the conduct of its business or shown on the Balance Sheet, free and clear of any

Liens, except any claims or rights in favor of Charter Accounting Systems, Inc.

4.5 MATERIAL CONTRACTS. Schedule 4.5 attached hereto lists each

agreement that is binding upon the Servicer, and which individually involve

purchases, sales, transfers or services or obligations of the Servicer

aggregating in excess of $250,000 over the life of such agreement. True, correct

and complete copies of all documents referred to in Schedule 4.5 have been made

available to the Buyer for its review. To the knowledge of the Servicer, no

Person has claimed that any of such agreements listed in Schedule 4.5 are

invalid or unenforceable in any material respect or in default in any material

respect. Except as disclosed in Schedule 4.5, none of such agreements contain

any provision which will or could result in termination or modification of such

agreement upon consummation of the transactions contemplated by this Agreement.

With respect to each of the agreements listed in Schedule 4.5, such agreement is

legal, valid, binding, enforceable and in full force and effect, subject, as to

enforceability, to applicable bankruptcy, insolvency, fraudulent conveyance,

reorganization, moratorium and similar laws affecting creditors' rights and

remedies generally and to general principals of equity (regardless of whether

enforcement is sought in a proceeding at law or in equity) and, to the

Servicer's knowledge, no party is in breach or default thereunder in any

material respect and no event has occurred which with notice or lapse of time,

would constitute a material breach or default of, or permit termination,

modification or acceleration under, such agreement.

4.6 LITIGATION. There are no actions, claims, proceedings, litigation,

state or federal equal employment opportunity commission proceedings pending or,

to the Servicer's knowledge, threatened against the Servicer with respect to its

business, that would reasonably be expected to have, directly or indirectly,

individually or in aggregate, a Material Adverse Effect. All pending litigation

to which the Servicer is a party is identified in Schedule 4.6 attached hereto.

4.7 COMPLIANCE WITH LAWS. The Servicer has complied in all material

respects and is complying in all material respects with all Laws, and the

Servicer has not received notice of violation of any applicable Law.

4.8 COMPENSATION OF EMPLOYEES. Schedule 4.8(a) is a materially true,

correct and complete list of the names and job titles of all persons who are

employees of the Servicer, together with current annual base salaries and 2004

bonuses and commissions of such employees, independent contractors or agents.

Other than the employment agreements listed in Schedule 4.8(b) attached hereto,

the Servicer has no employment agreements, compensation or deferred compensation

arrangements or consulting agreements with any employee or other person or

entity which are in writing or which are not terminable at will.

4.9 EMPLOYEE BENEFIT PLANS. All employee benefit plans of the Servicer

and similar employee arrangements or agreements are in compliance in all

material respects with the applicable terms of ERISA, the Code and any other

applicable laws, rules and regulations. No such benefit plan that is a "defined

benefit plan" (within the meaning of Section 3(35) of ERISA) has any "unfunded

current liability," as that term is defined in Section 302(d)(8)(A) of ERISA,

and the present fair market value of the assets of any such plan exceeds the

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plan's "benefit liabilities," as that term is defined in Section 4001(a)(16) of

ERISA, when determined under actuarial factors that would apply if the plan

terminated in accordance with all applicable legal requirements. No such benefit

plan has an "accumulated funding deficiency" as defined in Code Section 412. No

event has occurred with respect to such a benefit plan that could subject the

Servicer to liability under Title IV of ERISA. No such benefit plan has been

funded or administered in a manner that would result in any material Liability

for any Tax or penalty for overfunding or prohibited transactions under

applicable law.

4.10 ABSENCE OF CERTAIN EVENTS. Except as identified in Schedule 4.10

attached hereto or as effected or contemplated by this Agreement, since July 31,

2005 (with respect to items (c), (d), (f) and (i) below) and since December 31,

2004 (with respect to items (a), (b), (e), (g) and (h) below), there has not

been:

(a) any strike or other labor dispute that has resulted in or

would reasonably be expected to have a Material Adverse Effect;

(b) any loss of any material permit, license, qualification or

certificate of authority held by the Servicer;

(c) any obligation, Liability or Lien, paid, discharged or

satisfied by or on behalf of the Servicer other than in the ordinary

course of the Servicer's business and other than the current Liabilities

reflected in the Balance Sheet;

(d) any sale, transfer or other disposition of any asset or group

of related assets of the Servicer having a book value in excess of

$250,000 in the aggregate, or cancellation of debts or claims of the

Servicer having a book value in excess of $250,000 in the aggregate,

except in the ordinary course of business;

(e) any material change in, or any contract to materially change,

the compensation or other direct or indirect remuneration payable to any

officer, employee or consultant of the Servicer or any bonus, incentive

or deferred compensation, profit sharing, retirement, pension, group

insurance, death benefit or other fringe benefit plan, or any employment

or consulting agreement, granted, entered into or materially amended or

altered, other than (i) in the ordinary course of business, (ii) as

required pursuant to an existing employment agreement, and (iii) the

amendment to the Servicer's severance policy adopted on September 15,

2005, as amended on September 30, 2005;

(f) any capital expenditure, addition or improvement made or

committed to be made by or on behalf of the Servicer in excess of

$250,000 with respect to any single expenditure, addition or improvement

of the Servicer;

(g) any termination or failure to renew, or receipt of a threat

(that was not subsequently withdrawn) by a third party to terminate or

fail to renew, any agreement listed on Schedule 4.5;

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(h) any material failure to maintain the books and records of the

Servicer in the usual, regular and ordinary manner, consistent with past

practice, or any material change in the accounting principle or practice

of the Servicer; or

(i) any Material Adverse Effect.

4.11 FINANCIAL STATEMENTS. The Financial Statements fairly present, in

all material respects, the Servicer's financial condition and operating results

as of the dates of and for the periods of such statements, have been prepared in

conformity of GAAP, where applicable (except that the unaudited financial

statements do not contain all footnotes required by GAAP and are subject to all

normal year-end audit adjustments), and have been prepared on a consistent basis

in all material respects throughout the periods covered thereby.

4.12 ABSENCE OF UNDISCLOSED LIABILITIES. The Servicer does not have any

Liability that will have, or would reasonably be expected to have, individually

or in the aggregate, a Material Adverse Effect, except for the Liabilities which

are accrued or reserved against and reflected in the Financial Statements.

4.13 BROKERS AND FINDERS. The Servicer has not employed any broker or

finder or incurred any Liability for any financial advisory fees, or brokerage

fees, commissions or finder's fees in connection with this Agreement.

4.14 CUSTOMERS. No customer which engages the services of the Servicer

and no servicing customer has terminated or, to the knowledge of the Servicer,

threatened to terminate or decrease its relationship with the Servicer in any

material respect within the previous twelve month period. As of the Closing

Date, the Servicer is not required to provide any bonding or other financial

security arrangements in connection with any transactions with any customers or

suppliers.

4.15 REAL ESTATE. Schedule 4.15 attached hereto is a true and complete

schedule of all leases of real estate to which the Servicer is a party and all

parcels of real estate in which the Servicer holds a title or leasehold

interest. All such leases are in full force and effect, the Servicer shall have

the quiet and peaceful possession of the properties covered thereby, and none of

the lessors thereunder are in material default under any of the terms thereof.

4.16 SERVICING OPERATION CONTRACTS. Schedule 4.16, attached hereto, sets

forth a list of all Servicing Operation Contracts under which the Servicer acts

as servicing agent and services Student Loans. All of the Servicing Operation

Contracts set forth in Schedule 4.16 are valid and binding and in full force and

effect and there are no breaches or defaults thereunder or events which with

notice or passage of time would constitute a material breach or default by the

Servicer or any other party thereto. If any such Servicing Operation Contracts

contain restrictions on assignment, the Servicer shall use its commercially

reasonable efforts to obtain written consents to assignment to the Buyer signed

by the other parties thereto.

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ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE BUYER AND PARENT

The Buyer and Parent each, jointly and severally, represent and warrant

to the Foundation and the Servicer as of the date of this Agreement as follows:

5.1 ORGANIZATION AND POWER. Each of the Buyer and the Parent is a

corporation duly organized, validly existing and in good standing under the laws

of its state of organization. Each of the Buyer and the Parent has full

corporate power to execute, deliver and perform this Agreement and all other

agreements and documents to be executed and delivered by it in connection

herewith.

5.2 AUTHORITY; NONCONTRAVENTION. Each of the Buyer and the Parent has

the necessary corporate powers and authority to execute and deliver this

Agreement and to perform the obligations to be performed by it hereunder, and

this Agreement is valid and binding upon the Parent and the Buyer and

enforceable in accordance with its terms. The execution and delivery of this

Agreement will not (a) violate any Law, (b) conflict with, result in a breach

of, constitute a default under, result in acceleration of, create in any Person

the right to accelerate, modify or cancel, or require any notice under any

contract to which the Parent or the Buyer is a party or by which the Parent or

the Buyer is bound or which any of either entity's assets are subject, (c)

violate the articles of incorporation or bylaws of the Buyer, or (d) result in

acceleration of any obligation under, or constitute an event of default under,

any order, judgment or decree to which the Parent or the Buyer is bound. Except

as specifically set forth in this Agreement, no approval, authorization,

license, permit or other action by, or filing with, any Governmental Authority

or non-governmental third party, or of the shareholders or directors of the

Parent or the Buyer is required that has not been obtained in connection with

the execution and delivery of this Agreement by the Parent or the Buyer or the

consummation by the Parent or the Buyer of the transactions contemplated hereby.

5.3 BROKERS AND FINDERS. Neither the Parent nor the Buyer has employed

any broker or finder or incurred any Liability for any brokerage fees,

commissions or finder's fees in connection with this Agreement.

5.4 FINANCING. Buyer, as of Closing, shall have sufficient funds

(through existing credit arrangements or a signed commitment letter) to pay the

Purchase Price and all fees and expenses payable by Buyer related to this

Agreement and the transactions contemplated hereby, each on the terms

contemplated by this Agreement.

5.5 CERTAIN INVESTMENT REPRESENTATIONS. Buyer is purchasing the Stock

for its own account with the present intention of holding such securities for

investment purposes and not with a view to or for sale in connection with any

public distribution of such securities in violation of any federal or state

securities laws. Buyer is an "accredited investor" as defined in Regulation D

promulgated by the Securities and Exchange Commission under the Securities Act.

Buyer acknowledges that it is informed as to the risks of the transactions

contemplated hereby and of ownership of the Stock. Parent and Buyer each

acknowledges that the Stock has not been registered under the Securities Act or

any state or foreign securities laws and that the Stock may not be sold,

transferred, offered for sale, pledged, hypothecated or otherwise disposed of

unless such transfer, sale, assignment, pledge, hypothecation or other

disposition is pursuant to the terms of an effective registration statement

under the Securities Act and is registered under any applicable state or foreign

securities laws or pursuant to an exemption from registration under the

Securities Act and any applicable state or foreign securities laws.

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5.6 LITIGATION. There is no suit, action or proceeding by any Person

pending or, to the knowledge of Buyer or Parent, threatened against Buyer,

Parent or any Affiliate thereof, nor is there any judgment, decree, unfunded

settlement, conciliation agreement, letter of deficiency, award, temporary

restraining order, injunction, rule or order of any Governmental Authority

outstanding against Buyer or Parent, that may (i) affect, challenge or impair

the ability of Parent or Buyer to perform its obligations under this Agreement

or the consummation of the transactions contemplated hereunder or (ii) delay or

prevent the consummation of any of the transactions contemplated by this

Agreement, nor is there any judgment, decree, injunction, rule or order of any

Governmental Agency, arbitrator or mediator outstanding against Buyer, Parent or

any Affiliate thereof having, or which could be expected to have, any effect

referred to in clause (i) or (ii) above.

ARTICLE VI

CLOSING

6.1 CLOSING. If the conditions to the parties' obligations enumerated

below in Sections 6.2 and 6.3 are satisfied, consummation of the transactions

contemplated hereby (the "Closing") shall take place on the twentieth day

following the Parent's filing of the Form 8-K referenced in Section 7.1 (or on

the next business day if the such day is a Saturday, Sunday or bank holiday in

the State of Texas) (the "Closing Date") at the offices of Vinson & Elkins

L.L.P. in Dallas, Texas, or as soon thereafter as all conditions to Closing have

been satisfied or waived in accordance with Sections 6.2 and 6.3 or on such

other date or at such other location as the parties may agree.

6.2 CONDITIONS TO THE PARENT'S AND THE BUYER'S OBLIGATIONS. The

obligations of the Parent and the Buyer to effect the transactions contemplated

by this Agreement are subject to satisfaction (or written waiver by the Parent

in the Parent's sole discretion) of the following conditions at or before the

Closing:

6.2.1 AGREEMENTS PERFORMED. Each of the Foundation and the

Servicer shall have performed in all material respects all of the obligations

under this Agreement to be performed by it at or before the Closing and the

Parent and the Buyer shall have received a certificate to such effect, executed

by each of the Foundation and the Servicer and dated as of the Closing Date.

6.2.2 REPRESENTATIONS ACCURATE. The representations and

warranties of each of the Foundation and the Servicer contained herein shall be

accurate in all material respects as of the Closing as though made on and as of

the Closing (except to the extent such representations and warranties expressly

speak as of an earlier date), without giving effect to any supplemental

disclosure, update or modification of any Schedule hereto, and the Buyer shall

have received a certificate to such effect, executed by the Foundation and the

Servicer and dated as of the Closing Date; PROVIDED, HOWEVER, that this

condition shall be deemed to have been satisfied unless the individual or

aggregate impact of all inaccuracies of such representations and warranties

would result in a Material Adverse Effect. The certificate of the Foundation and

the Servicer required by this Section 6.2.2 shall be deemed to be a

representation and warranty of the Foundation and the Servicer under this

Agreement as of the Closing Date.

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6.2.3 LEGAL ACTION. There will be no pending or threatened legal

action or inquiry which challenges the validity or legality of or seeks or could

reasonably be expected to prevent, delay or impose conditions on the

consummation of the transactions contemplated by this Agreement;

6.2.4 DELIVERIES. The Buyer will have received the documents

to be delivered pursuant to Sections 6.5.1 and 6.5.3 hereof; and

6.2.5 HART-SCOTT-RODINO ACT COMPLIANCE. All applicable waiting

periods (and any extensions thereof) under the Hart-Scott-Rodino Act shall have

expired or shall have been otherwise terminated.

6.3 CONDITIONS TO THE FOUNDATION'S AND THE SERVICER'S

OBLIGATIONS. The obligation of the Foundation and of the Servicer, respectively,

to perform this Agreement is subject to satisfaction (or written waiver of the

Foundation and of the Servicer in the Foundation's and the Servicer's sole

discretion) of the following conditions at or before the Closing:

6.3.1 AGREEMENTS PERFORMED. The Parent and the Buyer shall have

performed in all material respects all of their obligations under this Agreement

to be performed by them at or before the Closing and the Foundation and the

Servicer shall have received a certificate to such effect, executed by the

Parent and the Buyer and dated as of the Closing Date;

6.3.2 REPRESENTATIONS ACCURATE. The representations and

warranties of the Parent and the Buyer contained herein shall be accurate in all

material respects as of the Closing as though made on and as of the Closing

(except to the extent such representations and warranties expressly speak as of

an earlier date) and the Foundation and the Servicer shall have received a

certificate to such effect, executed by the Parent and the Buyer and dated as of

the Closing Date. The certificate of the Parent and the Buyer required by this

Section 6.3.2 shall be deemed to be a representation and warranty of the Parent

and the Buyer under this Agreement as of the Closing Date.

6.3.3 LEGAL ACTION. There will be no pending or threatened legal

action or inquiry which challenges the validity or legality of or seeks or could

reasonably be expected to prevent, delay or impose conditions on the

consummation of the transactions contemplated by this Agreement;

6.3.4 HART-SCOTT-RODINO ACT COMPLIANCE. All applicable waiting

periods (and any extensions thereof) under the Hart-Scott-Rodino Act shall have

expired or shall have been otherwise terminated; and

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6.3.5 CLOSING PAYMENT. The Foundation and the Servicer will have

received immediately available funds by wire transfer in the amount of the

Purchase Price and each of the other documents required to be delivered pursuant

to Section 6.5.2 hereof.

6.4 CLOSING COVENANTS; TERMINATION.

6.4.1 [Reserved]

6.4.2 SATISFACTION OF CONDITIONS. Each of the Foundation and the

Servicer agrees to use its commercially reasonable efforts to cause each of the

conditions set forth in Section 6.2 to be satisfied at or before the Closing.

Each of the Parent and the Buyer agrees to use its commercially reasonable

efforts to cause each of the conditions set forth in Section 6.3 to be satisfied

at or before the Closing.

6.4.3 TERMINATION. This Agreement may be terminated at any time:

(a) by written agreement of the Parent, the Servicer and

the Foundation;

(b) by the Parent, upon the Parent giving written notice

to the Foundation and the Servicer, if either (i) there has been

a material breach by the Foundation or the Servicer of any of the

Foundation's or the Servicer's representations, warranties,

covenants or agreements set forth in this Agreement (other than,

with respect to a breach of a representation or warranty, a

breach that would not reasonably be expected to result in a

Material Adverse Effect) which breach cannot be cured prior to

the Closing Date, or (ii) the Closing shall not have occurred on

or before the 90th day following the date hereof by reason of

failure of any condition precedent under Section 6.2 hereof

(other than the failure of the Parent or the Buyer to comply with

its obligations under this Agreement);

(c) by the Foundation and the Servicer, upon the

Foundation giving written notice to the Buyer, if either (i)

there has been a material breach by the Parent or the Buyer of

any of either entity's representations, warranties, covenants or

agreements set forth in this Agreement which breach cannot be

cured prior to the Closing Date, or (ii) the Closing shall not

have occurred on or before the 90th day following the date hereof

by reason of failure of any condition precedent under Section 6.3

hereof (other than the failure of either the Foundation or the

Servicer to comply with its obligations under this Agreement);

(d) by the Servicer and the Foundation, upon giving

written notice to the Parent that any of the Servicer, the

Foundation or the Company intends to accept a Superior Third

Party Offer pursuant to Section 7.14 hereof, subject to the

obligation of the Servicer and the Foundation to pay the

Termination Fee to the Buyer.

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6.4.4 EFFECT OF TERMINATION. If this Agreement is terminated

pursuant to paragraph (a) of Section 6.4.3, all provisions of this

Agreement will become void without any Liability on the part of any

party. If this Agreement is terminated pursuant to paragraph (b), (c) or

(d) of Section 6.4.3, then the undertakings of the parties set forth

herein shall forthwith be of no further force and effect without any

Liability on the part of any party; PROVIDED, HOWEVER, that, subject in

all respects to Section 7.14(d), this Section 6.4.4, Section 7.14 and

Article IX, and the obligations thereunder and the rights and remedies

for any breaches of this Agreement occurring prior to such termination,

in each case, shall survive any such termination.

6.5 CLOSING DELIVERIES. At the Closing, the parties hereto will make the

transfers and deliveries hereinafter set forth. The transfers and deliveries

herein contemplated will be mutually interdependent and regarded as occurring

simultaneously; and no such transfer or delivery will become effective until all

of the transfers and deliveries provided for hereunder have been consummated.

The transfers and deliveries herein contemplated will be deemed to have occurred

and the Closing will be effective as of the close of business on the Closing

Date.

6.5.1 DELIVERIES FROM THE FOUNDATION TO THE BUYER. At the

Closing, the Foundation shall deliver or cause to be delivered the following to

the Buyer:

(a) certificates representing all of the Stock duly

endorsed by the Foundation, fully registered in the name of the

Buyer and duly recorded on the stockholder and transfer records

of the Company, free of all Liens (including any Lien that would

otherwise constitute a Permitted Encumbrance);

(b) the Books and Records of the Company including,

without limitation, the stock books, stock ledgers, minute books,

corporate seal and contracts;

(c) an Administrative Services Agreement incorporating the

terms set forth in Schedule 6.5.1(A) and a Loan Servicing

Agreement incorporating the terms set forth in Schedule 6.5.1(B),

each duly executed by the Foundation;

(d) a certificate of the Foundation in accordance with

Section 6.2 hereof;

(e) a certificate of good standing with respect to each of

the Company and the Subsidiaries, issued by the Secretary of

State for the state of incorporation or organization thereof

within ten (10) days prior to the Closing Date;

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(f) an opinion from the Foundation's counsel, dated as of

the Closing Date, addressed to the Buyer, opining that (i) the

execution and delivery by the Foundation of the Agreement have

been duly authorized by all corporate action on the part of the

Foundation, (ii) the Agreement constitutes the valid and binding

obligation of the Foundation, enforceable against the Foundation

in accordance with its terms, subject to customary qualifications

(including that such counsel is not opining as to the

enforceability of Section 7.12 hereof), and (iii) the

transactions contemplated in this Agreement do not result in an

adverse effect on the prior legal opinions with respect to the

treatment of interest on the Tax-Exempt Bonds as excludable from

the gross income of the holders thereof under existing law, all

in form and substance reasonably satisfactory to the Buyer and

its counsel;

(g) certificates executed by the Secretary of each of the

Foundation, the Company and the Subsidiaries, certifying copies

of the articles of incorporation (or article of organization or

partnership agreement, as the case may be), bylaws (or operating

agreements, as the case may be) and all amendments thereto of

each certifying entity as in effect as of the Closing Date and,

in the case of the Foundation, certifying duly enacted

resolutions of the board of directors of the Foundation approving

this Agreement and the other documents and transactions

contemplated hereby and authorizing the execution and delivery

thereof; and

(h) each other document reasonably requested to be

delivered to the Buyer hereunder.

6.5.2 DELIVERIES FROM THE PARENT OR THE BUYER TO THE FOUNDATION

OR TO THE SERVICER. At the Closing, the Buyer or the Parent shall deliver or

cause to be delivered the following to the Foundation or to the Servicer, as

appropriate:

(a) wire transfer of the Purchase Price to the Foundation

and the Servicer, allocated in accordance with the terms of this

Agreement;

(b) an Administrative Services Agreement incorporating the

terms set forth in Schedule 6.5.1(A) and a Loan Servicing

Agreement incorporating the terms set forth in Schedule 6.5.1(B),

each duly executed by the Parent;

(c) a Bill of Sale and Assignment and Assumption

Agreement, in the form of Schedule 6.5.2, attached hereto, duly

executed by the Buyer;

(d) an opinion from the Parent's and Buyer's counsel,

dated as of the Closing Date, addressed to the Foundation and the

Servicer, opining that (i) the execution and delivery by the

Parent and the Buyer of the Agreement have been duly authorized

by all corporate action on the part of the Parent and the Buyer,

and (ii) the Agreement constitutes the valid and binding

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obligation on the part of the Buyer, enforceable against the

Parent and the Buyer in accordance with its terms, subject to

customary qualifications (including that such counsel is not

opining as to the enforceability of Section 7.12 hereof), all in

form and substance reasonably satisfactory to the Foundation, the

Servicer and their respective counsel;

(e) a certificate of the Parent and the Buyer in

accordance with Section 6.3 hereof; and

(f) each other document reasonably requested to be

delivered to the Foundation hereunder.

6.5.3 DELIVERIES FROM THE SERVICER TO THE BUYER. At the Closing,

the Servicer shall deliver or cause to be delivered the following to the Buyer:

(a) a duly executed Bill of Sale and Assignment and

Assumption Agreement, in the form of Schedule 6.5.2, attached

hereto;

(b) such releases and termination statements as may be

necessary to terminate and release any and all Liens on the

Purchased Assets;

(c) an opinion from the Servicer's counsel, dated as of

the Closing Date, in form and substance satisfactory to the Buyer

and its counsel, addressed to the Buyer, opining that (i) the

execution and delivery by the Servicer of the Agreement have been

duly authorized by all corporate action on the part of the

Servicer, and (ii) the Agreement constitutes the valid and

binding obligation of the Servicer in accordance with its terms,

subject to customary qualifications (including that such counsel

is not opining as to the enforceability of Section 7.12 hereof);

(d) a certificate of the Secretary of the Servicer

certifying duly enacted resolutions of the board of directors of

the Servicer approving this Agreement and the other documents and

transactions contemplated hereby and authorizing execution and

delivery thereof;

(e) a certificate of the Servicer in accordance with

Section 6.2 hereof; and

(f) each other document reasonably requested to be

delivered by the Buyer hereunder.

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ARTICLE VII

COVENANTS

7.1 PUBLICITY. All public announcements relating to this Agreement or

the transactions contemplated hereby will be made only as may be authorized

mutually by the Parent and the Foundation or as required by Law. On the first

business day following the execution of this Agreement, (i) the Parent, the

Foundation and the Servicer shall issue a joint press release substantially in

the form set forth in Schedule 7.1 and containing a statement to the effect that

closing of the transactions contemplated hereby shall be subject to standard

conditions of closing such as lapse of regulatory waiting periods and any other

legal obligations, and (ii) the Buyer shall file a current report under Item

1.01 of Form 8-K under the Securities Exchange Act of 1934 with respect to the

execution of this Agreement and shall file this Agreement as an exhibit thereto.

7.2 CONFIDENTIALITY.

7.2.1 CONFIDENTIALITY OBLIGATION. Except for a Required

Disclosure (as defined below) and except for the public disclosure contemplated

by Section 7.1, each party hereto agrees not to disclose or use, directly or

indirectly, any Confidential Information of the other parties, at any time after

execution of this Agreement and prior to the Closing. In the event of a

contemplated Required Disclosure of Confidential Information by a party, such

party agrees to use its best efforts to provide the other party and the Company

an opportunity to object to the disclosure and as much prior written notice as

is possible under the circumstances. For purposes of this Section 7.2.1,

"Confidential Information" means (i) all information belonging to, used by, or

which is in the possession of any party hereto relating to the Servicer's, the

Company's or the Subsidiaries' or another party hereto's business to the extent

such information has not been or is not intended to be disseminated to the

public or is otherwise not generally known to competitors of the Servicer, the

Company or the Subsidiaries, including, but not limited to, information relating

to the Company's or its Subsidiaries' products, services, strategies, pricing,

customers, representatives, suppliers, distributors, technology, finances,

employee compensation, computer software and hardware, inventions, developments,

or trade secrets and (ii) to the extent such information has not been or is not

intended to be disseminated to the public, all information relating to the

acquisition of the Stock and the Purchased Assets by the Buyer hereunder,

including, without limitation, all strategies, negotiations, discussions, terms,

conditions and other information relating to this Agreement and each other

document and agreement delivered in connection herewith; PROVIDED, that nothing

in this section shall prohibit the Foundation, the Servicer or the Company from

engaging in discussions or negotiations contemplated by Section 7.14 of this

Agreement. Each party hereto acknowledges that following the Closing all of the

Confidential Information will be the exclusive proprietary property of the

Company or of the appropriate other parties hereto, as the case may be, whether

or not prepared in whole or in part by any party hereto and whether or not

disclosed to or entrusted to the custody of any party hereto. Nothing herein

shall require any party to withhold from disclosure of any Confidential

Information hereunder where disclosure is required by Law, required to be

included in either party's financial statements or required for the preparation

and submission of any report for any agency, commission or board requiring such

information in connection with such party's business (a "Required Disclosure").

Notwithstanding any other provision contained in this Agreement to the contrary,

the Buyer may furnish information (including Confidential Information) to third

Persons who are agents or employees of the Buyer.

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7.3 ACCESS TO INFORMATION. Upon reasonable notice and subject to

applicable Laws relating to the exchange of information, each of the Foundation

and the Servicer shall afford to the officers, employees, accountants, counsel

and other representatives of the Buyer reasonable access, during normal business

hours during the period prior to the Closing Date, to all of the properties of

the Company and of the Servicer and, during such period, each of the Company and

the Servicer shall make available to the Buyer all information and Books and

Records concerning the Company and the Servicer and their respective properties,

business and employees as the Buyer may reasonably request. Following the end of

each calendar month prior to Closing, the Foundation and the Servicer shall

provide to the Buyer unaudited interim financial statements of the Servicer, the

Company and the Subsidiaries for such calendar month promptly after the same

become available for internal purposes.

7.4 CONDUCT OF BUSINESS. The Foundation agrees that, from the date

hereof through the Closing, except to the extent otherwise permitted or required

by this Agreement or consented to in writing by the Buyer, the Foundation shall

cause the Company to:

(a) operate its business only in the ordinary course of business;

(b) not enter into or assume any material agreement, contract or

instrument relating to the Company or enter into or permit any material

amendment, supplement, waiver or other modification in respect thereof,

except in the ordinary course of business;

(c) pay accounts payable and other obligations of the Company

when they become due and payable in the ordinary course of business;

(d) use its reasonable efforts to preserve its business

organization intact, to retain the services of its employees and to

preserve its goodwill and relationships with customers, suppliers,

creditors and others having business relationships with it;

(e) use commercially reasonable efforts to preserve its

properties and assets and to maintain its permits and licenses;

(f) use commercially reasonable efforts to maintain its existing

insurance policies in full force and effect;

(g) comply in all material respects with any applicable Law;

(h) promptly advise the Buyer in writing of any Material Adverse

Effect;

(i) review with the Buyer all decisions regarding new contracts

or extensions or amendments of existing contracts, equipment purchases

and sales and other operational decisions involving individually or in

the aggregate more than $250,000 over the life of such matter;

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(j) except as required by applicable Law or contract, not make or

commit to make any salary or wage increase with respect to any officer,

employee or agent or enter into, amend or alter any Benefit Plan, trust

agreement or arrangement or any employment or consulting contract;

PROVIDED, that that Company may amend or modify its Phantom Stock Plan

to provide for payments required to be made thereunder to be calculated

in the manner required under such plan as of September 30, 2005;

(k) not pay, discharge or satisfy any Liability or Lien other

than current Liabilities reflected in the Balance Sheet, and current

Liabilities incurred since the date of the Balance Sheet in the ordinary

course of business;

(l) not sell, transfer or otherwise dispose of or encumber any of

its assets or properties other than in the ordinary course of business,

or engage in any activity in connection with any securitization of

assets owned by the Company or the Subsidiaries;

(m) not declare or pay any dividend or make any distribution with

respect to the Stock, or redeem, purchase or otherwise acquire any of

its capital stock;

(n) not modify or amend any of the terms of any of the contracts

set forth on Schedule 3.6 to which the Company is a party, other than in

the ordinary course of business;

(o) not make any contract or understanding to take any action

proscribed by this Section 7.4; and

(p) not take any affirmative action, or fail to take any

reasonable action within its control, which would result in any of the

changes or events listed in Section 3.13.

7.5 CONDUCT OF BUSINESS. The Servicer agrees that, from the date hereof

through the Closing, except to the extent otherwise permitted by this Agreement

or consented to in writing by the Buyer, the Servicer shall:

(a) operate its business only in the ordinary course of business;

(b) not enter into or assume any material agreement, contract or

instrument relating to the Servicer or enter into or permit any material

amendment, supplement, waiver or other modification in respect thereof,

except in the ordinary course of business;

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(c) pay accounts payable and other obligations of the Servicer

when they become due and payable in the ordinary course of business;

(d) use its reasonable efforts to preserve its business

organization intact, to retain the services of its employees and to

preserve its goodwill and relationships with customers, suppliers,

creditors and others having business relationships with it;

(e) use commercially reasonable efforts to preserve its

properties and assets and to maintain its permits and licenses;

(f) use commercially reasonable efforts to maintain its existing

insurance policies in full force and effect;

(g) comply in all material respects with any applicable Law;

(h) promptly advise the Buyer in writing of any Material Adverse

Effect;

(i) review with the Buyer all decisions regarding new contracts

or extensions or amendments of existing contracts, equipment purchases

and sales and other operational decisions involving individually or in

the aggregate more than $250,000 over the life of each such matter;

(j) except as required by applicable Law or contract, not make or

commit to make any salary or wage increase with respect to any officer,

employee or agent or enter into, amend or alter any Benefit Plan, trust

agreement or arrangement or any employment or consulting contract;

(k) not sell, transfer or otherwise dispose of or encumber any of

its assets or properties other than in the ordinary course of business;

(l) not modify or amend any of the terms of any of the contracts

set forth on Schedule 4.5 to which the Servicer is a party other than in

the ordinary course of business;

(m) not make any contract or understanding to take any action

proscribed by this Sections 7.5;

(n) not take any affirmative action, or fail to take any

reasonable action within its control, which would result in any of the

changes or events listed in Sections 4.10.

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7.6 FINANCIAL INFORMATION. From and after the date hereof, the

Foundation shall provide the Buyer with copies of monthly financial statements

of the Company, and the Servicer shall provide the Buyer with copies of monthly

financial statements of the Servicer. Such financial statements shall be

delivered to the Buyer within five (5) days after such statements become

generally available to management of the Company or the Servicer, as the case

may be.

7.7 OFFICERS AND EMPLOYEES. Without incurring any Liability with respect

to the Company, the Foundation shall use commercially reasonable efforts to

cause the officers and employees of the Company listed on Schedule 7.7 to remain

as officers, employees or independent contractors (as applicable) with the

Company or to accept employment with, or enter into an independent contractor

agreement with, the Parent's designee after the Closing Date, pursuant to the

agreements set forth in Schedule 7.7 hereto. Prior to the Closing Date, the

Company or the Parent's designee shall negotiate to enter into employment or

independent contractor agreements with the key employees of the Company or of

the Servicer listed in Schedule 7.7 under the terms described therein.

7.8 FINAL TAX RETURN. The Buyer shall cause the Company to engage the

accounting firm of its choice to prepare the final Tax return for the Company

following Closing, the cost of which shall be paid by the Foundation. In the

event the Company ultimately incurs any Liabilities for Taxes with respect to

any matters with respect to which the Company received notice or waived such

notice from the Internal Revenue Service between August 31, 2005 and the Closing

Date, the Foundation shall promptly pay to the Buyer the amount of all such

Liabilities upon request therefor from the Buyer. Not later than 10 days prior

to the due date of each such Tax return, the Buyer shall deliver a copy of such

Tax Return to the Foundation. The Buyer shall permit the Foundation to review

and comment on such Tax return prior to filing and shall make such revisions to

such Tax return as are reasonably requested by the Foundation.

7.9 ALLOCATION OF PURCHASE PRICE.

(a) Allocation between the Foundation and the Servicer. The

Purchase Price, as adjusted in accordance with the other provisions of

this Agreement, shall be allocated in such manner that the Buyer will

pay (i) to the Foundation the sum of $163,585,331, and (ii) to the

Servicer the sum of $10,000,000. Any adjustment of the Purchase Price in

accordance with the other provisions of this Agreement shall be made to

the portion of the Purchase Price allocated to the Foundation.

(b) Allocation Among Stock, Purchased Assets and Noncompete

Covenants.

(i) The Purchase Price, as adjusted in accordance with the

other provisions of this Agreement, shall be allocated among the

Stock, the Purchased Assets and the noncompetition covenants in

Section 7.12 in accordance with the procedure set forth in this

Section 7.9(b).

(ii) The parties hereto covenant and agree that they will

attempt, in good faith, to reach mutual agreement on the

allocation of the Purchase Price, as adjusted in accordance with

the other provisions of this Agreement, by November 15, 2005, or

such other date as mutually agreed to in writing by the parties.

If the parties do not reach such agreement by such date, any

dispute over such allocation shall be resolved by an accounting

firm chosen by the Buyer and reasonably acceptable to the

Foundation prior to the Closing. The fees and expenses of such

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accounting firm shall be borne equally by the Parent and the

Servicer. The parties (and their Affiliates) shall: (A) timely

file all forms and Tax returns (including IRS Form 8594 (Asset

Allocation Statement)) required to be filed in connection with

this Section 7.9(b), (B) be bound by such allocation for all Tax

purposes, (C) prepare and file all Tax returns in a manner

consistent with such allocation, and (D) take no position

inconsistent with such allocation in any audit or other

proceeding relating to Taxes without the written consent of the

other parties to this Agreement, which consent shall not be

unreasonably withheld.

(iii) The parties hereto covenant and agree with each

other that none of them will take a position on any income tax

return (including IRS Form 8594 (Asset Allocation Statement), if

required), before any Governmental Authority charged with the

collection of any income Tax or in any judicial proceeding that

is in any manner inconsistent with the terms of this Section

7.9(b) without the written consent of the other parties to this

Agreement, which consent shall not be unreasonably withheld.

7.10 PAYMENT OF INDEBTEDNESS. On or before the Closing Date, any

intercompany Liabilities between the Foundation, on the one hand, and the

Company or any Subsidiary, on the other, shall be eliminated.

7.11 EMPLOYEES. The Buyer or the Parent shall offer employment or

consulting arrangements with the Buyer or its designated Affiliates to the

persons identified in Schedule 7.11 attached hereto who satisfy the Parent's

standard employment qualifications, under such terms as are mutually agreeable

between the Buyer or its designated Affiliates and such employees; provided that

the Buyer's or its designated Affiliates' terms shall include (i) salaries

substantially equivalent to, or better than, the salaries currently paid to such

employees, (ii) participation in the Parent's benefit plans in accordance with

the Parent's customary and usual employment practices; and (iii) the severance

policy set forth on Schedule 1.5; provided that (a) such employee benefit plans

and severance policy will recognize periods of employment with the Company and

the Servicer for purposes of determining eligibility for participation in such

employee benefit plans and severance policy (including vacation benefits), and

shall not be subject to waiting periods, exclusions for pre-existing conditions

or evidence of insurability, and (b) any claims arising prior to the Closing

Date shall be included for purposes of satisfying deductibles, out of pocket

maximums and similar limitations. The Servicer, the Foundation, and the Company

shall cooperate reasonably with the Buyer's or its designated Affiliates'

efforts to enter into employment arrangements with the employees identified in

Schedule 7.11. The Servicer and the Foundation agree, for the period of two (2)

years following Closing, not to solicit for employment any of the employees

identified in Schedule 7.11 that enter into individual employment or consulting

agreements pursuant to this Section 7.11, other than such employees whose

employment is terminated by the Buyer or its Affiliates; provided that nothing

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herein shall prohibit the Servicer or the Foundation from making general media

solicitations (or hires resulting therefrom) not specifically targeted at such

employees so long as such media solicitations do not violate Section 7.11

hereof. Prior to Closing, the Company shall amend its employment agreements with

Larry G. Holt, Richard Hendee and Ralph Rushing and the employment policy with

respect to George Durstine in the form previously provided to the Buyer.

7.12 NONCOMPETITION. Each of the Servicer and the Foundation agrees

that, for a period of five (5) years following the Closing Date, neither the

Servicer nor the Foundation may engage, either directly or indirectly, in

owning, managing, operating, joining, controlling, being retained as a

contractor or consultant by or on behalf of, or participating in any manner in

the ownership, management, operation or control of any Person which in any way,

directly or indirectly, is engaged in any activity which is directly or

indirectly competitive with the business of the Buyer or any of its Affiliates

as currently conducted, with the exceptions of (i) participating in any program

(including the origination and acquisition of loans or otherwise supporting the

extension of credit) undertaken pursuant to legislation promulgated by the

Legislature of the State of Texas providing for the extension of credit for the

purposes of obtaining a higher education provided such program does not offer

FFELP Loans made under the terms of the Higher Education Act, (ii) participating

in any manner to support the extension of credit to persons seeking a higher

education, provided that such participation does not require the Foundation to

raise funds in the capital markets, or result in the acquisition, holding,

financing or servicing of FFELP Loans by the Foundation or any entity acting on

its behalf (except as permitted by clause (iii)), and (iii) acquiring, holding

and financing FFELP Loans (or interests therein) by the Foundation to the

limited extent required under the Code in order for the Foundation to maintain

its Charitable Organization Status. For a period of five (5) years following the

Closing Date, the Buyer agrees to sell, or cause to be sold, to the Foundation

FFELP Loans and Private Loans in an aggregate amount sufficient to permit the

Foundation to maintain a portfolio of FFELP Loans and Private Loans equal to no

less than $200,000,000.00. The purchase price for such FFELP Loans and Private

Loans shall be the fair market value mutually agreed upon by the Buyer and the

Foundation. The Buyer also agrees to buy, or cause one or more of its Affiliates

to buy, all of the FFELP Loans held by the Foundation (or any portion thereof if

such portion exhibits representative characteristics of the Foundation's entire

FFELP Loan portfolio) at a price not less than the unpaid principal balance

thereof plus accrued borrower interest thereon. The Buyer shall be required to

purchase a Loan only if such Loan is subject to an existing servicing agreement

and guarantee agreement to which the Buyer is a party. Such purchase shall occur

within fifteen business (15) days after written notice to Buyer of Foundation's

intent to sell such FFELP loans. All purchases and sales of FFELP Loans and

Private Loans hereunder shall be subject to terms and conditions (including

representations and warranties) standard in the student loan industry.

The commitment to sell such FFELP Loans and Private Loans to the

Foundation as provided by this Section 7.12 may be satisfied by the sale of

participation interests or subparticipation interests in FFELP Loans or Private

Loans to the Foundation at the fair market value of such interests as mutually

agreed upon by the parties. In connection with such sale, the Parent shall have

the right to provide input to the Foundation with respect to any financing of

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the purchase of such interests. The participation interests or subparticipation

interests sold to the Foundation pursuant to this paragraph must (i) be

sufficient to produce gross revenues payable to the Foundation equal to that

which would have been earned by a portfolio of FFELP Loans or Private Loans

representing the difference between $200,000,000.00 and the amount of FFELP

Loans and Private Loans then owned by the Foundation, taking into consideration

servicing costs and premiums paid in connection with such FFELP Loans and

Private Loans and (ii) have terms that, when calculated with the return provided

by the Foundation's portfolio of FFELP Loans and Private Loans, are sufficient

to produce a reasonable positive return to the Foundation, taking into account

servicing costs and reasonable costs of funding. The Parent or its Affiliates

shall have the option at any time to repurchase all or any portion of the FFELP

Loans, Private Loans and participation or subparticipation interests sold to the

Foundation under this Section 7.12 at fair market value as mutually agreed upon

by the parties; provided that the remaining portfolio of such Loans and

interests are sufficient to produce a reasonable positive return to the

Foundation, taking into account servicing costs and reasonable costs of funding.

At all times after the Closing Date, the Foundation shall have the right to

acquire additional student loans from any source only to the extent necessary

for the Foundation to qualify as an organization described in Section 509(a)(2)

of the Code. The Parent shall have access to the financial and other records of

the Foundation from time to time in order to verify the needs of the Foundation

in maintaining its qualification as an organization under Section 509(a)(2) of

the Code and to verify the Foundation's rate of return on any FFELP Loans,

Private Loans, participation interests or subparticipation interests sold to the

Foundation pursuant to this Section 7.12. Notwithstanding the foregoing, in the

event that income from Private Loans is not permitted to be counted toward

satisfying the Foundation's requirements to qualify as an organization described

in Section 509(a)(2) of the Code, then the Buyer shall only sell FFELP Loans or

participation interests therein to fulfill its commitments under this Section

7.12.

Without limiting the generality of the foregoing, neither the Servicer

nor the Foundation shall, and each of the Servicer and Foundation shall cause

their then current officers, directors, employees, and agents not to, contact

any borrower, school or lender in order to originate, acquire, hold, service or

finance any FFELP Loan, except to the extent required under the Code for the

Foundation to maintain its Charitable Organization Status. Prior to the sale or

transfer of any FFELP Loans or Private Loans (or participation interests or

subparticipation interests in such Loans) owned by or on behalf of the

Foundation, the Foundation shall give written notice to the Buyer of the

proposed details of such sale including but not limited to purchase price,

identity of purchaser, characteristics of the FFELP Loan and Private Loan

portfolios proposed to be sold and other relevant terms. The Buyer shall have

fifteen (15) days after receipt of such notice in which to notify the Foundation

that the Buyer wishes to exercise its right of first refusal hereby granted by

the Foundation to the Buyer or its designee, in which case the Foundation shall

promptly sell such FFELP Loans or Private Loans (or participation interests or

subparticipation interests in such Loans) to the Buyer under the terms set forth

in the Foundation's notice given pursuant to this Section 7.12. The parties

acknowledge that a breach hereof will cause irreparable injury to the Buyer and

that monetary damage would not provide an adequate remedy for such breach, and

therefore the Buyer may elect to have this Section 7.12 specifically enforced by

any court having equity jurisdiction. In the event either the Servicer or the

Foundation fails in any manner to observe the requirements of this Section 7.12,

the Buyer shall be entitled to enforce such provisions through any remedy

provided by Law, including but not limited to injunctive relief, and pursue such

other remedies for relief which may be available pursuant to Law or this

Agreement. Within thirty (30) days following the Closing Date, the Servicer

shall change its name so as to not include the word "LoanSTAR" (or any

derivative thereof).

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7.13 CONTINUATION OF CHARITABLE ORGANIZATION STATUS. The Foundation and

Servicer shall each maintain and continue its Charitable Organization Status

through the Closing Date and for at least one year thereafter.

7.14 NO SHOP.

(a) From the date of this Agreement until the earlier of (i) the

Closing Date or (ii) the termination of this Agreement in accordance

with Section 6.4.3 hereof, each of the Foundation and the Servicer shall

not, and shall cause their respective officers, directors, employees and

other agents not to, directly or indirectly, solicit, initiate or

encourage any Acquisition Proposal, other than in connection with the

transactions contemplated by this Agreement. Nothing in this Agreement

shall prevent the Foundation, the Company, the Servicer, their

respective officers, directors, employees and other agents or the board

of directors of the Foundation, the Company or the Servicer from

engaging in discussions or negotiations with, or furnishing or

disclosing any information relating to the Foundation, the Company, any

Subsidiary or the Servicer, to any Person who has made a bona fide

unsolicited Acquisition Proposal after the date hereof, if (x) in the

good faith judgment of the Foundation's, the Servicer's or the Company's

board of directors, taking into account the likelihood of consummation

and after consultation with its financial advisors, such Acquisition

Proposal is reasonably likely to result in a Superior Third Party Offer

and (y) the board of directors of the Foundation, the Servicer or the

Company, after consultation with its outside legal counsel, determines

in good faith that the failure to do so would be inconsistent with its

fiduciary obligations under applicable law.

(b) In the event that the Servicer, the Foundation or the Company

(or their respective representatives) receive any Acquisition Proposal

in accordance with the foregoing, the Servicer and the Foundation shall

(x) notify the Buyer as soon as practicable and (y) keep the Buyer

informed generally of the status of such discussions or negotiations.

(c) The Servicer, the Company and/or the Foundation may accept a

Superior Third Party Offer; provided, that:

(i) neither the Servicer nor the Foundation has breached in

any material respect its obligations under this Section

7.14; and

(ii) the Servicer and the Foundation contemporaneously

terminate this Agreement pursuant to Section 6.4.3(d).

(d) The Foundation and/or the Servicer shall pay the Termination

Fee to the Buyer within five (5) business days following the closing of

a Superior Third Party Offer transaction or termination of this

Agreement pursuant to Section 6.4.3(d). The parties intend that the

Termination Fee shall be liquidated damages and not (and not deemed to

be) a penalty and payment thereof shall be the sole and exclusive remedy

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available to the Parent, the Buyer and their Affiliates for such

termination or any breach of this Agreement in the event the Termination

Fee is paid by the Foundation or the Servicer under and pursuant to this

Section 7.14 and neither the Parent, the Buyer nor any of their

Affiliates shall assert or pursue in any manner, directly or indirectly,

any claim against the Foundation, the Company, any Subsidiary or the

Servicer or its or their officers, directors, employees, agents or

representatives based upon such termination or any breach of this

Agreement.

7.15 NOTICE OF DEVELOPMENTS. Prior to the Closing, each party shall

promptly notify the other parties if such party or any of its representatives

obtains actual knowledge that any representation or warranty of such party in

this Agreement is not true and correct in all material respects, or if such

party or any of its representatives obtains actual knowledge of any material

errors in, or omissions from, the schedules hereto.

7.16 JPM CHASE LINE. Prior to Closing, the Foundation shall cause the

Company to use its good faith efforts to obtain the written consent of JPMorgan

Chase Bank, N.A., under the JPM Chase Line, to the transactions contemplated by

this Agreement, without resulting in any effect upon the JPM Chase Line. If the

Company is not successful in obtaining such consent on terms reasonably

satisfactory to the Buyer, then the Foundation shall cause the Company to pay

off the principal balance and accrued interest under the JPM Chase Line in full

on or before the Closing Date, and obtain a release of any Liens created under

the JPM Chase Line.

7.17 PRESERVATION OF BOOKS AND RECORDS. Buyer shall preserve the books

and records constituting a part of the Purchased Assets for a period of six

years from the Closing Date, or for such longer period as is required by any

applicable Law, and will permit the Foundation and the Servicer and their

authorized representatives reasonable access thereto, including making any

copies, in connection with the affairs of the Foundation or the Servicer at the

cost of the Foundation and the Servicer. Such records may be sought under this

Section 7.17 for any reasonable purpose, including, without limitation, to the

extent reasonably required in connection with the audit, accounting, tax,

litigation, or other similar needs of the party seeking such records.

7.18 SATISFACTION OF PHANTOM EQUITY. On or prior to the Closing Date,

the Foundation shall cause the Company to pay, satisfy and extinguish the

Liabilities of the Company, and redeem the interests issued, under the Company's

Phantom Stock Plan, as amended through the Closing Date, and provide to the

Buyer evidence of such satisfaction. The portion of the Purchase Price allocated

to the Foundation under Section 7.9(a) shall be reduced by any payment made by

the Company to satisfy and extinguish such Liabilities.

7.19 SATISFACTION OF CITIBANK COMMITMENT AGREEMENT. The parties

acknowledge that the Foundation is obligated to sell, or cause an affiliate to

sell to Citibank FFELP loans with an aggregate principal balance equal to

$100,000,000.00. prior to June 30, 2006. Of this amount, approximately

$23,000,000.00 of FFELP Loans have been sold, leaving a balance of approximately

$77,000,000.00 remaining under the loan sale commitment. The agreement creating

this obligation states that it may be assigned by the Foundation with the

written consent of Citibank, which consent will not be unreasonably withheld.

Foundation agrees to seek the consent of Citibank to the assignment of this

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agreement, and if obtained Buyer agrees to accept assignment of the agreement

and perform all obligations of the Foundation thereunder. If Citibank fails to

consent to such assignment, Buyer agrees to sell to Foundation before June 30,

2006 FFELP loans which qualify for sale under such agreement in an amount

sufficient to satisfy all of the Foundation's obligations thereunder and at a

premium equal to the previously agreed upon premium to be received by the

Foundation from Citibank upon a subsequent sale of such loans. The Foundation

agrees not to sell any FFELP loans to Citibank prior to Closing. However, the

parties acknowledge that the Company as an affiliate of the Foundation may sell

to Citibank, at any time prior to Closing, FFELP loans in an amount not in

excess of that shown in Schedule 3.13(h) hereto.

7.20 CONTINUATION OF SERVICER. For a period of at least one (1) year

following the Closing Date, the Servicer shall maintain its corporate existence

and not liquidate or dissolve. After the Closing Date, the Foundation and the

Servicer and their respective Affiliates shall not use the word "LoanSTAR" or

any derivative thereof in any marketing materials.

7.21 RESCISSION OF DIVIDEND. Prior to the Closing, the Foundation shall

cause the Company to rescind in full the dividend previously authorized and yet

unpaid by the Company in the amount of $4,985,331.

7.22 UNASSIGNABLE CONTRACTS. Prior to the Closing Date, the Servicer

shall use commercially reasonable efforts to obtain any required consents to or

approvals to effect the assignment of the Servicing Operations Contracts to the

Buyer pursuant to this Agreement. To the extent the Servicer is unable to obtain

such consents or approvals, the Servicer shall use commercially reasonable

efforts to ensure that the Buyer shall receive all of the benefits of such

Servicing Operations Contracts that would otherwise have been assigned to the

Buyer but for the inability to obtain required consents to or approvals of

assignment thereof, including paying to the Buyer all fees, compensation and

consideration due under such unassignable contracts.

ARTICLE VIII

INDEMNIFICATION

8.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and

warranties of the Foundation in Section 3.2, the third and fourth sentences of

Section 3.4(b), and Sections 3.4(d), 3.5, 3.6, 3.11 and 3.23, and of the

Servicer in Sections 4.1, 4.4, 4.5, and 4.16 (collectively, the "Surviving

Representations and Warranties"), will survive the Closing until, and shall

terminate on, the expiration of the applicable statute of limitations; PROVIDED,

that the representations and warranties of the Foundation set forth in Sections

3.6 and 3.23 and of the Servicer in Sections 4.5 and 4.16 shall terminate on the

date that is 547 days following the Closing Date. No other representation or

warranty of the Foundation or the Servicer shall survive the Closing. The

representations and warranties of the Parent and the Buyer shall survive the

Closing until, and shall terminate on, the expiration of the applicable statute

of limitations. Neither the Foundation nor the Servicer shall be liable for any

Indemnifiable Costs (as defined below) resulting from a breach of a Surviving

Representation and Warranty unless a written claim for indemnification is made

by the Parent or the Buyer on or before the applicable date of termination of

such Surviving Representation and Warranty. Neither the Parent nor the Buyer

shall be liable for any Indemnifiable Costs resulting from a breach of any

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representation or warranty unless a written claim for indemnification is made by

the Foundation or the Servicer on or before the applicable date of termination

of such representation or warranty.

8.2 INDEMNIFICATION BY THE FOUNDATION AND THE SERVICER. From and after

the Closing, and subject to the provisions of this Article VIII and Section 9.4

hereof, the Foundation and the Servicer will jointly and severally indemnify the

Parent, the Buyer and their respective Affiliates, shareholders, directors,

employees and agents (collectively, the "Buyer Indemnified Parties") against and

hold them harmless from:

(a) all Liability, loss, damage or cost (including without

limitation reasonable attorneys fees) (collectively, "Indemnifiable

Costs") resulting from or arising out of or in connection with any

inaccuracy in or breach of any Surviving Representation and Warranty;

(b) all Indemnifiable Costs resulting from or arising out of or

in connection with any breach or nonperformance of any covenant or

obligation herein made or incurred by the Foundation and/or the

Servicer; and

(c) all Indemnifiable Costs from or arising out of claims made

against the Buyer for any Liability of the Servicer that is not an

Assumed Liability.

8.3 INDEMNIFICATION BY THE PARENT AND THE BUYER. From and after the

Closing, and subject to the provisions of this Article VIII and Section 9.4

hereof, the Parent and the Buyer will jointly and severally indemnify the

Foundation, the Servicer and their respective Affiliates, shareholders, members,

directors, employees and agents (collectively, the "Foundation/Servicer

Indemnified Parties") against and hold them harmless from:

(a) all Indemnifiable Costs resulting from or arising out of or

in connection with any inaccuracy in or breach of any representation or

warranty by the Parent and the Buyer herein;

(b) all Indemnifiable Costs resulting from or arising out of any

breach or nonperformance of any covenant or obligation herein made or

incurred by the Parent or the Buyer; and

(c) all Indemnifiable Costs from or arising out of claims made

against the Servicer for any Assumed Liability.

8.4 LIMITATIONS. Notwithstanding the foregoing provisions of this

Article VIII, but subject in all respects to Section 9.4, the Parent and the

Buyer, on behalf of themselves and anyone who could make a claim by or on

either's behalf, agree as follows:

(a) There shall be no liability of the Foundation or the Servicer

for indemnification under Section 8.2 (i) for inaccuracies in or

breaches of Sections 3.6 or 4.5 hereof unless and until the aggregate

amount of Indemnifiable Costs for inaccuracies in or breaches of such

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sections exceeds $500,000, (ii) for inaccuracies in or breaches of

Section 3.23 hereof unless and until the aggregate amount of

Indemnifiable Costs for such inaccuracies or breaches exceeds $500,000,

and (iii) for inaccuracies in or breaches of Section 4.16 hereof unless

and until the aggregate amount of Indemnifiable Costs for such

inaccuracies or breaches exceeds $500,000. If the aggregate amount of

Indemnifiable Costs described in clause (i), (ii) or (iii) above exceed

$500,000, the Servicer and the Foundation will only be obligated

(subject to the other limitations in this Article VIII) to indemnify the

Buyer Indemnified Parties for Indemnifiable Costs in excess of $500,000

for Indemnifiable Costs described in clause (i), Indemnifiable Costs in

excess of $500,000 for Indemnifiable Costs described in clause (ii), and

Indemnifiable Costs in excess of $500,000 for Indemnifiable Costs

described in clause (iii). As an example of the foregoing, if the

aggregate Indemnifiable Costs under Sections 3.6 and 4.5 equal $600,000,

the Indemnifiable Costs under Section 3.23 equal $600,000 and the

Indemnifiable Costs under Section 4.16 equal $300,000, the joint and

several liability of the Foundation and the Servicer shall be $200,000.

(b) In no event shall the Foundation or the Servicer have

liability for indemnification with respect to inaccuracies in or

breaches of Sections 3.23 or 4.16 resulting from, arising out of or in

connection with (i) FFELP Loan or Private Loan servicing errors

committed or caused by the Parent, the Buyer or their Affiliates (other

than the Servicer) prior to the Closing or (ii) FFELP Loan or Private

Loan servicing errors that are not the result of a systemic defect or

series of defects in the Foundation's, the Servicer's, the Company's or

the Subsidiaries' servicing operations that, singly or in the aggregate,

impact a material portion of the FFELP Loans or Private Loans serviced

by the Foundation, the Servicer, the Company or the Subsidiaries.

(c) In no event shall the Servicer's and the Foundation's

liability for Indemnifiable Costs pursuant to Section 8.2 exceed (i)

$5,000,000 in the aggregate for breaches of Sections 3.6 and 4.5 hereof,

(ii) $5,000,000 in the aggregate for breaches of Section 3.23, (iii)

$5,000,000 in the aggregate for breaches of Section 4.16 or (iv)

$500,000 for breaches of Section 3.11.

8.5 DEFENSE OF THIRD PARTY ACTIONS. An Indemnified Party shall give

prompt written notice to any entity that is obligated to provide indemnification

hereunder (an "Indemnifying Party") of the commencement or assertion of any

action, proceeding, demand, or claim by a third party (collectively, a "third

party action") in respect of which such Indemnified Party shall seek

indemnification hereunder. Any failure so to notify an Indemnifying Party shall

not relieve such Indemnifying Party from any liability that it may have to such

Indemnified Party under this Article VIII unless the failure to give such notice

materially and adversely prejudices such Indemnifying Party. The Indemnifying

Party shall have the right to assume control of the defense of, settle, or

otherwise dispose of such third party action on such terms as it deems

appropriate; provided, however, that:

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(a) the Indemnified Party shall be entitled, at its own expense,

to participate in the defense of such third party action; PROVIDED,

however, that the Indemnifying Party shall pay the attorneys' fees of

the Indemnified Party if (i) the employment of separate counsel shall

have been authorized in writing by such Indemnifying Party in connection

with the defense of such third party action, or (ii) the Indemnified

Party's counsel shall have advised the Indemnified Party in writing,

with a copy delivered to the Indemnifying Party, that there is a

conflict of interest that could make it inappropriate under applicable

standards of professional conduct to have common counsel;

(b) no Indemnifying Party shall consent to the entry of any

judgment or enter into any settlement that does not include as an

unconditional term thereof the giving by each claimant or plaintiff to

each Indemnified Party of a release from all liability in respect of

such third party action; and

(c) the Indemnified Party shall be entitled to have sole control

over the defense or settlement, compromise, admission, or acknowledgment

of any third party action for which the Indemnifying Party notifies the

Indemnifying Party in writing that it will not assume control of the

defense; PROVIDED, that (i) the Indemnifying Party shall be entitled to

participate at its own expense in the defense of such third party action

and (ii) the Indemnified Party shall make no settlement, compromise,

admission, or acknowledgment that would give rise to liability on the

part of any Indemnifying Party without the prior written consent of such

Indemnifying Party.

The parties hereto shall extend reasonable cooperation in connection with the

defense of any third party action pursuant to this Section 8.5 and, in

connection therewith, shall furnish such records, information, and testimony and

attend such conferences, discovery proceedings, hearings, trials, and appeals as

may be reasonably requested.

8.6 DETERMINATION OF BREACH. For purposes of determining (i) whether an

Indemnifying Party shall be required to indemnify an Indemnified Party under

this Article VIII, or (ii) the aggregate amount of Indemnifiable Costs suffered

by an Indemnified Party, each representation and warranty contained in this

Agreement for which indemnification can be or is sought hereunder shall be read

(including for purposes of determining whether a breach of such representation

or warranty has occurred) without regard to whether a particular breach would

result or be reasonably expected to result in a Material Adverse Effect.

8.7 MITIGATION; OFFSET. (a) Each Indemnified Party shall use

commercially reasonable efforts to mitigate all Indemnifiable Costs, including

availing itself of any commercially reasonable defenses, limitations, rights of

contribution, claims against third Persons and other rights at law or equity.

The Indemnified Parties' commercially reasonable efforts shall include the

reasonable expenditure of money to mitigate or otherwise reduce or eliminate any

Indemnifiable Costs for which indemnification would otherwise be due.

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(b) All Indemnifiable Costs shall be net of (i) the dollar amount of any

insurance or other proceeds actually received by any Indemnified Party or any of

its Affiliates with respect to such Indemnifiable Costs, (ii) the amount of

recoveries from any third party actually received by any Indemnified Party, and

(iii) the amount of any Tax benefit available to reduce Taxes by any Indemnified

Party arising from the incurrence or payment of any such Indemnifiable Costs.

Any party seeking indemnity hereunder shall use commercially reasonable efforts

to seek coverage (including both costs of defense and indemnity) under

applicable insurance policies with respect to any such Indemnifiable Costs;

provided that no party is required hereby to maintain any insurance therefor.

ARTICLE IX

CONSTRUCTION

9.1 DEFINITIONS. When used in this Agreement, the following terms in all

of their tenses and cases will have the meanings assigned to them below or

elsewhere in this Agreement as indicated below:

"Acquisition Proposal" means any proposal or offer, including, without

limitation, any proposal or offer to the Foundation, the Company, the

Subsidiaries or the Servicer (or any of their respective representatives or

advisers), which relates to the purchase or acquisition of all or a majority or

more of the business, assets or capital stock of the Foundation, the Company,

the Subsidiaries or the Servicer, whether by way of merger, consolidation, asset

purchase, stock purchase or similar transaction.

"Affiliate" of any Person means any person directly or indirectly

controlling, controlled by, or under common control with, any such Person. As

used in this definition, the term "control" means possession, directly or

indirectly, of the power to direct or cause the direction of the management or

policies of a Person, whether through the ownership of voting securities, by

contract or otherwise.

"Agreement" shall mean this Stock and Asset Purchase Agreement and all

schedules attached hereto and amendments hereof, and is defined in the Recitals.

"Balance Sheet" is defined in Section 3.14 hereof.

"Books and Records" means all books and records of the Company relating

to the Company's business and properties, including, but not limited to, (i) all

books and records relating to the purchase of materials and supplies, dealings

with customers, invoices and personnel records, (ii) all contracts, reports,

opinions, maps and other documents affecting the title to or the value of the

properties of the Company, (iii) tax returns, and (iv) all financial and

operating data, files and other information with respect to the Company's

business and properties.

"Buyer" means NNI Acquisition Servicing Limited Partnership, a Nebraska

limited partnership.

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"Charitable Organization Status" means the current status of the

Foundation with respect to taxation under the Code, including the status as an

entity exempt from taxation under Section 501(a) of the Code by virtue of being

an organization described in Section 501(c)(3) of the Code.

"Closing" and "Closing Date" are defined in Section 6.1 hereof.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means LoanSTAR Funding Group, Inc., a Texas corporation.

"Company Intellectual Property" is defined in Section 3.3 hereof.

"Confidential Information" is defined in Section 7.2.1 hereof.

"ERISA" means the Employee Retirement Income Security Act of 1974, as

amended.

"Excluded Contracts" means the change in control agreements between the

Servicer and each of R. W. Jeffery, Judy H. Holt, Lance Teinert and Gordon

Hambley.

"FFELP Loan" means a student loan made and guaranteed pursuant to the

Higher Education Act.

"Financial Statements" is defined in Section 3.14 hereof.

"Foundation" means Greater Texas Foundation, a Texas non-profit

corporation.

"GAAP" means generally accepted accounting principles in the United

States.

"Governmental Authority" means any federal, provincial, municipal,

state, regional or local authority, agency, body, court or instrumentality,

regulatory or otherwise, domestic or foreign, which, in whole or in part, was

formed by or operates under the auspices of any federal, provincial, municipal,

state, regional or local government, domestic or foreign.

"Hart-Scott-Rodino Act" means the Hart-Scott-Rodino Antitrust

Improvements Act of 1976, as amended.

"Higher Education Act" means Title IV, Parts B, F and G, of the Higher

Education Act of 1965, as amended or supplemented and in effect from time to

time, or any successor enactment thereto, and all regulations promulgated

thereunder and any related directives issued by the United States Secretary of

Education.

"Indemnified Parties" means the Buyer Indemnified Parties or the

Foundation/Servicer Indemnified Parties, as the case may be.

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"JPM Chase Line" means the line of credit established pursuant to the

Forward Financing Agreement dated as of January 13, 2005, between the Company

and JPMorgan Chase Bank, N.A.

"knowledge": The Foundation, the Company or the Servicer will be deemed

to have "knowledge" of a particular fact or matter only if any of Ralph B.

Rushing, Judy Holt, Larry G. Holt, R. William Jeffery, Jr. or Gordon Hambley has

actual knowledge of such fact or matter.

"Law" means any common law and any federal, provincial, municipal,

state, regional, local or foreign law, bylaw, rule, statute, ordinance, rule,

order or regulation.

"Liabilities" means obligations, commitments and liabilities of any and

every kind, whether known or unknown, accrued, absolute, contingent or

otherwise.

"Lien" means any security interest, lien, easement, adverse claim,

demand, encumbrance, limitation, security interest, option, pledge, warrant or

any other title defect or restriction of any kind, other than Permitted

Encumbrances.

"Material Adverse Effect" means a material adverse effect on (a) the

business, financial condition or results of operations of the Company, the

Servicer or the Subsidiaries, taken as a whole (it being understood that the

occurrence of a Material Adverse Effect will not be precluded due to the fact

that such an effect relates solely to one such entity), or (b) the ability of

the Foundation or the Servicer to consummate the transactions contemplated by

this Agreement, except to the extent (in the case of either clause (a) or clause

(b) above) that such material adverse effect results from (i) general economic,

regulatory or political conditions or changes therein; (ii) the outbreak or

escalation of hostilities involving the United States, the declaration of the

United States of a national emergency or war or the occurrence of any other

calamity or crisis, including an act of violence or terrorism; (iii) financial

or securities market fluctuations or conditions; (iv) any change or effect

resulting from the announcement or pendency of this Agreement or the

transactions contemplated hereby; (v) any change or effect resulting from taking

any action required to be taken under the terms of this Agreement; (v) any

change or effect resulting from any change in accounting rules or principles

applicable to the Foundation, the Company, any Subsidiary or the Servicer; or

(vi) any change or effect resulting from a change in the laws applicable to the

Foundation, the Company, any Subsidiary or the Servicer.

"Permitted Encumbrances" means (i) Liens for Taxes, impositions,

assessments, fees, rents or other governmental charges levied or assessed or

imposed not yet delinquent or being contested in good faith by appropriate

proceedings, (ii) statutory Liens (including materialmen's, warehousemen's,

mechanic's, repairmen's, landlord's, and other similar Liens) arising in the

ordinary course of business securing payments not yet delinquent or being

contested in good faith by appropriate proceedings, (iii) solely with respect to

real estate, Liens of public record which would not reasonably be expected to

result in a Material Adverse Effect, (iv) the rights of lessors and lessees

under leases executed in the ordinary course of business, (v) the rights of

licensors and licensees under licenses executed in the ordinary course of

business, (vi) solely with respect to real estate, restrictive covenants,

easements and defects, imperfections or irregularities of title or Liens, if

any, as would not reasonably be expected to result in a Material Adverse Effect,

(vii) purchase money Liens on equipment and Liens securing rental payments under

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capital lease arrangements executed in the ordinary course of business, (viii)

restrictions on transfer with respect to which consents or waivers are obtained

for the transactions contemplated by this Agreement, (ix) Liens referenced in

any real property files made available by the Foundation to the Buyer or in the

Schedules to this Agreement that would not reasonably be expected to result in a

Material Adverse Effect, (x) Liens listed on Schedule 9.1, comprised solely of

those Liens created by the Tax-Exempt Bonds described therein and by the Taxable

Bonds described therein, and (xi) Liens created by the Buyer or its successors

and assigns.

"Person" means any individual, corporation, partnership, limited

liability company, association, trust, joint venture or any other entity or

organization or any Governmental Authority.

"Private Loan" means a student loan which is not made or guaranteed

pursuant to the Higher Education Act.

"Purchase Price" is defined in Section 2.1 hereof.

"Purchased Assets" is defined in Section 1.3 hereof.

"Retained Assets" is defined in Section 1.4 hereof.

"Securities Act" means the Securities Act of 1933, as amended.

"Servicer" means LoanSTAR Systems, Inc., a Texas non-profit corporation.

"Servicer Intellectual Property" is defined in Section 4.2 hereof.

"Servicing Operations" means the operations of the Servicer with respect

to origination, servicing, administering and collection of Student Loans.

"Servicing Operation Contracts" is defined in Section 1.3(e) hereof.

"Stock" is defined in the Recitals.

"Student Loan" means a FFELP Loan or a Private Loan.

"Subsidiaries" means, collectively, LoanStar Assets GP, LLC, a Delaware

limited liability company, LoanStar Assets LP, LLC, a Delaware limited liability

company, LoanStar Assets Partners, L.P., a Delaware limited partnership,

LoanStar Assets GP II, LLC, a Delaware limited liability company, LoanStar

Assets LP II, LLC, a Delaware limited liability company, and LoanStar Assets

Partners II, L.P., a Delaware limited partnership.

"Superior Third Party Offer" means an unsolicited bona fide Acquisition

Proposal made by a third party to purchase or acquire all or a majority or more

of the business, assets or capital stock of the Foundation, the Company, the

Subsidiaries or the Servicer (whether by way of merger, consolidation, asset

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purchase, stock purchase or similar transaction), which proposal contains terms

and conditions that are, in the reasonable judgement of the board of directors

of the Foundation, the Company or the Servicer (based on, among other things,

the advice of its or their independent financial advisors and outside counsel),

more favorable to the Foundation, the Company, the Subsidiaries or the Servicer

(as applicable) than the terms and conditions of this Agreement, taking into

account, without limitation, the respective missions of the Foundation and the

Servicer, terms with respect to payment of the total consideration upon

completion of the transaction and all legal, regulatory and other aspects of

such Acquisition Proposal.

"Tax" means any charge or assessment by or liability to any Governmental

Authority, including, but not limited to, any deficiency, interest or penalty.

"Tax-Exempt Bonds" means the bonds or notes issued by the Company or any

of the Subsidiaries set forth in Schedule 3.5A the gross income from which is

intended to be exempt from taxation.

"Taxable Bonds" means the bonds or notes issued by the Company or any of

the Subsidiaries as set forth in Schedule 3.5B, the gross income from which is

intended to be subject to taxation.

"Termination Fee" means a one-time fee that the Foundation or the

Servicer shall be required to pay to the Buyer upon the acceptance of a Superior

Third Party Offer pursuant to Section 6.4.3(d), which fee shall equal the sum of

(A) $8,000,000, plus (B) the legal, accounting and other costs and expenses of

the Buyer incurred in connection with the Buyer's due diligence, drafting and

negotiation, execution and preparation for closing of this Agreement, the

documents related thereto and the transactions contemplated hereby and thereby;

provided, that the amount of the liability for such costs and expenses hereunder

in this clause (B) shall not exceed $150,000.

9.2 NOTICES. All notices shall be in writing delivered as follows:

(a) If to the Buyer:

National Education Loan Network, Inc.

Attention: Terry J. Heimes, CFO

121 South 13th Street, Suite 201

Lincoln, Nebraska 68508

Telephone: 402/ 458-2303

Facsimile: 402/ 458-2294

with a copy to:

Daniel F. Kaplan

Perry, Guthery, Haase

& Gessford, P.C., L.L.O.

233 South 13th Street, Suite 1400

Lincoln, Nebraska 68508

Telephone: 402/ 476-9200

Facsimile: 402/ 476-0094

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(b) If to the Foundation:

LoanSTAR Funding Group, Inc.

1121 Briarcrest, Suite 200

Bryan, TX 77802

Attention: Larry G. Holt

Telephone: (979) 846-2591

Facsimile: (979) 731-8366

With a copy to:

Vinson & Elkins L.L.P.

3700 Trammell Crow Center

2001 Ross Avenue

Dallas, Texas 75201-2975

Attention: Ben A. Brooks III

Jeffrey A. Chapman

Telephone: (214) 220-7921

Fax: (214) 999-7921

(c) If to the Servicer:

LoanSTAR Systems, Inc.

2504 Kent Street

Bryan, TX 77802

Attention: Bill Jeffery

Telephone: (979) 774-7590 x6837

Facsimile: (979) 776-1889

With a copy to:

Vinson & Elkins L.L.P.

3700 Trammell Crow Center

2001 Ross Avenue

Dallas, Texas 75201-2975

Attention: Ben A. Brooks III

Jeffrey A. Chapman

Telephone: (214) 220-7921

Fax: (214) 999-7921

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or to such other address as may have been designated in a prior written notice.

Notices sent by registered or certified mail, postage prepaid, return receipt

requested, shall be deemed to have been given two business days after being

mailed, and otherwise notices shall be deemed to have been given when received.

9.3 NON-SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations

and warranties contained herein, other than those set forth in Section 8.1

hereof, and in any certificate or other writing delivered pursuant hereto shall

not survive the Closing. This Section 9.3 shall not limit any covenant or

agreement of the parties to this Agreement which, by its terms, contemplates

performance after the Closing.

9.4 KNOWLEDGE. Notwithstanding anything contained herein to the

contrary, no party shall have (a) any liability to the other party for any

breach of or inaccuracy in any representation or warranty by such party, if the

other party or any of its officers, employees, counsel or representatives (i)

had knowledge at or before the Closing of the facts as a result of which such

representation or warranty was breached or inaccurate or (ii) received at or

before the Closing a document disclosing such facts or (b) any liability after

the Closing for any breach of or failure to perform any covenant or obligation

of such party if the other party or any of its officers, employees, counsel or

other representatives (i) had knowledge at or before the Closing of such breach

or failure or (ii) received at or before the Closing a document disclosing such

breach or failure.

9.5 BINDING EFFECT; ASSIGNMENT. Except as may be otherwise provided

herein, this Agreement will be binding upon and inure to the benefit of the

parties and their respective successors and permitted assigns. Except as

otherwise provided in this Agreement, nothing in this Agreement is intended or

will be construed to confer on any Person other than the parties any rights or

benefits hereunder. No party may assign this Agreement or any of its rights,

interests or obligations hereunder without the prior written consent of the

other parties; provided, however, that before the Closing is effected, the Buyer

may assign any or all of its rights, interests and obligations hereunder to one

or more of its Affiliates, in which case the Buyer shall not be relieved of its

obligations hereunder. Any purported assignment in violation of the foregoing

shall be null and void.

9.6 COUNTERPARTS. This Agreement may be executed in multiple

counterparts, each of which will be deemed an original, and all of which

together will constitute one and the same document. Such counterparts may be

effectively delivered in person, by facsimile or by other electronic means.

9.7 SEVERABILITY. If any term or other provision of this Agreement is

invalid, illegal, or incapable of being enforced by any rule of Law, or public

policy, all other conditions and provisions of this Agreement shall nevertheless

remain in full force and effect so long as the economic or legal substance of

the transactions contemplated herein are not affected in any manner materially

adverse to any party. Upon such determination that any term or other provision

is invalid, illegal, or incapable of being enforced, the court or other

Governmental Authority making such determination is authorized and instructed to

modify this Agreement so as to effect the original intent of the parties as

closely as possible in order that the transactions contemplated herein are

consummated as originally contemplated to the fullest extent possible.

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9.8 MODIFICATION. No supplement, modification or amendment of this

Agreement will be binding unless made in a written instrument which is signed by

all parties and which specifically refers to this Agreement.

9.9 ENTIRE AGREEMENT. This Agreement and the agreements and documents

referred to in this Agreement or delivered hereunder are the exclusive statement

of the agreement between the parties concerning the subject matter hereof. All

negotiations between the parties are merged into this Agreement, and there are

no representations, warranties, covenants, understandings or agreements, oral or

otherwise, in relation thereto between the parties other than those incorporated

herein and to be delivered hereunder. This Agreement shall specifically

supersede any prior negotiations, understandings or agreements among the

Foundation, the Servicer and the Buyer.

9.10 EXPENSES. Except as otherwise provided in this Agreement, all

legal, accounting and other costs and expenses incurred in connection with this

Agreement and the other documents and the transactions contemplated hereby and

thereby shall be paid by the parties incurring such expenses, including but not

limited to Liability incurred by the Foundation described in Schedule 3.16

hereof. Notwithstanding the foregoing, the Foundation and the Servicer, on the

one hand, and the Buyer, on the other hand, shall share evenly the filing fees

required in connection with filings made under the Hart-Scott-Rodino Act.

9.11 NO WAIVER RELATING TO CLAIMS FOR FRAUD. None of the provisions set

forth in this Agreement, including but not limited to the provisions set forth

in Section 8.1 (relating to the survival period of the representations and

warranties) shall be deemed a waiver by any party to this Agreement of any right

or remedy which such party may have at law or equity based on any other party's

fraudulent acts or omissions; provided, that with respect to such rights and

remedies at law or equity, the parties further acknowledge and agree that none

of the provisions of this Section 9.11 shall be deemed a waiver of any defenses

which may be available in respect of actions or claims for fraud, including but

not limited to, defenses of statutes of limitations or limitations of damages.

9.11 GOVERNING LAW; VENUE. THIS AGREEMENT SHALL BE GOVERNED BY AND

CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REGARD TO

ITS CONFLICTS-OF-LAW PRINCIPLES. EACH OF THE PARTIES HERETO SUBMITS TO THE

EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE STATE OF

TEXAS.

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INTENDING TO BE LEGALLY BOUND, the parties have signed this Stock and

Asset Purchase Agreement as of the date first above written.

NNI Acquisition Servicing Limited

Partnership

By: InTuition, Inc., its general partner Greater Texas Foundation

By: /s/ TERRY J. HEIMES By: /s/ JOHN MOSS

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Title: CFO Title: Chairman

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Nelnet, Inc. LoanSTAR Systems, Inc.

By: /s/ TERRY J. HEIMES By: /s/ WESLEY K. SUMMERS

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Title: CFO Title: Chairman

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LIST OF SCHEDULES TO STOCK AND ASSET PURCHASE AGREEMENT

The following is a list of schedules to the Stock and Asset Purchase

Agreement that were omitted from Exhibit 2.1 pursuant to the provisions of Item

601(b)(2) of Regulation S-K. Nelnet, Inc. agrees to furnish supplementally a

copy of any omitted schedule to the Securities and Exchange Commission upon

request.

Schedule Description

- -------- -----------

Schedule 1.3(e) List of Servicing Operation Contracts

Schedule 1.4(b) List of Bank Accounts and Similar Accounts

Schedule 1.4(d) List of Insurance Policies, Programs, Reserves and Related

Bonds

Schedule 1.4(j) List of Agreements, Arrangements, Unexpired Leases and

Purchase Orders that are not Servicing Operation Contracts

Schedule 1.4(k) List of Assets for Administrative Services

Schedule 3.4(a) List of Jurisdictions where Company Qualified to Transact

Business

Schedule 3.4(b) List of Indentures of Trust

Schedule 3.4(d) Description of Phantom Stock Rights

Schedule 3.5a List of Liens created through Tax Exempt Bonds

Schedule 3.5b List of Liens created through Taxable Bonds

Schedule 3.6 List of Material Contracts of Company

Schedule 3.8 List of Pending Litigation of Company

Schedule 3.10(a) List of Employees, Independent Contractors and Agents

Schedule 3.10(b) List of Employment Agreements and Consulting Agreements

Schedule 3.13(h) List of Student Loans which may be transferred to

Foundation

Schedule 3.14(a) Audited Financial Statements

Schedule 3.14(b) Unaudited Financial Statements

Schedule 3.16 List of Brokers/Financial Advisors

Schedule 3.18 Schedule of Leases of Real Estate by Company

Schedule 3.22 List of Forward FFELP Loan Sale Commitments

Schedule 3.23 Schedule of FFELP Loans

Schedule 4.2 List of Intellectual Property

Schedule 4.3 List of Jurisdictions where Servicer Qualified to Transact

Business

Schedule 4.5 List of Material Contracts of Servicer

Schedule 4.6 List of Pending Litigation of Servicer

Schedule 4.8(a) List of Compensation of Employees of Servicer

Schedule 4.8(b) List of Employment Agreements of Servicer

Schedule 4.10 List of Certain Subsequent Events

Schedule 4.15 Schedule of Leases of Real Estate by Servicer

Schedule 4.17 List of Servicing Operation Contracts by Servicer

Schedule 6.5.1(A) Terms of Administrative Services Agreement

Schedule 6.5.1(B) Terms of Loan Servicing Agreement

Schedule 6.5.2 Form of Bill of Sale and Assignment and Assumption

Agreement

Schedule 7.1 Form of Press Release

Schedule 7.7 List of Officers and Employees of the Company and Related

Agreements

Schedule 7.9(b) Allocation of Purchase Price

Schedule 7.11 List of Employees and Related Agreements

Schedule 9.1 List of Liens which are Permitted Encumbrances

Exhibit 99.1

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NELNET 121 South 13th Street, Suite 400 P 402 458 2370 www.nelnet.net

Lincoln, NE 68506 F 402 458 2344 NELNET CORPORATE

SERVICES, INC.

- --------------------------------------------------------------------------------

For immediate release

Media contact for Nelnet: Sheila Odom, 402.458.2329

Investor contact for Nelnet: Cheryl Watson, 317.469.2064

Nelnet to acquire LoanSTAR Funding Group and related servicing assets of

LoanSTAR Systems

Lincoln, Neb., October 3, 2005 - Nelnet, Inc. (NYSE: NNI) announced today that

it has entered into an agreement with the Greater Texas Foundation to acquire

the outstanding stock of its wholly-owned student loan subsidiary LoanSTAR

Funding Group, Inc., a prominent Texas-based secondary market and loan

originator. The transaction includes the acquisition of LoanSTAR Funding Group's

student loan portfolio of approximately $850 million, primarily originated under

the Federal Family Education Loan Program (FFELP) of the U.S. Department of

Education, and related debt, as well as the company's sales and marketing

operations.

In addition, Nelnet agreed to purchase the servicing assets, including the

student loan servicing operations in Bryan, Texas, of LoanSTAR Systems, Inc., a

Texas-based non-profit corporation. LoanSTAR Systems services approximately $500

million of the LoanSTAR Funding Group's student loan portfolio and has earned

the U.S. Department of Education's Exceptional Performance designation for its

servicing quality. The cash transaction is expected to close in the fourth

quarter of 2005, subject to normal regulatory approval and closing conditions.

Headquartered in Bryan, Texas, LoanSTAR has provided students and families with

affordable access to college for more than 23 years. It is recognized as a

premier education finance administrator, providing technology-driven student

loan origination, servicing, and other financial aid products and services to

customers across the Sunbelt region, with a particular focus on the Texas

market. The company works with more than 40 lenders and more than 200 schools to

provide education financing solutions nationwide.

"Nelnet is excited to join forces with this exceptional Texas-based student loan

provider," said Steve Butterfield, Nelnet Vice Chairman and Co-Chief Executive

Officer. "Recently, Nelnet has increased our presence in the Texas market with

the addition of an office in San Antonio. This acquisition is further

demonstration of our commitment to the students, schools, and lenders in the

state."

Upon closing of the transaction, LoanSTAR Funding Group will become a

wholly-owned subsidiary of Nelnet and retain its brand identity, including its

CollEDGE national brand. Ralph Rushing, President of LoanSTAR Funding Group, and

Bill Jeffery, President of LoanSTAR Systems, will continue to lead the

respective operations and their more than 100 employees.

"Nelnet and LoanSTAR are a terrific complement to each other," said Rushing. "We

share a vision of helping students pay for college and will combine our local

know-how with the resources and products of a national lender--it will be great

for students, schools, and lenders."

"The transaction proceeds will provide the Greater Texas Foundation additional

resources to continue its charitable purposes," said Dr. John Moss, Chairman of

Greater Texas Foundation. "The foundation is a public charity that has provided

more than $ 3.5 million for scholarships, educational outreach, teacher

certification programs, and community support to organizations and institutions

of higher learning to assist them in removing barriers for Texas students

seeking a higher education." Houlihan Lokey Howard & Zukin acted as financial

advisors to the Greater Texas Foundation and LoanSTAR Systems.

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About Nelnet

Nelnet is one of the leading education finance companies in the United States

and is focused on providing quality products and services to students and

schools nationwide. Nelnet ranks among the nation's leaders in terms of total

net student loan assets with $15.7 billion as of June 30, 2005. Headquartered in

Lincoln, Nebraska, Nelnet originates, consolidates, securitizes, holds, and

services student loans, principally loans originated under the Federal Family

Education Loan Program of the U.S. Department of Education.

Additional information is available at www.nelnet.net.

Information contained in this press release, other than historical information,

may be considered forward-looking in nature and is subject to various risks,

uncertainties, and assumptions. Should one or more of these risks or

uncertainties materialize, or should underlying assumptions prove incorrect,

actual results may vary materially from those anticipated, estimated, or

expected. Among the key factors that may have a direct bearing on Nelnet's

operating results, performance, or financial condition expressed or implied by

the forward-looking statements are the pending nature of the reported

acquisition transaction and the ability to complete the transaction, the

uncertain nature of the expected benefits from the acquisition and the ability

to successfully integrate operations, changes in terms of student loans and the

educational credit marketplace, changes in the demand for educational financing

or in financing preferences of educational institutions, students and their

families, or changes in the general interest rate environment and in the

securitization markets for education loans.