

USA Funds® is the nation's leading education-loan guarantor. A nonprofit corporation, USA Funds works to enhance postsecondary-education preparedness, access and success by providing and supporting financial and other valued services.

Chart 1

USA Funds' Indiana Loan Volume
by Loan Type

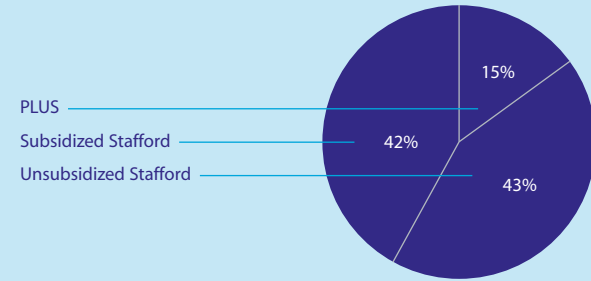
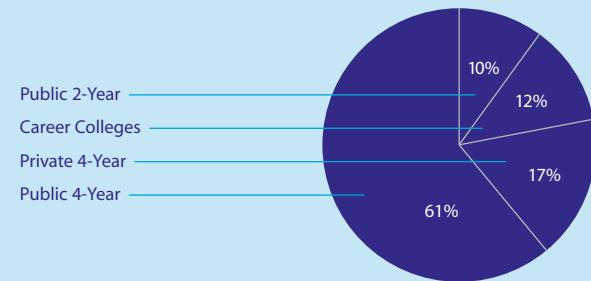


Chart 2

USA Funds' Indiana Loan Volume
by Institution Type



USA Funds® has served Indiana as its designated guarantor of federal education loans since 1995. As Indiana's designated guarantor, USA Funds links colleges, universities, career colleges, private lenders, students and parents to promote financial access to college. USA Funds supports critical education-loan services, including loan-application processing, customer assistance, and default prevention and recovery, as well as policy guidance and training of school and lender staff.

During the fiscal year ending Sept. 30, 2006, USA Funds guaranteed more than \$1.2 billion in new education loans to nearly 161,000 Indiana borrowers — including Federal Stafford loans for 146,048 students and Federal PLUS loans for 14,907 parents and students. USA Funds served 68 postsecondary institutions in Indiana.

USA Funds works with Indiana schools and lenders to help reduce student-loan-default rates. During the last 10 years, Indiana's default rate has dropped nearly 48 percent. The most-recent default measure, the 2004 cohort-default rate, was 4.4 percent. The cohort-default rate measures the percentage of students who entered repayment on their education loans during a given federal fiscal year and defaulted on their loans prior to the end of the following fiscal year.

Debt-management initiatives

To partner with postsecondary institutions in their debt-management efforts, USA Funds in 2006 provided a broad spectrum of services in Indiana, including the following:

- ◆ USA Funds' debt-management consultants assisted 15 Indiana schools in their work to curb student-loan defaults.
- ◆ To equip postsecondary institutions to teach their students to manage their time and money wisely while they are on campus and after graduation, USA Funds offers the USA Funds Life Skills® financial-literacy course. The number of schools in various stages of implementing USA Funds Life Skills in Indiana stands at 22.
- ◆ Thirty-three schools in Indiana use USA Funds-provided tools that help students and graduates stay on the path to successful repayment. The Web-based USA Funds Debt Manager® assists with e-mail, call or letter campaigns to borrowers experiencing repayment difficulties.
- ◆ USA Funds offers a new online tool, USA Funds Stafford Loan Guide™, that schools can customize to automate the entrance-counseling process and provide Stafford-loan borrowers with memorable guidance.
- ◆ To give schools greater flexibility as they help students track their education loans, USA Funds supports the Borrower Debt Management Information Service. Schools often use the service during student-loan exit counseling with borrowers.

◇ USA Funds conducted three debt-management workshops in Indiana to help schools learn more about USA Funds Life Skills, and about student retention and its role in default prevention. A total of 99 higher-education professionals took part in the Indianapolis workshops.

USA Funds also supports a variety of other programs for Indiana schools, lenders, students and families — and their communities — to enhance preparation for, access to and success in higher education. The following are some highlights from 2006:

Indiana advisory council

To ensure that its services meet the needs of postsecondary education in Indiana, USA Funds hosts regular meetings of its Indiana financial-aid advisory council, which includes financial-aid administrators for Indiana colleges and universities, as well as representatives of lending institutions. In addition, Indiana financial-aid professionals and education lenders are represented on USA Funds’ national advisory council.

Staff-training opportunities

USA Funds helps colleges and lenders comply with program regulations and keeps them informed of policy developments and improved services through a wide array of training opportunities, including free workshops in Indiana. During fiscal 2006 USA Funds conducted four financial-aid workshops, in Indianapolis and South Bend, for a total of 134 participants. Financial-aid administrators from 25 Indiana postsecondary-school campuses took advantage of USA Funds University online-learning courses during 2006.

Eleven education-lending professionals attended a USA Funds Education-Lender Forum in Indianapolis to stay up to date on developments in the education-finance marketplace. Additionally, a Lender Boot Camp in Indianapolis provided basic financial-aid information to 39 participants.

Scholarship funding

The USA Funds Access to Education Scholarships® program awarded 416 new and renewal scholarships totaling \$615,750 to deserving college-bound students in Indiana for the 2006-2007 academic year. These scholarships assist students in financial need — particularly those who are either members of ethnic-minority groups or are physically disabled — as they finance their higher education.

Under the USA Funds Scholars program, USA Funds awarded \$121,500 in scholarships to graduating seniors from 30 Indiana high schools. USA Funds Scholars are outstanding students in USA Funds’ designated states and in communities in which USA Funds has offices.

Early awareness program

USA Funds provides at no cost to Indiana schools and community- and faith-based organizations its USA Funds Unlock the Future® early awareness program. Fifteen schools and organizations took advantage of the program, which introduces students and their families to the benefits of and options for education after high school.

College-planning Web site

USA Funds partners with College Answer®, the foremost online resource for “going-to-college” information, to provide college-planning information for Indiana residents at www.indiana.collegeanswer.com.

Learning Communities

USA Funds continued its work with a coalition of organizations that are focusing services on six pilot communities — including Washington Community School in Indianapolis — in a bid to improve access to postsecondary education for low-income students. A 2006 USA Funds grant to Mary Rigg Neighborhood Center in Indianapolis supported the education-attainment efforts of the Washington Community School area.

The Learning Communities Coalition is partnering with local leaders across the nation to significantly increase the number of youths in the selected communities who complete high school and successfully pursue postsecondary education. Also among the Learning Communities projects that USA Funds supported in 2006 was training through ScholarShop, a curriculum and resource center designed to motivate and prepare students for higher education.

Children’s hospital initiatives

To help young patients stay on track with their schoolwork during their hospital stays, USA Funds donated an educational cart to St. Vincent Children’s Hospital in Indianapolis. The EduCat™ mobile classroom provides teachers and students with educational capabilities previously unavailable at the hospital.

Additionally, USA Funds provided funding for the school program through Riley Hospital for Children in Indianapolis. The program helps patients with chronic or life-changing illnesses to be successful in school, and prepares them for higher education or job training.

Learn More Resource Center

USA Funds’ continued support for the Learn More Resource Center helped fund the program’s efforts to raise awareness of the benefits of education after high school, and the importance of early preparation. Materials from Learn More Resource Center focus on information to support learning from pre-kindergarten through college completion.

College- and career-preparation guides

Serving as corporate sponsor for the fifth-consecutive year, USA Funds supported the 2006-2007 edition of *Next Indiana: A Guide to Life After High School*. Targeted to high-school juniors and seniors, the magazine explains the options available to students after high school and includes information about topics such as handling finances and choosing a career.

For the fourth year, USA Funds also was corporate sponsor of the 2006-2007 edition of *GRAD*, a magazine for Indiana college seniors that focuses on graduate-study opportunities, employment prospects and quality of life in Indiana.

Indiana Black Expo initiatives

USA Funds contributed to an annual Indiana Black Expo event in Indianapolis that teaches students about the importance of education and community involvement, and supported back-to-school rallies across the state, as well as school kits and workshops that help students prepare for college-admissions tests and conduct scholarship searches.

United Negro College Fund

Grants from USA Funds supported Indiana fund-raising events for the United Negro College Fund, including galas and a radiothon. Funds raised support UNCF-member institutions and provide scholarships to students attending those institutions.

College Goal Sunday

USA Funds supports College Goal Sunday in Indiana. The event provides high-school seniors and their parents free help in completing the application necessary to qualify for federal aid for college. A total of 1,656 students and parents in Indiana received assistance at 34 College Goal Sunday sites during 2006. USA Funds also sponsored for the sixth-consecutive year the “USA Funds Countdown to College™” supplement to the *Indianapolis Star*. The publication promotes Indiana’s College Goal Sunday and provides higher-education admissions and financial-aid information.

Support for Latino students

USA Funds awarded grants totaling \$110,000 to four projects designed to boost the college-going rates of members of Indiana’s Latino community. USA Funds supported initiatives of the Central Indiana Community Foundation, La Plaza, the Indiana Latino Institute and the National Society of Hispanic MBAs.

AVID

A USA Funds grant to Lawrence Township Schools in Indianapolis provided continued support for Advancement Via Individual Determination, a program that places academically average students in a rigorous curriculum and encourages them to pursue postsecondary education.

Shamrock Scholars

USA Funds again provided funding for a program that helps financially needy students attend Cathedral High School in Indianapolis, where approximately 99 percent of the 2006 graduates pursued postsecondary-school degrees. The Shamrock Scholars is a tuition-grant program for academically eligible students with financial need. The first student for whom USA Funds provided tuition support graduated from Cathedral in 2006.

Junior Achievement youth education

A USA Funds grant to the Experiential Learning & Entrepreneurship Foundation will assist with the transitioning of education programs to Junior Achievement of Central Indiana. The mentoring program, Job Preparation Workshops and Science Comes Alive program will serve more than 5,000 Central Indiana youth.

Table 1
25 Largest Indiana Schools
By Loan Volume
Served by USA Funds

Indiana University-Purdue University Indianapolis
Indiana University Bloomington
Purdue University
Ivy Tech State College
University of Notre Dame
ITT Technical Institute
Indiana University-Purdue University Fort Wayne
Indiana Business College
Indiana State University
Brown Mackie College
Indiana University South Bend
Indiana University Northwest
University of Indianapolis
Butler University
Anderson University
Indiana University Southeast
Taylor University
Marian College
Indiana Institute of Technology
Lincoln Technical Institute
Purdue University North Central
International Business College
Indiana University East
University of Evansville
Indiana University Kokomo

Table 2
10 Largest Lenders
By Loan Volume
Served by USA Funds in Indiana

Student Loan Funding
J.P. Morgan Chase
First National Bank in Sioux Falls
Purdue Employees Federal Credit Union
Sallie Mae Education Trust
Fifth Third Bank
Indiana Secondary Market for Education Loans
Citibank Student Loans
Carnegie Student Loans
Nelnet