

# Offering Memorandum



## \$488,900,000 ACCESS GROUP, INC. Federal Student Loan Asset-Backed Notes, Series 2002-1

### Securities Offered

- Classes of notes listed in the table below

### Assets

- FFELP program student loans

### Credit Enhancement

- Excess interest on student loans
- As to senior notes only, subordination of subordinate notes

Prospective investors in the series 2002-1 notes should consider the discussion of certain material factors set forth under “Risk Factors” beginning on page 10 of this Offering Memorandum.

The series 2002-1 notes will represent limited obligations of Access Group, payable solely from the trust estate created under the indenture and described herein. The series 2002-1 notes are not insured or guaranteed by any government agency or instrumentality, by any affiliate of Access Group, by any insurance company or by any other person or entity. The holders will have recourse to the trust estate pursuant to the indenture, but will not have recourse to any other assets of Access Group.

**THE SERIES 2002-1 NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939 IN RELIANCE UPON CERTAIN EXEMPTIONS SET FORTH IN SUCH ACTS. THE SERIES 2002-1 NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Class	Principal Amount	Interest Rate	Final Maturity Date	Price to Public	Proceeds to Access Group
A-1 (senior)	\$ 60,803,000	3-month LIBOR plus 0.07%	June 2009	100%	100%
A-2 (senior)	\$297,547,000	3-month LIBOR plus 0.18%	September 2025	100%	100%
A-3 (senior)	\$ 53,400,000	auction	September 1, 2037	100%	100%
A-4 (senior)	\$ 53,400,000	auction	September 1, 2037	100%	100%
B (subordinate)	\$ 23,750,000	auction	September 1, 2037	100%	100%
Total	\$488,900,000			\$488,900,000	\$488,900,000

It is expected that delivery of the series 2002-1 notes will be made in book-entry-only form through The Depository Trust Company, and in the case of the class A-1 notes and the class A-2 notes, Clearstream Banking, société anonyme and the Euroclear System, on or about August 6, 2002.

**UBS PaineWebber Inc.**

**Deutsche Bank Securities**

The date of this Offering Memorandum is July 25, 2002.

**CAUTIONARY STATEMENTS REGARDING  
FORWARD-LOOKING STATEMENTS IN  
THIS OFFERING MEMORANDUM**

Certain statements included or incorporated by reference in this Offering Memorandum constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934 and Section 27A of the United States Securities Act of 1933. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate” or other similar words. Such forward-looking statements include, among others, statements made in reference to the anticipated dates of principal payments to be made with respect to the Series 2002-1 Notes, and the timing and amounts of the Student Loans to be acquired.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Access Group does not plan to issue any updates or revisions to those forward-looking statements if or when expectations, events, conditions or circumstances change.

## SUMMARY OF TERMS

**This summary highlights selected information from this document and does not contain all of the information you need to make your investment decision. To understand all of the terms of this offering, read this entire document.**

### PRINCIPAL PARTIES

#### *The Issuer*

- Access Group, Inc., a Delaware non-stock corporation

#### *The Servicer*

- Kentucky Higher Education Student Loan Corporation

#### *The Indenture Trustee*

- Deutsche Bank Trust Company Americas

#### *The Eligible Lender Trustee*

- Deutsche Bank Trust Company Americas

### DATES

#### *Floating Rate Note Payment Dates*

The 25th day of each March, June, September and December, commencing December 2002. If the 25th is not a business day, the next business day will be the payment date.

#### *ARC Note Payment Dates*

The business day following each auction date.

#### *Date of Issuance*

On or about August 6, 2002.

#### *Record Dates*

For the floating rate notes, the business day before each floating rate note payment date.

For the ARC notes, the business day before each auction date.

#### *Collection Periods*

The period from the date of issuance through August 31, 2002 and each succeeding calendar month.

#### *Monthly Allocation Dates*

The 25th day of each month. If the 25th is not a business day, the next business day will be the allocation date.

#### *Final Maturity Dates*

The final maturity dates of the series 2002-1 notes are set forth on the cover of this offering memorandum. The outstanding principal amount of each class of series 2002-1 notes is due and payable on its final maturity date.

### TRUST ESTATE ASSETS

The assets that secure the notes will consist of:

- a portfolio of FFELP loans originated under the Access Group loan program, to be financed on the date of issuance, which had an aggregate outstanding balance (principal plus accrued interest) as of May 31, 2002 of approximately \$447,744,000;
- additional FFELP loans which may be originated under the Access Group loan program and acquired with proceeds of future note issuances under the indenture or with other funds available under the indenture;
- the moneys and investment securities in the collection fund, capitalized interest fund, debt service fund, administration fund and acquisition fund under the indenture; and
- rights under the FFELP guarantee agreements and other related contracts.

FFELP loans are loans originated under the Federal Family Education Loan Program created by the Higher Education Act. Currently, third party guarantee agencies guarantee the payment of 98% of the principal amount of FFELP loans plus interest on the FFELP loans. Guarantee agencies that provide guarantees for the initial portfolio of FFELP loans include Massachusetts Higher Education Assistance Corporation (doing business as American Student Assistance), United Student Aid Funds, Inc., California

Student Aid Commission, New York State Higher Education Services Corporation and others. These loans are partially reinsured by the federal government. See “The Financed Student Loans,” “Description of the FFEL Program” and “Description of the Guarantee Agencies.”

#### *Capitalized Interest Fund*

Approximately \$27,172,598 of the proceeds of the series 2002-1 notes will be deposited in the capitalized interest fund. Amounts in the capitalized interest fund will be available, among other things, to provide for payments of interest on the notes if amounts available in the collection fund are not sufficient for that purpose. The amount of the original deposit remaining in the capitalized interest fund on the capitalized interest release date will, at the direction of Access Group, be transferred to the acquisition fund or distributed as part of available funds. Any amount distributed as available funds will be included in the principal distribution amount on that date, which may result in a prepayment of principal of the series 2002-1 notes. The capitalized interest release date for the proceeds of the series 2002-1 notes will be the monthly allocation date in October 2004. A different capitalized interest release date may be established (or an additional release date may be established for proceeds of additional notes deposited into the capitalized interest fund) upon confirmation from the rating agencies that the ratings of the notes will not be reduced or withdrawn as a result.

#### *Revolving Period*

Prior to the termination of the revolving period, revenues that otherwise would be required to be used to redeem or make principal distributions (other than scheduled principal amortization payments) with respect to notes shall instead, at the direction of Access Group, be transferred to the acquisition fund and used to acquire or originate additional FFELP loans.

The revolving period will terminate on the monthly allocation date in December 2004 or such other date as Access Group may determine, upon confirmation from the rating agencies that the ratings of the notes will not be reduced or withdrawn as a result.

#### **THE SERIES 2002-1 NOTES**

Access Group is issuing \$488,900,000 of its federal student loan asset-backed notes in five classes.

#### *Series 2002-1 Notes*

- \$60,803,000 Class A-1 Notes (FRN)
- \$297,547,000 Class A-2 Notes (FRN)
- \$53,400,000 Class A-3 Notes (ARC)
- \$53,400,000 Class A-4 Notes (ARC)
- \$23,750,000 Class B Notes (ARC)

#### *Floating Rate Notes*

- Class A-1 Notes
- Class A-2 Notes

#### *ARC Notes*

- Class A-3 Notes
- Class A-4 Notes
- Class B Notes

#### *Senior Notes*

- Class A-1 Notes
- Class A-2 Notes
- Class A-3 Notes
- Class A-4 Notes

#### *Subordinate Notes*

- Class B Notes

#### **THE FLOATING RATE NOTES**

##### *Denominations*

The floating rate notes are offered in initial denominations which are multiples of \$1,000.

##### *Interest Rate*

Each class of floating rate notes will bear interest at a rate equal to the 3-month London interbank offered rate (LIBOR) plus the applicable interest rate margin set forth on the cover of this offering memorandum.

Interest on the floating rate notes will be payable on each floating rate note payment date to the persons who are the registered owners thereof as of the preceding business day.

*Initial Interest Period*

The initial interest period will be the period from the date of issuance to December 26, 2002. During the initial interest period, the interest rate to be in effect to September 25, 2002 will be determined on or about August 2, 2002, and the rate to be in effect from September 25, 2002 to December 26, 2002 will be determined on September 23, 2002.

Floating Rate Note Payment <u>Date</u>	Remaining Principal <u>Amount</u>
September 2005	23,565,000
December 2005	14,815,000
March 2006	6,560,000
June 2006	-0-

*Subsequent Interest Periods*

After the initial interest period, interest will accrue for each period from a quarterly floating rate note payment date to the next quarterly floating rate note payment date.

*Calculation of Interest*

The interest rates on the floating rate notes will be determined for each quarterly interest period based upon 3-month LIBOR two business days before the commencement of the interest period. Interest on the floating rate notes will be calculated on the basis of the actual number of days elapsed in the related interest period over a year consisting of 360 days.

*Interest Rate Information*

After issuance of the notes, you may obtain the current interest rates from Access Group's web site at [www.accessgroup.org/investors](http://www.accessgroup.org/investors), or by telephone from the trustee at (201) 593-6781.

*Principal Distributions*

For each class of floating rate notes, principal distributions will be made on each floating rate note payment date set forth in the table below, to the extent of the lesser of available funds for that purpose and the amount necessary to reduce the aggregate outstanding principal amount of the floating rate notes of that class to the respective amounts set forth in the table below:

Class A-1 Notes

Floating Rate Note Payment <u>Date</u>	Remaining Principal <u>Amount</u>
March 2004	\$59,041,000
June 2004	56,591,000
September 2004	51,601,000
December 2004	46,221,000
March 2005	39,566,000
June 2005	31,990,000

Class A-2 Notes

Floating Rate Note Payment <u>Date</u>	Remaining Principal <u>Amount</u>
June 2006	\$294,547,000
September 2006	283,050,000
December 2006	271,540,000
March 2007	260,072,000
June 2007	248,651,000
September 2007	237,266,000
December 2007	225,925,000
March 2008	214,630,000
June 2008	203,379,000
September 2008	192,175,000
December 2008	181,018,000
March 2009	169,889,000
June 2009	158,828,000
September 2009	147,793,000
December 2009	136,829,000
March 2010	125,916,000
June 2010	115,053,000
September 2010	104,221,000
December 2010	93,599,000
March 2011	83,060,000
June 2011	73,201,000
September 2011	63,419,000
December 2011	53,711,000
March 2012	44,277,000
June 2012	34,917,000
September 2012	25,925,000
December 2012	17,067,000
March 2013	8,398,000
June 2013	-0-

If available funds are not sufficient to meet the amortization schedules set forth above on any floating rate note payment date, the scheduled principal amortization payment for the next floating note payment date will be increased by the amount of the shortfall. If principal distributions with respect to the floating rate notes reduce the aggregate outstanding principal amount of a class of the floating rate notes below the scheduled amount on any floating rate note payment date, the scheduled principal amortization payment for the next floating rate note payment date

will be decreased to the amount necessary to meet the amortization schedule. If scheduled principal amortization payments are due for both the class A-1 notes and the class A-2 notes on any floating rate note payment date, available funds will be allocated first to the class A-1 notes.

In addition to the scheduled principal amortization payments, after the principal amount of all other notes issued under the indenture (except subordinate notes that cannot be paid due to the operation of the senior asset requirement) has been reduced to zero, principal distributions will be made on any floating rate note payment date from available funds as described below under “Distributions” in an amount equal to the sum of the following:

- the lesser of (a) the principal distribution amount, and (b) available funds remaining after allocation of amounts necessary to pay or provide for the payment of administrative allowances, note fees, interest on the senior notes and (unless a subordinate note interest trigger is in effect) the subordinate notes, scheduled principal amortization on the floating rate notes and any other obligations payable from the debt service fund, plus
- the lesser of (a) available funds remaining after all other allocations with respect to the notes, and (b) the amount necessary, after giving effect to the application of all funds allocated on the monthly allocation date, to cause the subordinate asset percentage to be equal to at least 101% and to cause the value of the assets in the trust estate to exceed the principal amount of the notes outstanding plus accrued interest and note fees by at least the lesser of \$1,500,000 or such lesser amount as will not cause any rating agency to reduce or withdraw any rating on the notes,

except that during the revolving period the principal distributions will be reduced by any amount of available funds that Access Group elects to transfer to the acquisition fund.

Any such principal distribution with respect to the floating rate notes will be allocated first to the class A-1 notes, until all of the class A-1 notes have been paid, and then to the class A-2 notes.

### *Redemption*

All outstanding class A-1 notes are subject to redemption in whole, at the option of Access Group, on the floating rate note payment date in June 2006, or any floating rate note payment date thereafter. All outstanding class A-2 notes are subject to redemption in whole, at the option of Access Group, on the floating rate note payment date in June 2013, or any floating rate note payment date thereafter.

In either case the redemption price will be 100% of the principal amount of the floating rate notes redeemed, plus accrued interest to the redemption date.

### **ARC NOTES**

#### *Initial Interest Rates and Initial Interest Periods*

The ARC notes of each class will bear interest to the respective initial interest rate adjustment dates as set forth below at the respective initial rates per annum that will be determined on or about August 1, 2002:

<u>Class</u>	<u>Initial Interest Rate Adjustment Date</u>
A-3	September 11, 2002
A-4	September 18, 2002
B	September 25, 2002

#### *Subsequent Interest Rates and Interest Periods*

After the initial interest period, each interest period for the ARC notes will generally consist of 28 days, subject to adjustment as described herein. See “Description of the ARC Notes—Changes in Auction Periods or Auction Dates—Changes in Auction Period or Periods.” The interest rates for the ARC notes will be reset at the auction rates pursuant to the auction procedures described under “Description of the ARC Notes—Auction Procedures,” but in no event exceeding the least of the maximum auction rate, the maximum interest rate or (if applicable) the net loan rate, as described herein. See “—Auction Procedures” and “—Maximum Rate Limitation” below. Interest on each class of ARC notes will be payable on the first business day following the end of each auction period for that class, to the persons who are the registered owners thereof as of the business day preceding the next auction date.

#### *Auction Procedures*

The following summarizes certain procedures that will be used in determining the interest rates on the ARC

notes. See “Description of the ARC Notes—Auction Procedures” for a more detailed description of these procedures.

The interest rate on each class of ARC notes will be determined periodically (generally, every 28 days) by means of an auction. In this auction, investors and potential investors submit orders through eligible broker-dealers as to the principal amount of ARC notes such investors wish to buy, hold or sell at various interest rates. The broker-dealers submit their clients’ orders to the auction agent, who processes all orders submitted by all eligible broker-dealers and determines the interest rate for the upcoming interest period. The broker-dealers are notified by the auction agent of the interest rate for the upcoming interest period and are provided with settlement instructions relating to purchases and sales of ARC notes.

#### *Maximum Rate Limitation*

The interest rate on the ARC notes cannot exceed the maximum rate, which is equal to the least of the maximum auction rate, the maximum interest rate or, in certain circumstances, a net loan rate. The maximum auction rate is generally equal to the lesser of (a) an average of 91-day United States Treasury bill rates, plus a spread that depends upon the rating on the ARC notes at the time of determination or (b) the 3-month LIBOR rate plus 1.50%. The maximum auction rate may be adjusted upon confirmation from the rating agencies that such adjustment will not adversely affect the ratings on any of the notes. The maximum interest rate is the lesser of (a) 18% (or such higher rate as may be established upon confirmation that the ratings on any of the notes will not be adversely affected) or (b) the maximum rate of interest permitted by law. The net loan rate will be determined only if, for three consecutive months, either (a) the daily weighted average of the auction rates in effect for all ARC notes exceeds the sum of the 91-day United States Treasury bill rate plus 1.0% or (b) the 3-month LIBOR rate equals or exceeds the sum of the commercial paper rate plus 0.25%; and will be determined generally by subtracting certain program expenses and note interest payments from the interest and other amounts received with respect to the financed student loans and other trust estate assets.

#### *Interest Rate Information*

After issuance of the notes, you may obtain the current interest rates from Access Group’s web site at [www.accessgroup.org/investors](http://www.accessgroup.org/investors), or by telephone from the trustee at (201) 593-6781.

#### *Mandatory Partial Redemption*

The ARC notes of any class are subject to mandatory redemption in part, in multiples of \$50,000, on any interest payment date for that class in a total principal amount (for all classes) equal to the sum of the following:

- the lesser of (a) the principal distribution amount, and (b) available funds remaining after allocation of amounts necessary to pay or provide for the payment of administrative allowances, note fees, interest on the senior notes and (unless a subordinate note interest trigger is in effect) the subordinate notes, scheduled principal amortization payments on the floating rate notes and any other obligations payable from the debt service fund, plus
- the lesser of (a) available funds remaining after all other allocations with respect to the notes, and (b) the amount necessary, after giving effect to the application of all funds allocated on the monthly allocation date, to cause the subordinate asset percentage to be equal to at least 101% and to cause the value of the assets in the trust estate to exceed the principal amount of the notes outstanding plus accrued interest and note fees by at least the lesser of \$1,500,000 or such lesser amount as will not cause any rating agency to reduce or withdraw any rating on the notes,

except that during the revolving period the amount to be redeemed will be reduced by any amount of available funds that Access Group elects to transfer to the acquisition fund.

The redemption price will be 100% of the principal amount of the ARC notes to be redeemed, plus accrued interest thereon to the redemption date.

#### *Optional Redemption*

At Access Group’s option, ARC notes of any class may be redeemed on any interest payment date for that class, in whole or in part, at a redemption price of 100% of the principal amount of the ARC notes to be redeemed, plus accrued interest thereon to the redemption date.

As long as any floating rate notes are outstanding, Access Group will not be permitted to sell financed student loans to provide for the redemption of ARC

notes. During that time, the ARC notes may be redeemed only if Access Group issues at least an equal principal amount of additional notes under the indenture.

#### *Selection of ARC Notes for Redemption*

If less than all outstanding ARC notes are to be redeemed, the particular class(es) to be redeemed will be determined by Access Group. In the absence of direction by Access Group, the ARC notes to be redeemed will be selected first from the class B notes to the extent permitted by the indenture (as described below under “Distributions—Limitation on Payment of Subordinate Notes”), and thereafter from the class A-3 notes until the class A-3 notes have been paid in full and then from the class A-4 notes. If less than all outstanding ARC notes of a given class are to be redeemed, the particular ARC notes to be redeemed will be determined by lot. See “Description of the ARC Notes—Selection of ARC Notes for Redemption.”

## **DISTRIBUTIONS**

#### *Available Funds*

On each monthly allocation date, the following funds will be available for allocation as described below:

1. all amounts received in the collection fund and not yet paid out as of the last day of the related collection period,
2. only on a capitalized interest release date, amounts released from the capitalized interest fund and not directed by Access Group to be transferred to the acquisition fund, and
3. amounts in the capitalized interest fund, but only to the extent necessary (after application of funds in the collection fund) to pay or provide for the payment of (a) administrative allowances and note fees, (b) interest on the notes, and (c) principal of notes at their final maturity.

Amounts received in the collection fund will include principal, interest, late payment charges and special allowance payments with respect to the financed student loans, investment earnings on funds in the collection, acquisition, debt service, administration and capitalized interest funds, any amounts received from the servicer or Access Group upon their purchase of student loans and any amounts transferred at the direction of Access Group from the acquisition fund.

Principal and interest collections for the student loans will include payments of defaulted loans by the FFELP guarantee agencies.

Amounts received in the collection fund will be applied prior to the monthly allocation dates to pay required monthly consolidation loan fees to the Department of Education and to make any indemnity payments required to be made to another beneficiary of FFELP loans held by the eligible lender trustee. In addition, prior to the end of the revolving period, amounts received during the collection period in respect of principal on the loans may be applied to the origination of consolidation loans. Any amounts applied during a collection period will not be included in available funds on a monthly allocation date.

#### *Priority of Allocations*

On each monthly allocation date, the available funds will be applied in the following order of priority:

- first, to the administration fund, the amount necessary to provide for the administrative allowance and note fees for the next month,
- second, to the interest account, the amount necessary to provide for the payment of: (a) interest on the series 2002-1 senior notes and any other senior notes then due or coming due before the next monthly allocation date, (b) a portion of the interest on other senior notes for which interest is paid less frequently than every 45 days, and (c) any required payments under senior swap agreements,
- third, to the principal account, the amount necessary to provide for the payment of senior notes maturing before the next monthly allocation date,
- fourth (unless a subordinate note interest trigger is in effect), to the interest account, the amount necessary to provide for the payment of: (a) interest on the class B notes and any other subordinate notes then due or coming due before the next monthly allocation date, (b) a portion of the interest on other subordinate notes for which interest is paid less frequently than every 45 days, and (c) any required payments under subordinate swap agreements,



- fifth, to the principal account for the payment of subordinate notes maturing before the next monthly allocation date,
- sixth, to the principal account, the amount necessary to provide for any scheduled principal payments with respect to notes prior to their stated maturity (and from such amount, first to provide for the payment of the scheduled principal amortization payments with respect to the floating rate notes as described herein under “Description of the Floating Rate Notes—Prepayment Provisions—Scheduled Principal Amortization Payments”),
- seventh, an amount up to the principal distribution amount, during the revolving period and at the direction of Access Group, to the acquisition fund for the acquisition or origination of student loans; and after the revolving period (or during the revolving period in the absence of direction from Access Group to transfer that amount to the acquisition fund), to the principal account to provide for the redemption of or distribution of principal with respect to the notes as described below under “—Allocation of Principal Payments,”
- eighth, if a subordinate note interest trigger is in effect, to the interest account, the amount necessary to provide for the payment of: (a) interest on the class B notes and any other subordinate notes then due or coming due before the next monthly allocation date, (b) a portion of the interest on other subordinate notes for which interest is paid less frequently than every 45 days, and (c) any required payments under subordinate swap agreements,
- ninth, to the extent that, after giving effect to the application of all prior allocations of available funds made on the monthly allocation date, the subordinate asset percentage is less than 101%, or the value of the assets in the trust estate does not exceed the principal amount of the notes outstanding plus accrued interest and note fees by at least the lesser of \$1,500,000 or such lesser amount as will not cause any rating agency to reduce or withdraw any rating on the notes, any available funds remaining after those prior applications will be allocated: during the revolving period and at the direction of Access

Group, to the acquisition fund for the acquisition or origination of student loans; and after the revolving period (or during the revolving period in the absence of direction from Access Group to transfer that amount to the acquisition fund) to the principal account to provide for the redemption of or distribution of principal with respect to the notes as described below under “—Allocation of Principal Payments,”

- tenth, to the interest account, the amounts necessary to pay (a) carry-over amounts, together with interest thereon (and from such amount, first for the payment of carry-over amounts and interest thereon with respect to senior notes and second, for the payment of carry-over amounts and interest thereon with respect to subordinate notes), and (b) termination payments under swap agreements that are not entitled to be paid on a parity basis with interest on the senior notes or with interest on the subordinate notes, and
- eleventh, to Access Group, any remainder.

The application of revenues and funds held under the indenture is described in further detail under “Description of the Indenture—Allocations of Available Funds.”

#### *Subordinate Note Interest Trigger*

A subordinate note interest trigger is in effect for any monthly allocation date if on the last day of the related collection period, the senior asset percentage is less than 100%. While this condition exists, the priority of payment of interest on the subordinate notes will be affected as described above.

#### *Application of Funds*

Amounts deposited to the interest account as described above under “—Priority of Allocations” will be applied to the payment of interest due on the floating rate notes on each quarterly floating rate note payment date, to the payment of interest due on each class of ARC notes on each interest payment date for that class, and to the payment of interest due on any additional notes on dates established in the supplemental indentures providing for their issuance. Amounts deposited to the principal account as described above under “—Priority of Allocations” will be applied to scheduled principal amortization payments and (if applicable) additional distributions of principal with respect to the floating

rate notes on the appropriate floating rate note payment dates, to the redemption of ARC notes of a class on the next interest payment date for that class, to principal of any outstanding series 2002-1 notes on their respective stated maturity dates, and to payments of principal with respect to any additional notes on dates established in the supplemental indentures providing for their issuance.

#### *Allocation of Principal Payments*

Revenues deposited to the collection fund in any monthly collection period will be included in the principal distribution amount and applied to the redemption of, or distribution of principal with respect to, notes only to the extent that amounts are available for such purpose on a monthly allocation date and do not exceed the principal distribution amount. As of any monthly allocation date, the principal distribution amount will equal the sum of:

- all principal repayments on financed student loans (including guarantee payments) received during the preceding monthly collection period, plus
- any amounts transferred from the acquisition fund to the collection fund during the preceding monthly collection period, or allocated from the capitalized interest fund on the monthly allocation date as available funds, minus
- any amounts transferred from the collection fund to the acquisition fund during the preceding monthly collection period, minus
- any amounts required to be deposited to the principal account on that monthly allocation date to provide for the payment of principal on the notes at maturity or by scheduled redemption or principal amortization payments.

To the extent that the amounts available for application to the redemption of, or distribution of principal with respect to, notes on any monthly allocation date are less than the principal distribution amount (because revenues allocable to principal repayments on financed student loans are needed for the payment of administrative and servicing fees and interest and scheduled principal payments on the notes), the amount of such shortfall will be added to the principal distribution amount for the next monthly allocation date.

The amount available to make principal distributions with respect to floating rate notes or to redeem ARC notes will be reduced by any amounts then required to be applied to the redemption of, or principal distribution with respect to, notes that are designated to be paid from such amounts before the floating rate notes or the ARC notes, as the case may be. The first supplemental indenture provides that amounts available for principal payments (other than payments of maturing notes and scheduled principal amortization payments) will be applied to the payment of the ARC notes and any future classes of notes (except subordinate notes that cannot be paid due to the operation of the senior asset requirement) before being applied to the floating rate notes. The first supplemental indenture also provides that future classes of notes or portions thereof may be designated for redemption or principal distribution from principal repayments of financed student loans either before or after such principal repayments are applied to the redemption of the ARC notes.

#### *Limitation on Payment of Subordinate Notes*

Subordinate notes that are otherwise subject to optional or mandatory redemption will only be redeemed if, as of the date of selection of notes for redemption and after giving effect to the redemption, the senior asset requirement under the indenture will be satisfied. Principal distributions with respect to outstanding subordinate notes will only be made if, after giving effect to the distribution, the senior asset requirement will be satisfied.

The senior asset requirement generally requires that the senior asset percentage be equal to at least 105.0%, and the subordinate asset percentage be equal to at least 100.5%. The senior asset percentage is the ratio (expressed as a percentage) of:

- the value of the assets in the trust estate, less accrued interest and fees with respect to all senior indenture obligations, to
- the principal amount of senior notes outstanding.

The subordinate asset percentage is the ratio (expressed as a percentage) of:

- the value of the assets in the trust estate, less accrued interest and fees with respect to all indenture obligations, to
- the principal amount of all notes outstanding.

At any time, the value of the assets in the trust estate will be equal to the sum of the aggregate principal balance of all financed student loans, plus accrued interest and special allowance payments thereon, plus the aggregate balance (including accrued interest) in all of the funds and accounts under the indenture.

If subordinate notes are not subject to redemption due to the application of the senior asset requirement, amounts that would otherwise be used to provide for such payments will be added to the amount to be applied to the redemption of, or principal distributions with respect to, the senior notes.

## **CREDIT ENHANCEMENT**

### *Senior Notes*

- excess interest on the loans
- subordination of the subordinate notes

### *Class B Notes*

- excess interest on the loans

## **PARITY OBLIGATIONS**

The series 2002-1 notes will be issued under the indenture and the first supplemental indenture. The series 2002-1 notes will be the first notes issued under the indenture. Additional notes and other obligations may be issued under the indenture which have the same right to payment from the trust estate as the series 2002-1 senior notes or which have the same right to payment from the trust estate as the class B notes.

The class A-1, class A-2, class A-3 and class A-4 notes constitute “senior obligations” under the indenture, secured on a basis which is on a parity with any other senior obligations and which is superior to the class B notes and any other subordinate obligations.

The class B notes constitute “subordinate obligations” under the indenture, secured on a basis which is on a parity with any other subordinate obligations and which is subordinate to the class A-1, class A-2, class A-3 and class A-4 notes and any other senior obligations.

## **REGISTRATION, CLEARING AND SETTLEMENT**

### *Floating Rate Notes*

You will hold your interest in the floating rate notes through The Depository Trust Company, Clearstream Banking, société anonyme or the Euroclear System. You will not be entitled to receive definitive certificates representing your interests in the floating rate notes, except in certain limited circumstances. See “Description of the Floating Rate Notes—Book-Entry Registration.”

### *ARC Notes*

You will hold your interest in the ARC notes through The Depository Trust Company. You will not be entitled to receive definitive certificates representing your interests in the ARC notes, except in certain limited circumstances. See “Description of the ARC Notes—Book-Entry Registration.”

## **RATINGS**

It is a condition to the underwriters’ obligation to purchase the notes that the class A-1, class A-2, class A-3 and class A-4 notes are rated in the highest rating category and the class B notes are rated in one of the three highest rating categories of each of two rating agencies. See “Risk Factors—Credit ratings only address a limited scope of your concerns.”

## **FEDERAL INCOME TAX CONSEQUENCES**

In the opinion of Foley & Lardner, the notes will be characterized as debt obligations for federal income tax purposes. Interest paid or accrued on the notes will be taxable to you.

By accepting your note, you agree to treat your note as a debt instrument for income tax purposes.

See “United States Federal Income Tax Consequences.”

## **ERISA CONSIDERATIONS**

Access Group expects that the notes will be treated as debt obligations without significant equity features for purposes of applicable ERISA regulations of the Department of Labor, and that the notes will be eligible for purchase by employee benefit plans and individual retirement accounts as described in “ERISA Considerations.”

## RISK FACTORS

You should consider the following risk factors in deciding whether to purchase the Series 2002-1 Notes.

**Limited assets will be available to pay principal and interest, which could result in delays in payment or losses on the notes.**

The notes are obligations solely of Access Group, and will not be insured or guaranteed by the guarantee agencies, the servicer, the trustee or any of their affiliates, or by the Department of Education. Moreover, Access Group will have no obligation to make any of its assets available to pay principal or interest on the notes, other than the student loans acquired with proceeds of the notes and the other assets making up the trust estate. Noteholders must rely for repayment upon revenues realized from the student loans and other assets in the trust estate which are available for payment of the notes. See “Source of Payment and Security for the Notes.” Noteholders will have no claim to any amounts properly distributed to Access Group from time to time.

**The financial health of the guarantee agencies could decline, which could affect the timing and amounts available for payment of the notes.**

The student loans are not secured by any collateral of the borrowers. The repayment of the student loans is dependent upon the ability and willingness of the borrowers to repay, and the obligation and ability of the FFELP guarantee agencies to pay claims on defaulted student loans.

Payments of principal and interest on the FFELP loans are guaranteed by guarantee agencies to the extent described in this offering memorandum. Excessive borrower defaults could impair a guarantee agency’s ability to meet its guarantee obligations. The financial health of a guarantee agency could affect the timing and amount of available funds for any collection period and the payment of principal of and interest on the notes.

Although a holder of FFELP loans could submit claims for payment directly to the Department of Education pursuant to section 432(o) of the Higher Education Act if the Department of Education determines that a FFELP guarantee agency is unable to meet its insurance obligations, there is no assurance that the Department of Education would make such a determination or that it would pay claims in a timely manner. The trustee may receive claim payments on FFELP loans directly from the Department of Education under Section 432(o) if such a determination is made. See “Description of the FFEL Program” and “Description of the Guarantee Agencies.”

**Failure by loan holders or servicers to comply with student loan origination and servicing procedures could cause delays in payment or losses on the notes.**

The Higher Education Act requires lenders and servicers to follow specified procedures to ensure that the FFELP loans are properly originated and serviced. Failure to follow these procedures may result in:

- The Department of Education’s refusal to make reinsurance payments to the guarantee agencies or to make interest subsidy payments and special allowance payments to the trustee with respect to the FFELP loans; and
- The guarantee agencies’ refusal or inability to make guarantee payments with respect to the FFELP loans.

Loss of any of these payments may adversely affect Access Group’s payment of principal of and interest on the notes. See “The Financed Student Loans—Servicing and ‘Due Diligence’” and “Description of the FFEL Program.”

**Termination of the servicing agreement could result in losses with respect to the loans.**

The initial servicing agreement with Kentucky Higher Education Student Loan Corporation (“KHESLC”) has a term that expires in June, 2003. If the term of the agreement is not extended, Access Group would be required to transfer the loans to a new servicer. In addition, upon a servicer default, the holders of the senior notes have the right to require Access Group to transfer the servicing of the loans. There is no assurance that a new servicer could be found to service the loans according to the same standards or for the same fees as under the initial servicing agreement. Any transfer of loans to a new servicer could result in reduced loan collections and an increased risk of failure to meet all required due diligence procedures, and could adversely affect payment of principal of and interest on the notes.

**The servicer’s performance may be affected by increases in loan volume.**

Access Group has transferred the servicing of large portfolios of its student loans to KHESLC over the past several months. If the transfer of servicing responsibilities, or the assumption of servicing responsibilities by KHESLC with respect to a large volume of additional loans, were to result in the failure to meet the required procedures, payment of principal of and interest on the notes could be adversely affected.

**Increased competition from other lenders and the Federal Direct Student Loan Program could adversely affect the cost or quality of servicing.**

The Access Group Loan Program faces competition from other lenders that could decrease the volume of loans owned by Access Group. Additionally, the Higher Education Act provides for a Federal Direct Student Loan Program. This program could result in reductions in the volume of loans made under the FFEL program. Reduced volume in Access Group’s program in particular and in the FFEL program in general may cause a servicer to experience increased costs due to reduced economies of scale. These cost increases could reduce the ability of the servicer to satisfy its obligations to service the student loans. This could also reduce revenues received by the guarantee agencies available to pay claims on defaulted FFELP loans.

**If a loan is not eligible for guarantee payments, the trust estate may incur losses on that loan unless Access Group or the servicer purchases it because of a breach of a representation or warranty.**

The initial portfolio of FFELP loans will be acquired from Access Funding A-2, LLC. The transfer of FFELP loans from Access Funding A-2, LLC is without recourse against the transferor of those loans. Neither Access Group nor the trustee will have any right to make recourse to or collect from the transferor if those student loans should fail to meet the requirements of an eligible loan for any reason or if the transfer should prove to have failed to provide the trustee with good title to those student loans. However, Access Group provided origination services in the origination of the initial portfolio of financed FFELP loans and will be obligated to purchase any of those loans that are not eligible for guarantee payments as a result of origination errors.

KHESLC will service all of the financed student loans. KHESLC will be obligated to purchase FFELP loans which lose their guarantee because KHESLC fails to properly service the loans.

KHESLC or Access Group may not have the financial resources to purchase any student loan which it is contractually obligated to purchase. No such failure would be an event of default, or would permit the exercise of remedies, under the indenture.

**Borrowers of student loans are subject to a variety of factors that may adversely affect their repayment ability.**

Collections on the student loans during a collection period may vary greatly in both timing and amount from the payments actually due on the student loans for that collection period for a variety of economic, social and other factors.

Failures by borrowers to pay timely the principal and interest on their student loans or an increase in deferments or forbearances could affect the timing and amount of available funds for any collection period and payment of principal and interest on the notes. In addition, the initial portfolio student loans to be financed have been made primarily to graduate and professional students, who generally have higher debt burdens than student loan borrowers as a whole. The effect of these factors, including the effect on the timing and amount of available funds for any collection period and payment of principal and interest on the notes, is impossible to predict.

**Offset by guarantee agencies or the Department of Education could reduce the amounts available for payment of the notes.**

The eligible lender trustee will use a Department of Education lender identification number that may in the future also be used for other FFELP loans held by the eligible lender trustee on behalf of Access Group. The billings submitted to the Department of Education will be consolidated with the billings for payments for all FFELP loans held by the eligible lender trustee on behalf of Access Group, and payments on the billings will be made by the Department of Education or the guarantee agency to the eligible lender trustee in lump sum form. These payments will be allocated by the eligible lender trustee among the various FFELP loans held under the same lender identification number.

If the Department of Education or a guarantee agency determines that the eligible lender trustee owes a liability to the Department of Education or the guarantee agency on any FFELP loan for which the eligible lender trustee is legal titleholder, the Department of Education or the guarantee agency might seek to collect that liability by offsetting against payments due the eligible lender trustee under the indenture. This offsetting or shortfall of payments due to the eligible lender trustee could adversely affect the amount of available funds and payment of principal of and interest on the notes.

Although the indenture contains provisions for cross-indemnification with respect to such payments and offsets, there can be no assurance that the amount of funds available with respect to such right of indemnification would be adequate to compensate the indenture and noteholders for any previous reduction in the available funds for a collection period.

**The FFEL program could change, which could adversely affect the FFELP loans and the timing and amounts available for payment of the notes.**

The Higher Education Act and other relevant federal or state laws may be amended or modified in the future. In particular, the level of guarantee payments may be adjusted from time to time. Access Group cannot predict whether any changes will be adopted or, if so, what impact such changes may have on Access Group or the notes.

**The interest rates on the student loans and invested funds may be insufficient to cover interest on the notes.**

The interest rate for the floating rate notes will be based generally on the three-month London interbank offered rate (LIBOR). The interest rate for the ARC notes will be based generally on the outcome of auctions of ARC notes. However, the return on the FFELP loans is generally based on three month commercial paper rates. If spreads between LIBOR or prevailing auction rates, on the one hand, and three-month commercial paper rates, on the other, are greater than anticipated, Access Group may not receive sufficient revenues to pay interest on the notes.

In addition, under borrower payment incentives offered by Access Group, interest rates on financed FFELP loans may be reduced based upon the payment performance of the borrowers. Access Group cannot predict which borrowers will qualify for these incentives. The effect of these incentive programs may be to reduce the yield on the financed FFELP loans.

Unspent proceeds of the notes and other moneys in the funds and accounts under the indenture will be invested at fluctuating interest rates. There can be no assurance as to the interest rates at which these proceeds and moneys can be invested.

If the yields on the financed student loans and investments of the funds and accounts do not generally exceed the interest rate on the notes and expenses relating to the servicing of those financed student loans and administration of the indenture, Access Group may have insufficient funds to repay the notes.

**The interest rates on the ARC notes are subject to limitations, which could reduce your yield.**

The interest rates on the ARC notes may be limited by the maximum rate, which will be based on the least of the maximum auction rate (which is generally based on the 91-day Treasury bill rate), the maximum interest rate (generally, 18% per annum) or, in certain circumstances, the net loan rate (which is based on the rates of return on the financed student loans and invested funds held under the indenture, less specified administrative costs and interest due on other notes). If, for any interest period, the maximum rate is less than the auction rate determined in accordance with the auction procedures, interest will be paid on the ARC notes at the maximum rate even though there may be sufficient available funds to pay interest at the auction rate.

For an interest payment date on which the maximum auction rate or the net loan rate applies, the difference between the amount of interest at the auction rate determined pursuant to the auction procedures for the ARC notes and the amount of interest at the maximum auction rate or the net loan rate will become a carry-over amount, and will be paid on succeeding interest payment dates only to the extent that there are funds available for that purpose and other conditions are met. It is possible that carry-over amount may never be paid. Any carry-over amount not paid at the time of redemption of an ARC note will be extinguished. See “Description of the ARC Notes—Interest—Carry-over Amount.” For an interest payment date on which the maximum interest rate applies, the difference between the amount of interest at the auction rate and the amount of interest at the maximum interest rate will not become a carry-over amount and will not be paid in the future.

**The outstanding principal amount of the notes may exceed the principal amount of the assets, which could result in losses on the notes if there was a liquidation.**

The initial portfolio loans will be acquired at a price of approximately 102.68% of their principal amount, plus accrued interest. Thus, upon the issuance of the series 2002-1 notes, the principal amount of outstanding notes will exceed the principal amount of student loans and other assets held by the trustee in the funds and accounts under the indenture. Moreover, there is no stated limit on the price to be paid to acquire additional loans with the proceeds of additional notes issued under the indenture. If an event of default occurs and the assets in the trust estate are liquidated, the student loans would have to be sold at a premium for the holders of the subordinate notes, and possibly the holders of the senior notes, to avoid a loss. Access Group cannot predict whether or when the aggregate principal amount of the student loans and other assets in the trust estate may exceed the aggregate principal amount of the notes.

**If the trustee is forced to sell loans after an event of default, there could be losses on the notes.**

Generally, during an event of default, and subject to the rights of noteholders to direct remedies, the trustee is authorized to sell the student loans. However, the trustee may not find a purchaser for the student loans. Also, the market value of the student loans plus other assets in the trust estate might not equal the principal amount of notes plus accrued interest.

The competition currently existing in the secondary market for loans made under the FFEL program could be reduced, resulting in fewer potential buyers of the FFELP loans and lower prices available in the secondary market for those loans.

The noteholders (particularly the holders of the subordinate notes) may suffer a loss if the trustee is unable to find purchaser(s) willing to pay sufficient prices for the student loans.

**The composition and characteristics of the loan portfolios will continually change.**

The student loans that Access Group intends to acquire with the proceeds of the notes on the date of issuance are described in this offering memorandum. Access Group expects to issue additional notes and acquire or originate additional loans with the proceeds of those notes. The characteristics of the student loan portfolio included in the trust estate may change from time to time as new student loans are acquired and as a result of exchanges of loans and scheduled amortization, prepayments, delinquencies and defaults on the loans.

In addition, the characteristics of the FFELP loan portfolio will change as consolidation loans are originated and the characteristics of the FFELP Loans may also change as a result of amendments to the Higher Education Act.

**The principal of the floating rate notes may not be paid according to the anticipated schedule.**

There can be no assurance that actual payments of principal with respect to the floating rate notes will be made in accordance with the principal amortization schedules described herein. Receipt of revenues under the indenture at a slower rate than projected may result in a deficiency in available funds and a delay in the receipt of scheduled principal amortization payments. If on any floating rate note payment date, the full amount of the scheduled principal amortization payment is not made, the principal amortization payment for the next floating rate note payment date will (subject to the sufficiency of available funds) be increased by the amount of the shortfall.

In addition, receipt of revenues under the indenture at a faster rate than projected may (after all other senior notes issued under the indenture have been paid) result in additional prepayments of the floating rate notes. If the outstanding principal amount of a class of the floating rate notes is reduced below its scheduled principal balance, the principal amortization payment for the following floating rate note payment date will be decreased by such excess, possibly to zero. As a result, the floating rate notes could be subject to periods of variability in their principal distributions and on one or more floating rate note payment dates no principal distribution amount might be paid to holders of floating rate notes.

A delay in scheduled amortization amounts would not constitute an event of default under the indenture, and you bear the risk of slower than anticipated repayments. The ratings on the floating rate notes address only the ultimate payment of principal of the notes on their respective final maturity dates (which are significantly later than the final payment dates set forth in the related amortization schedules) and do not address the scheduled amortization payments.



**Your notes may not be repaid on their final maturity dates.**

Access Group expects that final payment of each class of notes will occur on or prior to the respective final maturity dates. Failure to make final payment of any class of notes on or prior to the respective final maturity dates would constitute an event of default under the indenture. However, no assurance can be given that sufficient funds will be available to pay each class of notes in full on or prior to its final maturity date. If sufficient funds are not available, final payment of any class of notes could occur later than the stated maturity date for that class or you could suffer a loss on your investment.

**Bankruptcy of Access Group could result in accelerated prepayment on the notes.**

If Access Group were to become the subject of a bankruptcy proceeding, the United States Bankruptcy Code could materially limit or prevent the enforcement of Access Group's obligations, including its obligations under the notes. Access Group's trustee in bankruptcy or Access Group itself as debtor-in-possession may seek to accelerate payment on the notes and liquidate the assets held under the indenture. If principal on the notes is declared due and payable, you may lose the right to future payments and face reinvestment risks mentioned below. If the assets held under the indenture are liquidated, you may face the risks relating to the sale of the applicable loan portfolio mentioned above.

**Other parties may have or may obtain a superior interest in the student loans.**

If, through inadvertence or fraud, financed student loans were to be sold to a purchaser who purchases in good faith without knowledge of the trustee's security interest, such purchaser could defeat the trustee's security interest. FFELP loans may be evidenced by a master promissory note. Once a borrower executes a master promissory note with a lender, additional loans made by the lender are evidenced by a confirmation sent to the borrower, and all loans are governed by the single master promissory note.

A loan evidenced by a master promissory note may be sold independently of the other loans governed by the master promissory note. If Access Group purchases a loan evidenced by a master promissory note and does not acquire possession of the master promissory note, other parties could claim an interest in the loan. This could occur if the holder of the master promissory note were to take an action inconsistent with Access Group's rights to a loan, such as delivery of the master promissory note to a third party for value.

**Transfer of FFELP loans from Access Funding A-2, LLC could be subject to avoidance.**

The FFELP loans will be transferred by Access Funding A-2, LLC. If that transfer were to leave Access Funding A-2, LLC with liabilities that exceeded the fair value of its assets and if it were to become the subject of a bankruptcy proceeding, the transfer of the FFELP loans could be rescinded as a fraudulent conveyance, leaving the trust estate with no substantial assets. However, Access Funding A-2, LLC's only liabilities as of the date of issuance will be the revolving loan from National City Bank and the variable funding note described herein and certain fees relating to its ownership and administration of the FFELP loans. After the transfer of FFELP loans to Access Group, Access Funding A-2, LLC will continue to own FFELP loans with an aggregate balance approximately equal to the combined balance of the revolving loan and the variable funding note (and with a market value that Access Group believes exceeds their balance), as well as additional capital.

**Investors in the subordinate notes are subject to variability of cash flows and face greater risk of loss.**

Although interest on the subordinate notes generally will be paid prior to principal of the senior notes, if a subordinate note interest trigger is in effect, interest on the subordinate notes will be subordinated to the payment of principal of the senior notes. Moreover, the subordinate notes will not receive any prepayments of principal unless the asset value level requirement of the indenture can be met. Thus, investors in the subordinate notes will bear losses on the student loans prior to such losses being borne by holders of senior notes.

**Payment priorities change upon certain events of default.**

Upon the occurrence of an event of default and the acceleration of the notes, payment of the principal of and interest on the subordinate notes will be fully subordinated to the payment in full of all amounts due and payable on the senior notes. See “Description of the Indenture—Application of Collections.”

**The failure to pay interest on the subordinate notes is not an event of default.**

The indenture provides that failure to pay interest when due on the subordinate notes will not be an event of default under the indenture as long as any senior notes remain outstanding. See “Description of the Indenture—Events of Default.”

**Holders of senior notes have certain controlling rights.**

Holders of subordinate notes may be limited in the legal remedies that are available to them until the holders of the senior notes are paid in full. Until the senior notes are no longer outstanding, the senior notes will control many of the rights of the subordinate notes. Without the consent of the holders of the subordinate notes, the holders of a majority of the senior notes may, among other things, (i) waive events of default, (ii) cause the removal of the servicer upon a servicer default, and (iii) upon the occurrence and continuation of an event of default under the indenture, instruct the trustee to declare the principal of the notes (including the subordinate notes) to be immediately due and payable and subsequently to rescind such acceleration and instruct the trustee concerning any proceedings or remedies. See “Description of the Indenture—Remedies.”

**Sequential payment of principal exposes the classes of notes with later principal payments to increased risks of losses.**

Scheduled amortization payments with respect to floating rate notes provide for payment of all of the class A-1 notes before any of the class A-2 notes. Payments of principal with respect to senior ARC notes will be applied first to the class A-3 notes, and then to the class A-4 notes. The sequential payment of principal increases the risks and severity of potential loss to holders of classes of notes that receive later principal payments.

**Additional notes may be issued without your consent, which could affect the composition of the outstanding notes.**

Upon receipt of confirmation from each rating agency that the issuance of additional notes will not result in a withdrawal or reduction of the ratings on any notes, Access Group may, from time to time, issue additional notes or incur other obligations secured by the trust estate without the consent or approval of any existing noteholders. These notes or other obligations may be on a parity with the senior notes, or with the subordinate notes, in right of payment.

**Less than all of the holders can approve amendments to the indenture.**

Under the indenture, holders of specified percentages of the aggregate principal amount of the notes may amend or supplement provisions of the indenture and the notes without the consent of the other holders. You have no recourse if the holders vote and you disagree with the vote on these matters. The holders may vote in a manner which impairs the payment of principal of and interest on the notes.

**Rating agencies can permit certain actions to be taken without noteholder approval.**

The indenture provides that Access Group and the trustee may undertake various actions based upon receipt by the trustee of confirmation from each of the rating agencies that the outstanding ratings assigned by such rating agencies to the notes will not be impaired by those actions. Such actions include, but are not limited to, amendments to the indenture, the issuance of additional notes and the execution by Access Group of interest rate swap agreements. To the extent those actions are taken after issuance of the notes, investors in the notes will be depending on the evaluation by the rating agencies of those actions and their impact on credit quality.

**A secondary market for the notes may not develop, which means you may have trouble selling them when you want.**

The notes will not be listed on any securities exchange. As a result, if you want to sell your notes you must locate a purchaser that is willing to purchase those notes. The underwriters have informed Access Group that they intend to make a secondary market for the notes by offering to buy the notes from investors that wish to sell. However, the underwriters will not be obligated to make offers to buy the notes and may stop making offers at any time. In addition, the prices offered, if any, may not reflect prices that other potential purchasers would be willing to pay, were they to be given the opportunity. There have been times in the past where there have been very few buyers of asset backed securities, and there may be such times in the future. As a result, you may not be able to sell your notes when you want to do so or you may not be able to obtain the price that you wish to receive.

Furthermore, the auction procedures and transfer requirements described herein may limit the liquidity and marketability of ARC notes and therefore may not yield an owner the best possible price for an ARC note.

The ratings of the notes by the rating agencies will not address the market liquidity of the notes.

**Access Group may enter into swap agreements which could result in changes in timing of payments or losses on the notes if the counterparty fails to make its payments.**

Under the indenture, Access Group may enter into interest rate swap agreements if certain requirements are met, including the requirement that the rating agencies will not reduce or withdraw the ratings on any notes. Access Group's obligation to make payments under swap agreements may be on a parity with the senior notes or with the subordinate notes. In addition, if an early termination event or an event of default under a swap agreement ever occurs, it is possible that a termination payment would be due from Access Group to a swap counterparty. In such event, it is possible that the termination payment might be a substantial sum. Depending upon the terms of the particular swap agreement, it is possible that the termination payment due the swap counterparty would be required to be paid *pari passu* with interest on the senior notes, before interest is paid on the subordinate notes, and before principal on any notes is paid. Any payments to a swap counterparty would reduce amounts available under the indenture.

Payments from a swap counterparty could result in principal payments on the notes on earlier dates than would otherwise have been made. Payments by Access Group under swap agreements could result in delays in principal payments on the notes.

Interest rate swap agreements also carry risks relating to the credit quality of the counterparty and the enforceability of the swap agreement. See "Source of Payment and Security for the Notes—Additional Indenture Obligations."

**The notes are not suitable investments for all investors.**

The notes are not a suitable investment if you require a regular or predictable schedule of payments or payment on any specific date. The notes (and in particular, the subordinate notes) are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyze the prepayment, reinvestment, default and market risk, the tax consequences of an investment, and the interaction of these factors.

**Credit ratings only address a limited scope of your concerns.**

A rating is not a recommendation to buy, sell or hold notes or a comment concerning suitability for any investor. Any rating agency may change its rating of the notes after the notes are issued if that rating agency believes that circumstances have changed. Any subsequent change in rating could affect the price that a subsequent purchaser will be willing to pay for the notes. A rating only addresses the likelihood of the ultimate payment of principal and stated interest and does not address the likelihood of prepayments on the notes or the likelihood of payment of carry-over amounts on the ARC notes. See "Ratings."

**Uncertainty regarding timing of principal payments on the notes may create reinvestment risks.**

The amount of distributions of principal of the notes and the times when you receive those distributions depends, in part, on the amounts in which and the times at which principal payments on the students loans are received. Those principal payments may be regularly scheduled payments or unscheduled payments resulting from prepayments, defaults or consolidations of the student loans. Student loans may be prepaid by borrowers at any time without penalty. The rate of prepayments may be influenced by economic and other factors, such as interest rates, the availability of other financing and the general job market (and, in particular, the job market for lawyers). The Department of Education has implemented a direct consolidation loan program which, together with consolidation loans made by Access Group or other lenders in the FFEL program, is expected to result in prepayments of FFELP loans. The interest rates on consolidation loans made during the year beginning July 1, 2002 are at historically low levels, making it more attractive for borrowers to consolidate their FFELP loans. In addition, under certain circumstances, the servicer or Access Group may be required to purchase loans as a result of errors in servicing or originating the student loans. To the extent that (1) borrowers elect to refinance through consolidation loans, (2) borrowers elect to prepay their loans, (3) borrowers default on their student loans, or (4) the student loans are sold to the lender, the servicer or Access Group, the receipt of revenues may result in prepayments of the principal of the notes.

The proceeds of the notes will include an amount to be deposited in the capitalized interest fund and used to pay interest on the notes. The proceeds of potential future note issuances might also include amounts deposited to the capitalized interest fund and the acquisition fund to be used to pay interest on the notes and to acquire additional student loans. If those amounts are not needed for those purposes, Access Group will distribute principal with respect to the notes. In particular, Access Group has determined the amount to be deposited into the capitalized interest fund based upon what it believes are conservative assumptions as to the amounts that will be needed to make required interest payments on the notes. If the amounts actually needed to make those required payments are less than those assumed, amounts in the capitalized interest fund will be released, and could result in prepayments of principal.

Access Group also has the right to redeem the ARC notes at any time, including through the issuance of refunding obligations.

If you receive principal payments on your floating rate note in excess of scheduled amortization, or if your ARC note is redeemed prior to its final maturity, you may not be able to reinvest your funds at the same yield as the yield on your note. In addition, your yield may be reduced if you purchased your note at a premium and the principal is paid sooner than you expected, or if you purchased your note at a discount and the principal is paid later than you expected. Access Group cannot predict the prepayment rate of any notes, and reinvestment risks or reductions in yield resulting from prepayment will be borne entirely by you and the other holders.

**Book-entry registration may limit your ability to participate directly as a holder.**

The notes will be represented by one or more certificates registered in the name of Cede & Co., the nominee for DTC, and will not be registered in your name. You will only be able to exercise the rights of noteholders indirectly through DTC and its participating organizations. See “Description of the Floating Rate Notes—Book-Entry Registration” and “Description of the ARC Notes—Book-Entry Registration.”

## INTRODUCTION

This Offering Memorandum sets forth information concerning the issuance by Access Group, Inc., a Delaware nonstock corporation, of \$488,900,000 aggregate principal amount of its Federal Student Loan Asset-Backed Notes, Series 2002-1, Class A-1 (FRN), Class A-2 (FRN), Class A-3 (ARC), Class A-4 (ARC) and Class B (ARC). Information on the cover page hereof and under the headings “Summary of Terms” and “Risk Factors” is part of this Offering Memorandum. Capitalized terms used in this Offering Memorandum, and not otherwise defined herein, shall have the meanings assigned thereto under “Glossary of Certain Defined Terms.”

*The Series 2002-1 Notes are limited obligations of Access Group specifically secured by and payable solely from the Trust Estate created under the Indenture and described herein. The Series 2002-1 Notes do not represent general obligations of Access Group. See “Source of Payment and Security for the Notes.”*

This Offering Memorandum contains brief descriptions of the Notes, the Indenture, the First Supplemental Indenture authorizing the Series 2002-1 Notes, the student loans to be financed through the issuance of the Series 2002-1 Notes and other documents and laws. The descriptions and summaries herein do not purport to be comprehensive or definitive and reference is made to such documents and laws for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document or law. Copies of the Indenture and the First Supplemental Indenture may be obtained upon request directed to the Trustee at Deutsche Bank Trust Company Americas, 100 Plaza One, MS JCY03-0606, Jersey City, New Jersey 07311, Attn: Structured Finance Group.

## USE OF PROCEEDS

The proceeds from the sale of the Series 2002-1 Notes will be used as follows:

- \$461,727,402 will be used to acquire a portfolio of FFELP Loans on the Date of Issuance; and
- \$27,172,598 will be deposited in the Capitalized Interest Fund and made available for the payment of Administrative Allowances, Note Fees and interest on the Notes as described under “Description of the Indenture—Funds and Accounts—Capitalized Interest Fund.”

Costs of issuance of the Notes (including underwriting fees) will be paid from other funds of Access Group.

## SOURCE OF PAYMENT AND SECURITY FOR THE NOTES

### General

The Notes will be limited obligations of Access Group payable solely from the Trust Estate created under the Indenture, consisting of certain revenues and Funds and Accounts pledged under the Indenture. The pledged revenues include: (1) payments of interest and principal made by obligors of Financed Student Loans, (2) payments made by Guarantee Agencies with respect to defaulted Financed Student Loans, (3) Interest Subsidy Payments and Special Allowance Payments made by the Department of Education with respect to Financed Student Loans (excluding any Special Allowance Payments accrued prior to the date of acquisition of the related Financed Student Loan), (4) income from investment of moneys in the pledged Funds and Accounts, (5) payments from a Swap Counterparty under a Swap Agreement, (6) proceeds of any sale or assignment of any Financed Student Loans, and (7) available Note proceeds. In addition, the pledged revenues with respect to one or more series of Additional Notes may include payments made by a Credit Facility Provider pursuant to a Credit Enhancement Facility.

The principal of and interest on the Notes will be secured by a pledge of and a security interest in all rights, title, interest and privileges of Access Group (1) in, to and under all Financed Student Loans (including the evidences of indebtedness thereof and related documentation); (2) with respect to Financed Student Loans, in, to and

under any Servicing Agreement, the Eligible Lender Trust Agreement and the FFELP Guarantee Agreements; and (3) in, to and under any Swap Agreement and (subject to the limitations therein or in the Indenture limiting the benefits thereunder to the Notes of one or more classes) any Credit Enhancement Facility; and (4) in and to the proceeds from the sale of the Notes (until expended for the purpose for which issued) and the pledged revenues, moneys, evidences of indebtedness and securities in the Funds and Accounts. The security interest in revenues, moneys, evidences of indebtedness and, unless registered in the name of the Trustee, securities payable into the various Funds and Accounts does not constitute a perfected security interest until such revenues, moneys, evidences of indebtedness and securities are received by the Trustee. Pledged revenues are subject to withdrawal from the pledged Funds and Accounts, to prior applications to pay Administrative Allowances and Note Fees, and to certain other applications as described under “Description of the Indenture—Funds and Accounts.”

### **Additional Indenture Obligations**

The Indenture provides that, upon the satisfaction of certain conditions, Access Group may issue one or more classes of Notes thereunder. Notes may be issued as Senior Notes on a parity basis with any previously issued Senior Notes (including the Series 2002-1 Senior Notes) or as Subordinate Notes on a parity basis with any previously issued Subordinate Notes (including the Series 2002-1 Subordinate Notes). The Indenture also provides that it may be amended to allow for the creation of one or more classes of Notes or Other Indenture Obligations that are subordinate to Senior Obligations and Subordinate Obligations. In addition, Access Group may enter into Swap Agreements and may obtain Credit Enhancement Facilities from one or more Credit Facility Providers. Access Group’s obligations under the Swap Agreements, and its obligations to pay the premiums or fees of Credit Facility Providers and, if applicable, to reimburse payments made under Credit Enhancement Facilities, may be parity obligations with the Senior Notes (such other Indenture Obligations, together with the Senior Notes, being referred to herein as “Senior Obligations”) or parity obligations with the Subordinate Notes (such other Indenture Obligations, together with the Subordinate Notes, being referred to herein as “Subordinate Obligations”). The Senior Obligations and the Subordinate Obligations are referred to herein as “Indenture Obligations.” See “Description of the Indenture—Notes and Other Indenture Obligations.”

Under the Indenture, Access Group may not enter into a Swap Agreement or obtain a Credit Enhancement Facility unless the Trustee shall have received written confirmation from each Rating Agency that entering into the Swap Agreement or obtaining the Credit Enhancement Facility, as the case may be, will not cause the reduction or withdrawal of any rating or ratings then applicable to any Outstanding Notes.

Any Credit Enhancement Facility may be obtained for the sole benefit of the classes of Notes designated therein, in which event payments under such Credit Enhancement Facility would not be available for the payment of principal of, premium, if any, or interest on any other series of Notes. However, any payments required to be made to any Credit Facility Provider would be parity obligations with the other Senior Obligations or Subordinate Obligations, as the case may be, payable from any revenues available to pay such other Indenture Obligations. **No Credit Enhancement Facility is being obtained with respect to the Series 2002-1 Notes, and it is not expected that any revenues obtained under any Credit Enhancement Facility would be available to pay the Series 2002-1 Notes.**

### **Priorities**

The Senior Notes are entitled to certain payment and other priorities over the Subordinate Notes. Allocations to the Interest Account with respect to current payments of interest due on the Subordinate Notes on an Interest Payment Date will be made only to the extent that (1) there are sufficient Available Funds for such allocation, after making all interest allocations with respect to Senior Notes required on a Monthly Allocation Date, and (2) a Subordinate Note Interest Trigger is not in effect. Principal payments to be made from Available Funds will be applied to the Subordinate Notes only if the Senior Asset Test can be met. So long as any Senior Notes remain Outstanding under the Indenture, the failure to make interest payments with respect to Subordinate Notes will not constitute an Event of Default under the Indenture. In the event of an acceleration of the Notes, the principal of and accrued interest on the Subordinate Notes will be paid only to the extent there are moneys available under the Indenture after payment of the principal of, and accrued interest on, all Senior Notes. In addition, holders of Senior

Notes are entitled to direct certain actions to be taken by the Trustee prior to and upon the occurrence of an Event of Default, including election of remedies. See “Description of the Indenture—Remedies.”

### **Subordination of the Series 2002-1 Subordinate Notes**

The rights of the holders of Series 2002-1 Subordinate Notes to receive principal and interest payments will be subordinated to such rights of the holders of the Series 2002-1 Senior Notes, any future classes of Senior Notes and any other Senior Obligations to the extent described herein. This subordination is intended to enhance the likelihood of regular receipt of the interest and principal by the holders of the Series 2002-1 Senior Notes, any other series of Senior Notes and any Other Senior Obligations. See “—Priorities” above and “Description of the Indenture—Funds and Accounts.”

## **ACCESS GROUP, INC.**

### **Organization**

Access Group, Inc. is a Delaware nonstock corporation organized to promote access to legal and other post-graduate education through affordable financing and related services. Access Group is a membership organization, whose members include state operated and nonprofit American Bar Association-approved law schools located in the United States. Access Group has received an Internal Revenue Service determination that it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and that it is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code because it is an organization described in Section 509(a)(3) of the Internal Revenue Code.

### **Directors and Officers**

Access Group’s bylaws provide that the Board of Directors shall be composed of eleven directors. Six of the directors are elected by the membership of Access Group, and the remaining five directors are elected by the Board of Directors.



The names and principal occupations of the directors of Access Group on the date hereof are as follows:

<u>Name and Position Held</u>	<u>Term Expires</u>	<u>Principal Occupation</u>
Joseph D. Harbaugh Director and Chair	December 31, 2003	Dean, Shepard Broad Law Center, Nova Southeastern University
Katharine B. Gottschalk Director	December 31, 2004	Assistant Dean for Financial Aid, University of Michigan Law School
Rondy E. Jennings Director	December 31, 2003	Investment Banker, UBS PaineWebber Inc.
Betsy Levin Director	December 31, 2002	Professor of Law and Consultant to Legal Education
Deborah J. Lucas Director	December 31, 2002	Professor of Finance, Kellogg Graduate School of Management, Northwestern University
Leo P. Martinez Director	December 31, 2003	Academic Dean, University of California, Hastings College of the Law
Richard A. Matasar Director	December 31, 2004	Dean and President, New York Law School
Michael P. O'Boyle Director	December 31, 2002	Chief Financial Officer, Cleveland Clinic Foundation
Pauline A. Schneider, Esq. Director	December 31, 2004	Attorney, Hunton & Williams, Washington, D.C.
Mark S. Warner Director	December 31, 2003	Director of Financial Aid, University of Iowa
Stephen T. Yandle Director	December 31, 2002	Interim Executive Director, New Haven Housing Authority; Visiting Lecturer in Law, Yale Law School

Daniel R. Lau, 63, has been the President and CEO of Access Group since its organization in 1993. He is responsible for the company's strategic direction and oversees all of its activities. Before becoming President and CEO of Access Group, Mr. Lau was Vice President of Financial Aid Services for Law School Admission Services, Inc. for more than four years. Mr. Lau served from 1977 to 1989 with the U. S. Department of Education, working on various assignments in several capacities, managing the federal student financial aid programs. He served the last five of these years as the Director of Student Financial Assistance Programs within the Department's Office of Student Financial Assistance, the highest-ranking civil service position within that office. In that capacity, he was responsible for the overall policy development and operational management of the federal student assistance programs. He currently sits on the Board of Directors of ELM Resources, a student loan mutual benefit corporation. Mr. Lau holds a B.S. in History and an M.S. in Public Administration from Brigham Young University. He also attended the John F. Kennedy School of Government, at Harvard University, as a Senior Executive Fellow.

Curtis L. Johnson, 49, is an Executive Vice President and the Chief Operating Officer. He is responsible for overseeing Access Group's business operations, including information technology, marketing, credit underwriting, loan processing and customer service. He began his tenure with Law School Admission Services, Inc. in 1990 and has been with Access Group since its organization. Previously, he served as Director of Financial Aid for the University of Southern Louisiana (now known as the University of Louisiana at Lafayette) and as Director of

Financial Aid for the University of Alabama. Mr. Johnson earned his B.A. and M.B.A. in Management from the University of Southwestern Louisiana.

Susan A. Kreusch, 39, is an Executive Vice President and the Chief Financial Officer. She is responsible for overseeing the company's treasury, risk management, loan servicing, accounting and financial reporting functions. Prior to joining Access Group in 1996, Ms. Kreusch was a Vice President in the Finance Division of First Union Corporation. She also served as a Vice President for Residential Services Corporation of America, and as a Manager at KPMG. She holds a B.S. in Business Administration from Georgetown University and an M.B.A. from the University of Pennsylvania's Wharton School. Ms. Kreusch is a Certified Public Accountant.

Diana Moy Kelly, 48, is Vice President of Portfolio Management. She is responsible for overseeing investor reporting, portfolio analytics and financing activities. Prior to joining Access Group in May 2002, she was the Chief Financial Officer and Treasurer of Flagship Credit Corporation. She also served as Assistant Treasurer of PECO Energy Company and Vice President, Treasurer of Tokai Financial Services. She holds a B.A. in Economics and Accounting from Catholic University of America and an M.B.A. in Finance and Accounting from the University of Pittsburgh.

## Operations

Access Group's primary activity is the administration of the Access Group Loan Program, a program that provides student loans under the Federal Family Education Loan Program ("FFELP Loans") as well as supplemental loans ("Private Loans"), primarily to graduate and professional students. See "—Access Group Loan Program" below. In addition, Access Group offers a variety of debt management materials and software, a financial aid need analysis service, and assistance and training of financial aid professionals.

Access Group currently has 145 employees. Its offices are located at 1411 Foulk Road, Wilmington, Delaware, 19803, and its phone number is (302) 477-4190.

As of March 31, 2002 Access Group had total assets of \$2.33 billion and total liabilities of \$2.22 billion. **Except for those limited assets pledged under the Indenture, none of Access Group's assets are available to pay principal of or interest on the Notes.**

## Access Group Loan Program

The Access Group Loan Program was originated in 1983 as the "Law School Assured Access Program." The loan program was developed by Law School Admission Council, Inc. ("LSAC"), a Delaware nonstock corporation, and initially operated by Law School Admission Services, Inc. ("LSAS"), another Delaware nonstock corporation of which LSAC was the sole member. The program initially provided only loans to law students under the federal Guaranteed Student Loan Program (now known as the "FFEL Program"). Beginning in 1986, the program was expanded to include supplemental loans (referred to herein as "Private Loans") to meet the borrowing needs of law students that were not being met by the federally guaranteed loans. In 1993, Access Group (then known as "Law Access, Inc.") was organized to operate the program, which was then known as the "Law Access Loan Program." Over the next several years the program was expanded to include loans for other graduate and professional students. In 1997, the organization changed its name to Access Group, Inc. to reflect the broader scope of its programs.

Access Group and its predecessor, LSAS, have provided for the Access Group Loan Program by entering into contracts with a series of lenders, guarantee agencies and loan servicers. Under these contracts, the lenders agreed to make or finance the loans to eligible borrowers on the terms offered by the program from time to time. Prior to academic year 1998-1999, these contracts did not provide for Access Group to purchase the loans, but provided for the lenders to pay Access Group marketing fees in connection with its administration of the program. Beginning with academic year 1998-1999, Access Group's contracts for the program have provided for Access Group to acquire the loans, as described below.

The following table sets forth the approximate aggregate principal amounts of FFELP Loans and Private Loans made under the Access Group Loan Program for each of the academic years 1996-1997 through 2000-2001 and for that portion of academic year 2001-2002 up to May 31, 2002:

<u>Academic Year</u>	<u>FFELP Loans</u>	<u>Private Loans</u>	<u>Total Loans</u>
1996-1997	\$385,820,000	\$215,780,000	\$601,600,000
1997-1998	372,370,000	202,720,000	575,090,000
1998-1999	399,060,000	272,900,000	671,960,000
1999-2000	450,150,000	268,850,000	719,000,000
2000-2001	430,543,000	256,040,000	686,583,000
2001-2002 <sup>(1)</sup>	450,796,000	285,927,000	736,723,000

<sup>(1)</sup> Year-to-date through May 31, 2002

Access Funding A-2, LLC (“Access Funding A-2”), a Delaware limited liability company organized by Access Group for the purpose of financing and originating FFELP Loans under the Access Group Loan Programs, has entered into revolving loan agreements with National City Bank, pursuant to which National City Bank agreed to lend money to Access Funding A-2 to enable it to originate such FFELP Loans for academic years 2000-2001 and 2001-2002. The revolving loans from National City Bank are refinanced under a variable funding note issued by Access Funding A-2 pursuant to a commercial paper conduit facility provided by North Coast Funding LLC, a qualified special purpose entity administered by National City Bank. The total amount of student loans originated is not limited; however, the outstanding amount of the borrowing under the commercial paper conduit variable funding note cannot exceed \$650,000,000 at any time. Access Group has separately contracted for the origination and acquisition of Private Loans, which are not covered by the FFEL Program and will not be financed under the Indenture. The Access Group Loan Program provided approximately \$686,583,000 in aggregate principal amount of student loans (both FFELP Loans and Private Loans) for academic year 2000-2001, to approximately 37,000 students. As of May 31, 2002, the Access Group Loan Program had provided approximately \$736,723,000 in aggregate principal amount of student loans (both FFELP Loans and Private Loans) for academic year 2001-2002, to approximately 39,000 students.

### **Previous and Contemporaneous Financings**

In 2000, Access Group issued \$911,000,000 of its Student Loan Asset-Backed Auction Rate Notes, Senior Series 2000 A-1 through A-10 and Subordinate Series 2000 B-1 and B-2 (the “Series 2000 Notes”) to finance its acquisition of Student Loans (both FFELP Loans and Private Loans) originated pursuant to the Access Group Loan Program.

In 2001, Access Group issued \$840,000,000 of its Floating Rate Student Loan Asset-Backed Notes, Series 2001 Class I A-1A, Class I A-1, Class I A-2, Class II A-1A, Class II A-1 and Class B (the “Series 2001 Notes”) to finance its acquisition of Student Loans (both FFELP Loans and Private Loans) originated pursuant to the Access Group Loan Program.

Contemporaneously with the issuance of the Series 2002-1 Notes, Access Group expects to issue \$318,850,000 of its Private Student Loan Asset-Backed Notes, Series 2002-A Class A-1, Class A-2 and Class B (the “Series 2002 Private Loan Asset-Backed Notes”), to finance the acquisition of Private Loans made under the Access Group Loan Programs.

The Series 2000 Notes and the Series 2001 Notes were, and the Series 2002 Private Loan Asset-Backed Notes will be, issued pursuant to indentures that are separate and distinct from the Indenture. None of the Student Loans financed thereby will serve as security for the Notes, and none of the revenues from such Student Loans will be available to pay the Notes.

## THE FINANCED STUDENT LOANS

### Description of Student Loans to be Financed

The Access Group Loan Program provides student loans under the Federal Family Education Loan Program (“FFELP Loans”) as well as supplemental loans (“Private Loans”), primarily to graduate and professional students. The Financed Student Loans to be held under the Indenture consist of FFELP Loans made pursuant to the Access Group Loan Program.

On the Date of Issuance, Access Group will use a portion of the proceeds of the Series 2002-1 Notes to acquire from Access Funding A-2 a portfolio of FFELP Loans (the “Initial Portfolio Loans”) having an approximate aggregate outstanding balance of \$447,744,000 as of May 31, 2002. The Initial Portfolio Loans consist primarily of FFELP Loans made for academic year 2001-2002. See “—Acquisition of Student Loan Portfolios.” Access Group also expects to use revenues received under the Indenture during the Revolving Period to originate Consolidation Loans to Access Group Loan Program borrowers and other FFELP Loans, and to acquire additional FFELP Loans with the proceeds of additional Notes issued under the Indenture in the future.

Each Financed Student Loan will be guaranteed as to principal and interest by a Guarantee Agency and reinsured by the Department of Education to the extent provided under the Higher Education Act. Financed Student Loans are required to be eligible for Special Allowance Payments and, in the case of Stafford Loans, Interest Subsidy Payments paid by the Department of Education. See “Description of the FFELP Program.”

Each FFELP Loan provides for the amortization of its outstanding principal balance over a series of periodic payments. Each periodic payment consists of an installment of interest which is calculated on the basis of the outstanding principal balance of the Financed Student Loan multiplied by the applicable interest rate and further multiplied by the period elapsed (as a fraction of a calendar year) since the preceding payment of interest was made. As payments are received in respect of a Financed Student Loan, the amount received is applied first to outstanding late payment charges, if assessed, then to interest accrued to the date of payment and the balance is applied to reduce the unpaid principal balance. Accordingly, if a borrower pays a regular installment before its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be less than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly greater. Conversely, if a borrower pays a monthly installment after its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be greater than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly less. In either case, subject to any applicable Deferment Periods or Forbearance Periods, the borrower pays installments until the final scheduled payment date, at which time the amount of the final installment is increased or decreased as necessary to repay the then outstanding principal balance of such Financed Student Loan.

Except as described above, there will be no required characteristics of the additional Financed Student Loans. Therefore, the acquisition of additional Financed Student Loans from funds available for that purpose under the Indenture will cause the aggregate characteristics of the entire pool of Financed Student Loans, including the composition of the Financed Student Loans and of the borrowers thereof, the distribution by interest rate and the distribution by principal balance described in the following tables, to vary from those of the Initial Financed Student Loans as described herein. Furthermore, the issuance of additional series of Notes and the acquisition of Financed Student Loans with the proceeds thereof may cause the aggregate characteristics of the pool of Financed Student Loans to vary still further from those of the Initial Portfolio Loans described herein. In particular, future Financed Student Loans are expected to include Consolidation Loans made under the FFELP Loan program.

Set forth below in the following tables are descriptions of certain characteristics as of May 31, 2002 of the Initial Portfolio Loans. The origination of Consolidation Loans from funds available for that purpose under the Indenture, the prospective acquisition and origination of FFELP Loans with proceeds of the future issuance of additional Notes under the Indenture, and payment activity with respect to the Initial Portfolio Loans will cause the aggregate characteristics of the Financed Student Loans, including the composition of the Financed Student Loans

and of the borrowers thereof, the distribution by interest rate and the distribution by outstanding balance described in the following tables, to vary from those described herein.

**Composition of the Initial Portfolio Loans  
as of May 31, 2002**

Aggregate Principal Balance .....	\$440,523,651
Aggregate Accrued Interest .....	\$7,220,547
Aggregate Outstanding Balance .....	\$447,744,198
Number of Borrowers.....	25,269
Average Outstanding Balance Per Borrower.....	\$17,719
Number of Loans.....	50,171
Average Outstanding Balance Per Loan.....	\$8,924
Weighted Average Remaining Term (months).....	144
Weighted Average Interest Rate <sup>(1)</sup> .....	5.40%
Weighted Average Total Margin over Commercial Paper <sup>(2)</sup> .....	1.76%

(1) Determined using the interest rates applicable to the Initial Portfolio Loans as of May 31, 2002. However, because the Initial Portfolio Loans bear interest at variable rates per annum, re-established effective each July 1, these rates have subsequently changed, and are not indicative of future interest rates on the Initial Portfolio Loans. In addition, the interest rate does not represent the total rate of return with respect to FFELP Loans, due to Special Allowance Payments. See "Description of the FFEL Program."

(2) The Weighted Average Total Margin refers to the margin by which the combination of interest and Special Allowance Payment rates, assuming all payments are made when due, exceeds the three-month commercial paper rate index. The margin depends upon the repayment status of the FFELP Loan. Stafford Loans in repayment, forbearance and claims status have a margin that exceeds the margin on FFELP Loans in school, grace and deferment status by 0.6% per annum.

**Distribution of the Initial Portfolio Loans by Loan Type  
as of May 31, 2002**

<u>Loan Type</u>	<u>Number of Loans</u>	<u>Aggregate Outstanding Balance</u>	<u>Percent of Loans by Outstanding Balance</u>
Consolidation.....	127	\$ 7,813,294	1.75%
Subsidized Stafford.....	25,291	196,003,378	43.78
Unsubsidized Stafford ....	24,753	243,927,526	54.48
Total	50,171	\$447,744,198	100.00%

**Distribution of the Initial Portfolio Loans by Range of  
Outstanding Principal Balances as of May 31, 2002**

<u>Principal Balance</u>	<u>FFELP Portfolio</u>		
	<u>Number of Loans</u>	<u>Aggregate Outstanding Balance</u>	<u>Percent of Loans by Outstanding Balance</u>
Less than \$1,000.00.....	614	\$ 342,521	0.08%
\$1,000.00-\$1,999.99 .....	878	1,315,047	0.29
\$2,000.00-\$2,999.99 .....	1,076	2,684,498	0.60
\$3,000.00-\$3,999.99 .....	997	3,476,751	0.78
\$4,000.00-\$4,999.99 .....	2,103	9,157,069	2.05
\$5,000.00-\$5,999.99 .....	1,936	10,321,200	2.31
\$6,000.00-\$6,999.99 .....	998	6,531,187	1.46
\$7,000.00-\$7,999.99 .....	856	6,494,587	1.45
\$8,000.00-\$8,999.99 .....	21,520	182,965,524	40.86
\$9,000.00-\$9,999.99 .....	565	5,498,154	1.23
\$10,000.00-\$10,999.99 .....	16,343	168,481,042	37.63
\$11,000.00-\$11,999.99 .....	161	1,897,885	0.42
\$12,000.00-\$12,999.99 .....	166	2,117,100	0.47
\$13,000.00-\$13,999.99 .....	126	1,741,345	0.39
\$14,000.00-\$14,999.99 .....	144	2,136,452	0.48
\$15,000.00-\$15,999.99 .....	137	2,176,492	0.49
\$16,000.00-\$16,999.99 .....	115	1,951,522	0.44
\$17,000.00-\$17,999.99 .....	97	1,749,919	0.39
\$18,000.00-\$18,999.99 .....	612	11,630,664	2.60
\$19,000.00-\$19,999.99 .....	23	461,202	0.10
\$20,000.00-\$24,999.99 .....	182	4,180,099	0.93
\$25,000.00-\$29,999.99 .....	88	2,452,549	0.55
\$30,000.00-\$34,999.99 .....	271	8,639,963	1.93
\$35,000.00-\$39,999.99 .....	53	1,991,880	0.44
\$40,000.00-\$44,999.99 .....	5	211,267	0.05
\$45,000.00-\$49,999.99 .....	7	328,196	0.07
\$50,000.00-\$54,999.99 .....	7	365,475	0.08
\$55,000.00-\$59,999.99 .....	32	1,884,930	0.42
\$60,000.00 or greater .....	59	4,559,677	1.02
Total	50,171	\$447,744,198	100.00%

**Distribution of the Initial Portfolio Loans by Borrower Payment Status as of May 31, 2002**

<u>Borrower Payment Status</u>	<u>Number of Loans</u>	<u>Aggregate Outstanding Balance</u>	<u>Percent of Loans by Outstanding Balance</u>
In School .....	36,909	\$330,120,564	73.73%
Grace .....	12,789	108,246,869	24.18
Deferment.....	39	797,286	0.18
Forbearance.....	31	941,372	0.21
Repayment .....	403	7,638,107	1.71
<b>Total</b>	<b>50,171</b>	<b>\$447,744,198</b>	<b>100.00%</b>

**Weighted Average Months Remaining in Status by Current Borrower Payment Status**

<u>Current Borrower Payment Status</u>	<u>Average Remaining Term in Months</u>					
	<u>In School</u>	<u>Grace</u>	<u>Deferment</u>	<u>Forbearance</u>	<u>Repayment</u>	<u>Aggregate</u>
In School .....	20	6	-	-	120	146
Grace .....	-	5	-	-	120	125
Deferment.....	-	-	10	-	306	317
Forbearance.....	-	-	-	3	335	338
Repayment.....	-	-	-	-	296	296
<b>All</b>	<b>15</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>124</b>	<b>144</b>

**Distribution of the Initial Portfolio Loans by Remaining Term to Scheduled Maturity as of May 31, 2002**

<u>Remaining Months to Scheduled Maturity</u>	<u>Number of Loans</u>	<u>Aggregate Outstanding Balance</u>	<u>Percent of Loans by Outstanding Balance</u>
107 – 119 .....	302	\$ 1,381,533	0.31%
120 – 144 .....	30,918	267,091,335	59.65
145 – 169 .....	17,178	157,446,191	35.16
170 – 189 .....	1,598	13,665,947	3.05
190 – 219 .....	43	334,326	0.07
220– 239 .....	18	356,476	0.08
≥ 240.....	114	7,468,391	1.67
<b>Total</b>	<b>50,171</b>	<b>\$447,744,198</b>	<b>100.00%</b>

**Distribution of the Initial Portfolio Loans by Borrower's  
Address as of May 31, 2002**

<u>State of Borrower's Address</u> <sup>(1)</sup>	<u>Number of Loans</u>	<u>Aggregate Outstanding Balance</u>	<u>Percent of Loans by Outstanding Balance</u>
New York .....	9,443	\$82,193,966	18.36%
California.....	5,656	53,115,081	11.86
Massachusetts.....	3,560	32,253,821	7.20
Ohio.....	3,365	29,409,959	6.57
Illinois.....	2,925	26,774,281	5.98
Virginia.....	3,017	25,677,266	5.73
Maryland .....	2,230	20,010,367	4.47
New Jersey .....	1,992	17,914,567	4.00
Florida .....	2,052	17,772,546	3.97
District of Columbia.....	1,869	16,821,388	3.76
Pennsylvania.....	1,786	15,711,970	3.51
Texas .....	1,689	13,841,530	3.09
Connecticut.....	1,339	11,930,520	2.66
Michigan.....	1,152	10,220,328	2.28
Other <sup>(2)</sup> .....	8,096	74,096,608	16.55
Total	50,171	\$447,744,198	100.00%

(1) Based on the billing addresses of the borrowers of the Initial Portfolio Loans shown on the Servicer's records.

(2) Consists of locations that include other states, U.S. territories, possessions and commonwealths, foreign countries, overseas military establishments, and unknown locations, none of the aggregate outstanding balance of the Initial Portfolio Loans relating to which exceeds 2% of the aggregate outstanding balance of the Initial Portfolio Loans.

To the extent that states with a large concentration of Financed Student Loans experience adverse economic or other conditions to a greater degree than other areas of the country, the ability of borrowers to repay their Financed Student Loans may be impacted to a larger extent than if the borrowers were dispersed more geographically.

**Distribution of the Initial Portfolio Loans by Guarantee Agency  
as of May 31, 2002**

<u>Guarantee Agency</u>	<u>Number of Loans</u>	<u>Aggregate Outstanding Balance</u>	<u>Percent of Loans by Outstanding Balance</u>
ASA .....	16,387	\$152,576,052	34.08%
USA Funds.....	13,535	117,509,246	26.24
CSAC.....	7,265	66,311,609	14.81
NYSHESC .....	7,509	63,414,929	14.16
Others.....	5,475	47,932,362	10.71
Total	50,171	\$447,744,198	100.00%



## **Incentive Programs**

Access Group currently reduces the interest rate on FFELP Loans by 0.25% per annum for borrowers that arrange to have their loan payments automatically withdrawn from a bank account.

In addition, if the borrower makes the first 48 consecutive loan payments on his or her FFELP Loan without becoming more than 15 days delinquent, the interest rate will be reduced by 2% per annum for Stafford Loans and 1% per annum for Consolidation Loans.

Access Group may change these borrower incentives or may offer additional incentives with respect to FFELP Loans made under the Access Group Loan Program. Upon receipt by the Trustee of written confirmation from each Rating Agency that such action will not result in a reduction of withdrawal of any ratings on the Notes, Access Group may offer such revised or additional incentives for Financed Student Loans.

## **Acquisition of Student Loan Portfolios**

Access Funding A-2 will sell the Initial Portfolio Loans to Access Group on the Date of Issuance. The portion of the purchase price of the Initial Portfolio Loans paid from the proceeds of the Series 2002-1 Notes will be approximately 102.68% of the principal amount thereof, plus accrued interest thereon. The additional premium paid to acquire such FFELP Loans will be paid from other funds of Access Group. Thereafter, Access Group plans to continue to acquire or originate additional portfolios of FFELP Loans, which it may (but is not obligated to) finance under the Indenture through the issuance of additional Notes. The purchase price for FFELP Loans acquired with amounts transferred to the Acquisition Fund during the Revolving Period will not exceed 100.5% of the principal balance thereof, plus accrued interest thereon. The purchase price for FFELP Loans acquired with the proceeds of additional Notes will be subject to such limits as may be established in the Supplemental Indentures providing for the issuance of such Notes.

Although Access Funding A-2 will make no representations or warranties as to the FFELP Loans it sells to Access Group, and will not undertake any obligation to repurchase any such loans, Access Funding A-2 has contracted for Access Group to perform the loan origination services with respect to the FFELP Loans. In that contract, Access Group agrees to indemnify Access Funding A-2 for errors or omissions in the origination of FFELP Loans. The indemnity rights will be assigned to the Trustee.

Because Access Group is not an “eligible lender” under the Higher Education Act, legal title to the Financed Student Loans will be held by Deutsche Bank Trust Company Americas (in such capacity, the “Eligible Lender Trustee”), in trust for Access Group. Access Group is seeking recognition as an eligible lender. If Access Group should be recognized as an eligible lender and enter into all necessary FFELP Guarantee Agreements, it may take legal title to the Financed Student Loans (subject to the lien of the Trustee), and the role of Eligible Lender Trustee may be eliminated.

## **Servicing and “Due Diligence”**

Access Group will covenant in the Indenture to cause a Servicer to administer and collect all Financed Student Loans in accordance with all applicable requirements of the Higher Education Act, the Secretary of Education, the Indenture, and the applicable FFELP Guarantee Agreement. Pursuant to each Servicing Agreement, the Servicer will service student loans acquired or originated by Access Group under the Indenture.

The Higher Education Act requires that the Lender, the Eligible Lender Trustee, and their agents (including the Servicer) exercise “due diligence” in the making, servicing and collection of Financed Student Loans and that a Guarantee Agency exercise due diligence in collecting loans which it holds. The Higher Education Act defines “due diligence” as requiring the holder of a FFELP Loan to utilize servicing and collection practices at least as extensive and forceful as those generally practiced by financial institutions for the collection of consumer loans, and requires that certain specified collection actions be taken within certain specified time periods with respect to a delinquent loan or a defaulted loan. The Guarantee Agencies have established procedures and standards for due diligence to be

exercised by each Guarantee Agency and by lenders (including the Eligible Lender Trustee) which hold loans that are guaranteed by the respective Guarantee Agencies. The Eligible Lender Trustee, the Lender or a Guarantee Agency may not relieve itself of its responsibility for meeting these standards by delegation to any servicing agent. Accordingly, if the Lender or the Servicer fails to meet any such standards, Access Group's ability to realize the benefits of guarantee payments (and, with respect to FFELP Loans eligible for such payments, Interest Subsidy Payments and Special Allowance Payments) may be adversely affected. If a Guarantee Agency fails to meet such standards, that Guarantee Agency's ability to realize the benefits of federal reinsurance payments may be adversely affected.

## SERVICING OF FINANCED STUDENT LOANS

### General

The Initial Portfolio Loans are currently (and have been since their origination) serviced on behalf of Access Funding A-2 by Kentucky Higher Education Student Loan Corporation ("KHESLC"). Upon their acquisition by Access Group, such loans will continue to be serviced by KHESLC on behalf of Access Group under the KHESLC Servicing Agreement.

### Description of the KHESLC Servicing Agreement

#### *General*

Access Group has entered into the KHESLC Servicing Agreement as of March 31, 2000. In addition to the Initial Portfolio Loans, all other student loans (both FFELP Loans and Private Loans) owned by Access Group are currently serviced under the KHESLC Servicing Agreement. The following is a summary of the material terms of the KHESLC Servicing Agreement.

Under the KHESLC Servicing Agreement, KHESLC generally agrees to provide all customary post-origination student loan servicing activities with respect to student loans made under the Access Group Loan Program and owned by Access Group or its designees. Such services generally include maintaining custody of promissory notes and related documentation, billing for and processing payments from borrowers, undertaking certain required collection activities with respect to delinquent loans, submitting guarantee claims with respect to defaulted loans, establishing and maintaining records with respect to its servicing activities, and providing certain reports of its activities and the student loan portfolios serviced by KHESLC.

KHESLC agrees to service the loans in compliance with the Higher Education Act (in the case of FFELP Loans), the guidelines of the applicable Guarantee Agency (in the case of FFELP Loans), the guidelines applicable to Private Loans, and all applicable federal and state laws and regulations.

#### *Purchase of Serviced Loans*

If Access Group or KHESLC discovers a material breach by KHESLC of certain of its duties under the KHESLC Servicing Agreement with respect to a serviced loan, KHESLC must purchase such student loan within 90 days (or 180 days if the breach is curable by KHESLC and KHESLC is attempting to cure such breach) after the earlier of the date that KHESLC discovers, or receives written notice of, such material breach.

#### *Servicing Fees*

Access Group agrees to pay monthly fees to KHESLC for the servicing of its student loans, according to schedules set forth in the KHESLC Servicing Agreement. The fees are subject to annual increases and to further increase by KHESLC if KHESLC incurs increases in costs due to material changes in its servicing practices or systems due to changes to the Higher Education Act, the guidelines applicable to Private Loans or other changes in laws, regulations or standard industry practices governing its operations, or if KHESLC incurs other increases in

costs beyond its control. The portions of these fees allocable to Financed Student Loans will be paid by Access Group from its Administrative Allowance.

#### *Reporting*

KHESLC is required to deliver to Access Group on an annual basis certain audit reports and certifications as to its compliance with the KHESLC Servicing Agreement.

#### *Termination*

The KHESLC Servicing Agreement has a term that ends on June 30, 2003. Access Group may renew the KHESLC Servicing Agreement for one or more additional one-year terms if it notifies KHESLC 90 days prior to a scheduled expiration date of its intent to renew, all fees due and owing to KHESLC from Access Group have been paid and the parties agree to the fees to be paid during the additional one-year term or terms. Upon the expiration of the original or any annual renewal term, the KHESLC Servicing Agreement will continue on a month-to-month basis until terminated by either party upon 60 days' prior written notice to the other party. The KHESLC Servicing Agreement may be terminated prior to a scheduled expiration date as follows:

- KHESLC may immediately terminate the KHESLC Servicing Agreement if Access Group fails to pay undisputed servicing fees when required and such nonpayment persists for 60 days from the servicing fee payment date;
- KHESLC may also terminate the KHESLC Servicing Agreement upon 60 days written notice to Access Group if Access Group assigns the KHESLC Servicing Agreement to an entity succeeding to all or substantially all of the business or assets of Access Group without the prior consent of KHESLC;
- Access Group may terminate the KHESLC Servicing Agreement if KHESLC incurs increases in costs due to material changes in its servicing practices or systems due to changes to the Higher Education Act or the guidelines applicable to the Private Loans, or other changes in laws, regulations or standard industry practices governing its operations, or if KHESLC incurs other increases in costs beyond its control, and, in either event, Access Group is unwilling to pay increased servicing fees reflecting those increased costs;
- Access Group may terminate the KHESLC Servicing Agreement if KHESLC merges or is consolidated into another entity or another entity succeeds to the properties and assets of KHESLC substantially as a whole;
- Access Group may terminate the KHESLC Servicing Agreement upon receipt by Access Group of a notice from KHESLC of its intent to change its servicing system (provided that Access Group provides KHESLC with a notice stating that, in its reasonable opinion, such change would materially impair KHESLC's ability to perform its duties under the KHESLC Servicing Agreement and that Access Group elects to terminate the KHESLC Servicing Agreement prior to such change), the receipt of notice from a rating agency of its withdrawal, suspension or downgrading of any securities issued by Access Group or its designee or its refusal to rate any securities to be issued by Access Group or its designee as a result of the financial condition of KHESLC or its servicing of student loans pursuant to the KHESLC Servicing Agreement or the failure by KHESLC to maintain unencumbered operating fund equity at certain required levels; and
- Access Group also may immediately terminate the KHESLC Servicing Agreement if KHESLC is rendered unable, in whole or in part, by a force outside of the control of KHESLC or Access Group, to satisfy its obligations under the KHESLC Servicing Agreement, upon breaches by KHESLC of various covenants, representations and warranties under the KHESLC Servicing Agreement or the occurrence of various events relating to KHESLC, and upon the failure of KHESLC to remedy a Servicer Default as defined below.

In addition, KHESLC may resign from its obligations and duties under the KHESLC Servicing Agreement upon determination that the performance of its duties will no longer be permissible under applicable law or will violate any final order of a court or administrative agency with jurisdiction over KHESLC or its properties. Notice of any

such determination permitting the resignation of KHESLC must be communicated to Access Group at the earliest practicable time (and, if such communication is not in writing, must be confirmed in writing at the earliest practicable time) and any such determination must be evidenced by a counsel opinion acceptable to Access Group to such effect delivered to Access Group concurrently with or promptly after such notice. No such resignation will become effective until a successor servicer acceptable to Access Group has assumed the responsibilities and obligations under the KHESLC Servicing Agreement. Upon receipt of KHESLC's notice of intent to resign and prior to the assumption of the KHESLC Servicing Agreement by a successor servicer acceptable to Access Group, Access Group would have the right to terminate the KHESLC Servicing Agreement.

Upon the termination of the KHESLC Servicing Agreement, KHESLC agrees to transmit the files and electronic records relating to the loans being serviced as directed by Access Group, upon the payment of the fees provided for therein.

#### *Servicer Default*

The occurrence of any of the following constitutes a Servicer Default under the KHESLC Servicing Agreement:

- any failure by KHESLC to deliver, to the account established for that purpose, any payment required under the KHESLC Servicing Agreement, and such failure remains unremedied for three business days after the earlier of KHESLC's discovery, or receipt of written notice of, such failure;
- any failure by KHESLC to observe or to perform in any material respect any covenant or agreement of KHESLC set forth in the KHESLC Servicing Agreement, which failure remains unremedied for 30 days after KHESLC's receipt from Access Group of notice of such failure, requiring the same to be remedied;
- any limitation, suspension or termination by the Department of Education of KHESLC's eligibility to service student loans;
- any Guarantee Agency, the Department of Education or the loan reserve trust established by Access Group to provide for the payment of defaulted Private Loans has issued a notice of suspension or termination for the payment of guarantee payments or of Interest Subsidy Payments or Special Allowance Payments with respect to a material portion of the serviced loans for reasons attributable to KHESLC's servicing error and KHESLC has been unable to stay or cure such suspension or termination within 60 days thereafter;
- any representation or warranty of KHESLC contained in the KHESLC Servicing Agreement proves to have been false or misleading in any material respect and such false or misleading representation or warranty materially adversely affects KHESLC's ability to perform its obligations under the KHESLC Servicing Agreement; or
- certain events of bankruptcy or insolvency with respect to KHESLC.

#### **Other Servicing Agreements**

Access Group may in the future enter into one or more Servicing Agreements with additional servicers, which may provide for the servicing of Financed Student Loans. In addition, upon the termination of the KHESLC Servicing Agreement, Access Group would be required under the Indenture to service the Financed Student Loans or enter into one or more other Servicing Agreements with a Servicer. Upon the occurrence of a Servicer Default, Access Group may, or the Acting Beneficiaries Upon Default may direct the Trustee to cause Access Group to, enter into a new Servicing Agreement with respect to the Financed Student Loans as described under "Description of the Indenture—Covenants—Servicer Default."

The Indenture requires, as a condition to Access Group entering into any Servicing Agreement, that each Rating Agency confirm in writing that entering into such Servicing Agreement will not result in a reduction or withdrawal of its rating of any Notes.

### **The Servicer**

KHESLC is an independent *de jure* municipal corporation and political subdivision of the Commonwealth of Kentucky established in 1978 by the Kentucky General Assembly to provide a student loan finance program in the Commonwealth. KHESLC's objectives are accomplished primarily through its secondary market program, which purchases student loans from eligible lenders, and its direct lending program, which makes loans to parents and students directly.

KHESLC also services student loans and collects defaulted educational loans. As of May 31, 2002, KHESLC provided loan servicing and collections for FFELP Loans and other education loans totaling approximately \$2.96 billion, over \$700 million of which were FFELP Loans owned by KHESLC and approximately \$2.1 billion of which were student loans (both FFELP Loans and Private Loans) made under the Access Group Loan Program. KHESLC's principal office is located at 10180 Linn Station Road, Louisville, Kentucky, 40223, and its telephone number is (502) 329-7079.

## **DESCRIPTION OF THE FFEL PROGRAM**

### **General**

The Higher Education Act sets forth provisions establishing the FFEL Program, pursuant to which state agencies or private nonprofit corporations administering student loan insurance programs (referred to as "Guarantee Agencies") are reimbursed for losses sustained in the operation of their programs, and holders of certain loans made under such programs are paid subsidies for owning such loans.

The Higher Education Act currently authorizes certain student loans to be made under the FFEL Program if they are contracted for and paid to the student prior to September 30, 2004, unless a student has received a loan under the FFEL Program prior to such date, in which case that student may receive a student loan under the FFEL Program until September 30, 2008. Congress has extended similar authorization dates in prior versions of the Higher Education Act; however, there can be no assurance that the current authorization dates will again be extended or that the other provisions of the Higher Education Act will be continued in their present form.

The Higher Education Act has been subject to frequent amendments, including several amendments that have changed the terms of and eligibility requirements for the FFELP Loans. Generally, this Offering Memorandum describes only the provisions of the FFEL Program that apply to loans made on or after July 1, 1998.

There can be no assurance that relevant federal laws, including the Higher Education Act, will not be changed in a manner that may affect the terms of FFELP Loans or may adversely affect the receipt of funds by the Guarantee Agencies or by the Trustee with respect to Financed Student Loans.

This is only a summary of certain provisions of the Higher Education Act. Reference is made to the text of the Higher Education Act for full and complete statements of its provisions.

### **Loan Terms**

#### *General*

Four types of loans are currently available under the FFEL Program: Stafford Loans, Unsubsidized Stafford Loans, PLUS Loans and Consolidation Loans. These loan types vary as to eligibility requirements, interest rates, repayment periods, loan limits and eligibility for interest subsidies and Special Allowance Payments. Of these, only

Stafford Loans, Unsubsidized Stafford Loans and Consolidation Loans are currently made under the Access Group Loan Programs.

The primary loan under the FFEL Program is the Stafford Loan. Students who are not eligible for Stafford Loans based on their economic circumstances may be able to obtain Unsubsidized Stafford Loans. Parents of students may be able to obtain PLUS Loans. Consolidation Loans are available to borrowers with existing loans made under the FFEL Program and certain other federal programs to consolidate repayment of their existing loans.

### *Eligibility*

*General.* A student is eligible for loans made under the FFEL Program only if he or she: (1) has been accepted for enrollment or is enrolled in good standing at an eligible institution of higher education (which term includes certain vocational schools), (2) is carrying or planning to carry at least one-half the normal full-time workload for the course of study the student is pursuing (as determined by the institution) which either leads to a recognized educational credential or is necessary for enrollment in a course of study that leads to such a credential, (3) has agreed to promptly notify the holder of the loan concerning any change of address, (4) if presently enrolled, is maintaining satisfactory progress in the course of study he or she is pursuing, (5) does not owe a refund on, and is not (except as specifically permitted under the Higher Education Act) in default under, any loan or grant made under the Higher Education Act, (6) has filed with the eligible institution a statement of educational purpose, (7) meets certain citizenship requirements, and (8) except in the case of a graduate or professional student, has received a preliminary determination of eligibility or ineligibility for a Pell Grant.

The educational institution generally determines and documents the amount of need for a loan and provides the lender with a statement containing information relating to the loan amount for which a borrower is eligible. The specific requirements of these determinations of need and statements to lenders vary based on the type of loan (for example, Stafford, Unsubsidized Stafford or PLUS Loans) and the requirements applicable at the time a loan was made. The amount of such need is generally based on the student's estimated cost of attendance, the estimated financial assistance available to such student and, for Stafford Loans, the expected family contribution with respect to the student, all of which are computed in accordance with standards set forth in the Higher Education Act.

*Stafford Loans.* Stafford Loans generally are made only to student borrowers who meet certain financial needs tests.

*Unsubsidized Stafford Loans.* Unsubsidized Stafford Loans generally are made to student borrowers without regard to financial need.

*PLUS Loans.* PLUS Loans are made only to borrowers who are parents (and, under certain circumstances, spouses of remarried parents) of dependent undergraduate students and who do not have an adverse credit history (as determined pursuant to criteria established by the Department of Education).

*Consolidation Loans.* To be eligible for a Consolidation Loan a borrower must (a) have outstanding indebtedness on student loans made under the FFEL Program and/or certain other federal student loan programs, (b) be in repayment status or in a Grace Period, or be a defaulted borrower who has made arrangements to repay the defaulted loan(s) satisfactory to the holder of the defaulted loan(s), and (c) not be subject to a judgment secured through litigation with respect to certain Higher Education Act loans or to certain wage garnishment orders. A married couple who agree to be jointly liable on a Consolidation Loan may be treated as an individual for purposes of obtaining a Consolidation Loan.

### *Interest Rates*

The Higher Education Act establishes maximum interest rates for each of the various types of loans. These rates vary not only among loan types but also within loan types depending upon when the loan was made or when the borrower first obtained a loan under the FFEL Program. The Higher Education Act allows lesser rates of interest to be charged. Many lenders, including National City Bank, Access Funding A-2 and Access Group, have offered

repayment incentives or other programs that involve reduced interest rates on certain loans made under the FFEL Program. See “The Financed Student Loans—Incentive Programs.”

*Stafford Loans.* For Stafford Loans made on or after July 1, 1998 but before July 1, 2006, the interest rate is adjusted annually, and for any twelve month period commencing on a July 1 is equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus (a) 1.7% per annum prior to the time the loan enters repayment and during any Deferment Periods, and (b) 2.3% per annum during repayment, but not to exceed 8.25% per annum.

The Higher Education Act currently provides that for Stafford Loans made on or after July 1, 2006, the applicable interest rate will be 6.8% per annum.

*Unsubsidized Stafford Loans.* Unsubsidized Stafford Loans are subject to the same interest rate provisions as Stafford Loans.

*PLUS Loans.* For PLUS Loans made on or after July 1, 1998 but before July 1, 2006, the interest rate is adjusted annually, and for any twelve-month period beginning on July 1 is equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum (but not to exceed 9% per annum).

The Higher Education Act currently provides that for PLUS Loans made on or after July 1, 2003, the applicable interest rate will be 7.9% per annum.

If requested by the borrower, an eligible lender may consolidate PLUS Loans of the same borrower held by the lender under a single repayment schedule. The repayment period for each included loan shall be based on the commencement of repayment of the most recent loan. The consolidated loan shall bear interest at a rate equal to the weighted average of the rates of the included loans. Such a consolidation shall not be treated as the making of a new loan. In addition, at the request of the borrower, a lender may refinance an existing fixed rate PLUS Loan (including a PLUS Loan held by a different lender who has refused so to refinance such loan) at a variable interest rate. In such a case, proceeds of the new loan are used to discharge the original loan.

*Consolidation Loans.* For a Consolidation Loan for which the application is received by an eligible lender on or after October 1, 1998, the interest rate is equal to the weighted average of the interest rates on the loans being consolidated, rounded upward to the nearest one-eighth of 1%, but not to exceed 8.25% per annum. Notwithstanding this general interest rate, the portion, if any, of a Consolidation Loan that repaid a loan made under the Health Education Assistance Loan Program has a different variable interest rate. Such portion is adjusted on July 1 of each year, and is the sum of the average of the rates of the 91-day U.S. Treasury bills auctioned for the quarter ending on the preceding June 30, plus 3.0%, without any cap on the interest rate. For a discussion of required payments that reduce the return on Consolidation Loans, see “—Fees—Rebate Fee on Consolidation Loans” below.

#### *Loan Limits*

Stafford Loans, Unsubsidized Stafford Loans and PLUS Loans are subject to limits as to the maximum principal amount, both with respect to a given year and in the aggregate. Such loans are also limited to the difference between the cost of attendance and the other aid available to the student. Stafford Loans are also subject to limits based upon the needs analysis as described above under “—Eligibility—Stafford Loans.” Additional limits are described below.

A graduate or professional student may borrow up to \$8,500 in Stafford Loans in an academic year. The maximum aggregate amount of Stafford Loans for a graduate and professional student, including loans for undergraduate education, is \$65,500. The Secretary is authorized to increase the limits applicable to graduate and professional students who are pursuing programs which the Secretary determines to be exceptionally expensive.

Graduate and professional students can borrow up to an additional \$10,000 per year in Unsubsidized Stafford Loans, subject to an aggregate maximum of \$73,000. Thus, the maximum total amount of Stafford and Unsubsidized Stafford Loans for which a graduate or professional student may be eligible is \$18,500 for an academic year, subject to an aggregate maximum for all FFELP Loan borrowing of \$138,500.

PLUS Loans are limited only by the student's unmet need.

#### *Repayment*

Except for loans to certain borrowers who accumulate FFELP Loans totaling more than \$30,000, Stafford and Unsubsidized Stafford Loans generally must provide for repayment of principal in periodic installments over a period of not less than five nor more than ten years. A Consolidation Loan must be repaid during a period agreed to by the borrower and lender, subject to maximum repayment periods which vary depending upon the principal amount of the borrower's outstanding student loans (but no longer than 30 years). A lender must offer the borrower of a Stafford Loan or an Unsubsidized Stafford Loan, not earlier than six months prior to the date on which the borrower's first payment is due, the option of repaying the loan in accordance with a standard, graduated, income-sensitive, or extended repayment schedule established by the lender in accordance with regulations of the Secretary of Education. The borrower may choose from:

- (a) a standard repayment plan, with a fixed annual repayment amount paid over a fixed period of time, not to exceed 10 years;
- (b) a graduated repayment plan paid over a fixed period of time, not to exceed 10 years;
- (c) an income-sensitive repayment plan, with income-sensitive repayment amounts paid over a fixed period of time, not to exceed 10 years (except that use of income-sensitive repayment schedules may extend the ten-year maximum term for up to five years); and
- (d) for new borrowers on or after October 7, 1998 who accumulate outstanding loans under the FFEL Program totaling more than \$30,000, an extended repayment plan, with a fixed annual or graduated repayment amount paid over an extended period of time, not to exceed 25 years.

If a borrower does not select a repayment plan, the lender shall provide the borrower with a standard repayment plan. Once a repayment plan is established, the borrower may annually change the selection of the plan. In addition, lenders of Consolidation Loans are required to establish graduated or income-sensitive repayment schedules.

PLUS Loan borrowers satisfying the conditions described in clause (d) above, also are entitled to the 25-year extended repayment plan.

The repayment period commences not more than six months after the borrower ceases to pursue at least a half-time course of study in the case of Stafford Loans and Unsubsidized Stafford Loans (the six month period is the "Grace Period") and on the date of final disbursement of the loan in the case of Consolidation Loans or PLUS Loans. The six month Grace Period excludes any period not in excess of three years during which a borrower who is a member of the Armed Forces reserves is called or ordered to active duty for a period of more than 30 days (such period of exclusion includes the period necessary to resume enrollment at the borrower's next available regular enrollment period). During periods in which repayment of principal is required, payments of principal and interest must in general be made at a rate of not less than the greater of \$600 per year (except that a borrower and lender may agree at any time before or during the repayment period that repayment may be at a lesser rate) or the interest that accrues during the year. A borrower may agree, with concurrence of the lender, to repay the loan in less than five years with the right subsequently to extend his or her minimum repayment period to five years. Borrowers are entitled to accelerate, without penalty, the repayment of all or any part of the loan.

No principal repayments need be made during certain periods of deferment prescribed by the Higher Education Act ("Deferment Periods"). For loans to a borrower who first obtained a loan on or after July 1, 1993,



deferments are available (a) during any period while the borrower is pursuing at least a half-time course of study at an eligible institution or a course of study pursuant to a graduate fellowship program or rehabilitation training program approved by the Secretary of Education, (b) during a period not exceeding three years while the borrower is seeking and unable to find full-time employment, and (c) during a period not in excess of three years for any reason which the lender determines, in accordance with regulations under the Higher Education Act, has caused or will cause the borrower economic hardship. Economic hardships include working full time and earning an amount not in excess of the greater of the minimum wage or the poverty line for a family of two, and serving as a volunteer in the Peace Corps. Additional categories of economic hardship are based on the relationship between a borrower's educational debt burden and his or her income. Deferment Periods extend the maximum repayment periods.

The Higher Education Act also provides for periods of forbearance during which the borrower, in case of temporary financial hardship, may defer any payments (a "Forbearance Period"). A borrower is entitled to forbearance during such period as the borrower is participating in a medical or dental residency and is not eligible for a Deferment Period. A borrower is also entitled to forbearance for a period not to exceed three years while the borrower's debt burden under Title IV of the Higher Education Act (which includes the FFEL Program) equals or exceeds 20% of the borrower's gross income, and also is entitled to forbearance while he or she is serving in a qualifying medical or dental internship program or in a "national service position" under the National and Community Service Trust Act of 1993. In addition, mandatory administrative forbearances are provided when a borrower performs services qualifying that borrower for a teacher loan forgiveness; when exceptional circumstances such as a local or national emergency or military mobilization exist; or when the geographical area in which the borrower or endorser resides has been designated a disaster area by the President of the United States or Mexico, the Prime Minister of Canada, or the governor of a state. A lender is authorized to grant forbearance for up to 60 days if the lender reasonably determines that such a suspension of collection activity is warranted following a borrower's request for deferment, forbearance, a change in repayment plan, or to consolidate loans, in order to collect or process appropriate supporting documentation related to the request (during which period interest shall accrue but not be capitalized). In other circumstances, forbearance is at the lender's option. Such forbearance also extends the maximum repayment periods.

As described under "—Federal Interest Subsidy Payments" below, the Secretary of Education makes interest payments on behalf of the borrower of certain eligible loans while the borrower is in school and during Grace and Deferment Periods. Interest that accrues during Forbearance Periods and, if the loan is not eligible for Interest Subsidy Payments, while the borrower is in school and during the Grace and Deferment Periods, may be paid monthly or quarterly or capitalized (added to the principal balance) not more frequently than quarterly. Interest that accrues during such periods on Unsubsidized Stafford Loans disbursed on or after October 7, 1998 and Stafford Loans disbursed on or after July 1, 2000, however, may be capitalized only when the loan enters repayment, at the expiration of the Grace Period (if the loan qualifies for Grace Period), a Deferment Period or a Forbearance Period, or when the borrower defaults. Access Group's practice is to capitalize interest once at the time the loan enters repayment after the Grace Period and again after any Deferment Period or Forbearance Period.

#### *Disbursement*

Stafford Loans and Unsubsidized Stafford Loans generally must be disbursed in two or more installments, none of which may exceed 50% of the total principal amount of the loan.

#### *Fees*

*Guarantee Fee.* A Guarantee Agency is authorized to charge a premium, or guarantee fee, of up to 1% of the principal amount of the loan, which must be deducted proportionately from each installment payment of the proceeds of the loan to the borrower. Guarantee fees may not currently be charged to borrowers of Consolidation Loans. However, lenders may be charged an insurance fee to cover the costs of increased or extended liability with respect to Consolidation Loans.

*Origination Fee.* The lender is authorized to charge the borrower of a Stafford Loan, Unsubsidized Loan or PLUS Loan an origination fee in an amount not to exceed 3% of the principal amount of the loan. These fees must be

deducted proportionately from each installment payment of the loan proceeds prior to payment to the borrower and are not retained by the lender, but must be passed on to the Secretary of Education. Eligible lenders that charge origination fees must assess the same fees to all student borrowers from the same state, unless a borrower demonstrates greater financial need based on income.

The Balanced Budget and Deficit Control Act of 1985, as amended (known as the “Gramm-Rudman Law”) requires the President to issue a sequester order for any federal fiscal year in which the projected budget exceeds the target for that year. For all FFEL Program loans made during the period when a sequestration order is in effect, origination fees shall be increased by 0.5%.

*Lender Loan Fee.* The lender of any loan under the FFEL Program is required to pay to the Secretary of Education a fee equal to 0.5% of the principal amount of such loan.

The Secretary of Education is authorized to collect from the lender or a subsequent holder of the loan the maximum origination fee authorized to be charged by the lender (regardless of whether the lender actually charges the borrower) and the lender loan fee, either through reductions in Special Allowance Payments and Interest Subsidy Payments or directly from the lender or holder.

*Rebate Fee on Consolidation Loans.* The holder of any Consolidation Loan is required to pay to the Secretary of Education a monthly fee equal to .0875% (1.05% per annum) of the principal amount of, and accrued interest on, such Consolidation Loan.

## **Loan Guarantees**

Under the FFEL Program, Guarantee Agencies are required to guarantee the payment of not less than 98% of the principal amount of loans covered by their respective guarantee programs. For a description of the requirements for loans to be covered by such guarantees, see “Description of the Guarantee Agencies.” The Secretary of Education is authorized to enter into reimbursement agreements with Guarantee Agencies, which provide for partial reimbursements to Guarantee Agencies for default claims. Under certain circumstances, guarantees may be assumed by the Secretary of Education or another Guarantee Agency.

Generally, Guarantee Agencies must pay claims only for loans that are eligible for reimbursement payments from the Secretary of Education. See “Description of the Guarantee Agencies—General.” To be eligible for federal reimbursement payments, guaranteed loans must be made by an eligible lender under the applicable Guarantee Agency’s guarantee program, which must meet requirements prescribed by the rules and regulations promulgated under the Higher Education Act, including the borrower eligibility, loan amount, disbursement, interest rate, repayment period and guarantee fee provisions described herein and the other requirements set forth in Section 428(b) of the Higher Education Act.

Under the Higher Education Act, a guaranteed loan must be delinquent for 270 days if it is repayable in monthly installments or 330 days if it is payable in less frequent installments before a lender may obtain payment on a guarantee from the Guarantee Agency. The Guarantee Agency must pay the lender for the defaulted loan prior to submitting a claim to the Secretary of Education for reimbursement. The Guaranty Agency must submit a reimbursement claim to the Secretary within 45 days after it has paid the lender’s default claim. As a prerequisite to entitlement to payment on the guarantee by the Guarantee Agency, and in turn payment of reimbursement by the Secretary of Education, the lender must have exercised reasonable care and diligence in making, servicing and collecting the guaranteed loan. Generally, these procedures require that completed loan applications be processed, a determination of whether an applicant is an eligible borrower attending an eligible institution under the Higher Education Act be made, the borrower’s responsibilities under the loan be explained to him or her, the promissory note evidencing the loan be executed by the borrower and the loan proceeds be disbursed by the lender in a specified manner. After the loan is made, the lender must establish repayment terms with the borrower, properly administer deferments and forbearances and credit the borrower for payments made. If a borrower becomes delinquent in repaying a loan, a lender must perform certain collection procedures (primarily telephone calls, demand letters, skip-

tracing procedures and requesting assistance from the applicable Guarantee Agency) that vary depending upon the length of time a loan is delinquent.

### **Federal Interest Subsidy Payments**

Interest Subsidy Payments are interest payments paid with respect to an eligible loan during the period prior to the time that the loan enters repayment and during Grace and Deferment Periods. The Secretary of Education and the Guarantee Agencies entered into the Interest Subsidy Agreements as described under “Description of the Guarantee Agencies—Federal Agreements,” whereby the Secretary of Education agrees to pay Interest Subsidy Payments to the holders of eligible guaranteed loans for the benefit of students meeting certain requirements, subject to the holders’ compliance with all requirements of the Higher Education Act. Only Stafford Loans, and those portions of the Consolidation Loans that repay Stafford Loans or similar subsidized loans made under the direct loan program, are eligible for Interest Subsidy Payments. In addition, to be eligible for Interest Subsidy Payments, guaranteed loans must be made by an eligible lender, and must meet requirements prescribed by the rules and regulations promulgated under the Higher Education Act, including the borrower eligibility, loan amount, disbursement, interest rate, repayment period and guarantee fee provisions described herein and the other requirements set forth in Section 428(b) of the Higher Education Act.

The Secretary of Education makes Interest Subsidy Payments quarterly on behalf of the borrower to the holder of a guaranteed loan in a total amount equal to the interest which accrues on the unpaid principal amount prior to the commencement of the repayment period of the loan or during any Deferment Period. A borrower may elect to forego Interest Subsidy Payments, in which case the borrower is required to make interest payments.

### **Federal Special Allowance Payments**

The Higher Education Act provides for the payment by the Secretary of Education of additional subsidies, called Special Allowance Payments, to holders of qualifying student loans. The amount of the Special Allowance Payments, which are made on a quarterly basis, is computed by reference to the average of the bond equivalent rates of the 91-day Treasury bills auctioned during the preceding quarter (the “T-Bill Rate”), or by reference to the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in the preceding calendar quarter, as reported by the Federal Reserve in Publication H-15 or its successor (the “Commercial Paper Rate”). The quarterly rate for Special Allowance Payments:

- (a) for Stafford and Unsubsidized Stafford Loans made on or after July 1, 1998 and before January 1, 2000, is computed by subtracting the applicable interest rate on such loans from the T-Bill Rate, adding 2.2% prior to the time such loans enter repayment and during any Deferment Periods, and 2.8% while such loans are in repayment, and dividing the resulting rate by four;
- (b) for Stafford and Unsubsidized Stafford Loans made on or after January 1, 2000, is computed by subtracting the applicable interest rate on such loans from the Commercial Paper Rate, adding 1.74% prior to the time such loans enter repayment and during any Deferment Periods, and 2.34% while such loans are in repayment, and dividing the resulting rate by four; and
- (c) for Consolidation Loans or PLUS Loans for which the application is received on or after January 1, 2000, is computed by subtracting the applicable interest rate on such loans from the Commercial Paper Rate, adding 2.64%, and dividing the resulting rate by four.

For Consolidation Loans for which the application is received on or after January 1, 2000 and before July 1, 2006, Special Allowance Payments are only made for quarters during which the Commercial Paper Rate plus 2.64% exceeds the applicable interest rate on such loans. For Consolidation Loans for which the application is received on or after July 1, 2006, Special Allowance Payments are only made in years in which the Commercial Paper Rate plus 2.64% exceeds 9%. The portion, if any, of a Consolidation Loan that repaid a loan made under the Health Education Assistance Loan Program is ineligible for Special Allowance Payments.

For PLUS Loans which bear interest at rates adjusted annually, Special Allowance Payments are made only in years during which the T-Bill Rate plus 3.1% exceeds 9%. See “—Loan Terms—Interest Rates—PLUS Loans” above.

The Higher Education Act provides that if Special Allowance Payments or Interest Subsidy Payments have not been made within 30 days after the Secretary of Education receives an accurate, timely and complete request from the holder of FFELP Loans, the special allowance payable to such holder shall be increased by an amount equal to the daily interest accruing on the Special Allowance Payments and Interest Subsidy Payments due the holder.

Special Allowance Payments and Interest Subsidy Payments are reduced by the amount which the lender is authorized to charge as an origination fee, as described above under “—Loan Terms—Fees—Origination Fee,” whether or not the lender actually charges such fee. In addition, the amount of the lender loan fee described above under “—Loan Terms—Fees—Lender Loan Fees” is collected by offset to Special Allowance Payments and Interest Subsidy Payments.

### **Federal Student Loan Insurance Fund**

The Higher Education Act authorizes the establishment of a Student Loan Insurance Fund by the Federal government for making reimbursement payments on defaulted student loans to Guarantee Agencies. If moneys in the fund are insufficient to make the federal payments on defaults of such loans, the Secretary of Education is authorized, to the extent provided in advance by appropriation acts, to issue to the Secretary of the Treasury obligations containing terms and conditions prescribed by the Secretary of Education and approved by the Secretary of the Treasury, bearing interest at a rate determined by the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed by the Higher Education Act to purchase such obligations.

### **Direct Loans**

The Higher Education Act authorizes a program of “direct loans” (the “Federal Direct Student Loan Program”) originated by schools with funds provided by the Secretary of Education. Under the Federal Direct Student Loan Program, the Secretary of Education enters into agreements with schools, or origination agents in lieu of schools, to disburse loans with funds provided by the Secretary. Participation in the program by schools is voluntary.

The loan terms are generally the same under the Federal Direct Student Loan Program as under the FFEL Program. At the discretion of the Secretary of Education, students attending schools that participate in the Federal Direct Student Loan Program (and their parents) may still be eligible for participation in the FFEL Program, though no borrower could obtain loans under both programs for the same period of enrollment.

It is difficult to predict the future impact of the Federal Direct Student Loan Program. There is no way to accurately predict the number of schools that will participate in future years, or, if the Secretary authorizes students attending participating schools to continue to be eligible for FFELP Loans, how many students will seek loans under the Federal Direct Student Loan Program instead of the FFEL Program. In addition, it is impossible to predict whether future legislation will eliminate, limit or expand the Federal Direct Student Loan Program or the FFEL Program.

## **DESCRIPTION OF THE GUARANTEE AGENCIES**

### **General**

Of the Initial Portfolio Loans as of May 31, 2002, 34.08% by outstanding balance (principal plus accrued interest) were guaranteed by Massachusetts Higher Education Assistance Corporation, a non-profit corporation doing business as American Student Assistance (“ASA”), 26.24% by outstanding balance were guaranteed by United Student Aid Funds, Inc., a non-profit corporation (“USA Funds”), 14.81% by outstanding balance were guaranteed

by California Student Aid Commission, an agency of the State of California (“CSAC”), 14.16% by outstanding balance were guaranteed by New York State Higher Education Services Corporation, a corporation created by legislation by the State of New York (“NYSHESC”), and 10.71% by outstanding balance were guaranteed by other Guarantee Agencies.

A Guarantee Agency guarantees FFELP Loans made to students or parents of students by lending institutions such as banks, credit unions, savings and loan associations, certain schools, pension funds and insurance companies. The Guarantee Agency is authorized to charge the lending institution a guarantee fee equal to up to 1% of the principal amount of each loan. The Guarantee Agency will pay a claim upon the bankruptcy, default, death or total permanent disability of the borrower. A lender may submit a default claim to the Guarantee Agency after the student loan has been delinquent for at least 270 days. The default claim package must include all information and documentation required under the FFEL Program regulations and the Guarantee Agency’s policies and procedures. Under the Guarantee Agencies’ current procedures, assuming that the default claim package complies with the Guarantee Agency’s loan procedures manual or regulations, the Guarantee Agency pays the lender for a default claim within 90 days of the lender’s filing the claim with the Guarantee Agency. The Guarantee Agency will pay the lender interest accrued on the loan for up to 450 days after delinquency. The Guarantee Agency must file a reimbursement claim with the Department of Education within 45 days after the Guarantee Agency has paid the lender for the default claim.

## **Funds**

In general, Guarantee Agencies have been funded principally by administrative cost allowances and fees paid by the Secretary of Education, guarantee fees paid by lenders (the cost of which may be passed on to borrowers), investment income on funds held by the Guarantee Agency, and a portion of the moneys collected from borrowers on guaranteed loans that have been reimbursed by the Secretary of Education to cover the Guarantee Agency’s administrative expenses. Amendments to the Higher Education Act adopted in 1998 included significant changes in the financial structure of Guarantee Agencies and their sources of revenue.

A Guarantee Agency’s ability to meet its obligation to pay default claims on Financed Student Loans will be affected by the default experience of all lenders under the Guarantee Agency’s guarantee program. A high default experience among lenders participating in a Guarantee Agency’s guarantee program may cause the Guarantee Agency’s claims rate for its guarantee program to exceed the 5% and 9% levels described below under “—Federal Agreements—Effect of Annual Claims Rate,” and result in the Secretary of Education reimbursing the Guarantee Agency at lower percentages of default claims payments made by the Guarantee Agency. The ability of a Guarantee Agency to meet its guarantee obligations with respect to existing student loans also depends, in significant part, on its ability to collect revenues generated by new loan guarantees. The Federal Direct Student Loan Program may adversely affect the volume of new loan guarantees. Future legislation may make additional changes to the Higher Education Act that would significantly affect the revenues received by Guarantee Agencies and the structure of the guarantee agency program. There can be no assurance that relevant federal laws, including the Higher Education Act, will not be further changed in a manner that may adversely affect the ability of a Guarantee Agency to meet its guarantee obligations.

In addition to guarantee fees, reimbursement of claims paid by the Secretary of Education and amounts retained from collections of defaulted loans as described under “—Federal Agreements—Effect of Annual Claims Rate” below, the Secretary of Education pays a loan processing and issuance fee and an account maintenance fee to Guarantee Agencies. The loan processing and issuance fee is paid on a quarterly basis in an amount equal to: (i) for loans originated during fiscal years beginning before October 1, 2003, 0.65% of the total principal amount of loans on which insurance was issued under the FFEL Program during such fiscal year by the Guarantee Agency, and (ii) for loans originated during fiscal years beginning on or after October 1, 2003, 0.40% of the total principal amount of loans on which insurance was issued under the FFEL Program during such fiscal year by the Guarantee Agency. The account maintenance fee is also paid on a quarterly basis (unless certain nationwide caps are met, in which case the fee shall be transferred from the Federal Fund described below to the Operating Fund described below). The account maintenance fee is authorized through fiscal year 2003 in an annual amount equal to 0.10% of the original principal amount of outstanding loans on which insurance was issued under the FFEL Program.

### *The Federal Fund and the Operating Fund*

Each Guarantee Agency is required to maintain a federal student loan reserve fund (the “Federal Fund”) and an agency operating fund (the “Operating Fund”), each of which must be funded, invested and used as prescribed by the Higher Education Act. Each Guarantee Agency is required to deposit into its Federal Fund all guarantee fees charged to borrowers; all reinsurance payments received from the Secretary of Education; from amounts collected from defaulted borrowers, a percentage amount equal to the complement of the reinsurance percentage in effect when the guarantee payment was made; certain administrative cost allowances received from the Secretary of Education; and other receipts specified in federal regulations. A Guarantee Agency is required to maintain in its Federal Fund a minimum reserve level of at least 0.25% of the total amount of all outstanding loans guaranteed by such Guarantee Agency (excluding certain loans transferred to the Guarantee Agency from an insolvent Guarantee Agency pursuant to a plan of the Secretary of Education). The Federal Fund, and any nonliquid asset (such as a building or equipment) developed or purchased by the Guarantee Agency in whole or in part with federal reserve funds of the Guarantee Agency, shall be considered to be property of the United States (prorated based on the percentage of such asset developed or purchased with federal reserve funds), which must be used in the operation of the FFEL Program to pay lender guarantee claims, to pay default aversion fees into the Guarantee Agency’s Operating Fund as described below, and to the extent permitted, to make certain transition payments into the Operating Fund and for certain other uses permitted by the regulations. The Secretary of Education may direct a Guarantee Agency to cease any activity involving expenditures, use or transfer of the Federal Fund that the Secretary of Education determines is a misapplication, misuse or improper expenditure of the Federal Fund or the Secretary of Education’s share of such asset. The Federal Fund is required to be invested in low-risk securities.

A default aversion fee, relating to default aversion activities required to be undertaken by the Guarantee Agency, is payable on a monthly basis from the Federal Fund to the Operating Fund, in an amount equal to 1% of the total unpaid principal and accrued interest on a loan for which a default claim has not been paid as a result of the loan being brought into current repayment status on or before the 300th day after the loan becomes 60 days delinquent. The Higher Education Act also includes various transition rules allowing a Guarantee Agency to transfer certain transition amounts from its Federal Fund to its Operating Fund from time to time during the first three years following the establishment of the Operating Fund for use in the performance of the Guarantee Agency’s duties under the FFEL Program. (The Operating Funds were required to be established by December, 1998.) In determining the amounts that it may transfer, the Guarantee Agency must ensure that sufficient funds remain in the Federal Fund to pay lender claims within the required time periods and to meet reserve recall requirements. In general, the transition rules require repayment to the Federal Fund of transition amounts transferred to the Operating Fund.

Each Guarantee Agency shall deposit into the Operating Fund: loan processing and issuance fees and account maintenance fees paid by the Secretary of Education; default aversion fees which are transferred from the Guaranty Agency’s Federal Fund; certain administrative cost allowances received from the Secretary of Education, and certain portions of amounts collected on defaulted loans, which are not required to be transferred to the Federal Fund; and other receipts specified in federal regulations. The Operating Fund is considered to be the property of the Guarantee Agency, except for transition amounts transferred from the Federal Fund. The Secretary of Education may not regulate the uses or expenditure of moneys in the Operating Fund (but may require necessary reports and audits), except during any period in which transition funds are owed to the Federal Fund. During such period, moneys in the Operating Fund may only be used for expenses related to the FFEL Program. In general, funds in the Operating Fund shall be used by the Guarantee Agency for application processing, loan disbursement, enrollment and repayment status management, default aversion activities, default collection activities, school and lender training, financial aid awareness and related outreach activities, compliance monitoring, and other student financial aid related activities, as selected by the Guarantee Agency. The Guarantee Agency may transfer funds from the Operating Fund to the Federal Fund; however, such transfers are irrevocable and transferred funds would become the property of the United States. Funds deposited into the Operating Fund shall be invested at the discretion of the Guarantee Agency in accordance with prudent investor standards (except that transition amounts transferred to the Operating Fund from the Federal Fund must be invested in the same manner as amounts in the Federal Fund).

### *Recalls of Reserves*

The Secretary of Education is required to demand payment on September 1, 2002 of a total of one billion dollars from all the Guarantee Agencies participating in the FFEL Program. The amounts to be demanded of each Guarantee Agency have been determined in accordance with formulas included in the Higher Education Act. Each Guarantee Agency is required to deposit funds in a restricted account in installments, beginning in the federal fiscal year ended September 30, 1998, to provide for such payment.

The 1998 Reauthorization Amendments directed the Secretary of Education to demand additional payments from all the Guarantee Agencies participating in the FFEL Program of amounts held in their Federal Funds aggregating \$85 million in fiscal year 2002; \$82.5 million in fiscal year 2006; and \$82.5 million in fiscal year 2007. The amounts to be demanded of each Guarantee Agency are to be determined in accordance with formulas included in Section 422(i) of the Higher Education Act. If a Guarantee Agency charges the maximum permitted 1% guarantee fee, however, the recall may not result in the depletion of such Guarantee Agency's reserve funds below an amount equal to the amount of lender claim payments paid during the 90 days prior to the date of return.

## **Federal Agreements**

### *Federal Reimbursement Contracts*

Each Guarantee Agency and the Secretary of Education have entered into Federal Reimbursement Contracts pursuant to Section 428(c) of the Higher Education Act which provide for the Guarantee Agency to receive reimbursement of a portion of insurance payments (*i.e.*, the unpaid principal balance of and accrued interest on loans guaranteed by the Guarantee Agency) that the Guarantee Agency makes to eligible lenders with respect to loans guaranteed by the Guarantee Agency prior to the termination of the Federal Reimbursement Contracts or the expiration of the authority of the Higher Education Act. The portion of reimbursement received by the Guarantee Agencies ranges from 80% to 100% for loans made prior to October 1, 1993; 78% to 98% for loans made on or after October 1, 1993 but before October 1, 1998; and 75% to 95% for loans made on or after October 1, 1998. See “—Effect of Annual Claims Rate” below. The Secretary of Education also agrees to reimburse 100% of the unpaid principal plus applicable accrued interest expended by a Guarantee Agency in discharging its guarantee obligation as a result of the bankruptcy, death, or total and permanent disability of a borrower (or in the case of a PLUS Loan, the death of the student on behalf of whom the loan was borrowed), or in certain circumstances, as a result of school closures, or if a school fails to make a refund of loan proceeds which the school owed to a student's lender, which reimbursements are not to be included in the calculations of the Guarantee Agency's claims rate experience for the purpose of federal reimbursement under the Federal Reimbursement Contracts.

The Federal Reimbursement Contracts provide for termination under certain circumstances and also provide for certain actions short of termination by the Secretary of Education to protect the federal interest.

### *Effect of Annual Claims Rate*

In general, Guarantee Agencies are currently entitled to receive reimbursement payments under the Federal Reimbursement Contracts in amounts that vary depending on the claims rate experience of the Guarantee Agency. The formula for computing the percentage of federal reimbursement under the Federal Reimbursement Contracts is not accumulated over a period of years but is measured by the amount of federal reimbursement payments in any one federal fiscal year as a percentage of the original principal amount of loans under the FFEL Program guaranteed by the Guarantee Agency and in repayment at the end of the preceding fiscal year. Under the formula, federal reimbursement payments to a Guarantee Agency in any one fiscal year not exceeding 5% of the original principal amount of loans in repayment at the end of the preceding fiscal year are to be paid by the Secretary of Education at 100% for loans made before October 1, 1993, 98% for loans made on or after October 1, 1993 but before October 1, 1998, and 95% for loans made on or after October 1, 1998. Beginning at any time during any fiscal year that federal reimbursement payments exceed 5%, and until such time as they may exceed 9%, of the original principal amount of loans in repayment at the end of the preceding fiscal year, then reimbursement payments on claims submitted during that period are to be paid at 90% for loans made before October 1, 1993, 88% for loans made on or after October 1,

1993 but before October 1, 1998, and 85% for loans made on or after October 1, 1998. Beginning at any time during any fiscal year that federal reimbursement payments exceed 9% of the original principal amount of loans in repayment at the end of the preceding fiscal year, then such payments for the balance of that fiscal year will be paid at 80% for loans made before October 1, 1993, 78% for loans made on or after October 1, 1993 but before October 1, 1998, and 75% for loans made on or after October 1, 1998. The original principal amount of loans in repayment for purposes of computing reimbursement payments to a Guarantee Agency means the original principal amount of all loans guaranteed by such Guarantee Agency less: (1) guarantee payments on such loans, (2) the original principal amount of such loans that have been fully repaid, and (3) the original principal amount of such loans for which the first principal installment payment has not become due or such first installment need not be paid because of a Deferment Period.

Under present practice, after the Secretary of Education reimburses a Guarantee Agency for a default claim paid on a guaranteed loan, the Guarantee Agency continues to seek repayment from the borrower. The Guarantee Agency returns to the Secretary of Education payments that it receives from a borrower after deducting and retaining (1) a percentage amount equal to the complement of the reimbursement percentage in effect at the time the loan was reimbursed, and (2) an amount equal to 24% (or 23% beginning on October 1, 2003, and 18.5% in the case of a payment from the proceeds of a Consolidation Loan) of such payments for certain administrative costs. The Secretary of Education may, however, require the assignment to the Secretary of defaulted guaranteed loans, in which event no further collections activity need be undertaken by the Guarantee Agency, and no amount of any recoveries shall be paid to the Guarantee Agency.

A Guarantee Agency may enter into an addendum to its Interest Subsidy Agreement (as defined below), which addendum provides for the Guarantee Agency to refer to the Secretary of Education certain defaulted guaranteed loans. Such loans are then reported to the Internal Revenue Service to “offset” any tax refunds which may be due any defaulted borrower. To the extent that the Guarantee Agency has originally received less than 100% reimbursement from the Secretary of Education with respect to such a referred loan, the Guarantee Agency will not recover any amounts subsequently collected by the federal government which are attributable to that portion of the defaulted loan for which the Guarantee Agency has not been reimbursed.

#### *Rehabilitation of Defaulted Loans*

Under Section 428F of the Higher Education Act, the Secretary of Education is authorized to enter into an agreement with a Guarantee Agency pursuant to which the Guarantee Agency sells defaulted loans that are eligible for rehabilitation to an eligible lender. For a loan to be eligible for rehabilitation, the Guarantee Agency must have received consecutive payments for 12 months of amounts owed on such loan. The Guarantee Agency repays the Secretary of Education an amount equal to 81.5% of the then current principal balance of such loan, multiplied by the reimbursement percentage in effect at the time the loan was reimbursed. The amount of such repayment shall be deducted from the amount of federal reimbursement payments for the fiscal year in which such repayment occurs, for purposes of determining the reimbursement rate for that fiscal year.

#### *Federal Advances*

Pursuant to agreements entered into between the Guarantee Agencies and the Secretary of Education under Sections 422 and 422(c) of the Higher Education Act, the Secretary of Education was authorized to advance moneys from time to time to the Guarantee Agencies for the purpose of establishing and strengthening the Guarantee Agencies’ reserves. Section 422(c) currently authorizes the Secretary of Education to make advances to Guarantee Agencies in various circumstances, on terms and conditions satisfactory to the Secretary, including if the Secretary is seeking to terminate the Guarantee Agency’s reimbursement contract or assume the Guarantee Agency’s functions, to assist the Guarantee Agency in meeting its immediate cash needs or to ensure the uninterrupted payment of claims.

#### *Interest Subsidy Agreements*

In addition to guarantee benefits, qualified Stafford Loans (and certain Consolidation Loans) benefit from certain federal subsidies. Each Guarantee Agency and the Secretary of Education have entered into an interest



subsidy agreement under Section 428(b) of the Higher Education Act (as amended, an “Interest Subsidy Agreement”), which entitles the holders of eligible loans guaranteed by the Guarantee Agency to receive Interest Subsidy Payments from the Secretary of Education as described under “Description of the FFEL Program—Federal Interest Subsidy Payments.”

United States Courts of Appeals have held that the federal government, through subsequent legislation, has the right unilaterally to amend the contracts between the Secretary of Education and the Guarantee Agencies described herein. Amendments to the Higher Education Act since 1986 (1) abrogated certain rights of Guarantee Agencies under contracts with the Secretary of Education relating to the repayment of certain advances from the Secretary of Education, (2) authorized the Secretary of Education to withhold reimbursement payments otherwise due to certain guarantee agencies until specified amounts of such guarantee agencies’ reserves had been eliminated, (3) added new reserve level requirements for Guarantee Agencies and authorized the Secretary of Education to terminate the Federal Reimbursement Contracts under circumstances that did not previously warrant such termination, (4) expanded the Secretary of Education’s authority to terminate such contracts and to seize guarantee agencies’ reserves and (5) significantly altered the financial structure and sources of revenue of Guarantee Agencies. There can be no assurance that future legislation will not further adversely affect the rights of the Guarantee Agencies, or holders of loans guaranteed by a Guarantee Agency, under such contracts.

### **Department of Education Oversight**

The Higher Education Act gives the Secretary of Education various oversight powers over Guarantee Agencies. Guarantee Agencies are required to maintain their Federal Funds at a specified minimum reserve level. If a Guarantee Agency falls below the required level in two consecutive years, if its claims rate exceeds 5% in any year, or if the Secretary of Education determines that the Guarantee Agency’s administrative or financial condition jeopardizes its ability to meet its obligations, the Secretary of Education can require the Guarantee Agency to submit and implement a plan by which it will correct such problem(s). If a Guarantee Agency fails to timely submit an acceptable plan or fails to improve its condition, or if the Secretary of Education determines that the Guarantee Agency is in danger of financial collapse, the Secretary of Education may terminate the Guarantee Agency’s Federal Reimbursement Contracts. The Secretary of Education also may terminate such Federal Reimbursement Contracts if the Secretary of Education determines that such action is necessary to protect the federal fiscal interest or to ensure continued availability of student loans. The Higher Education Act provides that, if the Secretary terminates a Guarantee Agency’s agreements under the FFEL Program, the Secretary shall assume responsibility for all functions of the Guarantee Agency under its program. To that end, the Secretary is authorized, among other options, to transfer the guarantees to another Guarantee Agency or to assume the guarantees. The Secretary of Education is also authorized to provide advances to the Guarantee Agency.

Pursuant to Section 432(o) of the Higher Education Act, if the Department of Education has determined that a Guarantee Agency is unable to meet its insurance obligations, the holders of loans guaranteed by such Guarantee Agency may submit claims directly to the Department of Education and the Department of Education is required to pay the full guarantee payment due with respect thereto in accordance with guarantee claim processing standards no more stringent than those applied by the Guarantee Agency. The Department of Education’s obligation to pay guarantee claims directly in this fashion, however, is contingent upon the Department of Education making the determination referred to above. There can be no assurance that the Department of Education would ever make such a determination with respect to a Guarantee Agency or, if such a determination were made, that such determination or the ultimate payment of such guarantee claims would be made in a timely manner. See “Description of the FFEL Program.”

There are no assurances as to the Secretary of Education’s actions if a Guarantee Agency encounters administrative or financial difficulties or that the Secretary of Education will not demand that a Guarantee Agency transfer additional portions or all of its Federal Fund to the Secretary of Education.

### *Voluntary Flexible Agreements*

The 1998 Reauthorization Amendments authorized the Secretary of Education to enter into agreements with Guarantee Agencies which modify or waive many of the requirements of the FFEL Program covered under existing agreements and otherwise required by the Higher Education Act, including the sources and uses of revenues and funds of Guarantee Agencies. The Secretary of Education is authorized to enter into these “voluntary flexible agreements” with up to six Guarantee Agencies during federal fiscal years 1999, 2000 and 2001, and with any Guarantee Agency or consortium thereof beginning in federal fiscal year 2002. The Secretary of Education has entered into voluntary flexible agreements with four Guarantee Agencies, including ASA and CSAC.

*The descriptions which follow of the Guarantee Agencies which have guaranteed the FFELP Loans to be financed with the proceeds of the Series 2002-1 Notes are based solely on information furnished by the respective Guarantee Agencies, and have not been independently verified by Access Group or the Underwriters. The inclusion of this information is not, and should not be construed as, a representation by Access Group or the Underwriters as to its accuracy or completeness or otherwise.*

### **American Student Assistance**

Massachusetts Higher Education Assistance Corporation, doing business as American Student Assistance (“ASA”), is a not-for-profit corporation chartered by the Massachusetts Legislature in 1956 to promote access to higher education. In keeping with its corporate charter, ASA guarantees education loans made pursuant to certain loan programs under the Higher Education Act. ASA provides nationwide guarantee, origination, and disbursement services to eligible borrowers, lenders, and educational institutions.

ASA guaranteed over \$680 million net (guarantees less cancellation activity) new FFELP Loans in the year ending June 2001. Net guarantees in excess of \$8.4 billion as of May 31, 2002 were outstanding. Assets as of June 30, 2001 totaled \$25.8 million.

Under the Higher Education Act, ASA and the Secretary of Education, as of January 1, 2001, entered into a voluntary flexible agreement (“VFA”), whereby provisions of the VFA supersede certain provisions of the Higher Education Act. The VFA includes a fundamental restructuring of ASA’s federally funded revenue streams. Under this fee-for-service model, ASA’s financial incentives are aligned with its public purpose mission of assisting students in successfully completing a program of higher education financing and repayment. Additionally, the agreement provides for the return of all liquid assets from ASA’s Federal Fund to the Department of Education. Those Federal Fund assets have been escrowed in favor of the Department of Education.

The financial incentives include monthly loan maintenance fees payable only on loans on which the borrower is in good standing (that is, not in claim or pre-claim status), loan processing and issuance fees and fees for collection of defaulted loans. Additionally, ASA provides disbursement services on behalf of the Department of Education to pay lender default claims under this new FFEL Program financing model. This key change replaced the reinsurance and reserve requirement provisions otherwise applicable to Guarantee Agencies.

*Guarantee Volume.* The following table sets forth the principal balance of FFELP Loans (excluding Consolidation Loans and net of cancellations) guaranteed by ASA in each of the last five fiscal years:

<b><u>Fiscal Year</u></b> <b><u>(Ending June 30)</u></b>	<b><u>Net FFELP Loans</u></b> <b><u>Guaranteed by ASA</u></b> <b><u>(Dollars in Millions)</u></b>
1997	\$639
1998	645
1999	656
2000	683
2001	680

*Claims Rate.* ASA's claims rate represents the percentage of loans in repayment at the beginning of a federal fiscal year which default during the ensuing federal fiscal year. The following table sets forth the claims rate of ASA for the last five federal fiscal years:

<u>Federal Fiscal Year</u>	<u>Claims Rate</u>
1997	3.5%
1998	2.8
1999	1.5
2000	1.0
2001	1.3

*Net Loan Default Claims.* The following table sets forth the dollar value of default claims paid, net of repurchases and refunds for the last five years.

<u>Fiscal Year (Ending June 30)</u>	<u>Net Default Claims (Dollars in Millions)</u>
1997	\$140
1998	122
1999	82
2000	53
2001	64

*Default Recoveries.* The following table sets forth the amount of recoveries returned to the U.S. Department of Education for the last five years.

<u>Fiscal Year (Ending June 30)</u>	<u>Default Recoveries (Dollars in Millions)</u>
1997	\$68
1998	73
1999	76
2000	92
2001	82

As of May 31, 2002, ASA employed approximately 346 individuals at its principal offices located at 330 Stuart Street, Boston, MA 02116. A copy of ASA's annual report can be obtained through a written request directed to American Student Assistance, 330 Stuart Street, 6th floor, Boston, MA 02116-5292, Attn: Vice-President Business Development.

#### **United Student Aid Funds, Inc.**

United Student Aid Funds, Inc. ("USA Funds") was organized as a private, non-profit corporation under the General Corporation Law of the State of Delaware in 1960. In accordance with its Certificate of Incorporation, USA Funds (i) maintains facilities for the provision of guarantee services with respect to approved education loans made to or for the benefit of eligible students who are enrolled at or plan to attend approved educational institutions; (ii) guarantees education loans made pursuant to certain loan programs under the Higher Education Act, as well as loans made under certain private loan programs; and (iii) serves as the designated guarantor for education loan programs under the Higher Education Act in Arizona, Hawaii, Indiana, Kansas, Maryland, Mississippi, Nevada, Wyoming, and certain Pacific Islands.

USA Funds contracts with Sallie Mae Servicing L.P., a wholly owned subsidiary of USA Education, Inc. (formerly known as SLM Holding Corporation), which is the parent company of the Student Loan Marketing Association (“Sallie Mae”), for most of its guarantee services. On July 31, 2000, Sallie Mae Servicing Corporation (predecessor to Sallie Mae Servicing L.P.) purchased substantially all of the assets, and assumed the obligations and liabilities related thereto, of USA Group Loan Services, Inc., and USA Group Guarantee Services, Inc., affiliates of USA Funds, and such corporations ceased operations and were subsequently dissolved.

The Department of Education has advised USA Funds that, pursuant to the Balanced Budget Act of 1997, USA Funds must pay approximately \$209 million to the Secretary of Education on September 1, 2002 and make annual restricted account deposits toward such payment beginning in fiscal year 1998 of approximately \$41.8 million. The 1998 Reauthorization Amendments requires guaranty agencies to return to the Secretary of Education \$250 million in reserve funds from fiscal years 2002 to 2007. Each guaranty agency’s share is based on a formula prescribed in the 1998 Reauthorization Amendments. USA Funds is in compliance with the provisions of the reserve fund requirements of the Higher Education Act.

As of September 30, 2001, USA Funds had total federal reserve fund assets of approximately \$684 million; advance funds, allowance for future defaults, and deferred revenue of approximately \$195 million; and a fund balance of approximately \$462 million. Through September 30, 2001, the outstanding, unpaid, aggregate amount of principal and interest on loans which had been directly guaranteed by USA Funds under the Federal Family Education Loan Program was approximately \$44 billion. Also, as of September 30, 2001, USA Funds had Operating Fund assets and non-Federal Family Education Loan Program assets totaling approximately \$237 million.

USA Funds’ guaranty volume for the last five fiscal years ending September 30 is as follows:

<u>Federal Fiscal Year</u>	<u>FFELP Loan Volume (Dollars in millions)</u>
1997	\$6,228
1998	6,196
1999	6,473
2000	6,869
2001	7,379

USA Funds’ “claims rate” represents the percentage of federal reinsurance claims paid by the Secretary of Education during any fiscal year relative to USA Funds’ existing portfolio of loans in repayment at the end of the prior fiscal year. The following table sets forth the claims rate of USA Funds for the last five fiscal years:

<u>Federal Fiscal Year</u>	<u>Claims Rate</u>
1997	4.65
1998	3.96
1999	2.62
2000	2.04
2001	2.50

USA Funds is headquartered in Fishers, Indiana. USA Funds will provide a copy of its most recent annual report upon receipt of a written request directed to its headquarters at P.O. Box 6028, Indianapolis, Indiana 46206-6028, Attention: Manager, Corporate Communications.

#### **California Student Aid Commission**

CSAC is the agency of the State of California responsible for that State’s participation in the FFEL Program pursuant to California Education Code Section 69760 *et seq.*, and Section 428(c) of the Higher Education Act.

CSAC's role as a Guarantee Agency was created primarily to provide a source of credit to assist students in meeting post-secondary education costs while attending eligible institutions of their choice.

In September 1996, CSAC was authorized under California law to establish an auxiliary organization in the form of a nonprofit public benefit corporation to provide operational and administrative services related to CSAC's federal loan programs, including its student loan guaranty programs. The corporation is known as EDFUND. EDFUND is operated as a separate service corporation to CSAC, and, as such, operates CSAC's federal student loan programs. CSAC continues to be the designated state guarantee agency and continues its oversight of all revenues, expenses, and assets related to its status.

CSAC began guaranteeing student loans on April 1, 1979, and as of September 30, 2001, had cumulative principal guarantees outstanding of approximately \$15 billion.

As part of the FFEL Program, CSAC established the California Guaranteed Loan Reserve Fund as a reserve for the payment of guaranteed student loans. The State of California has no legal or moral obligation to provide additional funding to replenish the California Guaranteed Loan Reserve Fund should it become insolvent as a result of non-reinsured claims paid. Pursuant to the 1998 Reauthorization Amendments, the California Guaranteed Loan Reserve Fund was divided into the Federal Student Loan Reserve Fund, referred to as CSAC's Federal Fund, and the Student Loan Operating Fund referred to as CSAC's Operating Fund.

As of September 30, 2001, CSAC's Federal Fund and Operating Fund balances were as follows: CSAC's Federal Fund had total assets of \$316,830,363, total liabilities of \$37,657,992 and total fund equity of \$279,172,371; and CSAC's Operating Fund had total assets of \$80,961,657, total liabilities of \$26,014,698 and total fund equity of \$54,946,959. CSAC is and has been in compliance with the reserve fund requirements of the Higher Education Act.

The Secretary of Education has advised CSAC that, pursuant to the 1997 amendments to the Higher Education Act, CSAC must pay \$165,116,871 to the Secretary of Education on September 1, 2002 and make annual restricted account deposits toward such payment beginning in fiscal year 1998 of \$33,023,374. CSAC transferred four of these installments into a restricted account as of 2001. These installments are included in CSAC's Federal Fund total fund equity as of June 30, 2001. The 1998 Reauthorization Amendments require Guarantee Agencies to return to the Secretary of Education \$250 million in reserve funds from fiscal years 2002 to 2007, with each agency's share being based on a formula prescribed in the 1998 Reauthorization Amendments. The Secretary of Education has not advised CSAC of the amount of CSAC's share of this recall.

*Guaranty Volume.* CSAC guaranteed the following amounts for the last five fiscal years ending September 30 as follows:

<b><u>Fiscal Year</u></b>	<b><u>FFELP Loan Volume (Dollars in millions)</u></b>
1997	\$1,583
1998	1,963
1999	2,077
2000	2,371
2001	2,792

*Reserve Ratio.* CSAC's reserve ratio (determined by dividing its fund balance by the total amount of loans outstanding) for the last five fiscal years ending September 30 is as follows:

<b><u>Fiscal Year</u></b>	<b><u>Reserve Ratio</u></b>
1997	2.47%
1998	1.78
1999	1.74
2000	1.36
2001	0.91

*Claims Rate.* CSAC's claims rate for each of the past five fiscal years ending September 30 is as follows:

<b><u>Fiscal Year</u></b>	<b><u>Claims Rate</u></b>
1997	4.49%
1998	3.12
1999	2.60
2000	2.80
2001	2.59

### **New York State Higher Education Services Corporation**

New York State Higher Education Services Corporation ("NYSHESC") was organized in 1975 as an agency of the State of New York, pursuant to an act of the New York legislature, to expand educational opportunities for students. NYSHESC administers the New York Tuition Assistance Program and other state scholarships in addition to acting as a guarantee agency under the FFEL program. NYSHESC is the designated guarantee agency for the State of New York, and guarantees all types of FFELP Loans.

As of September 30, 2001, NYSHESC had total Federal Family Education Loan Program assets of approximately \$245,291,672 and total guarantees outstanding of approximately \$15,054,353,103. The Department of Education has advised NYSHESC that pursuant to the Balanced Budget Act of 1997, NYSHESC must pay approximately \$47.4 million to the department on September 1, 2002, and make annual restricted account deposits toward such payment beginning in fiscal year 1998 of approximately \$9.4 million.

*Guaranty Volume.* NYSHESC guaranteed the following amounts for the last five fiscal years ending September 30 as follows:

<b><u>Fiscal Year</u></b>	<b><u>FFELP Loan Volume</u></b> <b><u>(\$ in Millions)</u></b>
1997	\$1,550
1998	1,571
1999	1,622
2000	1,932
2001	1,926

*Reserve Ratio.* A guarantee agency's reserve ratio is determined by dividing its Federal Student Loan Reserve Fund balance by the total amount of loans outstanding. NYSHESC's reserve ratio for the last five fiscal years ending September 30 is as follows:

<b><u>Fiscal Year</u></b>	<b><u>Reserve Ratio</u></b>
1997	1.40%
1998	1.10
1999	1.30
2000	1.10
2001	0.97

*Claims Rate.* NYSHESC's claims rate for each of the past five fiscal years ending September 30 is as follows:

<b><u>Fiscal Year</u></b>	<b><u>Claims Rate</u></b>
1997	2.50%
1998	2.70
1999	1.85
2000	1.48
2001	1.53

As of June 5, 2002, NYSHESC employs approximately 668 persons. It is headquartered at 99 Washington Avenue, Albany, New York 12255. Its most recent annual report is available on its web site, [www.hesc.com](http://www.hesc.com).

## **DESCRIPTION OF THE FLOATING RATE NOTES**

### **General Terms of the Notes**

The Class A-1 Notes and the Class A-2 Notes will be issued pursuant to the Indenture as, and are sometimes herein referred to as, Floating Rate Notes. The Floating Rate Notes will be dated as of the Date of Issuance and, subject to principal distributions and prior redemption as described below, will mature on the Floating Rate Note Payment Dates set forth in the table below (each, a "Final Maturity Date"):

<b><u>Class</u></b>	<b><u>Final Maturity Date (Floating Rate Note Payment Date)</u></b>
A-1	June 2009
A-2	September 2025

It is expected that each class of the Floating Rate Notes will initially be represented by one or more Notes registered in the name of the nominee of DTC acting as a securities depository. The Floating Rate Notes generally will be available for purchase in initial denominations of \$1,000 and multiples thereof in book-entry form. Access Group has been informed by DTC that DTC's nominee will be Cede & Co. Accordingly, Cede & Co. is expected to be the Holder of the Floating Rate Notes. Unless and until Definitive Notes are issued under the limited circumstances described herein, no Noteholder will be entitled to receive a physical certificate representing his Floating Rate Note. All references herein to actions by Noteholders refer to actions taken by DTC upon instructions from its participating organizations (the "Participants") and all references herein to distributions, notices, reports and statements to Noteholders refer to distributions, notices, reports and statements to DTC or Cede & Co., as the Registered Holder of the Floating Rate Notes, for distribution to Beneficial Owners in accordance with DTC's procedures with respect thereto. See "—Book-Entry Registration" and "—Definitive Notes" below.

All payments of principal of and interest on the Floating Rate Notes will be made in lawful money of the United States of America.

## **Interest Rate on the Floating Rate Notes**

Interest will accrue on the principal balance of each class of the Floating Rate Notes at an annualized rate equal to Three-Month LIBOR (determined as described under “Determination of LIBOR” below) plus the applicable interest rate margin for each class of the Floating Rate Notes as follows: 0.07% per annum with respect to the Class A-1 Notes, and 0.18% per annum with respect to the Class A-2 Notes. Interest will accrue on the principal balance of each class of the Floating Rate Notes from and including the Date of Issuance or from the most recent Floating Rate Note Payment Date on which interest has been paid to but excluding the next Floating Rate Note Payment Date (each, an “Interest Period”) and will be payable to the Noteholders on each Floating Rate Note Payment Date. Interest due for any Interest Period will be determined based on the actual number of days in such Interest Period over a 360-day year.

Interest on any Floating Rate Note accrued as of any Floating Rate Note Payment Date but not paid on such Floating Rate Note Payment Date will be due on the next Floating Rate Note Payment Date together with interest on such amount at the rate of interest borne by such Floating Rate Note.

In no event shall the cumulative amount of interest paid or payable on the Floating Rate Notes exceed the amount permitted by applicable law. If the applicable law is ever judicially interpreted so as to render usurious any amount called for under the Floating Rate Notes or related documents or otherwise contracted for, charged, reserved, taken or received in connection with the Floating Rate Notes, or if the redemption or acceleration of the maturity of the Floating Rate Notes results in payment to or receipt by the Holder or any former Holder of the Floating Rate Notes of any interest in excess of that permitted by applicable law, then, notwithstanding any provision of the Floating Rate Notes or related documents to the contrary, all excess amounts theretofore paid or received with respect to the Floating Rate Notes shall be credited on the principal balance of the Floating Rate Notes (or, if the Floating Rate Notes have been paid or would thereby be paid in full, the Indenture provides that such amounts shall be refunded by the recipient thereof), and the provisions of the Floating Rate Notes and related documents shall automatically and immediately be deemed reformed and the amounts thereafter collectible thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for under the Floating Rate Notes and under the related documents.

Under current Delaware law, there is no restriction on the interest rate that may be charged for the lending of money evidenced by the Floating Rate Notes.

## **Determination of LIBOR**

Pursuant to the First Supplemental Indenture, the Trustee will determine the Three-Month LIBOR for purposes of calculating the interest due on the Floating Rate Notes for each Interest Period on (i) the second business day prior to the commencement of each Interest Period and (ii) with respect to the initial Interest Period, as determined pursuant to clause (i) for the period from the Date of Issuance to but excluding September 25, 2002 and as determined on the second business day prior to September 25, 2002 for the period from September 25, 2002 to but excluding December 26, 2002 (each, a “LIBOR Determination Date”). For purposes of establishing a LIBOR Determination Date, a business day is any day on which banks in London and New York City are open for the transaction of international business.

“*Three-Month LIBOR*” means a rate of interest per annum equal to the rate per annum at which United States dollar deposits having a maturity of three months are offered to prime banks in the London interbank market which appears on Telerate Page 3750 as of approximately 11:00 a.m., London time, on the related LIBOR Determination Date. If such rate does not appear on Telerate Page 3750, the rate will be determined on the basis of the rate at which deposits in United States dollars having a maturity of three months are offered to prime banks in the London interbank market by four major banks in the interbank market selected by the Trustee and in a principal amount of not less than U.S. \$1,000,000 and that is representative for a single transaction in such market at such time. The Trustee will request the principal London office of each of such banks to provide a quotation of its rate. If at least two quotations are provided, the Three-Month LIBOR will be the arithmetic mean (rounded upwards, if



necessary, to the nearest one-hundredth of one percent) of the such offered rates. If fewer than two quotations are provided, Three-Month LIBOR will be the arithmetic mean (rounded upwards, if necessary, to the nearest one-hundredth of one percent) of the rates quoted at approximately 11:00 a.m., New York City time, on such LIBOR Determination Date by three major banks in New York, New York selected by the Trustee for loans in United States dollars to leading European banks having a maturity of three months, and in a principal amount of not less than U.S. \$1,000,000; provided that if the banks selected as aforesaid are not quoting as mentioned in this sentence, Three-Month LIBOR in effect for such Interest Period will be Three-Month LIBOR in effect for immediately preceding Interest Period.

“*Telerate Page 3750*” means the display page so designated on the Bridge Telerate Service (or such other page as may replace that page on that service for the purpose of displaying comparable rates or prices) or such comparable page on a comparable service.

### **Prepayment Provisions**

The Floating Rate Notes will receive distributions of principal, and are subject to redemption prior to maturity, as described below. In addition, as described under “Description of the Indenture—Remedies,” the principal amount of all Notes may be declared immediately due and payable upon the happening and continuance of certain Events of Default under the Indenture.

#### *Scheduled Principal Amortization Payments*

Principal payments will be made to the Holders of Floating Rate Notes prior to their Final Maturity Date on each Floating Rate Note Payment Date as described below. Each principal payment with respect to Floating Rate Notes of a particular class shall be allocated to all Holders of Floating Rate Notes of such class pro rata, based upon the Principal Amounts of such Floating Rate Notes.

Available Funds will be applied to distributions of principal with respect to each class of Floating Rate Notes on each Floating Rate Note Payment Date set forth in the applicable table below, in the amount necessary to reduce the aggregate outstanding Principal Amount of the Floating Rate Notes of such class to the respective amount set forth in the applicable table below:

#### Class A-1 Notes

Floating Rate Note Payment <u>Date</u>	Remaining Principal <u>Amount</u>
March 2004	\$59,041,000
June 2004	56,591,000
September 2004	51,601,000
December 2004	46,221,000
March 2005	39,566,000
June 2005	31,990,000
September 2005	23,565,000
December 2005	14,815,000
March 2006	6,560,000
June 2006	-0-

Class A-2 Notes

<u>Floating Rate Note Payment Date</u>	<u>Remaining Principal Amount</u>
June 2006	\$294,547,000
September 2006	283,050,000
December 2006	271,540,000
March 2007	260,072,000
June 2007	248,651,000
September 2007	237,266,000
December 2007	225,925,000
March 2008	214,630,000
June 2008	203,379,000
September 2008	192,175,000
December 2008	181,018,000
March 2009	169,889,000
June 2009	158,828,000
September 2009	147,793,000
December 2009	136,829,000
March 2010	125,916,000
June 2010	115,053,000
September 2010	104,221,000
December 2010	93,599,000
March 2011	83,060,000
June 2011	73,201,000
September 2011	63,419,000
December 2011	53,711,000
March 2012	44,277,000
June 2012	34,917,000
September 2012	25,925,000
December 2012	17,067,000
March 2013	8,398,000
June 2013	-0-

If Available Funds are not sufficient to meet the applicable amortization schedule on any Floating Rate Note Payment Date, the scheduled principal amortization payment for the Floating Rate Notes of that class for the next Floating Rate Note Payment Date will be increased by the amount of the shortfall. If distributions of principal with respect to the Floating Rate Notes have reduced the aggregate outstanding Principal Amount of a class of the Floating Rate Notes below the amount in the applicable amortization schedule on any Floating Rate Note Payment Date, the scheduled principal amortization payment for the Floating Rate Notes of that class for the next Floating Rate Note Payment Date will be decreased to the amount necessary to meet the amortization schedule.

If scheduled principal amortization payments are due for both the Class A-1 Notes and the Class A-2 Notes on any Floating Rate Note Payment Date, Available Funds will be allocated first to the Class A-1 Notes.

*Additional Principal Distributions*

After no other Senior Notes remain outstanding under the Indenture (and, unless Subordinate Notes are not subject to redemption or prepayment due to the operation of the Senior Asset Requirement, no Subordinate Notes remain outstanding), additional principal distributions may be made with respect to the Floating Rate Notes on any Floating Rate Note Payment Date in an amount equal to the sum of the following:

- (a) the lesser of (i) the Principal Distribution Amount or (ii) Available Funds remaining on a Monthly Allocation Date after the required prior applications as described in clauses “*first*” through “*sixth*” under “Description of the Indenture—Allocations of Available Funds,” and
- (b) the lesser of (i) Available Funds remaining on the Monthly Allocation Date after the required prior applications as described in clauses “*first*” through “*eighth*” under “Description of the Indenture—Allocations of Available Funds,” or (ii) the amount necessary, after giving effect to the application of all funds allocated on such Monthly Allocation Date, to both cause the Subordinate Asset Percentage to be equal to at least 101%, and cause the Value of the Trust Estate to exceed the principal amount of the Notes outstanding plus accrued interest thereon and Note Fees with respect thereto by at least the lesser of (A) \$1,500,000 or (B) such lesser amount as will not cause any Rating Agency to reduce or withdraw any rating on the Notes,

except that during the Revolving Period, the amount of the principal distribution will be reduced by the amount of the Available Funds, if any, that Access Group elects to transfer to the Acquisition Fund.

Any such principal distribution will be allocated first to the Class A-1 Notes, until all of the Class A-1 Notes have been paid, and then to the Class A-2 Notes.

#### *Optional Redemption*

The Class A-1 Notes are subject to redemption in whole, at the option of Access Group, on the Floating Rate Note Payment Date in June 2006 or any Floating Rate Note Payment Date thereafter. The Class A-2 Notes are subject to redemption in whole, at the option of Access Group, on the Floating Rate Note Payment Date in June 2013 or any Floating Rate Note Payment Date thereafter. The redemption price will be 100% of the Principal Amount of the Floating Rate Notes redeemed, plus accrued interest to the redemption date.

#### **Book-Entry Registration**

##### *General*

*The description which follows of the procedures and record keeping with respect to beneficial ownership interests in a class of the Floating Rate Notes, payment of principal of and interest on the Floating Rate Notes to DTC Participants, Clearstream Participants and Euroclear Participants or to purchasers of the Floating Rate Notes, confirmation and transfer of beneficial ownership interests in the Floating Rate Notes, and other securities-related transactions by and between DTC, Clearstream, Euroclear, DTC Participants, Clearstream Participants, Euroclear Participants and Beneficial Owners, is based solely on information furnished by DTC, Clearstream and Euroclear and has not been independently verified by Access Group or the Underwriters.*

Owners of the Floating Rate Notes may hold their certificates through DTC, in the United States, or Clearstream or Euroclear, in Europe, if they are participants of such systems, or indirectly through organizations that are participants in such systems.

DTC will hold the globally offered Floating Rate Notes. Clearstream and Euroclear will hold omnibus positions on behalf of the Clearstream Participants and the Euroclear Participants, respectively, through customers securities accounts in Clearstream’s and Euroclear’s names on the books of their respective depositories (collectively, the “Depositories”) which in turn will hold such positions in customers’ securities accounts in the Depositories’ names on the books of DTC.

For further information with respect to clearance, settlement and tax documentation procedures relating to the globally offered Floating Rate Notes, see Annex A to this Offering Memorandum, “Global Clearance, Settlement and Tax Documentation Procedures.”

## *DTC*

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities for its Participants and facilitates the clearance and settlement among DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic book-entry changes in DTC Participants' accounts, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. Indirect access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its DTC Participants are on file with the SEC.

Transfers between DTC Participants will occur in accordance with DTC rules. Transfers between Clearstream Participants and Euroclear Participants will occur in the ordinary way in accordance with their applicable rules and operating procedures.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Participants or Euroclear Participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its Depository; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines based on European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its Depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to the Depositories.

Because of time-zone differences, credits of securities in Clearstream or Euroclear as a result of a transaction with a DTC Participant will be made during the subsequent securities settlement processing, dated the business day following the DTC settlement date, and such credits or any transactions in such securities settled during such processing will be reported to the relevant Clearstream Participant or Euroclear Participant on such business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream Participant or a Euroclear Participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC. Day traders that use Clearstream or Euroclear and that purchase the Floating Rate Notes from DTC Participants for delivery to Clearstream Participants or Euroclear Participants should note that these trades may fail on the sale side unless affirmative actions are taken. Participants should consult with their clearing system to confirm that adequate steps have been taken to assure settlement.

Purchases of Floating Rate Notes under the DTC system must be made by or through DTC Participants, which will receive a credit for the Floating Rate Notes on DTC's records. The ownership interest of each actual owner of a Floating Rate Note (a "Beneficial Owner") is in turn to be recorded on the DTC Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the DTC Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Floating Rate Notes are to be accomplished by entries made on the books of DTC Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Floating Rate Notes, except when use of the book-entry system for the Floating Rate Notes is discontinued.

To facilitate subsequent transfers, all Floating Rate Notes deposited by DTC Participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of Floating Rate Notes with DTC and their

registration in the name of Cede & Co. effects no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Floating Rate Notes; DTC's records reflect only the identity of the DTC Participants to whose accounts such Floating Rate Notes are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners may desire to make arrangements with a DTC Participant or an Indirect Participant so that all notices of redemption of their Floating Rate Notes or other communications to DTC which affect these Beneficial Owners, and notification of all interest payments, will be forwarded in writing by the DTC Participant or Indirect Participant. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to advise a Beneficial Owner, of any notice of redemption or its content or effect will not affect the validity of the redemption of Floating Rate Notes called for redemption or any other action premised on such notice.

Neither DTC nor Cede & Co. will consent or vote with respect to the Floating Rate Notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date, which assigns Cede & Co.'s consenting or voting rights to those DTC Participants to whose accounts the Floating Rate Notes are credited on the record date, identified in an attached listing.

Principal and interest payments on the Floating Rate Notes will be made to DTC. DTC's practice is to credit the accounts of the DTC Participants, upon DTC's receipt of funds and corresponding detail information from the Trustee, on payment dates in accordance with their respective holdings shown on the records of DTC. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such DTC Participant and not of DTC, the Trustee or Access Group, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to DTC Participants will be the responsibility of DTC, and disbursement of such payments to Beneficial Owners will be the responsibility of DTC Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Floating Rate Notes at any time by giving reasonable notice to Access Group or the Trustee. Under such circumstances, if a successor securities depository is not obtained, Definitive Notes are required to be printed and delivered. Access Group may decide to discontinue use of the system of book-entry transfers through DTC, or a successor securities depository. In that event, Definitive Notes will be delivered to Noteholders. See "—Definitive Notes" below.

#### *Clearstream*

Clearstream Banking ("Clearstream") is a limited liability company (a société anonyme) organized under Luxembourg law that operates as a professional depository. Clearstream holds securities for its participating organizations ("Clearstream Participants") and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in Clearstream accounts of Clearstream Participants or between a Clearstream account and a Euroclear Account, thereby eliminating the need for physical movement of certificates. For transactions between a Clearstream Participant and a participant of another securities settlement system, Clearstream generally adjusts to the settlement rules of the other securities settlement system. Transactions may be settled in Clearstream in any of 31 currencies, including United States dollars. Clearstream provides to its Clearstream Participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and other organizations. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant, either directly or indirectly.

## *Euroclear*

The Euroclear System was created in 1968 to hold securities for participants of the Euroclear System (“Euroclear Participants”) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in over 40 currencies, including United States dollars. The Euroclear System includes various other services, including securities lending and borrowing and interfaces with domestic markets in 80 countries generally similar to the arrangements for cross-market transfers with DTC described above. The Euroclear System is operated by the Belgian branch of a New York banking corporation which is a member bank of the Federal Reserve System (the “Euroclear Operator” or “Euroclear”), under contract with Euroclear Clearance System, Societe Cooperative, a Belgian cooperative corporation (the “Cooperative”). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for the Euroclear System on behalf of Euroclear Participants. Euroclear Participants include investment banks, banks (including central banks), securities brokers and dealers, supranationals, investment managers, corporations, trust companies and other professional financial intermediaries. Indirect access to the Euroclear System is also available to other firms that maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator holds securities and book-entry interests in securities for Euroclear Participants and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and participants of certain other securities intermediaries, through electronic book-entry changes in accounts of such participants or other securities intermediaries. The Euroclear Operator provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services.

Investors electing to acquire Floating Rate Notes through an account with the Euroclear Operator or some other securities intermediary must follow the settlement procedures of such an intermediary.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System and applicable Belgian law. These rules and laws govern transfers of securities and cash within the Euroclear System, withdrawal of securities and cash from the Euroclear System, and receipts of payments with respect to securities in the Euroclear System. All securities in the Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under these rules and laws only on behalf of Euroclear Participants and has no record of or relationship with persons holding through Euroclear Participants.

Distributions with respect to Floating Rate Notes held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream Participants or Euroclear Participants in accordance with the relevant system’s rules and procedures, to the extent received by its Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. See “United States Federal Income Tax Consequences.” Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a Noteholder under the Indenture on behalf of a Clearstream Participant or Euroclear Participant only in accordance with its relevant rules and procedures and subject to its Depository’s ability to effect such actions on its behalf through DTC.

DTC, Clearstream and Euroclear are under no obligation to perform or continue to perform the foregoing procedures and such procedures may be discontinued at any time.

## **Definitive Notes**

Floating Rate Notes of any class will be issued in fully registered, certificated form to Beneficial Owners or their nominees rather than to DTC or its nominee, if (1) the Floating Rate Notes of such class are not eligible for the

services of DTC, (2) DTC determines to discontinue providing its services with respect to the Floating Rate Notes of such class or (3) Access Group determines that a system of book-entry transfers for the Floating Rate Notes of such class, or the continuation thereof, through DTC is not in the best interest of the Beneficial Owners or Access Group. In that event, Access Group may either identify another qualified securities depository or direct or cause note certificates for such class to be delivered to Beneficial Owners thereof or their nominees and, if certificates are delivered to the Beneficial Owners, the Beneficial Owners or their nominees, upon authentication of the Floating Rate Notes of such class in authorized denominations and registration thereof in the Beneficial Owners' or nominees' names, will become the holders of such Floating Rate Notes for all purposes. In that connection, the Trustee is to mail an appropriate notice to the securities depository for notification to DTC Participants and Beneficial Owners of the substitute securities depository or the issuance of note certificates to Beneficial Owners or their nominees, as applicable.

Distributions of principal of and interest on the Floating Rate Notes will be made by the Trustee directly to Holders of Definitive Notes in accordance with the procedures described herein and in the Indenture. The principal of the Definitive Notes, together with interest payable thereon, on the Final Maturity Date thereof will be payable in lawful money of the United States of America upon presentation and surrender of such Definitive Notes at the designated office of the Trustee or, at the option of the Holder, at the designated office of a duly appointed paying agent. Principal and interest due on the Definitive Notes on each Floating Rate Note Payment Date shall be payable by check or draft drawn upon the Trustee mailed to the Person who is the Holder thereof as of 5:00 p.m. in the city in which the designated office of the Note registrar is located on the Record Date relating thereto, at the address of such Holder as it appears on the Note register.

Definitive Notes will be transferable and exchangeable at the offices of the registrar for the Floating Rate Notes, which will initially be the Trustee. No service charges will be imposed for any registration of transfer or exchange, but the registrar may require payment of a sum sufficient to cover any tax or other governmental charge imposed in connection therewith.

## **DESCRIPTION OF THE ARC NOTES**

### **General**

The Class A-3 Notes, the Class A-4 Notes and the Class B Notes will be issued pursuant to the Indenture as, and are herein referred to as, ARC Notes. The ARC Notes of each class will be dated the Date of Issuance and will mature on September 1, 2037 (the "Final Maturity Date"). The ARC Notes will bear interest at the Applicable ARCs Rate, which will be established independently for each Interest Period and each class of the ARC Notes pursuant to the Auction Procedures described under "—Auction Procedures" below. The ARC Notes are being issued in fully registered form and in denominations of \$50,000 or any multiple thereof.

The ARC Notes will be registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"). For information concerning transfer and exchange of book entry interests in the ARC Notes, see "—Book-Entry Registration" below. See "—Auctions" below for information regarding the limitations on transfers of beneficial interests of ARC Notes.

The Trustee will be appointed in the First Supplemental Indenture to serve as the authenticating agent, note registrar, and paying agent. In such capacities, the Trustee will keep all books and records necessary for registration, exchange and transfer of the ARC Notes in accordance with the terms of the Indenture. The principal of each ARC Notes is payable to the Noteholder (initially, Cede & Co. as nominee for DTC) upon presentation and surrender of the ARC Notes at the designated corporate trust office of the Trustee.

Interest shall be paid to Cede & Co. as nominee for DTC, as Noteholder of record. Interest on the ARC Notes is payable to beneficial owners of the ARC Notes according to the procedures described below under "—Book-Entry Registration." Should Access Group discontinue the book-entry only system for the ARC Notes and issue certificates to the beneficial owners, then interest will be payable by check or draft of the Trustee mailed to the

person in whose name such ARC Notes is registered at the close of business on the Record Date, or at the written request of the registered owner of \$1,000,000 or more in aggregate principal amount of any ARC Notes, which request may provide that it will remain in effect unless and until changed or revoked in writing, by wire transfer.

So long as the ARC Notes are held in book-entry form registered in the name of Cede & Co., as nominee for DTC, or its registered assigns, Access Group and the Trustee may treat Cede & Co. (or its registered assigns) as, and deem such entity to be, the absolute owner of the ARC Notes for all purposes whatsoever, including without limitation: (i) paying principal and interest on the ARC Notes, (ii) giving notices of redemption and other matters with respect to the ARC Notes, (iii) registering transfers with respect to the ARC Notes, and (iv) selecting ARC Notes for redemption.

## **Interest**

### *Interest Payments*

Interest on the Class A-3 Notes, the Class A-4 Notes and the Class B Notes is initially payable by the Trustee on September 11, 2002, September 18, 2002 and September 25, 2002, respectively, and thereafter on the Business Day following the last day of each respective Interest Period; provided, however, that if the duration of the Interest Period is one year or longer, then interest shall be payable on each March 1 and September 1 during such Interest Period and the Business Day following the last day of such Interest Period, and the Final Maturity Date for such ARC Notes, or if any such date is not a Business Day, the next succeeding Business Day (but only for interest accrued to the Final Maturity Date).

Interest on the ARC Notes shall accrue for each Interest Period and shall be payable in arrears, on each succeeding Interest Payment Date. An "Interest Period" means (a) unless otherwise changed as described below under "—Changes in Auction Periods or Auction Date—Changes in Auction Period or Periods," the period commencing on the Date of Issuance through and including (i) September 10, 2002 with respect to the Class A-3 Notes, (ii) September 17, 2002 with respect to the Class A-4 Notes, and (iii) September 24, 2002 with respect to the Class B Notes (each, an "Initial Interest Period"), and each successive period of generally 28 days thereafter, respectively, commencing on a Wednesday (or the Business Day following the last day of the prior Interest Period, if the prior Interest Period does not end on a Tuesday) and ending on (and including) a Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day that is followed by a Business Day), and (b) if, and for so long as, Interest Payment Dates are specified to occur at the end of each Auction Period, as described below under "—Changes in Auction Periods or Auction Date—Changes in Auction Period or Periods," each period commencing on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date. Interest Payment Dates may change in the event of a change in the length of one or more Auction Periods. See "—Changes in Auction Periods or Auction Date—Changes in Auction Period or Periods" below.

The amount of interest distributable to holders of ARC Notes in respect of each \$50,000 in principal amount thereof for any Interest Period or part thereof shall be calculated by applying the Applicable ARCs Rate for such Interest Period or part thereof to the principal amount of \$50,000, multiplying such product by the actual number of days in the Interest Period or part thereof concerned divided by 365 or 366, as applicable, and truncating the resultant figure to the nearest one cent. Interest on the ARC Notes shall be computed by the Trustee on the basis of a 365-day year for the number of days actually elapsed; except that for any leap year such calculation with respect to an Interest Payment Date occurring after January 1 and on or before December 31 of such year (being the leap year) shall be computed on the basis of a 366-day year period. The Trustee shall make the calculation described above not later than the close of business on each Auction Date.

Interest on any ARC Note accrued as of any Interest Payment Date but not paid on such Interest Payment Date (which shall not include any Carry-over Amount) will be due on the next Interest Payment Date together with interest on such amount at the Default Rate.



*Applicable ARCs Rate.*

The rate of interest on the ARC Notes for the respective Initial Interest Periods shall be determined on or about August 1, 2002. The rate of interest on the ARC Notes for each Interest Period subsequent to the respective Initial Interest Periods shall be equal to the annual rate of interest that results from implementation of the Auction Procedures described under “—Auction Procedures” below, which shall be determined separately for each class of the ARC Notes (the “Auction Rate”), unless the Auction Rate exceeds the Maximum Rate, in which case the rate of interest on the ARC Notes for such Interest Period shall be the Maximum Rate; provided that if, on any Auction Date, an Auction is not held for any reason, then the rate of interest for the next succeeding Interest Period shall equal the Maximum Rate established on such Auction Date. Notwithstanding the foregoing, (i) if the ownership of the ARC Notes is no longer maintained in book entry form, the rate of interest on the ARC Notes for any Interest Period commencing after the delivery of certificates representing ARC Notes as described herein shall equal the Maximum Rate on the Business Day immediately preceding the first day of such Interest Period, or (ii) if a Payment Default occurs, Auctions will be suspended and the Applicable ARCs Rate (as defined below) for the Interest Period commencing on or after such Payment Default and for each Interest Period thereafter to and including the Interest Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured will equal the Default Rate.

The rate per annum at which interest is payable on the ARC Notes for any Interest Period is herein referred to as the “Applicable ARCs Rate.” The Applicable ARCs Rate cannot at any time exceed the Maximum Rate, unless the Applicable ARCs Rate is the Default Rate, in which case the Default Rate may exceed the Maximum Auction Rate or the Net Loan Rate, but cannot exceed the Maximum Interest Rate.

*Maximum Rate*

The interest rate on the ARC Notes cannot exceed the Maximum Rate, which is equal to the least of the Maximum Auction Rate, the Maximum Interest Rate or, in certain circumstances, the Net Loan Rate. The Net Loan Rate will be taken into account only for Auction Periods that commence during a Net Loan Rate Restriction Period. For purposes of this limitation:

“*CP Determination Date*” means, for each month, the second Business Day preceding the 25th day of the month.

“*CP Rate*” means, for each month, the bond equivalent yield of the rate for the CP Determination Date set forth in H.15(519) opposite the 90-day maturity and under the caption “Commercial paper-Financial.” If, by 5:00 p.m., New York City time, on the Business Day immediately following the CP Determination Date, such rate is not yet published in H.15(519), the CP Rate for such month will be the bond equivalent yield of the rate for the first preceding day for which such rate is set forth in H.15(519) opposite the 90-day maturity and under the caption “Commercial paper-Financial.”

“*Maximum Auction Rate*” means, with respect to any Auction Period, a per annum interest rate on a class of ARC Notes equal to the lesser of (a) with respect to any class of ARC Notes rated in at least the lowest category of “A” by at least two Rating Agencies, the Applicable LIBOR-Based Rate plus 1.50%, or (b) a rate which, when taken together with the interest rate on such class of ARC Notes for the one-year period ending on the final day of the Auction Period, would result in the average interest rate on such class of ARC Notes for such period either (i) not being in excess (on a per annum basis) of the average of the Ninety-One Day United States Treasury Bill Rate plus 1.20% for such one-year period (if all of the ratings assigned by the Rating Agencies to such class of ARC Notes are at least in the lowest category of “Aa” or “AA”), (ii) not being in excess (on a per annum basis) of the Ninety-One Day United States Treasury Bill Rate plus 1.50% for such one-year period (if any one of the ratings assigned by the Rating Agencies to such class of ARC Notes is less than in the lowest category of “Aa” or “AA” but all of the ratings are at least any category of “A”), or (iii) not being in excess (on a per annum basis) of the average of Ninety-One Day United States Treasury Bill Rate plus 1.75% for such one-year period (if any one of the ratings assigned by the Rating Agencies to such class of ARC Notes is less than the lowest category of “A”); provided, however, that if the Series 2002-1 Notes have not been Outstanding for at least such one-year period then for any portion of such period

during which the Series 2002-1 Notes were not Outstanding, the interest rates on a class of ARC Notes for purposes of this definition shall be deemed to be equal to such rates as the Market Agent shall determine were the rates of interest on equivalently rated auction securities with comparable lengths of auction periods during such period; and provided further, however, that this definition may be modified at the direction of Access Group upon receipt by the Trustee of (A) written consent of the Market Agent and (B) written confirmation from each Rating Agency then rating the Notes that such change will not in and of itself result in a reduction of the rating on any Notes. For purposes of the Auction Agent and the Auction Procedures, the ratings referred to in this definition shall be the last ratings of which the Auction Agent has been given notice pursuant to the Auction Agent Agreement. The percentage amount to be added to the Applicable LIBOR-Based Rate or the Ninety-One Day United States Treasury Bill Rate in any one or more of clauses (a) or (b), (i), (ii) or (iii) above may be increased by delivery to the Auction Agent and the Trustee of a certificate signed by an Authorized Officer of Access Group directing such increase, together with written confirmation from each Rating Agency then rating the Notes that such increase will not in and of itself result in a reduction of the rating on any Notes.

“*Maximum Interest Rate*” means the lesser of (a) 18% per annum (or such higher rate as Access Group may establish upon confirmation that no ratings on any of the Notes will be adversely affected), or (b) the maximum rate of interest permitted under applicable law.

“*Net Loan Rate*” means, with respect to any Auction Period, the rate of interest per annum (rounded to the next highest 0.01%) equal to the amount determined by dividing:

- (a) the product of 12 times the sum of the following amounts accrued during the most recent calendar month that ended at least 25 days before the commencement of such Auction Period (whether or not actually received or paid): (i) interest (including interest subsidy payments and adjusted for borrower incentives), assumed Special Allowance Payments, and late fees with respect to the Financed Student Loans, *plus* (ii) investment earnings on the Funds, *plus* (iii) any Counterparty Swap Payments, *minus* (iv) the aggregate amount of default claims filed during the month with respect to Financed Student Loans which exceed the amount the Guarantee Agency is required to pay under the applicable Guarantee Agreement, *minus* (v) monthly rebate fees due to the Department of Education with respect to Consolidation Loans financed under the Indenture, *minus* (vi) any Access Group Swap Payments, *minus* (vii) the interest on all Notes other than the ARC Notes, *minus* (viii) Note Fees and a portion of the Administrative Allowance equal to 0.45% per annum of the aggregate principal balance of the Financed Student Loans, by
- (b) the aggregate principal amount of all ARC Notes outstanding on the date of each such calculation.

For this purpose, the Special Allowance Payments shall be assumed to be computed based upon the bond equivalent yield of 91-day United States Treasury bills most recently auctioned, or the most recent CP Rate, on the date as of which the Net Loan Rate is determined (whether or not the actual Special Allowance Payment rate could then be determined).

“*Net Loan Rate Restriction Period*” means the period of time from and including a Net Loan Rate Trigger Date to but excluding a Net Loan Rate Termination Date.

“*Net Loan Rate Termination Date*” means, if the Net Loan Rate Trigger Date has occurred, the 25th day of a month which immediately follows two consecutive months for which both (a) the daily weighted average of the Auction Rates for all ARC Notes in effect during the month was equal to or less than the sum of (i) the bond equivalent yield on the 91-day United States Treasury bills sold at the last auction prior to the 25th day of the month plus (ii) 1.0%, and (b) Three-Month LIBOR as of the CP Determination Date was less than the sum of (i) the CP Rate for such month, plus (ii) 0.25%.

“*Net Loan Rate Trigger Date*” means the 25th day of a month which immediately follows three consecutive months for which either (a) the daily weighted average of the Auction Rates for all ARC Notes in effect during the month exceeded the sum of (i) the bond equivalent yield on the 91-day United States Treasury bills sold at the last

auction prior to the 25th day of the month plus (ii) 1.0%, or (b) Three-Month LIBOR as of the CP Determination Date equaled or exceeded the sum of (i) the CP Rate for the month plus (ii) 0.25%.

*“Ninety-One Day United States Treasury Bill Rate”* means the bond equivalent yield on the 91-day United States Treasury bills sold at the last auction thereof that immediately precedes the Auction Date.

*Carry-over Amount*

(i) If the Auction Rate for any class of ARC Notes is greater than the Maximum Rate, then the interest rate applicable to that class of ARC Notes for that Auction Period will be the Maximum Rate. If the Auction Rate and the Maximum Interest Rate both exceed the lesser of the Maximum Auction Rate or (during a Net Loan Rate Restriction Period) the Net Loan Rate, then the excess of the amount of interest that would have accrued on the ARC Notes at the lesser of the Auction Rate or the Maximum Interest Rate, over the amount of interest actually accrued at the lesser of the Maximum Auction Rate or (if applicable) the Net Loan Rate, will accrue as the Carry-over Amount. The Carry-over Amount will bear interest calculated at a rate equal to One-Month LIBOR (as determined by the Auction Agent, provided the Trustee has received notice of One-Month LIBOR from the Auction Agent, and if the Trustee has not, then as determined by the Trustee) from the Interest Payment Date for the Auction Period with respect to which such Carry-over Amount was calculated, until paid. As used herein with respect to the ARC Notes, the terms “principal” and “interest” do not include within the meanings of such terms the Carry-over Amount or any interest accrued on any Carry-over Amount. The Carry-over Amount will be calculated for each of the ARC Notes, as provided herein, by the Auction Agent during the Auction Period in sufficient time for the Trustee to give notice to each Owner of an ARC Note of such Carry-over Amount as described in the following sentence. On the Interest Payment Date for an Auction Period during which a Carry-over Amount has accrued, the Trustee will give written notice to each Owner of an ARC Note on which a Carry-over Amount has accrued of such Carry-over Amount, which written notice may accompany the payment of interest by check made to each such Owner on such Interest Payment Date, or otherwise will be mailed on such Interest Payment Date by first class mail, postage prepaid, to each such Owner at such Owner’s address as it appears on the books of registry maintained by the Trustee. Such notice will state that unless and until such ARC Note has been redeemed (after which all accrued Carry-over Amount that remains unpaid, and all accrued interest thereon, will be extinguished and no Carry-over Amount or interest accrued thereon will be paid with respect to such ARC Note): (a) there is a Carry-over Amount in the amount stated in such notice, (b) the Carry-over Amount on such ARC Note (and interest accrued thereon, calculated at a rate equal to One-Month LIBOR) will be paid by the Trustee on the next occurring Interest Payment Date, and on each succeeding Interest Payment Date until paid, for each Auction Period subsequent to the Auction Period in which such Carry-over Amount accrued, if and to the extent that the conditions set forth in clause (ii) below are met; (c) interest will accrue on the Carry-over Amount at a rate equal to One-Month LIBOR until such Carry-over Amount is paid in full or is canceled; and (d) that if the conditions for payment in full of the Carry-over Amount and interest thereon have not been met on or before the date on which such ARC Note on which said Carry-over Amount has accrued has been paid at maturity or upon prior redemption, then all accrued Carry-over Amount (and all accrued interest thereon) that remains unpaid will be extinguished and no Carry-over Amount (or interest accrued thereon) will be paid with respect to such ARC Note.

(ii) The Carry-over Amount for a class of ARC Notes will be paid by the Trustee to the Owner on the next occurring Interest Payment Date and each succeeding Interest Payment Date until paid, for a subsequent Auction Period if and to the extent that (a) during such subsequent Auction Period, no additional Carry-over Amount is accruing on such ARC Note, (b) during such Auction Period, the amount of interest that would be payable on such ARC Notes at the Maximum Rate exceeds the amount of interest that is payable for such Auction Period at the interest rate in effect for such Auction Period, (c) on the related Monthly Allocation Date, there are sufficient Available Funds under the Indenture, after all prior applications of funds on such Monthly Allocation Date, to pay a portion or all of the Carry-over Amount described in clause (b) above, and (d) after giving effect to such payments, the Subordinate Asset Percentage is equal to at least 101% and the Value of the Trust Estate exceeds the principal amount of the Notes outstanding plus accrued interest thereon and Note Fees with respect thereto by at least the lesser of (1) \$1,500,000 or (2) such lesser amount as will not cause any Rating Agency to reduce or withdraw any rating on the Notes. Any Carry-over Amount (and any interest accrued thereon) on any ARC Note which is due and payable on an Interest Payment Date on which such ARC Note is to be redeemed will be paid to the Owner thereof on said Interest Payment Date to the extent that moneys are available therefor in accordance with the provisions of

the First Supplemental Indenture. Any Carry-over Amount (and any interest accrued thereon) which is not yet due and payable on said Interest Payment Date will be canceled with respect to each ARC Note that is to be redeemed on such Interest Payment Date and will not be paid on any succeeding Interest Payment Date. To the extent that any portion of the Carry-over Amount remains unpaid after payment of a portion thereof, such unpaid portion of the Carry-over Amount will be paid in whole or in part until fully paid by the Trustee on the next occurring Interest Payment Date or Dates, as necessary for a subsequent Auction Period or Periods, if and to the extent that the conditions in the third preceding sentence are satisfied. On any Interest Payment Date on which the Trustee pays only a portion of the Carry-over Amount on an ARC Note, the Trustee will give written notice in the manner set forth in paragraph (i) above to the Owner of such ARC Note receiving such partial payment of the Carry-over Amount remaining unpaid on such ARC Note.

(iii) Whether the Carry-over Amount for an ARC Note will be paid on any particular Interest Payment Date in each subsequent Auction Period will be determined as described in paragraph (ii) above and the Trustee will make payment of the Carry-over Amount in the same manner as, and from the same sources from which, it pays the respective interest due on the ARC Notes.

**(iv) Any unpaid Carry-over Amount on an ARC Note not due and payable on the Final Maturity Date or earlier redemption date with respect to such ARC Note will be extinguished upon the maturity or redemption of such ARC Note. The Carry-over Amount will otherwise continue to accrue on the ARC Notes remaining outstanding. The ratings on the ARC Notes will not apply to any Carry-over Amount that may accrue on the ARC Notes.**

(v) No Carry-over Amount will accrue if the Auction Rate, the Maximum Auction Rate and (if applicable) the Net Loan Rate all equal or exceed the Maximum Interest Rate.

## **Auction Participants**

### *Existing Owners and Potential Owners*

Participants in each Auction will include (i) “Existing Owners” which means (a) with respect to and for purpose of dealing with the Auction Agent (described below) in connection with an Auction, a Person who is a Broker-Dealer listed in the existing owner registry at the close of business on the Business Day immediately preceding the Auction Date for such Auction and (b) with respect to and for the purpose of dealing with the Broker-Dealer in connection with an Auction, a Person who is a beneficial owner of ARC Notes, and (ii) “Potential Owners,” which means any Person (including any Existing Owner that is (a) a Broker-Dealer when dealing with an auction agent and (b) a potential owner when dealing with a Broker-Dealer), who may be interested in acquiring ARC Notes (or, in the case of an Existing Owner thereof, an additional principal amount of ARC Notes).

By purchasing ARC Notes, whether in an Auction or otherwise, each prospective purchaser of ARC Notes or its Broker-Dealer must agree and will be deemed to have agreed: (i) to participate in Auctions on the terms set forth under “—Auction Procedures” below, (ii) so long as the beneficial ownership of the ARC Notes is maintained in book entry form, to sell, transfer or otherwise dispose of ARC Notes only pursuant to a Bid or a Sell Order (each as defined under “—Auction Procedures” below) in an Auction, or to or through a Broker-Dealer, provided that in the case of all transfers other than those pursuant to an Auction, the Existing Owner of ARC Notes so transferred, its Participant or its Broker-Dealer advises the Auction Agent of such transfer and (iii) to have its beneficial ownership of ARC Notes maintained at all times in book entry form by the securities depository for the account of its Participant, which in turn will maintain records of such beneficial ownership, and to authorize such Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

### *Auction Agent*

Deutsche Bank Trust Company Americas is appointed as the initial Auction Agent for the ARC Notes. Any substitute Auction Agent shall be (i) a bank or trust company duly organized under the laws of the United States of

America or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$40,000,000 or (ii) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$40,000,000 and, in either case, authorized by law to perform all the duties imposed upon it under the First Supplemental Indenture and under the Auction Agency Agreement. The Auction Agent may resign and be discharged of the duties and obligations created by the Auction Agency Agreement by giving at least 90 days' written notice to Access Group, the Trustee and the Market Agent (30 days' written notice if the Auction Agent has not been paid its fee for more than 30 days). The Auction Agent may be removed at any time by the Trustee if the Auction Agent is an entity other than the Trustee, acting at the direction of Access Group or the holders of 66<sup>2</sup>/<sub>3</sub>% of the aggregate principal amount of the ARC Notes, by an instrument signed by the Trustee and filed with the Auction Agent, Access Group and the Market Agent upon at least 90 days' notice; provided that, if required by the Market Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent. If the Auction Agent and the Trustee are the same entity, the Auction Agent may be removed as described above, with Access Group acting in lieu of the Trustee.

If the Auction Agent shall resign or be removed or dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, Access Group shall use its best efforts to appoint a successor as Auction Agent, and the Trustee shall thereupon enter into an Auction Agency Agreement with such successor.

The Auction Agent is acting as agent for the Trustee, as trustee, registrar and paying agent for the ARC Notes in connection with Auctions. In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

#### *Broker-Dealer*

Existing Owners and Potential Owners may participate in Auctions only by submitting orders (in the manner described below) through a "Broker-Dealer," including UBS PaineWebber Inc. as the sole initial Broker-Dealer, or any other broker or dealer (each as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth below which (i) is a "Participant" (*i.e.*, a member of, or participant in, DTC or any successor securities depository) or an affiliate of a Participant, (ii) has a capital surplus of at least \$100 million, (iii) has been selected by Access Group or an Authorized Officer of Access Group and (iv) has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective, in which the Broker-Dealer agrees to participate in Auctions as described in the Auction Procedures, as from time to time amended or supplemented.

#### *Market Agent*

The "Market Agent," initially UBS PaineWebber Inc., is responsible under the terms of a Market Agent Agreement with the Trustee, to perform such duties of the Market Agent in accordance with such Market Agent Agreement and the First Supplemental Indenture. Under the Market Agent Agreement, and in connection with the ARC Notes, the Market Agent shall act solely as agent of the Trustee and shall not assume any obligation or relationship of agency or trust for or with any of the beneficial owners.

### **Auctions**

Auctions to establish the Applicable ARCs Rate will be held on each Auction Date, except as described above under "—Interest—Applicable ARCs Rate," by application of the Auction Procedures described under "—Auction Procedures" below. "Auction Date" shall mean initially (a) September 10, 2002 with respect to the Class A-3 Notes, (b) September 17, 2002 with respect to the Class A-4 Notes and (c) September 24, 2002 with respect to the Class B Notes, and, thereafter, the Business Day immediately preceding the first day of each related Interest Period, other than: (i) each Interest Period commencing after the ownership of the ARC Notes is no longer

maintained in book entry form; (ii) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or (iii) any Interest Period commencing less than the Applicable Number of Business Days after the cure or waiver of a Payment Default. Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed as described below under “—Changes in Auction Periods or Auction Date— Changes in Auction Period or Periods.”

The Auction Agent shall calculate the Maximum Rate, the Maximum Auction Rate, the Maximum Interest Rate, the All Hold Rate and the Applicable LIBOR-Based Rate on each Auction Date. Access Group (or its agent) will calculate the Net Loan Rate each month during a Net Loan Rate Restriction Period. The determination by the Auction Agent of the Maximum Rate, the Maximum Auction Rate, the Maximum Interest Rate, the All Hold Rate and the Applicable LIBOR-Based Rate, and the determination by Access Group of the Net Loan Rate, will (in the absence of manifest error) be final and binding upon the Owners of the ARC Notes and all other parties. If the ownership of the ARC Notes is no longer maintained in book entry form by DTC, the Trustee shall calculate the Maximum Rate on the Business Day immediately preceding the first day of each Interest Period commencing after delivery of certificates representing the ARC Notes. If a Payment Default shall have occurred, the Trustee shall calculate the Default Rate on the first day of (i) each Interest Period commencing after the occurrence and during the continuance of such Payment Default and (ii) any Interest Period commencing less than the Applicable Number of Business Days after the cure of any Payment Default.

So long as the ownership of the ARC Notes is maintained in book entry form, an Existing Owner may sell, transfer or otherwise dispose of ARC Notes only pursuant to a Bid or Sell Order (as defined under “—Auction Procedures” below) placed in an Auction or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Owner, its Broker-Dealer or its Participant advises the Auction Agent of such transfer. Auctions shall be conducted on each Auction Date, if there is an Auction Agent on such Auction Date, in the manner described under “Auction Procedures” below.

A description of the Settlement Procedures to be used with respect to Auctions is contained under “—Settlement Procedures” below.

### **Changes in Auction Periods or Auction Date**

#### *Changes in Auction Period or Periods*

In order to conform with then current market practice with respect to similar securities, or in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by the ARC Notes, and with the written consent of Access Group, the Market Agent may change, from time to time, the length of one or more Auction Periods. The Market Agent shall, not less than three days nor more than twenty days prior to the effective date of such change, deliver to Access Group a written request for consent together with a certificate demonstrating the need for change in reliance on such factors. The Market Agent shall initiate the change in the length of one or more Auction Periods by giving written notice to the Trustee, the Auction Agent, Access Group and DTC in substantially the form of, or containing substantially the information contained in, the First Supplemental Indenture at least ten days prior to the Auction Date for such Auction Period, which notice shall be accompanied by written confirmation from each Rating Agency that such change in length of one or more Auction Periods will not cause the then-existing ratings on the ARC Notes to be reduced or withdrawn.

Any such changed Auction Period shall not be less than seven days. The change in the length of one or more Auction Periods shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as described above and the Auction immediately preceding the proposed change.

The change in length of one or more Auction Periods shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m. on the Business Day before the Auction Date for the first such Auction Period, a certificate from the Market Agent authorizing the change in the length of one or more Auction Periods specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction

Period. If the condition referred to in (A) above is not met, the Applicable ARCs Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Applicable ARCs Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be the Auction Period determined without reference to the proposed change.

#### *Changes in the Auction Date*

In order to conform with then current market practice with respect to similar securities, or in order to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the ARC Notes, and with the written consent of Access Group, the Market Agent may specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined with respect to one or more specified Auction Periods. The Market Agent shall, not less than three days nor more than twenty days prior to the effective date of such change, deliver to Access Group a written request for consent together within a certificate demonstrating the need for change in reliance on such factors. The Market Agent shall provide notice of any determination to specify an earlier Auction Date for one or more Auction Periods by means of a written notice delivered at least ten days prior to the proposed changed Auction Date to the Trustee, the Auction Agent, Access Group and DTC, which notice shall be accompanied by written confirmation from each Rating Agency to the effect that such determination to specify an earlier Auction Date for one or more Auction Periods will not cause the then-existing ratings on the ARC Notes to be reduced or withdrawn.

In connection with any change in the Auction terms described above, the Auction Agent shall provide such further notice to such parties as may be specified in the Auction Agency Agreement.

#### **Redemption Provisions**

The ARC Notes are subject to redemption prior to maturity as described below. In addition, as described under “Description of the Indenture—Remedies,” the principal amount of all Notes may be declared immediately due and payable upon the happening and continuance of certain Events of Default under the Indenture.

#### *Mandatory Redemption*

ARC Notes of any class will be subject to mandatory redemption prior to their Final Maturity Date on each Interest Payment Date for that class, in part in a total principal amount equal to the sum of the following (rounded down to the nearest multiple of \$50,000):

- (a) the lesser of (i) the Principal Distribution Amount or (ii) Available Funds remaining on a Monthly Allocation Date after the required prior applications as described in clauses “*first*” through “*sixth*” under “Description of the Indenture—Allocations of Available Funds,” and
- (b) the lesser of (i) Available Funds remaining on the Monthly Allocation Date after the required prior applications as described in clauses “*first*” through “*eighth*” under “Description of the Indenture—Allocations of Available Funds,” or (ii) the amount necessary, after giving effect to the application of all funds allocated on such Monthly Allocation Date, to both cause the Subordinate Asset Percentage to be equal to at least 101%, and cause the Value of the Trust Estate to exceed the principal amount of the Notes outstanding plus accrued interest thereon and Note Fees with respect thereto by at least the lesser of (A) \$1,500,000 or (B) such lesser amount as will not cause any Rating Agency to reduce or withdraw any rating on the Notes,

except that during the Revolving Period, the amount available to redeem the ARC Notes will be reduced by the amount of the Available Funds, if any, that Access Group elects to transfer to the Acquisition Fund.

The redemption price will be 100% of the principal amount of the ARC Notes to be redeemed, plus accrued interest (which shall not include any Carry-over Amount) thereon to the redemption date.

#### *Optional Redemption*

The ARC Notes of each class are subject to redemption prior to maturity, at the option of Access Group, either in whole or in part in multiples of \$50,000, on any Interest Payment Date for such class at a redemption price equal to 100% of the principal amount of ARC Notes redeemed, plus accrued interest (which shall not include any Carry-over Amount) to the redemption date.

#### *Selection of ARC Notes for Redemption*

If less than all Outstanding ARC Notes are to be redeemed, the particular classes from which ARC Notes shall be redeemed will be determined by Access Group, subject to the provisions of the Indenture described under “—Senior Asset Requirement” below. In the absence of direction by Access Group, the ARC Notes to be redeemed will be selected first from the Class B Notes to the extent permitted by the Senior Asset Requirement, and thereafter shall be allocated first to the Class A-3 Notes until all Class A-3 Notes have been paid, and then to the Class A-4 Notes.

If less than all of the Outstanding ARC Notes of a given class are to be redeemed, the particular ARC Notes to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions of the principal of ARC Notes in authorized denominations.

#### *Senior Asset Requirement*

No redemption of any Class B Note under any of the foregoing provisions is to be made unless, after giving effect to the redemption, the Senior Asset Requirement will be met. Compliance with the Senior Asset Requirement will be determined as of the date of the selection of ARC Notes to be redeemed, and any failure to meet the Senior Asset Requirement as of the redemption date will not affect such determination. In general, the “Senior Asset Requirement” requires that the Senior Asset Percentage is at least 105.0% and the Subordinate Asset Percentage is at least 100.5%. See “Glossary of Certain Defined Terms” and “Description of the Indenture—Notes and Other Indenture Obligations—Redemption of or Distribution with Respect to Notes; Senior Asset Requirement.”

#### *Effect of Redemption.*

On the date designated for redemption by notice as provided under the Indenture, the ARC Notes so called for redemption shall become due and payable at the stated redemption price and, to the extent moneys are available therefor, interest shall cease to accrue on such ARC Notes and such ARC Notes shall no longer be entitled to any benefit or security under the Indenture.

**The redemption of any ARC Note will extinguish any unpaid Carry-over Amount with respect to such ARC Note that is not otherwise due and payable on the redemption date with respect to such ARC Note. See “—Interest—Carry-over Amount” above.**

#### **Book-Entry Registration**

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the ARC Notes, payment of principal of and interest on the ARC Notes to DTC Participants, or to purchasers of the ARC Notes, confirmation and transfer of beneficial ownership interests in the ARC Notes, and other securities-related transactions by and between DTC, DTC Participants and Beneficial Owners (as hereinafter defined), is based solely on information furnished by DTC, and has not been independently verified by Access Group or the Underwriter. The inclusion of this information is not, and should not be construed as, a representation by Access Group or the Underwriter as to its accuracy or completeness or otherwise.



DTC will act as securities depository for the ARC Notes. Upon the issuance of the ARC Notes, one or more fully registered notes, in the aggregate principal amount of the ARC Notes, are to be registered in the name of Cede & Co., as nominee for DTC. So long as Cede & Co. is the Holder of the ARC Notes, as nominee of DTC, references herein to the owners or Holders of the ARC Notes shall mean DTC or its nominee, Cede & Co., and shall not mean the Beneficial Owners of the ARC Notes. Noteholders may hold their certificates through DTC if they are DTC participants, or indirectly through organizations that are DTC participants.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants (the “DTC Participants”) deposit with DTC. DTC also facilitates the settlement among DTC Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in DTC Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of DTC Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the “Indirect Participants”). The Rules applicable to DTC and the DTC Participants are on file with the U.S. Securities and Exchange Commission.

Purchases of the ARC Notes (in authorized denominations) under the book-entry system may be made only through brokers and dealers who are, or act through, DTC Participants. The DTC Participants purchasing the ARC Notes will receive a credit balance in the records of DTC. The ownership interest of the actual purchaser of each ARC Note (a “Beneficial Owner”) will be recorded in the records of the applicable DTC Participant or Indirect Participant. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive from the applicable DTC Participant or Indirect Participant written confirmations providing details of the transaction, as well as periodic statements of their holdings. Transfers of beneficial ownership of the ARC Notes will be accomplished by book entries made by the DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners and, if necessary, in turn by DTC. No ARC Notes will be registered in the names of the Beneficial Owners, and Beneficial Owners will not receive certificates representing their ownership interest in the ARC Notes, except in the event participation in the book-entry system is discontinued as described below.

Access Group and the Trustee will recognize DTC or its nominee as the Holder of the ARC Notes for all purposes, including notice purposes. DTC has no knowledge of the actual Beneficial Owners of the ARC Notes; DTC’s records reflect only the identity of the DTC Participants to whose accounts such ARC Notes are credited, which may or may not be the Beneficial Owners. The DTC Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among DTC, DTC Participants, Indirect Participants and Beneficial Owners, subject to any statutory and regulatory requirements as may be in effect from time to time. Beneficial Owners may desire to make arrangements with a DTC Participant or an Indirect Participant so that all notices of redemption of ARC Notes or other communications to DTC which affect such Beneficial Owners, and notification of all interest payments, will be forwarded in writing by the DTC Participant or Indirect Participant. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to advise a Beneficial Owner, of any notice of redemption or its content or effect will not affect the validity of the redemption of the ARC Notes redeemed or any other action premised on such notice.

Neither DTC nor Cede & Co. will consent or vote with respect to the ARC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to Access Group as soon as possible after the record date it establishes.

The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those DTC Participants to whose accounts the ARC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and interest on the ARC Notes will be made to DTC or its nominee, Cede & Co., as Holder of the ARC Notes. DTC's current practice is to credit the accounts of the DTC Participants on payment dates in accordance with their respective holdings shown on the records of DTC, unless DTC has reason to believe that it will not receive payment on that date.

Payments by DTC Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant or Indirect Participant and not of DTC or Access Group, subject to any statutory and regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of Access Group and the Trustee, disbursement of such payments to DTC Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of DTC Participants and Indirect Participants.

By purchasing the ARC Notes, whether in an Auction or otherwise, each prospective purchaser of the ARC Notes or its Broker-Dealer must agree and will be deemed to have agreed: (i) to have its beneficial ownership of the ARC Notes maintained at all times in Book-Entry Form for the account of its DTC Participant, which in turn will maintain records of such beneficial ownership, and to authorize such DTC Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request; and (ii) so long as the beneficial ownership of the ARC Notes is maintained in Book-Entry Form, to sell, transfer or otherwise dispose of the ARC Notes only pursuant to a "Bid" or a "Sell Order" (as such terms are defined below under "—Auction Procedures—Submission to Broker-Dealers") in an Auction, or otherwise through a Broker-Dealer, provided that in the case of all transfers other than those pursuant to an Auction, the Existing Holder of the ARC Notes so transferred, its DTC Participant or Broker-Dealer advises the Auction Agent of such transfer.

For every transfer of the ARC Notes, the Beneficial Owner may be charged a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

So long as Cede & Co. or its registered assign is the registered holder of the ARC Notes, Access Group and the Trustee will be entitled to treat Cede & Co., or its registered assign, as the absolute owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by Access Group or the Trustee, and Access Group and the Trustee will have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the ARC Notes.

If (i) the ARC Notes are not eligible for the services of DTC, (ii) DTC determines to discontinue providing its services with respect to the ARC Notes or (iii) Access Group determines that a system of book-entry transfers for ARC Notes, or the continuation thereof, through DTC is not in the best interest of the Beneficial Owners or Access Group, Access Group may either identify another qualified securities depository or direct or cause ARC Note certificates to be delivered to Beneficial Owners thereof or their nominees and, if certificates are delivered to the Beneficial Owners, the Beneficial Owners or their nominees, upon authentication of the ARC Notes in authorized denominations and registration thereof in the Beneficial Owners' or nominees' names, shall become the Holders of such ARC Notes for all purposes. In any such event, the Trustee is to mail an appropriate notice to the securities depository for notification to DTC Participants and Beneficial Owners of the substitute securities depository or the issuance of ARC Note certificates to Beneficial Owners or their nominees, as applicable.

#### **Auction Procedures**

The Auction Procedures for the ARC Notes are as set forth below.

Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding (i) each Interest Period commencing after the ownership of the ARC Notes is no longer maintained in book entry form; (ii) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or

(iii) any Interest Period commencing less than two Business Days after the cure of a Payment Default). If there is an Auction Agent on such Auction Date, Auctions shall be conducted in the following manner:

(a) *Submission to Broker-Dealers.*

(i) (A) each Existing Owner of ARC Notes may submit to a Broker-Dealer information as to:

- (I) the principal amount of Outstanding ARC Notes, if any, held by such Existing Owner which such Existing Owner desires to continue to hold without regard to the Auction Rate for the next succeeding Interest Period;
- (II) the principal amount of Outstanding ARC Notes, if any, which such Existing Owner offers to sell if the Auction Rate for the next succeeding Interest Period shall be less than the rate per annum specified by such Existing Owner; and/or
- (III) the principal amount of Outstanding ARC Notes, if any, held by such Existing Owner which such Existing Owner offers to sell without regard to the Auction Rate for the next succeeding Interest Period; and

(B) one or more Broker-Dealers may contact Potential Owners to determine the principal amount of ARC Notes which each such Potential Owner offers to purchase if the Auction Rate for the next succeeding Interest Period shall not be less than the rate per annum specified by such Potential Owner.

The communication to a Broker-Dealer of information referred to in clause (A)(I), (A)(II), (A)(III) or (B) of this subsection (a)(i) is hereinafter referred to as an "Order." Each Existing Owner and each Potential Owner placing an Order is hereinafter referred to as a "Bidder." An Order containing the information referred to in clause (A)(I) of this subsection (a)(i) is hereinafter referred to as a "Hold Order." An Order containing the information referred to in clause (A)(II) or (B) of this subsection (a)(i) is hereinafter referred to as a "Bid." An order containing the information referred to in clause (A)(III) of this subsection (a)(i) is hereinafter referred to as a "Sell Order."

(ii) (A) Subject to the provisions of subsection (b) below, a Bid by an Existing Owner shall constitute an irrevocable offer to sell:

- (I) the principal amount of Outstanding ARC Notes specified in such Bid if the Auction Rate determined shall be less than the rate specified in such Bid; or
- (II) such principal amount or a lesser principal amount of Outstanding ARC Notes to be determined as set forth in clause (D) of paragraph (i) of subsection (d) below, if the Auction Rate determined shall be equal to the rate specified in such Bid; or
- (III) such principal amount or a lesser principal amount of Outstanding ARC Notes to be determined as set forth in clause (C) of paragraph (ii) of subsection (d) below if the rate specified shall be higher than the Maximum Rate and Sufficient Clearing Bids have not been made.

(B) Subject to the provisions of subsection (b) below, a Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

- (I) the principal amount of Outstanding ARC Notes specified in such Sell Order; or
- (II) such principal amount or a lesser principal amount of Outstanding ARC Notes determined as set forth in clause (C) of paragraph (ii) of subsection (d) below if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of subsection (b) below, a Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

- (I) the principal amount of Outstanding ARC Notes specified in such Bid if the Auction Rate shall be higher than the rate specified in such Bid; or
- (II) such principal amount or a lesser principal amount of Outstanding ARC Notes as set forth in clause (E) of paragraph (i) of subsection (d) below if the Auction Rate shall be equal to the rate specified in such Bid.

(b) *Submission by Broker-Dealers to the Auction Agent.*

(i) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

- (A) the name of the Bidder placing such Order,
- (B) the aggregate principal amount of ARC Notes that are the subject of such Order,
- (C) to the extent that such Bidder is an Existing Owner:
  - (I) the principal amount of ARC Notes, if any, subject to any Hold Order placed by such Existing Owner;
  - (II) the principal amount of ARC Notes, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and
  - (III) the principal amount of ARC Notes, if any, subject to any Sell Order placed by such Existing Owner; and

(D) to the extent such Bidder is a Potential Owner, the rate specified in such Potential Owner's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of one percent.

(iii) If an Order or Orders covering all Outstanding ARC Notes held by any Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of Outstanding ARC Notes held by such Existing Owner and not subject to an Order submitted to the Auction Agent.

(iv) None of Access Group, the Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

(v) If any Existing Owner submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding ARC Notes held by such Existing Owner, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of ARC Notes held by such Existing Owner, and if the aggregate principal amount of ARC Notes subject to such Hold Orders exceeds the aggregate principal amount of ARC Notes held by such Existing Owner, the aggregate principal amount of ARC Notes subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding ARC Notes held by such Existing Owner.

(B) (I) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding ARC Notes held by such Existing Owner over the aggregate principal amount of ARC Notes subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(II) subject to subclause (I) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Owner and the aggregate principal amount of Outstanding ARC Notes subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess and the stated amount of ARC Notes subject to each Bid with the same rate shall be reduced pro rata to cover the stated amount of ARC Notes equal to such excess;

(III) subject to subclauses (I) and (II) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(IV) in any such event, the aggregate principal amount of Outstanding ARC Notes, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Owner at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding ARC Notes held by such Existing Owner over the aggregate principal amount of ARC Notes subject to valid Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for ARC Notes is submitted on behalf of any Potential Owner, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Owner covering an aggregate principal amount of ARC Notes not equal to \$50,000 or any multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Owner covering an aggregate principal amount of ARC Notes not equal to \$50,000 or any multiple thereof shall be rejected.

(viii) Any Bid submitted by an Existing Owner or a Potential Owner specifying a rate lower than the All Hold Rate shall be treated as a Bid specifying the All Hold Rate and any such Bid shall be considered as valid and shall be selected in the ascending order of the respective rates in the Submitted Bids.

(ix) An Existing Owner that offers to purchase additional ARC Notes is, for purposes of such offer, treated as a Potential Owner.

(x) Any Bid specifying a rate higher than the Maximum Interest Rate will (A) be treated as a Sell Order if submitted by an Existing Owner and (B) not be accepted if submitted by a Potential Owner.

(c) *Determination of Sufficient Clearing Bids, Auction Rate and Winning Bid Rate.*

(i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a “Submitted Hold Order,” a “Submitted Bid” or a “Submitted Sell Order,” as the case may be, or as a “Submitted Order” and shall determine:

(A) the excess of the total principal amount of Outstanding ARC Notes over the sum of the aggregate principal amount of Outstanding ARC Notes subject to Submitted Hold Orders (such excess being hereinafter referred to as the “Available ARC Notes”);

(B) from such Submitted Orders whether

(I) the aggregate principal amount of Outstanding ARC Notes subject to Submitted Bids by Potential Owners specifying one or more rates equal to or lower than the Maximum Interest Rate;

exceeds or is equal to the sum of:

(II) the aggregate principal amount of Outstanding ARC Notes subject to Submitted Bids by Existing Owners specifying one or more rates higher than the Maximum Interest Rate; and

(III) the aggregate principal amount of Outstanding ARC Notes subject to Submitted Sell Orders

(in the event such excess or such equality exists, other than because the sum of the principal amounts of ARC Notes in subclauses (II) and (III) above is zero because all of the Outstanding ARC Notes are subject to Submitted Hold Orders, such Submitted Bids in subclause (I) above being hereinafter referred to collectively as “Sufficient Clearing Bids”); and

(C) if Sufficient Clearing Bids exist, the lowest rate specified in such Submitted Bids (which shall be the “Winning Bid Rate”) such that if:

(I) (aa) each such Submitted Bid from Existing Owners specifying such lowest rate and (bb) all other Submitted Bids from Existing Owners specifying lower rates were rejected, thus entitling such Existing Owners to continue to hold the principal amount of ARC Notes subject to such Submitted Bids; and

(II) (aa) each such Submitted Bid from Potential Owners specifying such lowest rate and (bb) all other Submitted Bids from Potential Owners specifying lower rates were accepted,

the result would be that such Existing Owners described in subclause (I) above would continue to hold an aggregate principal amount of Outstanding ARC Notes which, when added to the

aggregate principal amount of Outstanding ARC Notes to be purchased by such Potential Owners described in subclause (II) above, would equal not less than the Available ARC Notes.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall advise the Trustee of the Maximum Rate, the Maximum Auction Rate, the Maximum Interest Rate, the All Hold Rate and the Applicable LIBOR-Based Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Interest Period (the “Auction Rate”) as follows:

(A) if Sufficient Clearing Bids have been made, that the Auction Rate for the next succeeding Interest Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids have not been made (other than because all of the Outstanding ARC Notes are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Interest Period shall be equal to the Maximum Rate; or

(C) if all Outstanding ARC Notes are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Interest Period shall be equal to the All Hold Rate.

If the Auction Rate determined as set forth above exceeds the Maximum Rate, the Applicable ARCs Rate for such Interest Period shall be equal to the Maximum Rate. In such event, if the Auction Rate and the Maximum Interest Rate both exceed the lesser of the Maximum Auction Rate or (during a Net Loan Rate Restriction Period) the Net Loan Rate, then the excess of the amount of interest on the ARC Notes that would have accrued at the rate equal to the lesser of Auction Rate or the Maximum Interest Rate over the amount of interest on such ARC Notes actually accrued at the rate equal to the lesser of Maximum Auction Rate or (if applicable) the Net Loan Rate will accrue as the Carry-over Amount (as described under “—Interest—Carry-over Amount” above). The Carry-over Amount will bear interest at a rate equal to One-Month LIBOR from the Interest Payment Date for the Interest Period for which the Carry-over Amount was calculated until paid, or until extinguished in accordance with the First Supplemental Indenture.

(d) *Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of ARC Notes.*

Existing Owners shall continue to hold the principal amount of ARC Notes that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to paragraph (i) of subsection (c) above, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraph (iv) of this subsection (d), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Owners’ Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to sell the aggregate principal amount of ARC Notes subject to such Submitted Bids;

(B) Existing Owners’ Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Owner to continue to hold the aggregate principal amount of ARC Notes subject to such Submitted Bids;

(C) Potential Owners’ Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Owner to purchase the aggregate principal amount of ARC Notes subject to such Submitted Bids;

(D) Each Existing Owner's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Owner to continue to hold the aggregate principal amount of ARC Notes subject to such Submitted Bid, unless the aggregate principal amount of Outstanding ARC Notes subject to all such Submitted Bids shall be greater than the principal amount of ARC Notes (the "remaining principal amount") equal to the excess of the Available ARC Notes over the aggregate principal amount of ARC Notes subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Owner shall be rejected in part, and such Existing Owner shall be entitled to continue to hold the principal amount of ARC Notes subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of ARC Notes obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding ARC Notes held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding ARC Notes subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate; and

(E) Each Potential Owner's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of ARC Notes obtained by multiplying the excess of the aggregate principal amount of Available ARC Notes over the aggregate principal amount of ARC Notes subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARC Notes subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Outstanding ARC Notes subject to Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding ARC Notes are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this subsection (d), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Owners' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be rejected, thus entitling such Existing Owners to continue to hold the aggregate principal amount of ARC Notes subject to such Submitted Bids;

(B) Potential Owners' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus requiring each Potential Owner to purchase the aggregate principal amount of ARC Notes subject to such Submitted Bids; and

(C) Each Existing Owner's Submitted Bid specifying any rate that is higher than the Maximum Rate and the Submitted Sell Order of each Existing Owner shall be accepted, thus entitling each Existing Owner that submitted any such Submitted Bid or Submitted Sell Order to sell the ARC Notes subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of ARC Notes obtained by multiplying the aggregate principal amount of ARC Notes subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARC Notes held by such Existing Owner subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding ARC Notes subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding ARC Notes are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.



(iv) If, as a result of the procedures described in paragraph (i) or (ii) above, any Existing Owner would be entitled or required to sell, or any Potential Owner would be entitled or required to purchase, a principal amount of ARC Notes that is not equal to \$50,000 or any multiple thereof the Auction Agent shall, in such manner as it shall determine in its sole discretion, round up or down the principal amount of ARC Notes to be purchased or sold by any Existing Owner or Potential Owner so that the principal amount of ARC Notes purchased or sold by each Existing Owner or Potential Owner shall be equal to \$50,000 or any multiple thereof, even if such allocation results in one or more of such Potential Owners not purchasing any ARC Notes.

(e) *Determination of ARC Notes to be Delivered*

Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of ARC Notes to be purchased and the aggregate principal amount of ARC Notes to be sold by Potential Owners and Existing Owners on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of ARC Notes to be sold differs from such aggregate principal amount of ARC Notes to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, ARC Notes.

### **Settlement Procedures**

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARC Notes, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARC Notes, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of ARC Notes to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of ARC Notes to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARC Notes and the principal amount of ARC Notes to be purchased from one or more Existing Owners on whose behalf such Broker-Dealer acted by one or more Potential Owners on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of ARC Notes to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARC Notes to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Participant, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARC Notes and the principal amount of ARC Notes to be sold to one or more Potential Owners on whose behalf such Broker-Dealer acted by one or more Existing Owners on whose behalf of each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARC Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARC Notes to be purchased pursuant to such Bid against receipt of such principal amount of ARC Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARC Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARC Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids in such Auction, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Owner delivering ARC Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARC Notes against receipt of such ARC Notes, and (B) deliver such ARC Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARC Notes to be purchased pursuant to (b)(ii) above against receipt of such ARC Notes, and (B) deliver such ARC Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Owner selling ARC Notes in an Auction fails to deliver such ARC Notes (by authorized book entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of ARC Notes that is less than the principal amount of ARC Notes that otherwise was to be purchased by such Potential Owner (but only in an Authorized Denomination). In such event, the principal amount of ARC Notes to be so delivered shall be determined solely by such Broker-Dealer (but only in an Authorized Denomination). Delivery of such lesser principal amount of ARC Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of ARC Notes which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

## DESCRIPTION OF THE INDENTURE

### General

Access Group, the Eligible Lender Trustee and the Trustee will enter into an Indenture of Trust, dated as of August 1, 2002 (the "Indenture"), which authorizes the issuance of series of Notes from time to time, as further provided in Supplemental Indentures. Access Group and the Trustee will enter into a First Supplemental Indenture of Trust, dated as of August 1, 2002 (the "First Supplemental Indenture") which will authorize the particular terms of the Series 2002-1 Notes. See "Description of the Floating Rate Notes" and "Description of the ARC Notes." The following is a summary of the material terms of the Indenture and certain terms of the First Supplemental Indenture. The summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture and the First Supplemental Indenture.

The Indenture establishes the general provisions of Notes issued by Access Group thereunder and sets forth various covenants and agreements of Access Group relating thereto, default and remedy provisions, and responsibilities and duties of the Trustee and establishes the various Funds into which the Note proceeds and Access Group's revenues related to the Financed Student Loans and the Notes are deposited and transferred for various purposes.

## **Funds and Accounts**

### *Acquisition Fund*

The Indenture establishes a Acquisition Fund. With respect to each additional series of Notes, the Trustee will, upon delivery to the initial purchasers thereof and from the proceeds thereof, credit to the Acquisition Fund the amount, if any, specified in the Supplemental Indenture providing for the issuance of such series of Notes. The Trustee will also deposit in the Acquisition Fund: (1) any funds to be transferred thereto at the direction of Access Group from the Collection Fund or the Capitalized Interest Fund during the Revolving Period, and (2) any other amounts specified in a Supplemental Indenture.

Balances in the Acquisition Fund will be used only for (a) the acquisition or origination of Eligible Loans, (including as described herein under “The Financed Student Loans—Acquisition of Student Loan Portfolios”), or (b) transfer to the Collection Fund at the direction of Access Group. At the direction of Access Group, the Trustee will make payments to a Lender from the Acquisition Fund for the acquisition of Eligible Loans (such payments to be made at a purchase price not in excess of any limitation specified in a Supplemental Indenture). The First Supplemental Indenture provides that, except with respect to proceeds of additional Notes, the purchase price for FFELP Loans acquired with amounts in the Acquisition Fund shall not exceed 100.5% of the principal amount thereof, plus accrued interest thereon. The Trustee will also make payments from the Acquisition Fund for the origination of Consolidation Loans, including the payment of the 0.5% loan fee payable to the Secretary of Education.

At the direction of Access Group, the Trustee will transfer any amounts in the Acquisition Fund to the Collection Fund.

Pending application of moneys in the Acquisition Fund, such moneys will be invested in investment securities, as described under “—Investments” below, and any income from said investments will be deposited in the Collection Fund.

### *Administration Fund*

With respect to each series of Notes, the Trustee will, upon delivery thereof and from the proceeds thereof, credit to the Administration Fund established under the Indenture the amount, if any, specified in the Supplemental Indenture providing for the issuance of such series of Notes. The Trustee will also credit to the Administration Fund all Available Funds allocated thereto. Amounts in the Administration Fund will be used to pay costs of issuance of Notes (to the extent provided by a Supplemental Indenture), Administrative Allowances and Note Fees.

On each Monthly Allocation Date, the Trustee will transfer Available Funds to the Administration Fund in an amount equal to the Administrative Allowance for such Monthly Allocation Date, plus such amounts as Access Group shall direct for the payment of Note Fees due during the next month. At the direction of Access Group, or as otherwise provided in a Supplemental Indenture, the Trustee shall pay such Administrative Allowance and Note Fees out of the Administration Fund when due.

Pending transfers from the Administration Fund, the moneys therein will be invested in investment securities, as described under “—Investments” below, and any income from such investments will be deposited in the Collection Fund.

### *Debt Service Fund*

The Indenture establishes a Debt Service Fund which comprises two Accounts: the Interest Account and the Principal Account. The Debt Service Fund will be used only for the payment when due of principal of and premium, if any, and interest on the Notes, Other Indenture Obligations and Carry-over Amounts (including any accrued interest thereon). Any Supplemental Indenture providing for the issuance of any series of Notes, the payment of which is to be provided pursuant to or secured by a Credit Enhancement Facility, shall also provide for the creation

of separate sub-accounts within the Interest Account and the Principal Account. Any payment received pursuant to such Credit Enhancement Facility shall be deposited into such sub-accounts, and moneys deposited therein shall be used only for the payment of principal of and premium, if any, and interest on Notes of such series, or for such other purposes as may be permitted by such Supplemental Indenture, upon the conditions set forth in such Supplemental Indenture.

*Interest Account.* The Trustee will deposit in the Interest Account: (1) proceeds of the issuance of Notes if directed by the Supplemental Indenture authorizing the Notes, (2) that portion of the proceeds from the sale of Access Group's refunding bonds, notes or other evidences of indebtedness, if any, to be used to pay interest on the Notes, (3) all payments under any Credit Enhancement Facilities to be used to pay interest on the Notes and (4) all Available Funds required to be transferred thereto as described under "—Allocations of Available Funds" below.

With respect to each class of Notes on which interest is paid no less frequently than every 45 days, the Trustee shall deposit to the Interest Account on each Monthly Allocation Date an amount equal to the interest that will become payable on such Notes prior to the following Monthly Allocation Date. With respect to each class of Notes on which interest is paid less frequently than every 45 days, the Trustee shall make equal monthly deposits to the Interest Account on each Monthly Allocation Date preceding each Interest Payment Date, to aggregate the full amount of such interest. With respect to any Notes for which any such amount cannot be determined on the Monthly Allocation Date, the Trustee will make such deposit based upon assumptions set forth in the Supplemental Indenture authorizing such Notes. The First Supplemental Indenture provides that, for any period for which the actual interest rates are not known, such deposits shall be made on the assumption that the ARC Notes will bear interest at the Auction Rate resulting from the most recent Auction.

With respect to each Swap Agreement or Credit Enhancement Facility under which Access Group Swap Payments or Credit Enhancement Facility fees, as the case may be, are paid no less frequently than every 45 days, the Trustee shall deposit to the credit of the Interest Account on each Monthly Allocation Date an amount equal to the Access Group Swap Payments or fees that will become payable prior to the following Monthly Allocation Date. With respect to each Swap Agreement or Credit Enhancement Facility under which Access Group Swap Payments or Credit Enhancement Facility fees, as the case may be, are paid less frequently than every 45 days, the Trustee shall make equal monthly deposits to the Interest Account on each Monthly Allocation Date preceding each payment date, to aggregate the full amount of such Access Group Swap Payments. With respect to any Swap Agreement for which any such amount cannot be determined on the Monthly Allocation Date, the Trustee will make such deposit based upon assumptions set forth in the Supplemental Indenture authorizing such Swap Agreement.

On each Monthly Allocation Date, if any Carry-over Amount (including any accrued interest thereon) will be due and payable with respect to any Notes prior to the next Monthly Allocation Date, as provided in the related Supplemental Indenture, the Trustee will transfer to the Interest Account (to the extent Available Funds are sufficient therefor, after taking into account all other allocations on such Monthly Allocation Date) an amount equal to such Carry-over Amount (including any accrued interest thereon) so due and payable.

Amounts allocated to the Interest Account for the payment of interest on the Notes or other Indenture Obligations payable therefrom shall be paid out by the Trustee on the respective Interest Payment Dates for the Notes, or the respective due dates for payments on Other Indenture Obligations, without further authorization. Unless an Event of Default has occurred and is continuing (in which case funds shall be applied as described below under "—Application of Collections"), amounts allocated to the payment of particular Indenture Obligations will be paid out without regard to any limitation on the payment of Subordinate Obligations, which will be taken into account only at the time of allocation to the Interest Account.

The moneys in the Interest Account will be invested in investment securities as described under "—Investments" below, and any income from such investments will be deposited in the Collection Fund.

*Principal Account.* The Trustee will deposit to the Principal Account: (1) that portion of the proceeds from the sale of Access Group's bonds, notes or other evidences of indebtedness, if any, to be used to pay principal of the

Notes, (2) all payments under any Credit Enhancement Facilities to be used to pay principal of Notes and (3) all Available Funds required to be transferred thereto as described under “—Allocations of Available Funds” below.

To provide for the payment of principal due on the stated maturity of Notes, the Trustee will deposit the full amount of such payment to the Principal Account on the Monthly Allocation Date immediately preceding the date such payment is due.

To provide for the payment of scheduled principal payments with respect to Notes prior to their stated maturity dates, the Trustee will make deposits to the Principal Account on Monthly Allocation Dates as directed pursuant to the Supplemental Indenture(s) providing for the issuance of the Notes. Subject to the provisions of the Indenture described under “—Notes and Other Indenture Obligations—Redemption of or Distribution with Respect to Notes; Senior Asset Requirement” below, such deposits will be allocated to the Notes in the respective order established pursuant to the Supplemental Indenture(s) providing for the issuance of the Notes. In this regard, the First Supplemental Indenture provides that such amounts shall be allocated first to any scheduled principal amortization payments with respect to Floating Rate Notes as long as any Floating Rate Notes remain outstanding (and, as between the Class A-1 Notes and the Class A-2 Notes, first to the Class A-1 Notes). The First Supplemental Indenture requires the Trustee to make monthly deposits (to the extent Available Funds are sufficient therefor) equal to  $\frac{1}{3}$  of the amount of the scheduled principal amortization payment with respect to each class of Floating Rate Notes on the two Monthly Allocation Dates preceding each Floating Rate Note Payment Date on which such a payment is scheduled, and to deposit the full remaining amount necessary to make such payment on such Floating Rate Note Payment Date.

To the extent required as described in clause “*ninth*” under “—Allocations of Available Funds” below, the Trustee will make additional deposits to the Principal Account to provide for the redemption of, or distribution of principal with respect to, the Notes. Subject to the provisions of the Indenture described under “—Notes and Other Indenture Obligations—Redemption of or Distribution with Respect to Notes; Senior Asset Requirement” below, such deposits will be allocated to the Notes in the respective order established pursuant to the Supplemental Indenture(s) providing for the issuance of the Notes. In this regard, the First Supplemental Indenture provides that such amounts (a) shall be allocated to the Floating Rate Notes only after no other Senior Notes remain outstanding under the Indenture (and, as between the Class A-1 Notes and the Class A-2 Notes, first to the Class A-1 Notes until all Class A-1 Notes have been paid in full), and (b) may be allocated to any additional Notes issued under the Indenture either before or after the ARC Notes, as specified in the Supplemental Indenture(s) providing for the issuance of such additional Notes.

Other Indenture Obligations payable from the Principal Account will include reimbursement to any Credit Facility Provider for the redemption price paid on Notes from amounts derived from the related Credit Enhancement Facility, which reimbursement will have the same priority of payment from the Principal Account as the redemption price so paid.

Amounts allocated to the Principal Account for the payment of principal of the Notes or other Indenture Obligations payable therefrom shall be paid out by the Trustee on the respective due dates, without further authorization. Unless an Event of Default has occurred and is continuing (in which case funds shall be applied as described below under “—Application of Collections”), amounts allocated to the payment of particular Indenture Obligations will be paid out without regard to any limitation on the payment of Subordinate Obligations or the payment of any particular classes of Notes, which will be taken into account only at the time of allocation to the Principal Account.

The moneys in the Principal Account will be invested in investment securities as described under “—Investments” below, and any income from such investment will be deposited in the Collection Fund.

#### *Capitalized Interest Fund*

The Trustee shall, upon delivery to the initial purchasers of the Series 2002-1 Notes and from the proceeds thereof, credit to the Capitalized Interest Fund the amount set forth under “Use of Proceeds.” With respect to each

additional series of Notes, the Trustee shall, upon delivery to the initial purchasers thereof and from the proceeds thereof, credit to the Capitalized Interest Fund the amount, if any, specified in the Supplemental Indenture providing for the issuance of such series of Notes.

A Supplemental Indenture providing for the issuance of additional Notes may also provide for the establishment of a separate account within the Capitalized Interest Fund for the proceeds of such additional Notes deposited therein, which may be released on a separate Capitalized Interest Release Date, as specified in such Supplemental Indenture.

Amounts in the Capitalized Interest Fund shall, to the extent such amounts constitute Available Funds, be applied as described under “—Allocations of Available Funds” below. On a Capitalized Interest Release Date, amounts in the Capitalized Interest Fund subject to release shall (A) during the Revolving Period, at the direction of Access Group, be transferred to the Acquisition Fund for the acquisition or origination of Eligible Loans, or (B) after the Revolving Period (or during the Revolving Period in the absence of a direction to transfer those amounts to the Acquisition Fund) be distributed as Available Funds as described under “—Allocations of Available Funds” below.

Pending application of moneys in the Capitalized Interest Fund, such moneys shall be invested in investment securities as described under “—Investments,” and any earnings on or income from such investments shall be deposited in the Collection Fund.

#### *Note Purchase Fund*

Any Supplemental Indenture providing for the issuance of any series of Notes which must, upon the occurrence of certain circumstances, or may, at the option of the Holder, be tendered for purchase by or on behalf of Access Group shall also provide for the creation of a separate Fund for such purpose. Any payment received from any source provided for in accordance with the provisions in the Supplemental Indenture (including proceeds of remarketing of such Notes, amounts provided pursuant to a Credit Enhancement Facility which provides liquidity for the payment of such purchase price, or amounts received from other sources) shall be deposited into such Fund, and moneys deposited therein shall be used only for the payment of the purchase price of Notes of such series on a Tender Date, or for such other purposes as may be permitted by such Supplemental Indenture (including reimbursement of the Credit Facility Provider for the payment of such purchase price).

#### *Collection Fund*

The Indenture establishes a Collection Fund. The Trustee will credit to the Collection Fund: (1) all amounts received as interest and principal payments and late payment fees with respect to the Financed Student Loans, including all payments from a Guarantee Agency, federal Interest Subsidy Payments and Special Allowance Payments, (2) unless otherwise provided in a Supplemental Indenture, proceeds of any sale of related Financed Student Loans as described under “—Financed Student Loans” below, (3) any Counterparty Swap Payments, (4) all amounts received as income from investment securities in the Collection Fund, the Acquisition Fund, the Administration Fund, the Debt Service Fund and the Capitalized Interest Fund, (5) any amounts transferred from the Acquisition Fund at the direction of Access Group and (6) any amounts received by the Trustee pursuant to the indemnification provisions of any Cross-Indemnity Agreement.

On each Monthly Allocation Date, the Trustee will apply the moneys in the Collection Fund received during the preceding Collection Period and not previously paid out, as described under “—Allocations of Available Funds.”

Amounts in the Collection Fund will also be paid out by the Trustee at any time: (1) as required by the provisions of a Cross-Indemnity Agreement, (2) at the direction of Access Group certifying that such amounts are owed as monthly Consolidation Loan fees pursuant to the Higher Education Act and directing that such amounts be so paid and (3) at the direction of Access Group, for the origination of Consolidation Loans (but only from amounts therein constituting principal collections with respect to Financed Student Loans).

Pending transfers from the Collection Fund, the moneys therein will be invested in investment securities as described under “—Investments” below, and any income from said investments will be retained therein.

### **Allocations of Available Funds**

On each Monthly Allocation Date, the Available Funds will be applied in the following order of priority:

*first*, to the Administration Fund, an amount equal to the Administrative Allowance for such Monthly Allocation Date and the amount necessary to pay or provide for the payment of the Note Fees then due or coming due before the next Monthly Allocation Date;

*second*, to the Interest Account, the amount necessary to pay or provide for the payment of (a) interest on any Senior Notes then due or coming due before the next Monthly Allocation Date, (b) a portion of the interest on any Senior Notes for which interest is paid less frequently every 45 days, and (c) any required payments under Senior Swap Agreements (as described under “—Debt Service Fund—Interest Account” above);

*third*, to the Principal Account, the amount necessary to provide for the payment of Senior Notes maturing before the next Monthly Allocation Date;

*fourth* (unless a Subordinate Note Interest Trigger is in effect), to the interest account, an amount necessary to provide for the payment of (a) interest on any Subordinate Notes then due or coming due before the next Monthly Allocation Date, (b) a portion of the interest on any Subordinate Notes for which interest is paid less frequently than every 45 days, and (c) any required payments under Subordinate Swap Agreements (as described under “—Debt Service Fund—Interest Account” above);

*fifth*, to the Principal Account for the payment of Subordinate Notes maturing before the next Monthly Allocation Date;

*sixth*, to the Principal Account, the amount necessary to provide for any scheduled principal payments with respect to Notes prior to their stated maturity (and from such amount, first for the payment of the scheduled amortization amounts with respect to the Series 2002-1 Floating Rate Notes);

*seventh*, an amount up to the Principal Distribution Amount:

- (a) during the Revolving Period, either to the Acquisition Fund (at the direction of Access Group) for the acquisition or origination of FFELP Loans or to the Principal Account (in the absence of such direction by Access Group) to provide for the distribution of principal with respect to, or the redemption of, Notes in the relative order of priority established by the Supplemental Indenture(s) pursuant to which the Notes were issued; and
- (b) after the Revolving Period, to the Principal Account to provide for the distribution of principal with respect to, or the redemption of, Notes in the relative order of priority established by the Supplemental Indenture(s) pursuant to which the Notes were issued;

provided, that such portion of the Principal Distribution Amount as cannot be distributed in payment of principal on Notes because it is less than an authorized denomination for the Notes entitled to such payment shall be retained in the Collection Fund;



*eighth*, if a Subordinate Note Interest Trigger is in effect, to the Interest Account, the amount necessary to provide for the payment of: (a) interest on any Subordinate Notes then due or coming due before the next Monthly Allocation Date, (b) a portion of the interest on any Subordinate Notes for which interest is paid less frequently than every 45 days, and (c) any required payments under Subordinate Swap Agreements (as described under “—Debt Service Fund—Interest Account” above);

*ninth*, to the extent that, after giving effect to the application of all prior allocations of Available Funds made on the Monthly Allocation Date, the Subordinate Asset Percentage is less than 101%, or the Value of the Trust Estate does not exceed the principal amount of the Notes outstanding, plus accrued interest thereon and Note Fees with respect thereto, by at least the lesser of (i) \$1,500,000 or (ii) such lesser amount as will not cause any Rating Agency to reduce or withdraw any rating on the Notes, any Available Funds remaining after those prior applications will be allocated:

- (a) during the Revolving Period, either to the Acquisition Fund (at the direction of Access Group) for the acquisition or origination of FFELP Loans or to the Principal Account (in the absence of such direction by Access Group) to provide for the distribution of principal with respect to, or the redemption of, Notes in the relative order of priority established by the Supplemental Indenture(s) pursuant to which the Notes were issued; and
- (b) after the Revolving Period, to the Principal Account to provide for the distribution of principal with respect to, or the redemption of, Notes in the relative order of priority established by the Supplemental Indenture(s) pursuant to which the Notes were issued;

provided, that such amount as cannot be distributed in payment of principal on Notes because it is less than an authorized denomination for the Notes entitled to such payment shall be retained in the Collection Fund;

*tenth*, to the Interest Account, the amounts necessary to pay Carry-over Amounts, together with interest thereon (and from such amount, first for the payment of Carry-over Amounts and interest thereon with respect to Senior Notes and second, for the payment of Carry-over Amounts and interest thereon with respect to Subordinate Notes) and Swap Agreement termination payments that do not constitute Senior Obligations or Subordinate Obligations; and

*eleventh*, to Access Group, any remainder.

### **Financed Student Loans**

Pursuant to the Indenture, the Financed Student Loans are pledged and assigned by Access Group (and by the Eligible Lender Trustee) to the Trustee to secure the Notes. Financed Student Loans may be sold or assigned by Access Group only in connection with (a) the sale to a Servicer of any related Financed Student Loans pursuant to its obligations under a Servicing Agreement, (b) the sale to Access Group of any Financed Student Loans which it is required to purchase as a result of origination errors, (c) the submission of a claim to a Guarantee Agency, or (d) an exchange of Financed Student Loans for one or more FFELP Loans of approximately the same principal balance and accrued interest which evidence additional obligations of borrowers of other Financed Student Loans. Any Student Loans so sold or assigned will, upon receipt of the purchase price therefor, if applicable, be released from the lien of the Indenture and will no longer be considered Financed Student Loans, and the revenues from such Student Loans will no longer be available for the payment of the Notes.

## Notes and Other Indenture Obligations

The Notes of each series will be issued pursuant to the terms of the Indenture, as supplemented by a Supplemental Indenture relating to that series. The following summary describes certain terms of the Notes. The summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Notes, the Indenture and the applicable Supplemental Indenture, which provisions are incorporated by reference herein. See “Description of the Floating Rate Notes” and “Description of the ARC Notes” for more complete descriptions of the terms of the Series 2002-1 Notes.

### *General Terms of Notes*

Each series of Notes will be created by and issued in one or more classes pursuant to a Supplemental Indenture, which will designate the Notes of each class as Senior Notes or Subordinate Notes.

The stated maturity dates, mandatory sinking fund payment dates (if any), redemption or principal distribution provisions, interest rates and other terms of each class of Notes will be established in the related Supplemental Indenture.

The Notes, including the principal thereof, premium, if any, and interest thereon and any Carry-over Amounts (and accrued interest thereon) with respect thereto, and Other Indenture Obligations are limited obligations of Access Group, payable solely from the revenues and assets of Access Group pledged therefor under the Indenture.

### *Issuance of Additional Notes*

Additional Notes may be issued under the Indenture for the purposes of (a) providing funds for the acquisition or origination of Eligible Loans, (b) refunding at or before their stated maturity any or all Outstanding Notes, (c) paying Administrative Allowances, Note Fees, costs of issuance and capitalized interest on the Notes and (d) such other purposes relating to Access Group’s loan programs as may be provided in a Supplemental Indenture.

At any time, one or more series of Additional Notes may be issued upon compliance with certain conditions specified in the Indenture (including the requirement that each Rating Agency shall have confirmed that no outstanding ratings on any of the Notes will be reduced or withdrawn as a result of such issuance) and any additional conditions specified in a Supplemental Indenture.

### *Comparative Security of Noteholders and Other Beneficiaries*

The Senior Notes will be equally and ratably secured under the Indenture with any Other Senior Obligations. The Senior Obligations will have payment and certain other priorities over the Subordinate Notes and the Other Subordinate Obligations. The Subordinate Notes will be equally and ratably secured under the Indenture with any Other Subordinate Obligations. See “Source of Payment and Security for the Notes—Priorities.”

Access Group may at any time issue a class of Notes, as either Senior Notes or Subordinate Notes. In connection with any such Senior Notes or Subordinate Notes, Access Group may enter into a Swap Agreement or Credit Enhancement Facility as it deems in its best interest, and the Swap Counterparty or the Credit Enhancement Provider may become a Senior Beneficiary or a Subordinate Beneficiary, as herein described. See “Source of Payment and Security for the Notes—Additional Indenture Obligations.”

### *Redemption of or Distribution with Respect to Notes; Senior Asset Requirement*

No redemption of, or principal distribution with respect to, Subordinate Notes will be permitted under the Indenture unless, prior to the Trustee giving notice of such redemption or allocating revenues to such distribution, Access Group furnishes the Trustee a certificate to the effect that, after giving effect to such redemption or distribution, the Senior Asset Requirement will be met.

In general, compliance with the foregoing condition is determined as of the date of selection of Notes which are to be redeemed or with respect to which principal is to be distributed, and any failure to satisfy such conditions as of the payment date will not affect such determination; provided that, if Notes have been defeased and are to be prepaid, compliance with such conditions will be determined on the date of defeasance instead of as of the date of selection. See “—Discharge of Notes and Indenture” below.

Any election to redeem or distribute principal with respect to Notes may also be conditioned upon such additional requirements as may be set forth in the Supplemental Indenture authorizing the issuance of such Notes.

#### *Credit Enhancement Facilities and Swap Agreements.*

Access Group may from time to time, pursuant to a Supplemental Indenture, enter into any Credit Enhancement Facilities or Swap Agreements with respect to any Notes of any series. No Supplemental Indenture will authorize Access Group to enter into a Swap Agreement or obtain a Credit Enhancement Facility unless the Trustee shall have received written confirmation from each Rating Agency that such action will not cause the reduction or withdrawal of any rating or ratings then applicable to any Notes.

Any Supplemental Indenture authorizing the execution by Access Group of a Swap Agreement or Credit Enhancement Facility may include provisions with respect to the application and use of all amounts to be paid thereunder. No amounts paid under any such Credit Enhancement Facility will be part of the Trust Estate except to the extent, if any, specifically provided in such Supplemental Indenture and no Beneficiary will have any rights with respect to any such amounts so paid except as may be specifically provided in such Supplemental Indenture.

#### **Pledge; Encumbrances**

The Notes and all Other Indenture Obligations are limited obligations of Access Group specifically secured by the pledge of the proceeds of the sale of Notes (until expended for the purpose for which the Notes were issued), the Financed Student Loans and the revenues, moneys and securities in the various Funds, in the manner and subject to the prior applications provided in the Indenture. Financed Student Loans purchased with the proceeds of Access Group’s bonds, notes or other evidences of indebtedness or sold to or exchanged with another party as described under “—Financed Student Loans” above will, contemporaneously with receipt by the Trustee of the purchase price thereof, no longer be pledged to nor serve as security for the payment of the principal of, premium, if any, or interest on, or any Carry-over Amounts (or accrued interest thereon) with respect to the Notes or any Other Indenture Obligations.

Access Group agrees that it will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Financed Student Loans or the revenues and other assets pledged under the Indenture, except only as to a lien subordinate to the lien of the Indenture created by any other indenture authorizing the issuance of bonds, notes or other evidences of indebtedness of Access Group, the proceeds of which have been or will be used to refund or otherwise retire all or a portion of the Outstanding Notes or as otherwise provided in or permitted by the Indenture. Access Group agrees that it will not issue any bonds or other evidences of indebtedness, other than the Notes as permitted by the Indenture and other than Swap Agreements and Credit Enhancement Facilities relating to Notes as permitted by the Indenture, secured by a pledge of the revenues and other assets pledged under the Indenture, creating a lien or charge equal or superior to the lien of the Indenture. Nothing in the Indenture is intended to prevent Access Group from issuing obligations secured by revenues and assets of Access Group other than the revenues and other assets pledged in the Indenture.

#### **Covenants**

Certain covenants with the Holders of the Notes contained in the Indenture are summarized as follows:

*Enforcement and Amendment of Guarantee Agreements.* So long as any Notes are Outstanding and Financed Student Loans are Guaranteed by a Guarantee Agency, Access Group agrees that it will (1) from and after the date on which the Eligible Lender Trustee on its behalf shall have entered into, or succeeded to the rights of the

Lender under, any FFELP Guarantee Agreement, cause the Eligible Lender Trustee to maintain the same and diligently enforce the Eligible Lender Trustee's rights thereunder, (2) cause the Eligible Lender Trustee to enter into such other similar or supplemental agreements as shall be required to maintain benefits for all Financed Student Loans covered thereby, and (3) not consent to or permit any rescission of or consent to any amendment to or otherwise take any action under or in connection with the same which in any manner will materially adversely affect the rights of the Noteholders or Other Beneficiaries under the Indenture. Notwithstanding the foregoing, Access Group or the Eligible Lender Trustee may amend any FFELP Guarantee Agreement in any respect if each Rating Agency confirms that such amendment will not cause the withdrawal or reduction of any rating or ratings then applicable to any Notes.

*Acquisition, Collection and Assignment of Student Loans.* Access Group agrees that it will purchase or originate only FFELP Loans with proceeds of the Notes and moneys in the Acquisition Fund, and (subject to any adjustments referred to in the following paragraph) will diligently cause to be collected all principal and interest payments on all the Financed Student Loans, all Special Allowance Payments and all payments from Guarantee Agencies which relate to defaulted Financed Student Loans.

*Enforcement of Financed Student Loans.* Access Group agrees that it will cause to be diligently enforced all terms, covenants and conditions of all Financed Student Loans and agreements in connection therewith, including the prompt payment of all principal and interest payments (as such payments may be adjusted to take into account (1) any discount Access Group may cause to be made available to borrowers who make payments on Financed Student Loans through automatic withdrawals, (2) any reduction in the interest payable on Financed Student Loans provided for in any borrower incentive or other special program under which such loans were originated and (3) upon delivery to the Trustee of written confirmation from each Rating Agency that such revised or additional borrower incentive programs will not result in a reduction or withdrawal of any rating of the Notes, such revised or additional incentives as Access Group may make available to FFELP Loan borrowers under the Access Group Loan Program) and all other amounts due Access Group thereunder. Nothing in the provisions of the Indenture described in this paragraph, however, shall be construed to prevent Access Group from (a) settling a default or curing a delinquency on any Financed Student Loan or otherwise settling any dispute with a borrower on such terms as shall be required by law or as Access Group may deem to be in the best interest of the Access Group Loan Program, (b) amending the terms of a Financed Student Loan to provide for a different rate of interest thereon to the extent required by law, (c) if the Trustee shall have received written confirmation from each Rating Agency that such action will not cause the reduction or withdrawal of any rating or ratings then applicable to any Notes, otherwise amending the terms of any Financed Student Loan or agreement in connection therewith, or (d) waiving the initial late payment charge for any borrower.

*Administration and Collection of Financed Student Loans.* Access Group agrees to service and collect, or enter into one or more Servicing Agreements pursuant to which Servicers agree to service or collect, all Financed Student Loans in accordance with all applicable requirements of the Higher Education Act, the Secretary of Education, the Indenture, and each FFELP Guarantee Agreement. Access Group agrees to cause to be diligently enforced all terms, covenants and conditions of each Servicing Agreement, including the prompt payment of all principal and interest payments and all other amounts due Access Group thereunder, including all Special Allowance Payments and all payments from a Guarantee Agency which relate to any defaulted Financed Student Loans. Access Group shall not permit the release of the obligations of any Servicer under any Servicing Agreement and shall at all times, to the extent permitted by law, cause to be defended, enforced, preserved and protected the rights and privileges of Access Group, the Trustee and the Beneficiaries under or with respect to each Servicing Agreement. Access Group agrees not to consent or agree to or permit any amendment or modification of any Servicing Agreement which will in any manner materially adversely affect the rights or security of the Beneficiaries. Notwithstanding the foregoing, Access Group or the Eligible Lender Trustee may amend any Servicing Agreement in any respect if each Rating Agency confirms that such amendment will not cause the withdrawal or reduction of any rating or ratings then applicable to any Notes.

*Servicer Default.* Access Group agrees to notify the Trustee of the occurrence of any Servicer Default that affects Financed Student Loans. Upon the occurrence of a Servicer Default, Access Group may, or at the direction of the Acting Beneficiaries Upon Default affected by the Servicer Default, Access Group shall, transfer the servicing of the Financed Student Loans to a successor Servicer selected by Access Group. If Access Group has not replaced

the Servicer within the period specified in the Indenture after receiving direction to replace the Servicer from the Acting Beneficiaries Upon Default, then the Trustee is authorized to replace the Servicer.

*Monthly Servicing Reports.* Access Group will prepare, or cause a Servicer to prepare, a Monthly Servicing Report for each Collection Period and will furnish, or cause to be furnished, to the Trustee a copy of each such report by the 25th day of the next calendar month (or the next succeeding business day if such 25th day is not a business day). See “Reports to Noteholders.”

*Tax-Exempt Status.* Access Group agrees that it will not take any action which would result in the loss of, and will take all reasonable actions necessary to maintain, its status as an organization described in Section 501(c)(3) of the Internal Revenue Code and exempt from federal income taxation under Section 501(a) of the Internal Revenue Code (or any successor provisions).

*Continuing Existence; Merger and Consolidation.* Access Group agrees to maintain its existence as a corporation and, except as otherwise specifically authorized in the Indenture, not to dispose of all or substantially all of its assets (by sale, lease or otherwise), or consolidate with or merge into another entity or permit any other entity to consolidate with or merge into it unless either Access Group is the surviving corporation or each of the following conditions is satisfied:

- (1) the surviving, resulting or transferee entity, as the case may be, shall be organized under the laws of the United States or one of the states thereof;
- (2) at least thirty days before any merger, consolidation or transfer of assets becomes effective, Access Group shall give the Trustee written notice of the proposed transaction;
- (3) immediately after giving effect to any merger, consolidation or transfer of assets, no Event of Default shall have occurred and be continuing;
- (4) each Rating Agency shall have confirmed that such merger, consolidation or transfer of assets will not cause the withdrawal or reduction of any rating or ratings then applicable to any Notes; and
- (5) prior to or concurrently with any merger, consolidation or transfer of assets, (a) any action as is necessary to maintain the lien and security interest created in favor of the Trustee by the Indenture shall have been taken, (b) the surviving, resulting or transferee entity, as the case may be, shall deliver to the Trustee an instrument assuming all of the obligations of Access Group under the Indenture and related agreements, together with any necessary consents and (c) Access Group shall have delivered to the Trustee and each Rating Agency a certificate and an opinion of counsel (which shall describe the actions taken as required by clause (a) of this paragraph or that no such action need be taken) each stating that all conditions precedent to such merger, consolidation or transfer of assets have been complied with.

## **Investments**

Moneys from time to time on deposit in the Funds and Accounts may be invested in one or more of the following investment securities:

- Government Obligations;
- interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements with any bank, trust company, national banking association or other depository institution (including the Trustee or any of its affiliates), provided that, at the time of deposit or purchase, if the investment is for a period exceeding one year, such depository institution shall have long-term unsecured debt rated by each Rating Agency not lower than in its highest applicable rating category or if the investment is for a period of less than one year, such depository institution shall have short-term unsecured debt rated at least “A-1” by S&P, “P-1” by Moody’s and “F-1” by Fitch;

- obligations issued or guaranteed as to principal and interest by any of the following: (a) the Government National Mortgage Association, (b) the Federal National Mortgage Association, (c) the Federal Farm Credit Banks, the Federal Intermediate Credit Banks, the Export-Import Bank of the United States, the Federal Land Banks, the Student Loan Marketing Association, the Federal Financing Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation or the Farmers Home Administration, or (d) any agency or instrumentality of the United States of America established for the purpose of acquiring the obligations of any of the foregoing or otherwise providing financing therefor, provided that any such obligation described in this clause (d) must be rated by each Rating Agency in its highest applicable rating category;
- repurchase agreements or reverse repurchase agreements with banks (which may include the Trustee or any of its affiliates) which are members of the Federal Deposit Insurance Corporation or with government bond dealers insured by the Securities Investor Protection Corporation, which such agreements are secured by Government Obligations to a level sufficient to obtain a rating by each Rating Agency in its highest applicable rating category, or with brokers or dealers whose unsecured long-term debt is rated by each Rating Agency in its highest applicable rating category;
- any money market fund rated by each Rating Agency in its highest applicable rating category;
- any debt instrument with a term exceeding one year rated by each Rating Agency in its highest applicable rating category, or any debt instrument with a term of one year or less rated at least “A-1” by S&P and “P-1” by Moody’s;
- any investment agreement which constitutes a general obligation of an entity whose debt, unsecured securities, deposits or claims paying ability is rated by each Rating Agency in its highest applicable rating category; and
- any other investment if the Trustee shall have received written evidence from each Rating Agency that treating such investment as an investment security will not cause any rating then applicable to any Notes to be lowered or withdrawn.

#### **Events of Default**

If any of the following events occur, it is an “Event of Default” under the Indenture:

- (A) default in the due and punctual payment of any interest on any Senior Note; or
- (B) default in the due and punctual payment of the principal of, or premium, if any, on, any Note; or
- (C) default by Access Group in its obligation to purchase any Senior Note on a Tender Date therefor; or
- (D) default in the due and punctual payment of any amount owed by Access Group to any Other Senior Beneficiary under a Senior Swap Agreement or Senior Credit Enhancement Facility; or
- (E) if no Senior Obligations are Outstanding, default in the due and punctual payment of any interest on any Subordinate Note; or
- (F) if no Senior Obligations are Outstanding, default by Access Group in its obligation to purchase any Subordinate Note on a Tender Date therefor; or

(G) if no Senior Obligations are Outstanding, default in the due and punctual payment of any amount owed by Access Group to any Other Subordinate Beneficiary under a Subordinate Swap Agreement or a Subordinate Credit Enhancement Facility; or

(H) default in the performance of any of Access Group's obligations with respect to the transmittal of moneys to be credited to the Collection Fund under the provisions of the Indenture, and such default shall have continued for a period of 30 days; or

(I) default in the performance or observance of any other of the covenants, agreements or conditions on the part of Access Group contained in the Indenture or in the Notes, and such default shall have continued for a period of 30 days after written notice thereof, specifying such default, shall have been given to Access Group by the Trustee (which may give such notice in its discretion and will give such notice at the written request of the Acting Beneficiaries Upon Default); provided that, if the default is such that it can be corrected, but not within such 30 days, it will not constitute an Event of Default if corrective action is instituted by Access Group within such 30 days and is diligently pursued until the default is corrected; or

(J) certain events of bankruptcy or insolvency of Access Group.

## Remedies

Whenever any Event of Default shall have occurred and be continuing, the Trustee may (and, upon the written request of the Acting Beneficiaries Upon Default, the Trustee shall), by notice in writing delivered to Access Group, declare the principal of and interest accrued on all Notes then Outstanding due and payable.

At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee, the Acting Beneficiaries Upon Default, by written notice to Access Group and the Trustee, may rescind and annul such declaration and its consequences if:

- There has been paid to or deposited with the Trustee by or for the account of Access Group, or provision satisfactory to the Trustee has been made for the payment of, a sum sufficient to pay:

(A) if Senior Notes or Other Senior Obligations are Outstanding: (i) all overdue installments of interest on all Senior Notes; (ii) the principal of (and premium, if any, on) any Senior Notes which has become due other than by such declaration of acceleration, together with interest thereon at the rate or rates borne by such Senior Notes; (iii) to the extent that payment of such interest is lawful, interest upon overdue installments of interest on the Senior Notes at the rate or rates borne by such Senior Notes; (iv) all Other Senior Obligations which have become due other than as a direct result of such declaration of acceleration; (v) all other sums required to be paid to satisfy Access Group's obligations with respect to the transmittal of moneys to be credited to the Collection Fund under the provisions of the Indenture; and (vi) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses and disbursements of the Trustee, its agents and counsel and any paying agents, remarketing agents, tender agents, auction agents and broker-dealers; or

(B) if no Senior Obligations are Outstanding, but Subordinate Notes or Other Subordinate Obligations are Outstanding: (i) all overdue installments of interest on all Subordinate Notes; (ii) the principal of (and premium, if any, on) any Subordinate Notes which has become due other than by such declaration of acceleration, together with interest thereon at the rate or rates borne by such Subordinate Notes; (iii) to the extent that payment of such interest is lawful, interest upon overdue installments of interest on the Subordinate Notes at the rate or rates borne by such Subordinate Notes; (iv) all Other Subordinate Obligations which have become due other than as a direct result of such declaration of acceleration; (v) all other sums required to be paid to satisfy Access Group's obligations with respect to the transmittal of moneys to be credited to the Collection Fund under the provisions of the Indenture; and (vi) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses

and disbursements of the Trustee, its agents and counsel and any paying agents, remarketing agents, tender agents, auction agents and broker-dealers; and

- All Events of Default, other than the nonpayment of the principal of and interest on Notes or amounts owing to Other Beneficiaries which have become due solely by such declaration of acceleration, have been cured or waived as provided in the Indenture.

If an Event of Default has occurred and is continuing, the Trustee may, subject to applicable law, pursue any available remedy by suit at law or in equity to enforce the covenants of Access Group in the Indenture and may pursue such appropriate judicial proceedings as the Trustee shall deem most effective to protect and enforce, or aid in the protection and enforcement of, the covenants and agreements in the Indenture. The Trustee is also authorized to file proofs of claims in any equity, receivership, insolvency, bankruptcy, liquidation, readjustment, reorganization or other similar proceedings.

If an Event of Default has occurred and is continuing, and if it shall have been requested so to do by the Acting Beneficiaries Upon Default and shall have been indemnified as provided in the Indenture, the Trustee is obliged to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee shall deem most expedient in the interests of the Beneficiaries; provided, however, that the Trustee has the right to decline to comply with any such request if the Trustee shall be advised by counsel that the action so requested may not lawfully be taken or if the Trustee receives, before exercising such right or power, contrary instructions from the Acting Beneficiaries Upon Default.

The Acting Beneficiaries Upon Default have the right to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture; provided that (a) such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture; (b) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the Holders of Notes or Other Beneficiaries not taking part in such direction, other than by effect of the subordination of any of their interests thereunder; (c) the Trustee shall be indemnified as provided in the Indenture; and (d) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

Except as may be permitted in a Supplemental Indenture with respect to an Other Beneficiary, no Holder of any Note or Other Beneficiary will have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust under the Indenture or for the appointment of a receiver or any other remedy under the Indenture unless (1) an Event of Default shall have occurred and be continuing, (2) the Acting Beneficiaries Upon Default shall have made written request to the Trustee, (3) such Beneficiary or Beneficiaries shall have offered to the Trustee indemnity, (4) the Trustee shall have thereafter failed for a period of 60 days after the receipt of the request and indemnification or refused to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name and (5) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Acting Beneficiaries Upon Default. Notwithstanding the foregoing provisions of the Indenture, the Acting Beneficiaries Upon Default may institute any such suit, action or proceeding in their own names for the benefit of the Holders of all Outstanding Notes and Other Beneficiaries under the Indenture.

Unless the Trustee has declared the principal of and interest on all Outstanding Notes immediately due and payable and has obtained a judgment or decree for payment of the money due, the Trustee will waive any Event of Default and its consequences upon written request of the Acting Beneficiaries Upon Default; except that there will not be waived (a) any Event of Default arising from the acceleration of the maturity of the Notes, except upon the rescission and annulment of such declaration as described in the second paragraph under this caption "Remedies;" (b) any Event of Default in the payment when due of any amount owed to any Beneficiary (including payment of principal of or interest on any Note) except with the consent of such Beneficiary or unless, prior to such waiver, Access Group has paid or deposited with the Trustee a sum sufficient to pay all amounts owed to such Beneficiary; (c) any Event of Default arising from the failure of Access Group to pay unpaid expenses of the Trustee, its agents and counsel, and any authenticating agent, paying agents, note registrars, tender agents, remarketing agents, auction agents and broker-dealers as required by the Indenture, unless, prior to such waiver, Access Group has paid or



deposited with the Trustee sums required to satisfy such obligations of Access Group under the provisions of the Indenture; or (d) any default in respect of a provision of the Indenture which could not be amended without the consent of any Beneficiary affected by such amendment (as described under “—Supplemental Indentures—Supplemental Indentures Requiring Consent of Noteholders”), unless each such Beneficiary has consented to the waiver.

Notwithstanding any other provisions of the Indenture, if an “event of default” (as defined therein) occurs under a Swap Agreement or a Credit Enhancement Facility and, as a result, any Other Beneficiary that is a party thereto is entitled to exercise one or more remedies thereunder, such Other Beneficiary may exercise such remedies, including, without limitation, the termination of such agreement, as provided therein, in its own discretion; provided that the exercise of any such remedy does not adversely affect the legal ability of the Trustee or Acting Beneficiaries Upon Default to exercise any remedy available under the Indenture.

### **Application of Collections**

All moneys received by the Trustee pursuant to any remedy will, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses and liabilities incurred by the Trustee with respect thereto, be applied as follows:

(A) Unless the principal of all the Outstanding Notes shall have become or shall have been declared due and payable, all such moneys will be deposited into the Collection Fund and applied as described under “—Allocations of Available Funds” above.

(B) If the principal of all Outstanding Notes shall have become due or shall have been declared due and payable and such declaration has not been annulled and rescinded under the provisions of the Indenture, all such moneys will be applied as follows:

- FIRST, to the payment to the Senior Beneficiaries of all principal and interest then due on the Senior Notes and all Other Senior Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Beneficiary over any other Senior Beneficiary, ratably, according to the amounts due, to the persons entitled thereto without any discrimination or preference;
- SECOND, to the payment to the Subordinate Beneficiaries of the principal and interest then due on the Subordinate Notes and all Other Subordinate Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Subordinate Beneficiary over any other Subordinate Beneficiary, ratably, according to the amounts due, to the persons entitled thereto without any discrimination or preference;
- THIRD, to the payment of the Holders of the Senior Notes of all Carry-over Amounts (together with interest thereon) then due and unpaid and to the payment of Senior Swap Counterparties of all termination payments under Senior Swap Agreements that do not constitute Senior Obligations, without any preference or priority of Carry-over Amounts, or interest thereon, or Swap Agreement termination payments, ratably, according to the amounts due, to the Senior Noteholders and Senior Swap Counterparties entitled thereto, without any discrimination or preference; and
- FOURTH, to the payment to the Holders of the Subordinate Notes of all Carry-over Amounts (together with interest thereon) then due and unpaid and to the payment of Subordinate Swap Counterparties of all termination payments under Subordinate Swap Agreements that do not constitute Subordinate Obligations, without any preference or priority of Carry-over Amounts, or interest thereon, or Swap Agreement termination payments, ratably, according to the amounts due, to the Subordinate Noteholders and Subordinate Swap Counterparties entitled thereto, without any discrimination or preference; and

(C) If the principal of all Outstanding Notes shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then (subject to the provisions described in paragraph (B) above, if the principal of all the Outstanding Notes shall later become or be declared due and payable) the money held by the Trustee under the Indenture will be applied in accordance with the provisions described in paragraph (A) above.

## **Trustee**

Prior to the occurrence of an Event of Default which has not been cured, the Trustee is required to perform such duties and only such duties as are specifically set forth in the Indenture. Upon the occurrence and continuation of an Event of Default, the Trustee is required to exercise the rights and powers vested in it by Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in his own affairs.

Before taking any action under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all expenses to which it may be put and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its negligence or willful misconduct.

The Trustee may at any time resign upon 60 days' notice to Access Group and to the Beneficiaries, such resignation to take effect upon the appointment of a successor Trustee. The Trustee may be removed at any time by Access Group, and Access Group agrees to remove the Trustee at the request of the holders of a majority in principal amount of Senior Notes Outstanding (or, if no Senior Notes are Outstanding, a majority in principal amount of the Subordinate Notes Outstanding), except during the existence of an Event of Default. No such removal will be effective until the appointment of a successor Trustee.

## **Supplemental Indentures**

### *Supplemental Indentures Not Requiring Consent of Beneficiaries*

Access Group and the Trustee may, from time to time and at any time, without the consent of, or notice to, any of the Noteholders or any Other Beneficiary, enter into a Supplemental Indenture to, among other things:

- (a) cure any ambiguity or formal defect or omission in the Indenture or in any Supplemental Indenture,
- (b) grant to the Trustee for the benefit of the Beneficiaries any additional rights, remedies, powers, authority or security,
- (c) describe or identify more precisely any part of the Trust Estate or subject additional revenues, properties or collateral to the lien and pledge of the Indenture,
- (d) authorize the issuance of a series of Notes, subject to the requirements of the Indenture (see "Description of the Indenture—Notes and Other Indenture Obligations—Issuance of Additional Notes"),
- (e) modify the Indenture as required by any Credit Facility Provider or Swap Counterparty, or as otherwise necessary to give effect to any Credit Enhancement Facility or Swap Agreement; provided that no such modifications will be effective if the consent of any Noteholders would be required therefor under the proviso described under "—Supplemental Indentures Requiring Consent of Noteholders" and such consent has not been obtained,
- (f) evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee,

- (g) modify, eliminate and/or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute, and to add to the Indenture certain other provisions as may be expressly permitted by said Trust Indenture Act of 1939,
- (h) provide for an additional class of Indenture Obligations which is subordinate to each class of Indenture Obligations any of which are then Outstanding, or
- (i) make any other change in the Indenture, if the Trustee shall have received written confirmation from each Rating Agency that such change will not cause the reduction or withdrawal of any rating or ratings then applicable to any Notes; provided that no such change will be effective if the consent of any Noteholders would be required therefor under the proviso described under “— Supplemental Indentures Requiring Consent of Noteholders” and such consent has not been obtained.

#### *Supplemental Indentures Requiring Consent of Noteholders*

In addition to Supplemental Indentures described in the preceding paragraph, upon receipt of an instrument evidencing the consent to the below-mentioned Supplemental Indenture by: (1) if they are affected thereby, the Holders of not less than two-thirds of the aggregate principal amount of the Outstanding Senior Notes, (2) if they are affected thereby, the Holders of not less than two-thirds of the aggregate principal amount of the Outstanding Subordinate Notes, and (3) each other person which must consent to such Supplemental Indenture as provided in any Supplemental Indenture, the Trustee will join with Access Group in the execution of any Supplemental Indentures for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in the Indenture; provided, however, that no such Supplemental Indenture will permit without the consent of each Beneficiary which would be affected thereby: (a) an extension of the maturity of the principal of or the interest on any Note, (b) a reduction in the principal amount, redemption price or purchase price of any Note or the rate of interest thereon, (c) a privilege or priority of any Senior Obligation over any other Senior Obligation, (d) a privilege or priority of any Subordinate Obligation over any other Subordinate Obligation, (e) a privilege of any Senior Notes over any Subordinate Notes, other than as theretofore provided in the Indenture, (f) the surrendering of a privilege or a priority granted by the Indenture if, in the judgment of the Trustee, to the detriment of another Beneficiary under the Indenture, (g) a reduction or an increase in the aggregate principal amount of the Notes required for consent to such Supplemental Indenture, (h) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, except as expressly permitted in the Indenture, (i) any Beneficiary to be deprived of the lien created on the rights, title, interest, privileges, revenues, moneys and securities pledged under the Indenture, (j) the modification of any of the provisions of the Indenture described in this paragraph, or (k) the modification of any provision of a Supplemental Indenture which states that it may not be modified without the consent of the holders of Notes issued pursuant thereto or any Notes of the same class or any Beneficiary that has provided a Credit Enhancement Facility or Swap Agreement of such class.

#### *Rights of Trustee*

If, in the opinion of the Trustee, any Supplemental Indenture adversely affects the rights, duties or immunities of the Trustee under the Indenture or otherwise, the Trustee may, in its discretion, decline to execute such Supplemental Indenture.

#### *Consent of Tender Agent, Remarketing Agent, Auction Agent, Broker-Dealers and Market Agent*

So long as any tender agent agreement, remarketing agreement, auction agent agreement, broker-dealer agreement or market agent agreement is in effect, no Supplemental Indenture which materially adversely affects the rights, duties or immunities of the tender agent, the remarketing agent, the auction agent, the broker-dealer or the market agent will become effective unless and until delivery to the Trustee of a written consent of the tender agent, the remarketing agent, the auction agent, the broker-dealer or the market agent, as the case may be, to such Supplemental Indenture.

## Discharge of Notes and Indenture

The obligations of Access Group under the Indenture, and the liens, pledges, charges, trusts, covenants and agreements of Access Group therein made or provided for, will be fully discharged and satisfied as to any Note and such Note will no longer be deemed to be Outstanding thereunder:

(1) when such Note shall have been canceled, or shall have been purchased by the Trustee from moneys held by it under the Indenture; or

(2) as to any Note not canceled or so purchased, when payment of the principal of and the applicable redemption premium, if any, on such Note, plus interest on such principal to the due date thereof, either (a) shall have been made in accordance with the terms of the Indenture, or (b) shall have been provided for by irrevocably depositing with the Trustee exclusively for such payment, (i) moneys sufficient to make such payment or (ii) Government Obligations maturing as to principal and interest in such amount and at such times as will ensure the availability of sufficient moneys to make such payment and, if payment of all then Outstanding Notes is to be so provided for, the payment of all fees and expenses of the Trustee and any other fiduciaries under the Indenture.

## Rights of other Beneficiaries

All rights of any Other Beneficiary under the Indenture to consent to or direct certain remedies, waivers, actions and amendments thereunder will cease for so long as such Other Beneficiary is in default of any of its obligations or agreements under the Swap Agreement or the Credit Enhancement Facility by reason of which such person is an Other Beneficiary.

## GLOSSARY OF CERTAIN DEFINED TERMS

Set forth below is a glossary of the principal defined terms used in this Offering Memorandum.

*“Access Group”* means Access Group, Inc., a Delaware corporation.

*“Access Group Swap Payment”* means a payment due to a Swap Counterparty from Access Group pursuant to the applicable Swap Agreement.

*“Account”* means any of the accounts created within the Funds established by the Indenture.

*“Acquisition Fund”* means the Acquisition Fund created and established by the Indenture.

*“Acting Beneficiaries Upon Default”* means:

(1) at any time that any Senior Obligations are Outstanding: (a) with respect to directing the Trustee to accelerate the Outstanding Notes upon an Event of Default, the Holders of a majority in aggregate principal amount of Senior Notes Outstanding; (b) with respect to requesting the Trustee to exercise rights and powers under the Indenture, directing the conduct of proceedings in connection with the enforcement of the Indenture and requiring the Trustee to waive Events of Default: (i) the Holders of a majority in aggregate principal amount of the Senior Notes Outstanding, unless the Trustee shall receive conflicting requests or directions from an Other Senior Beneficiary; or (ii) any Other Senior Beneficiary, unless the Trustee determines that the requested action is not in the overall interest of the Senior Beneficiaries or receives conflicting requests or directions from another Other Senior Beneficiary or the Holders of a majority in aggregate principal amount of the Senior Notes Outstanding; and (c) with respect to all other matters under the Indenture, the Holders of a majority in aggregate principal amount of Senior Notes Outstanding or any Other Senior Beneficiary; and

(2) at any time that no Senior Obligations are Outstanding but Subordinate Obligations are Outstanding: (a) with respect to directing the Trustee to accelerate the Outstanding Notes upon an Event of Default, the Holders of a majority in aggregate principal amount of Subordinate Notes Outstanding; (b) with respect to requesting the Trustee to exercise rights and powers under the Indenture, directing the conduct of proceedings in connection with the enforcement of the Indenture and requiring the Trustee to waive Events of Default: (i) the Holders of a majority in aggregate principal amount of the Subordinate Notes Outstanding, unless the Trustee receives conflicting requests or directions from an Other Subordinate Beneficiary; or (ii) any Other Subordinate Beneficiary, unless the Trustee determines that the requested action is not in the overall interest of the Subordinate Beneficiaries or receives conflicting requests or directions from another Other Subordinate Beneficiary or the Holders of a majority in aggregate principal amount of the Subordinate Notes Outstanding; and (c) with respect to all other matters under the Indenture, the Holders of a majority in aggregate principal amount of Subordinate Notes Outstanding or any Other Subordinate Beneficiary.

*“Administrative Allowance”* means a monthly allowance which shall be released to Access Group each month to cover Servicing Fees and Access Group’s other expenses incurred in connection with carrying out and administering its powers, duties and functions under the Indenture and any related agreements. The amount of the Administrative Allowance on each Monthly Allocation Date shall be equal to 0.08<sup>1</sup>/<sub>3</sub>% of the aggregate principal balance of the Portfolio Loans as of the first day of the related Collection Period; provided, that on any Monthly Allocation Date, the amount of the Administrative Allowance shall be reduced, if necessary (but in no event below 0.0375% of the aggregate principal balance of Portfolio Loans), to (a) an amount which will allow sufficient Available Funds to make the allocations described in clauses *“first”* through *“eighth”* under “Description of the Indenture—Allocations of Available Funds,” and (b) if the ratings on any of the Notes are reduced below investment grade by at least two Rating Agencies, to an amount which will allow sufficient Available Funds to make the allocations described in clauses *“first”* through *“ninth”* under “Description of the Indenture—Allocations of Available Funds.”

*“All Hold Rate”* means, on any date of determination, the Applicable LIBOR-Based Rate less 0.25% per annum, provided that in no event shall the All Hold Rate be greater than the Maximum Rate.

*“Applicable ARCs Rate”* means the interest rate on the ARC Notes for any Interest Period.

*“Applicable LIBOR-Based Rate”* means (a) for an Auction Period of 35 days or less, One-Month LIBOR, (b) for an Auction Period of more than 35 days but less than 115 days, Three-Month LIBOR, (c) for an Auction Period of more than 114 days but less than 195 days, Six-Month LIBOR, and (d) for an Auction Period of more than 194 days, One-Year LIBOR.

*“Applicable Number of Business Days”* means the greater of two Business Days or one Business Day plus the number of Business Days by which the Auction Date precedes the first day of the next succeeding Interest Period.

*“ARC Notes”* means, collectively, the Class A-3 Notes, the Class A-4 Notes and the Class B Notes.

*“Auction”* means each periodic implementation of the Auction Procedures, as described herein under “Description of the ARC Notes—Auction Procedures.”

*“Auction Agency Agreement”* means the Auction Agency Agreement dated as of August 1, 2002 with respect to the ARC Notes between the Trustee, as trustee, registrar and paying agent for the ARC Notes, and the Auction Agent and any similar agreement with a successor Auction Agent, in each case as from time to time amended or supplemented.

*“Auction Agent”* means Deutsche Bank Trust Company Americas or any successor bank or trust company or other entity entering into a similar agreement with the Trustee.

“*Auction Date*” means, initially, (i) September 10, 2002 with respect to the Class A-3 Notes; (ii) September 17, 2002 with respect to the Class A-4 Notes, and (iii) September 24, 2002 with respect to the Class B Notes, and thereafter the Business Day immediately preceding the first day of each Interest Period, other than:

- (1) each Interest Period commencing after the ownership of the ARC Notes of such class is no longer maintained in book entry form;
- (2) each Interest Period commencing after the occurrence and during the continuance of a Payment Default, or
- (3) any Interest Period commencing less than the Applicable Number of Business Days after the cure or waiver of a Payment Default.

Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed as described under the heading “Description of the ARC Notes—Changes in Auction Periods or Auction Date.”

“*Auction Period*” means the Interest Period applicable to the ARC Notes as the same may be changed as described under the heading “Description of the ARC Notes—Changes in Auction Periods or Auction Date.”

“*Auction Rate*” means the rate of interest per annum on any Auction Date that results from the implementation of the Auction Procedures, determined as described in the First Supplemental Indenture.

“*Authorized Denominations*” means, with respect to the ARC Notes, \$50,000 and any multiple thereof.

“*Available Funds*” means, as of any Monthly Allocation Date, the sum of the following:

- (1) all amounts received in the Collection Fund and not yet paid out as of the last day of the related Collection Period,
- (2) only with respect to a Capitalized Interest Release Date, any amounts in the Capitalized Interest Fund which are subject to release on that date and which are not being transferred to the Acquisition Fund at the direction of Access Group, and
- (3) amounts in the Capitalized Interest Fund, but only to the extent necessary to increase the balance of Available Funds to an amount sufficient to pay or provide for the payment of (a) Administrative Allowances and Note Fees, (b) interest on the Notes, and (c) principal on the Notes at their stated maturity date.

“*Beneficial Owner*” means, with respect to a Note held in Book-Entry Form, the actual purchaser of such Note.

“*Beneficiaries*” means, collectively, all Senior Beneficiaries and all Subordinate Beneficiaries.

“*Book-Entry Form*” means a form of ownership and registration under which (1) the beneficial right to principal and interest may be transferred only through a book entry, and (2) physical securities in registered form are issued only to a Securities Depository or its nominee as registered holder, with the securities “immobilized” to the custody of the Securities Depository or the Trustee.

“*Broker-Dealer*” means UBS PaineWebber Inc. as the sole initial Broker-Dealer, or any other broker or dealer (each as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that (i) is a Participant or an affiliate of a Participant, (ii) has a capital surplus of at least \$100 million, (iii) has been selected by Access Group with the approval of the Market Agent and (iv) has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective.

*“Broker-Dealer Agreement”* means each Broker-Dealer Agreement dated as of August 1, 2002 between the Broker-Dealer and the Auction Agent and any similar agreement with respect to a class of the ARC Notes between the Auction Agent and a Broker-Dealer pursuant to which the Broker-Dealer agrees to participate in Auctions as described in the Auction Procedures, in each case as from time to time amended or supplemented.

*“Business Day”* means (a) when used with respect to the Floating Rate Notes, a day of the year on which (i) banks located in the city in which the designated office of the Trustee is located are not required or authorized to remain closed, and (ii) The New York Stock Exchange is not closed, and (b) when used with respect to the ARC Notes, any day other than (i) December 30, December 31, April 14, April 15, or such other date as may be agreed in writing by the Market Agent, the Auction Agent, the Broker-Dealer and Access Group, or (ii) a Saturday, Sunday, or holiday or day on which banks in New York, New York, or the New York Stock Exchange, the Trustee or the Auction Agent, are authorized or permitted by law or executive order to close.

*“CP Determination Date”* means, for each month, the second Business Day preceding the 25th day of the month.

*“CP Rate”* means, for each month, the bond equivalent yield of the rate for the CP Determination Date set forth in H.15(519) opposite the 90-day maturity and under the caption “Commercial paper-Financial.” If, by 5:00 p.m., New York City time, on the Business Day immediately following the CP Determination Date, such rate is not yet published in H.15(519), the CP Rate for such month will be the bond equivalent yield of the rate for the first preceding day for which such rate is set forth in H.15(519) opposite the 90-day maturity and under the caption “Commercial paper-Financial.”

*“Capitalized Interest Fund”* means the Capitalized Interest Fund created and established by the Indenture.

*“Capitalized Interest Release Date”* means, with respect to the proceeds of the Series 2002-1 Notes deposited into the Capitalized Interest Fund, the Monthly Allocation Date occurring in October, 2004 or such other Monthly Allocation Date as Access Group may determine, upon confirmation from the Rating Agencies that the ratings of any Notes will not be reduced or withdrawn as a result. Upon the issuance of additional Notes, one or more Capitalized Interest Release Dates may be established on the Monthly Allocation Date(s) designated in the Supplemental Indenture(s) pursuant to which the Notes are issued.

*“Carry-over Amount”* means (a) with respect to the ARC Notes, the excess, if any, of (i) the amount of interest on an ARC Note that would have accrued with respect to an Interest Period at the lesser of the Auction Rate or the Maximum Interest Rate over (ii) the amount of interest on such ARC Note actually accrued with respect to such Interest Period based on the Maximum Auction Rate or (during a Net Loan Rate Restriction Period) the Net Loan Rate, together with the unpaid portion of any such excess from prior Interest Periods and (b) with respect to any additional Notes issued under the Indenture in the future, the amount, if any, by which (i) the interest payable on such Notes with respect to a given interest period is exceeded by (ii) the interest that otherwise would have been payable with respect to such interest period but for a limitation on the interest rate for such interest period established by the Supplemental Indenture providing for the issuance of such Notes, and designated as such in the Supplemental Indenture, together with the unpaid portion of any such excess from prior interest periods. Any reference to “principal” or “interest” herein with reference to the ARC Notes will not include, within the meanings of such words, any Carry-over Amount or any interest accrued on any Carry-over Amount.

*“Claims Rate”* means, for any year, the rate determined by dividing total default claims of a Guaranty Agency since the previous September 30 by the total original principal amount of the Guaranty Agency’s guaranteed loans in repayment on such September 30.

*“Class A-1 Notes”* means the \$60,803,000 Floating Rate Federal Student Loan Asset-Backed Notes, Series 2002-1 Class A-1 (FRN) issued by Access Group pursuant to the Indenture and the First Supplemental Indenture.

“*Class A-2 Notes*” means the \$297,547,000 Floating Rate Federal Student Loan Asset-Backed Notes, Series 2002-1 Class A-2 (FRN) issued by Access Group pursuant to the Indenture and the First Supplemental Indenture.

“*Class A-3 Notes*” means the \$53,400,000 Auction Rate Federal Student Loan Asset-Backed Notes, Series 2002-1 Class A-3 (ARC) issued by Access Group pursuant to the Indenture and the First Supplemental Indenture.

“*Class A-4 Notes*” means the \$53,400,000 Auction Rate Federal Student Loan Asset-Backed Notes, Series 2002-1 Class A-4 (ARC) issued by Access Group pursuant to the Indenture and the First Supplemental Indenture.

“*Class B Notes*” means the \$23,750,000 Auction Rate Federal Student Loan Asset-Backed Notes, Series 2002-1 Class B (ARC) issued by Access Group pursuant to the Indenture and the First Supplemental Indenture.

“*Collection Fund*” means the Collection Fund created and established by the Indenture.

“*Collection Period*” means the period from the Date of Issuance through August 31, 2002 and each calendar month thereafter.

“*Consolidation Loan*” means a FFELP Loan made pursuant to Section 428C of the Higher Education Act.

“*Counterparty Swap Payment*” means a payment due to or received by Access Group from a Swap Counterparty pursuant to a Swap Agreement.

“*Credit Enhancement Facility*” means, if and to the extent provided for in a Supplemental Indenture with respect to Notes of one or more classes, (i) an insurance policy insuring, or a letter of credit or surety bond providing a direct or indirect source of funds for, the timely payment of principal of and interest on such Notes or (ii) a letter of credit, standby purchase agreement, or similar instrument, providing for the purchase of such Notes on a Tender Date, and in either case, all agreements entered into by Access Group or the Trustee and the Credit Facility Provider with respect thereto.

“*Credit Facility Provider*” means any institution engaged by Access Group pursuant to a Credit Enhancement Facility to provide credit enhancement or liquidity for the payment of the principal of and interest on, or for Access Group’s obligation to purchase, Notes of one or more classes on a Tender Date.

“*Cross-Indemnity Agreement*” means any agreement entered into between Access Group, the Trustee and the beneficial owner of any FFELP Loans held by the Eligible Lender Trustee under the same lender identification number under which Financed Student Loans are held, providing for cross indemnities in respect of guarantee payments, Interest Subsidy Payments and Special Allowance Payments for the benefit of one such beneficial owner which may be withheld to offset obligations of the other such beneficial owner.

“*Date of Issuance*” means the date of initial issuance and delivery of the Notes, which is expected to be August 6, 2002.

“*Debt Service Fund*” means the Debt Service Fund created and established by the Indenture.

“*Default Rate*,” on any date of determination, means the interest rate per annum equal to the lesser of (i) One-Month LIBOR plus 1.50% or (ii) the Maximum Interest Rate, in each case rounded to the nearest one thousandth (.001) of 1%.

“*Deferment Period*” means certain periods when no principal repayments need be made on FFELP Loans.

“*Department of Education*” means U.S. Department of Education.

“*DTC*” means The Depository Trust Company.



*“DTC Participants”* means the participating organizations that utilize the services of DTC, including securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

*“Eligible Lender Trust Agreement”* means the Trust Agreement dated as of August 1, 2002 between Access Group, as grantor, and the Eligible Lender Trustee, as trustee, and any similar agreement entered into by Access Group and an “eligible lender” under the Higher Education Act pursuant to which such eligible lender holds Financed Student Loans in trust for Access Group, in each case as supplemented or amended from time to time.

*“Eligible Lender Trustee”* means Deutsche Bank Trust Company Americas as trustee under the Eligible Lender Trust Agreement, and its successors and assigns in such capacity.

*“Eligible Loan”* means a FFELP Loan which: (1) has been or will be made to a borrower for post-secondary education; (2) is Guaranteed by a Guarantee Agency; and (3) is an “eligible loan” as defined in Section 438 of the Higher Education Act for purposes of receiving Special Allowance Payments.

*“ERISA”* means the Employee Retirement Income Security Act of 1974, as amended.

*“Event of Default”* means an event of default under the Indenture, as described under “Description of the Indenture—Events of Default.”

*“Exchange Act”* means the Securities Exchange Act of 1934, as amended.

*“Existing Owner”* means (i) with respect to and for purpose of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the existing owner registry at the close of business on the Business Day immediately preceding the Auction Date for such Auction and (ii) with respect to and for the purpose of dealing with the Broker-Dealer in connection with an Auction, a Person who is a beneficial owner of ARC Notes.

*“Federal Direct Student Loan Program”* means the Federal Direct Student Loan Program established by the Higher Education Act pursuant to which loans are made by the Secretary of Education, and any predecessor or successor program.

*“Federal Fund”* means the federal student loan reserve fund established by each Guarantee Agency as required by the Higher Education Act.

*“Federal Reimbursement Contracts”* means any agreement between a Guarantee Agency and the Secretary of Education, providing for the payment by the Secretary of Education of amounts authorized to be paid pursuant to the Higher Education Act, including (but not necessarily limited to) reimbursement of amounts paid or payable upon defaulted FFELP Loans and other student loans guaranteed or insured by the Guarantee Agency and Interest Subsidy Payments to holders of qualifying student loans guaranteed or insured by the Guarantee Agency.

*“FFEL Program”* means the Federal Family Education Loan Program established by the Higher Education Act pursuant to which loans are made to borrowers pursuant to certain guidelines, and the repayment of such loans is guaranteed by a Guarantee Agency, and any predecessor or successor program.

*“FFELP Guarantee Agreement”* means any agreement between a Guarantee Agency and the Eligible Lender Trustee or Access Group providing for the insurance or guarantee by such Guarantee Agency, to the extent provided in the Higher Education Act, of the principal of and accrued interest on FFELP Loans acquired or originated by the Eligible Lender Trustee (on behalf of Access Group) or by Access Group from time to time.

*“FFELP Loans”* means Student Loans made under the FFEL Program.

*“Financed Student Loans”* means FFELP Loans acquired or originated by Access Group with proceeds of the Notes or moneys in the Acquisition Fund, but does not include Student Loans released from the lien of the Indenture and sold to any purchaser.

*“First Supplemental Indenture”* means the First Supplemental Indenture of Trust dated as of August 1, 2002 between Access Group and the Trustee, which provides for the issuance of the Series 2002-1 Notes.

*“Floating Rate Note Payment Date”* means the 25th day of each March, June, September and December, commencing December 25, 2002, or, if any such day is not a Business Day, the next succeeding Business Day.

*“Floating Rate Notes”* means the Class A-1 Notes and the Class A-2 Notes.

*“Forbearance Period”* means a period of time during which a borrower, in case of temporary financial hardship, may defer the repayment of principal of a FFELP Loan.

*“Fund”* means any of the funds established by the Indenture.

*“Government Obligations”* means direct obligations of, or obligations the full and timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

*“Grace Period”* means a period of time, following a borrower’s ceasing to pursue at least a half-time course of study and prior to the commencement of a repayment period, during which principal need not be paid on certain Financed Student Loans.

*“Guarantee Agency”* means any state agency or private nonprofit institution or organization which has Federal Reimbursement Contracts in place and has entered into a FFELP Guarantee Agreement with the Eligible Lender Trustee or Access Group.

*“Higher Education Act”* means the Higher Education Act of 1965, as amended or supplemented from time to time, and all regulations promulgated thereunder.

*“Holder,”* when used with respect to any Note, means the Person in whose name such Note is registered in the Note Register.

*“Indenture”* means the Indenture of Trust, dated as of August 1, 2002, from Access Group and the Eligible Lender Trustee to the Trustee, as amended and supplemented from time to time.

*“Indenture Obligations”* means the Senior Obligations and the Subordinate Obligations.

*“Indirect Participants”* means organizations which have indirect access to the Securities Depository, such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly.

*“Initial Portfolio Loans”* means the FFELP Loans to be acquired with the proceeds of the Series 2002-1 Notes on the Date of Issuance.

*“Initial Interest Period”* means the period from the Date of Issuance to and including (i) September 10, 2002 with respect to the Class A-3 Notes; (ii) September 17, 2002 with respect to the Class A-4 Notes, and (iii) September 24, 2002 with respect to the Class B Notes.

*“Interest Account”* means the Interest Account within the Debt Service Fund created and established by the Indenture.

*“Interest Payment Date”* means (a) when used with respect to the ARC Notes, means the Business Day following the last day of each Interest Period; provided, however, that if the duration of the Interest Period is one year or longer, then the Interest Payment Date therefor shall be each March 1 and September 1 (or if any such date is not a Business Day, then the next succeeding Business Day) during such Interest Period and the Business Day following the last day of such Interest Period; and shall also mean the Final Maturity Date of the ARC Notes, or if any such date is not a Business Day, the next succeeding Business Day (but only for interest accrued to the Final Maturity Date), (b) when used with respect to the Floating Rate Notes, each Floating Rate Note Payment Date, and (c) when used with respect to any additional Notes, the dates specified for the payment of interest in the Supplemental Indenture(s) providing for the issuance of such Notes. Interest Payment Dates for the ARC Notes may change in the event of a change in the length of one or more Auction Periods as described under “Description of the ARC Notes—Changes in Auction Periods or Auction Date.”

*“Interest Period”* means (a) with respect to the Floating Rate Notes, the period from the Date of Issuance to the first Floating Rate Note Payment Date, and thereafter the period from each Floating Rate Note Payment Date to the next Floating Rate Note Payment Date, and (b) with respect to the ARC Notes, the respective Initial Interest Periods, and thereafter (i) each successive period of generally 28 days, commencing on a Wednesday (or the Business Day following the last day of the prior Interest Period, if the prior Interest Period does not end on a Tuesday) and ending on (and including) a Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day that is followed by a Business Day) and (ii) if the Auction Periods are changed as described herein, each period from an Interest Payment Date to the next succeeding Interest Payment Date.

*“Interest Subsidy Payments”* means interest payments on certain student loans authorized to be made by the Secretary of Education by Section 428(a) of the Higher Education Act.

*“KHESLC Servicing Agreement”* means the Servicing Agreement dated March 31, 2000 between Access Group and Kentucky Higher Education Student Loan Corporation, as Servicer, as amended and supplemented from time to time.

*“Lender”* means Access Funding A-2, LLC and any other Person from which Access Group acquires FFELP Loans made under the Access Group Loan Programs.

*“LIBOR Determination Date”* (a) when used with respect to the Floating Rate Notes shall have the meaning set forth under “Description of the Floating Rate Notes—Determination of LIBOR” and (b) when used with respect to the ARC Notes means the Auction Date, or if no Auction Date is applicable, the Business Day immediately preceding the first day of each Interest Period.

*“Market Agent”* means UBS PaineWebber Inc. or any successor market agent under the First Supplemental Indenture.

*“Market Agent Agreement”* means the Market Agent Agreement dated as of August 1, 2002 with respect to the ARC Notes between the Trustee, as trustee, registrar and paying agent for the ARC Notes and the Market Agent, and any similar agreement with a successor Market Agent, in each case as from time to time amended or supplemented.

*“Maximum Auction Rate”* means, with respect to any Auction Period, a per annum interest rate on a class of ARC Notes equal to the lesser of (a) with respect to any class of ARC Notes rated in at least the lowest category of “A” by at least two Rating Agencies, the Applicable LIBOR-Based Rate plus 1.50%, or (b) a rate which, when taken together with the interest rate on such class of ARC Notes for the one-year period ending on the final day of the Auction Period, would result in the average interest rate on such class of ARC Notes for such period either (i) not being in excess (on a per annum basis) of the average of the Ninety-One Day United States Treasury Bill Rate plus 1.20% for such one-year period (if all of the ratings assigned by the Rating Agencies to such class of ARC Notes are at least in the lowest category of “Aa” or “AA”), (ii) not being in excess (on a per annum basis) of the Ninety-One Day United States Treasury Bill Rate plus 1.50% for such one-year period (if any one of the ratings assigned by the Rating Agencies to such class of ARC Notes is less than in the lowest category of “Aa” or “AA” but all of the ratings

are at least any category of "A"), or (iii) not being in excess (on a per annum basis) of the average of Ninety-One Day United States Treasury Bill Rate plus 1.75% for such one-year period (if any one of the ratings assigned by the Rating Agencies to such class of ARC Notes is less than the lowest category of "A"); provided, however, that if the Series 2002-1 Notes have not been Outstanding for at least such one-year period then for any portion of such period during which the Series 2002-1 Notes were not Outstanding, the interest rates on a class of ARC Notes for purposes of this definition shall be deemed to be equal to such rates as the Market Agent shall determine were the rates of interest on equivalently rated auction securities with comparable lengths of auction periods during such period; and provided further, however, that this definition may be modified at the direction of Access Group upon receipt by the Trustee of (A) written consent of the Market Agent and (B) written confirmation from each Rating Agency then rating the Notes that such change will not in and of itself result in a reduction of the rating on any Notes. For purposes of the Auction Agent and the Auction Procedures, the ratings referred to in this definition shall be the last ratings of which the Auction Agent has been given notice pursuant to the Auction Agent Agreement. The percentage amount to be added to the Applicable LIBOR-Based Rate or the Ninety-One Day United States Treasury Bill Rate in any one or more of clauses (a) or (b), (i), (ii) or (iii) above may be increased by delivery to the Auction Agent and the Trustee of a certificate signed by an Authorized Officer of Access Group directing such increase, together with written confirmation from each Rating Agency then rating the Notes that such increase will not in and of itself result in a reduction of the rating on any Notes.

"*Maximum Interest Rate*" means the lesser of (a) 18% per annum (or such higher rate as Access Group may establish upon confirmation that no ratings on any of the Notes will be adversely affected), or (b) the maximum rate of interest permitted under applicable law.

"*Maximum Rate*" on any date of determination, means the interest rate per annum equal to the least of:

- (1) the Maximum Auction Rate;
- (2) the Maximum Interest Rate; and
- (3) during a Net Loan Rate Restriction Period, the Net Loan Rate.

in each case rounded to the nearest one thousandth (.001) of 1%.

"*Monthly Allocation Date*" means the 25th day of each month, commencing August 25, 2002, or, if any such day is not a Business Day, the next succeeding Business Day.

"*Monthly Servicing Report*" means the monthly report concerning the Financed Student Loans prepared by Access Group in accordance with the Indenture.

"*Moody's*" means Moody's Investors Service, Inc., its successors and their assigns.

"*1998 Reauthorization Amendments*" means the Higher Education Amendments of 1998.

"*Net Loan Rate*" means, with respect to any Auction Period, the rate of interest per annum (rounded to the next highest 0.01%) equal to the amount determined by dividing:

- (a) the product of 12 times the sum of the following amounts accrued during the most recent calendar month that ended at least 25 days before the commencement of such Auction Period (whether or not actually received or paid): (i) interest (including interest subsidy payments and adjusted for borrower incentives), assumed Special Allowance Payments, and late fees with respect to the Financed Student Loans, *plus* (ii) investment earnings on the Funds, *plus* (iii) any Counterparty Swap Payments, *minus* (iv) the aggregate amount of default claims filed during the month with respect to Financed Student Loans which exceed the amount the Guarantee Agency is required to pay under the applicable Guarantee Agreement, *minus* (v) monthly rebate fees due to the Department of Education with respect to Consolidation Loans financed under the Indenture, *minus*

(vi) any Access Group Swap Payments, *minus* (vii) the interest on all Notes other than the ARC Notes, *minus* (viii) Note Fees and a portion of the Administrative Allowance equal to 0.45% per annum of the aggregate principal balance of the Financed Student Loans, by

(b) the aggregate principal amount of all ARC Notes outstanding on the date of each such calculation.

For this purpose, the Special Allowance Payments shall be assumed to be computed based upon the bond equivalent yield of 91-day United States Treasury bills most recently auctioned, or the most recent CP Rate, on the date as of which the Net Loan Rate is determined (whether or not the actual Special Allowance Payment rate could then be determined).

*“Net Loan Rate Restriction Period”* means the period of time from and including a Net Loan Rate Trigger Date to but excluding a Net Loan Rate Termination Date.

*“Net Loan Rate Termination Date”* means, if the Net Loan Rate Trigger Date has occurred, the 25th day of a month which immediately follows two consecutive months for which both (a) the daily weighted average of the Auction Rates for all ARC Notes in effect during the month was equal to or less than the sum of (i) the bond equivalent yield on the 91-day United States Treasury bills sold at the last auction prior to the 25th day of the month plus (ii) 1.0%, and (b) Three-Month LIBOR as of the CP Determination Date was less than the sum of (i) the CP Rate for such month, plus (ii) 0.25%.

*“Net Loan Rate Trigger Date”* means the 25th day of a month which immediately follows three consecutive months for which either (a) the daily weighted average of the Auction Rates for all ARC Notes in effect during the month exceeded the sum of (i) the bond equivalent yield on the 91-day United States Treasury bills sold at the last auction prior to the 25th day of the month plus (ii) 1.0%, or (b) Three-Month LIBOR as of the CP Determination Date equaled or exceeded the sum of (i) the CP Rate for the month plus (ii) 0.25%.

*“Ninety-One Day United States Treasury Bill Rate”* means the bond equivalent yield on the 91-day United States Treasury bills sold at the last auction thereof that immediately precedes the Auction Date.

*“Note Fees”* means the fees, costs and expenses, excluding costs of issuance, of the Trustee and any Eligible Lender Trustee, paying agents, authenticating agent, remarketing agents, auction agents, broker-dealers, note registrar, market agents or independent accountants incurred by Access Group in carrying out and administering its powers, duties and functions under (1) any Servicing Agreement, the Guarantee Agreements, the Higher Education Act, or any requirement of the laws of the United States or any State, as such powers, duties and functions relate to Financed Student Loans, (2) any Swap Agreements and any Credit Enhancement Facilities (other than any amounts payable thereunder which constitute Other Indenture Obligations), (3) any remarketing agreement, tender agent agreement, auction agent agreement or broker-dealer agreement and (4) the Indenture.

*“Noteholder”* means the Holder of any Note.

*“Notes”* means any asset-backed student loan notes issued by Access Group under the Indenture.

*“One-Month LIBOR,” “Three-Month LIBOR,” “Six-Month LIBOR”* or *“One-Year LIBOR”* means the offered rate, as determined by the Auction Agent or the Trustee, as applicable, of the Applicable LIBOR Based Rate for United States dollar deposits which appears on Telerate Page 3750, as reported by Bloomberg Financial Markets Commodities News (or such other page as may replace Telerate Page 3750 for the purpose of displaying comparable rates) as of approximately 11:00 a.m., London time, on the LIBOR Determination Date; provided, that if on any calculation date, no rate appears on Telerate Page 3750 as specified above, the Auction Agent or the Trustee, as applicable, shall determine the arithmetic mean of the offered quotations for four major banks in the London interbank market, for deposits in U.S. dollars for the respective periods specified above to the banks in the London interbank market as of approximately 11:00 a.m., London time, on such calculation date and in a principal amount of not less than \$1,000,000 that is representative of a single transaction in such market and at such time, unless fewer than two such quotations are provided, in which case, the Applicable LIBOR Based Rate shall be the arithmetic

mean of the offered quotations that leading banks in New York City selected by the Auction Agent or the Trustee, as applicable, are quoting on the relevant LIBOR Determination Date for loans in U.S. dollars to leading European banks in a principal amount of not less than \$1,000,000 that is representative of a single transaction in such market at such time. All percentages resulting from such calculations shall be rounded upwards, if necessary, to the nearest one hundredth of one percent.

“*Operating Fund*” means the agency operating fund established by each Guarantee Agency as required by the Higher Education Act.

“*Other Beneficiary*” means an Other Senior Beneficiary or an Other Subordinate Beneficiary.

“*Other Indenture Obligations*” means, collectively, the Other Senior Obligations and Other Subordinate Obligations.

“*Other Senior Beneficiary*” means a person or entity who is a Senior Beneficiary other than as a result of ownership of Senior Notes.

“*Other Senior Obligations*” means Access Group’s obligations to pay any amounts under any Senior Swap Agreements (including termination payments) and any Senior Credit Enhancement Facilities.

“*Other Subordinate Beneficiary*” means a person or entity who is a Subordinate Beneficiary other than as a result of ownership of Subordinate Notes.

“*Other Subordinate Obligations*” means Access Group’s obligations to pay any amounts under any Subordinate Swap Agreements (including termination payments) and any Subordinate Credit Enhancement Facilities.

“*Outstanding*” means, when used with respect to Notes, all Notes other than (a) any Notes deemed no longer Outstanding as a result of the purchase, payment or defeasance thereof, (b) any Notes surrendered for transfer or exchange for which another Note has been issued under the Indenture, or (c) with respect to any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Notes owned by Access Group to the extent the Trustee knows that such Notes are so owned or (d) any Notes deemed tendered as provided in the Supplemental Indenture pursuant to which such Notes are issued.

“*Participant*” means a participating organization that utilizes the services of the Securities Depository.

“*Payment Default*” means failure by Access Group to make any payment of interest, premium, if any, or principal on any Note when due.

“*Potential Owner*” means any Person (including any Existing Owner that is (a) a Broker-Dealer when dealing with an Auction Agent and (b) a potential owner when dealing with a Broker-Dealer) who may be interested in acquiring ARC Notes (or, in the case of an Existing Owner thereof, an additional principal amount of ARC Notes).

“*Principal Account*” means the Principal Account within the Debt Service Fund created and established by the Indenture.

“*Principal Amount*” when used with respect to a Floating Rate Note, means the original principal amount of such Note less all payments previously made to the Holder thereof in respect of principal.

“*Principal Distribution Amount,*” when used with respect to each Monthly Allocation Date, means the sum of (i) all principal repayments (including guarantee payments) on Financed Student Loans received during the preceding Collection Period, *plus* (ii) any amounts transferred from the Acquisition Fund to the Collection Fund during the preceding Collection Period at the direction of Access Group, *plus* (iii) any amount allocated from the Capitalized Interest Fund on such Monthly Allocation Date as Available Funds, *minus* (iv) during the Revolving

Period, any amounts transferred from the Collection Fund to the Acquisition Fund during the preceding Collection Period, *minus* (v) any amounts required to be deposited to the Principal Account on such Monthly Allocation Date to provide for the payment of principal of the Notes at maturity or upon scheduled redemption or principal amortization, *plus* (vi) the amount, if any, by which the Principal Distribution Amount from the prior Monthly Allocation Date exceeds the amount actually allocated on such prior Monthly Allocation Date to the principal of the Notes (other than principal of the Notes paid at maturity or upon scheduled redemption or principal amortization).

“*Private Loan*” means a Student Loan which is not made pursuant to the Higher Education Act, but which is made pursuant to the Access Group Loan Program.

“*Rating Agency*” means any rating agency that has an outstanding rating on any of the Notes pursuant to request by Access Group.

“*Record Date*” means (a) with respect to ARC Notes, (i) so long as Interest Payment Dates are specified to occur at the end of each Auction Period, the Applicable Number of Business Days immediately preceding each Interest Payment Date (calculated by reference to the Auction Date immediately preceding said Interest Payment Date) and (ii) if and for so long as interest is payable with respect thereto semi-annually, one Business Day prior to each Interest Payment Date, and (b) with respect to the Floating Rate Notes, the Business Day immediately preceding each Floating Rate Note Payment Date.

“*Revolving Period*” means the period beginning on the Date of Issuance and ending on the Monthly Allocation Date in December 2004 or in such other month as Access Group may determine, upon confirmation from the Rating Agencies that the ratings of any Notes will not be reduced or withdrawn as a result.

“*S&P*” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., its successors and their assigns.

“*Secretary of Education*” means the Commissioner of Education, Department of Health, Education and Welfare of the United States, and the Secretary of the United States Department of Education (who succeeded to the functions of the Commissioner of Education pursuant to the Department of Education Organization Act), or any other officer, board, body, commission or agency succeeding to the functions thereof under the Higher Education Act.

“*Securities Depository*” means DTC or any successor or other clearing agency selected by Access Group as securities depository for any Notes in Book-Entry Form.

“*Senior Asset Percentage*” means the percentage resulting by dividing (A) the Value of the Trust Estate less the sum of (1) all accrued interest on and Note Fees with respect to Outstanding Senior Notes, (2) all accrued Access Group Swap Payments with respect to Senior Swap Agreements, and (3) all accrued fees with respect to Senior Credit Enhancement Facilities, by (B) the aggregate principal amount of Outstanding Senior Notes.

“*Senior Asset Requirement*” means that the Senior Asset Percentage is at least equal to 105% and the Subordinate Asset Percentage is at least equal to 100.5%.

“*Senior Beneficiaries*” means (1) the holders of any Outstanding Senior Notes, and (2) any Senior Credit Facility Provider and any Senior Swap Counterparty entitled to Other Senior Obligations then Outstanding.

“*Senior Credit Enhancement Facility*” means a Credit Enhancement Facility designated as a Senior Credit Enhancement Facility in the Supplemental Indenture pursuant to which such Credit Enhancement Facility is furnished by Access Group.

“*Senior Credit Facility Provider*” means any person or entity who provides a Senior Credit Enhancement Facility.

“*Senior Notes*” means any Notes designated in a Supplemental Indenture as Senior Notes, which are secured under the Indenture on a basis senior to any Subordinate Obligations, and on a parity with other Senior Obligations.

“*Senior Obligations*” means, collectively, the Senior Notes and the Other Senior Obligations.

“*Senior Swap Agreement*” means a Swap Agreement designated as a Senior Swap Agreement in the Supplemental Indenture pursuant to which such Swap Agreement is furnished by Access Group.

“*Senior Swap Counterparty*” means any person or entity who provides a Senior Swap Agreement.

“*Series 2002-1 Notes*” means, collectively, the Class A-1 Notes, the Class A-2 Notes, the Class A-3 Notes, the Class A-4 Notes and the Class B Notes.

“*Servicer*” means Kentucky Higher Education Student Loan Corporation and any other organization with which Access Group has entered into a Servicing Agreement, in each case while such party is servicing Financed Student Loans.

“*Servicer Default*” means an event described as such under “Servicing of Financed Student Loans—Description of the KHESLC Servicing Agreement—Servicer Default.”

“*Servicing Agreement*” means the KHESLC Servicing Agreement and any other agreement between Access Group and a Servicer (or among Access Group, the Eligible Lender Trustee and a Servicer) under which the Servicer agrees to act as Access Group’s agent in connection with the administration and collection of Financed Student Loans in accordance with the Indenture.

“*Servicing Fees*” means any fees payable by Access Group to a Servicer in respect of Financed Student Loans pursuant to the provisions of a Servicing Agreement.

“*Special Allowance Payments*” means special allowance payments authorized to be made by the Secretary of Education by Section 438 of the Higher Education Act, or similar allowances authorized from time to time by federal law or regulation.

“*Stafford Loan*” means a FFELP Loan made pursuant to Section 428 of the Higher Education Act.

“*Student Loan*” means a loan to a borrower for post-secondary education.

“*Submission Deadline*” means 1:00 p.m., New York City time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

“*Subordinate Asset Percentage*” means the percentage resulting by dividing (A) the Value of the Trust Estate less the sum of (1) all accrued interest on and Note Fees with respect to Outstanding Notes, (2) all accrued Access Group Swap Payments, and (3) all accrued fees with respect to Credit Enhancement Facilities, by (B) the aggregate principal amount of Outstanding Notes.

“*Subordinate Beneficiaries*” means (1) the holders of any Outstanding Subordinate Notes, and (2) any Subordinate Credit Facility Provider and any Subordinate Swap Counterparty entitled to any Other Subordinate Obligations then Outstanding.



*“Subordinate Credit Enhancement Facility”* means a Credit Enhancement Facility designated as a Subordinate Credit Enhancement Facility in the Supplemental Indenture pursuant to which such Credit Enhancement Facility is furnished by Access Group.

*“Subordinate Credit Facility Provider”* means any person or entity who provides a Subordinate Credit Enhancement Facility.

*“Subordinate Note Interest Trigger”* is in effect on any Monthly Allocation Date if on the last day of the related Collection Period, the Senior Asset Percentage is less than 100%.

*“Subordinate Notes”* means any Notes designated in a Supplemental Indenture as Subordinate Notes, which are secured under the Indenture on a basis subordinate to any Senior Obligations, on a parity with other Subordinate Obligations.

*“Subordinate Obligations”* means, collectively, the Subordinate Notes and the Other Subordinate Obligations.

*“Subordinate Swap Agreement”* means a Swap Agreement designated as a Subordinate Swap Agreement in the Supplemental Indenture pursuant to which such Swap Agreement is furnished by Access Group.

*“Subordinate Swap Counterparty”* means any person or entity who provides a Subordinate Swap Agreement.

*“Supplemental Indenture”* means any amendment of or supplement to the Indenture made in accordance with the provisions thereof.

*“Swap Agreement”* means, collectively, (a) an interest rate exchange agreement between Access Group and a Swap Counterparty, and (b) any guarantee of the Swap Counterparty’s obligations under such interest rate exchange agreement.

*“Swap Counterparty”* means any person or entity with whom Access Group shall, from time to time, enter into a Swap Agreement.

*“Tender Date”* means, with respect to any Note, a date on which such Note is required to be tendered for purchase by or on behalf of Access Group, or has been tendered for purchase by or on behalf of Access Group pursuant to a right given the Holder or Beneficial Owner of such Note, in accordance with the provisions in the Supplemental Indenture providing for the issuance thereof.

*“Trust Estate”* means (1) Financed Student Loans and moneys due or paid thereunder after the applicable date of acquisition; (2) funds on deposit in or payable into the Funds and Accounts held under the Indenture (including investment earnings thereon); and (3) rights of Access Group in and to certain agreements, including any Servicing Agreement and the FFELP Guarantee Agreements, as the same relate to Financed Student Loans.

*“Trustee”* means Deutsche Bank Trust Company Americas in its capacity as trustee under the Indenture, and any successor or assign in that capacity.

*“Unsubsidized Stafford Loan”* means a FFELP Loan made pursuant to Section 428H of the Higher Education Act.

*“Value of the Trust Estate”* means an amount equal to the sum of the aggregate principal balance of all Financed Student Loans, plus accrued interest and Special Allowance Payments thereon, plus the aggregate balances (including accrued interest) in the Funds and Accounts held under the Indenture, plus accrued payment obligations of Swap Counterparties.

## THE TRUSTEE AND THE ELIGIBLE LENDER TRUSTEE

Deutsche Bank Trust Company Americas, a trust company organized under the laws of the State of New York, is the Trustee under the Indenture. The office of the Trustee for purposes of administering the Trust Estate and its other obligations under the Indenture is located at 100 Plaza One, MS JCY03-0606, Jersey City, New Jersey 07311, Attention: Structured Finance Group.

The Higher Education Act provides that only “eligible lenders” (defined to include banks and certain other entities) may hold title to student loans made under the FFEL Program. Because Access Group does not currently qualify as an “eligible lender,” Deutsche Bank Trust Company Americas, in its capacity as Eligible Lender Trustee, will hold title to all Financed Student Loans in trust on behalf of Access Group. The Eligible Lender Trustee agrees under the Eligible Lender Trust Agreement to maintain its status as an “eligible lender” under the Higher Education Act. In addition, the Eligible Lender Trustee on behalf of Access Group has entered into a FFELP Guarantee Agreement with each of the Guarantee Agencies that have guaranteed FFELP Loans to be financed with the proceeds of the Series 2002-1 Notes. Failure of the Financed Student Loans to be owned by an eligible lender would result in the loss of guarantee payments, Interest Subsidy Payments and Special Allowance Payments with respect thereto. See “Description of the FFEL Program” and “Risk Factors—Offset by guarantee agencies or the Department of Education could reduce the amounts available for payment of the notes.” If Access Group is recognized as an eligible lender and enters into all necessary FFELP Guarantee Agreements, it may take title to the Financed Student Loans (subject to the lien of the Indenture) and the role of Eligible Lender Trustee may be eliminated.

## UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

### Certain Federal Income Tax Consequences

The following is a summary of the principal United States federal income tax consequences resulting from the beneficial ownership of Series 2002-1 Notes by certain persons. This summary does not consider all the possible Federal tax consequences of the purchase, ownership or disposition of the Series 2002-1 Notes and is not intended to reflect the individual tax position of any beneficial owner. Moreover, except as expressly indicated, this summary is limited to those persons who purchase a Series 2002-1 Note at its issue price, which is the first price at which a substantial amount of the Series 2002-1 Notes is sold to the public, and who hold Series 2002-1 Notes as “capital assets” within the meaning of section 1221 of the Internal Revenue Code. This summary does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Series 2002-1 Notes (or foreign currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a “synthetic security” or other integrated investment (including a “conversion transaction”) comprised of a Series 2002-1 Note and one or more other investments, or purchasers that have a “functional currency” other than the U.S. dollar. Except to the extent discussed below under “—Non-United States Holders,” this summary is not applicable to non-United States persons. This summary is based upon the United States federal tax laws and regulations currently in effect and as currently interpreted and does not take into account possible changes in the tax laws or the interpretations, any of which may be applied retroactively. It does not discuss the tax laws of any state, local or foreign governments.

Persons considering the purchase of Series 2002-1 Notes should consult their own tax advisors concerning the United States federal income tax consequences to them in light of their particular situations as well as any consequences to them under the laws of any other taxing jurisdiction.

### United States Holders

#### *Characterization of the Series 2002-1 Notes as Indebtedness*

In Foley & Lardner’s opinion, based upon certain assumptions and certain representations of Access Group, the Series 2002-1 Notes will be treated as debt of Access Group, rather than as an interest in the Financed Student Loans and other assets of the Trust Estate, for federal income tax purposes. Such opinion will not be binding on the

courts or the Internal Revenue Service. It is possible that the Internal Revenue Service could assert that, for purposes of the Internal Revenue Code, the transaction contemplated by this Offering Memorandum constitutes a sale of the assets comprising the Trust Estate (or an interest therein) to the Series 2002-1 Noteholders or that this transaction creates an entity treated as either a partnership or a publicly traded partnership taxable as a corporation.

If, instead of treating the transaction as creating secured debt in the form of the Series 2002-1 Notes issued by Access Group as a corporate entity, the transaction were treated as creating a partnership among the Series 2002-1 Noteholders and Access Group, which has purchased the underlying Trust Estate assets, the resulting partnership would not be subject to federal income tax, unless such partnership were treated as a publicly traded partnership taxable as a corporation. Rather, Access Group and each Series 2002-1 Noteholder would be taxed individually on their respective distributive shares of the partnership's income, gain, loss, deductions and credits. The amount and timing of items of income and deduction of the Series 2002-1 Noteholder may differ if the Series 2002-1 Notes were held to constitute partnership interests, rather than indebtedness.

If, alternatively, it were determined that this transaction created an entity other than Access Group which was classified as a corporation or a publicly traded partnership taxable as a corporation and Access Group were treated as having sold the assets comprising the Trust Estate, such entity would be subject to federal income tax at corporate income tax rates on the income it derives from the Financed Student Loans and other assets, which would reduce the amounts available for payment to the Series 2002-1 Noteholders. Cash payments to the Series 2002-1 Noteholders generally would be treated as dividends for tax purposes to the extent of such corporation's earnings and profits. A similar result would apply if the Series 2002-1 Noteholders were deemed to have acquired stock or other equity interests in Access Group. However, as noted above, Access Group has been advised that the Series 2002-1 Notes will be treated as debt of Access Group for federal income tax purposes.

Access Group expresses in the Indenture its intent that, for applicable tax purposes, the Series 2002-1 Notes will be indebtedness of Access Group secured by the Trust Estate. Access Group and the Series 2002-1 Noteholders, by accepting the Series 2002-1 Notes, have agreed to treat the Series 2002-1 Notes as indebtedness of Access Group for federal income tax purposes. Access Group intends to treat this transaction as a financing reflecting the Series 2002-1 Notes as its indebtedness for tax and financial accounting purposes.

In general, the characterization of a transaction as a sale of property or a secured loan, for federal income tax purposes, is a question of fact, the resolution of which is based upon the economic substance of the transaction, rather than its form or the manner in which it is characterized. While the Internal Revenue Service and the courts have set forth several factors to be taken into account in determining whether the substance of a transaction is a sale of property or a secured indebtedness, the primary factor in making this determination is whether the transferee has assumed the risk of loss or other economic burdens relating to the property and has obtained the benefits of ownership thereof. Notwithstanding the foregoing, in some instances, courts have held that a taxpayer is bound by the particular form it has chosen for a transaction, even if the substance of the transaction does not accord with its form.

Access Group believes that it has retained the preponderance of the primary benefits and burdens associated with the Financed Student Loans and other assets comprising the Trust Estate and should therefore be treated as the owner of such assets for federal income tax purposes. If, however, the Internal Revenue Service were to successfully assert that this transaction should be treated as a sale of the Trust Estate assets because one or more classes of Series 2002-1 Notes should be classified as equity, the Internal Revenue Service could further assert that the entity created pursuant to the Indenture, as the owner of the Trust Estate for federal income tax purposes, was engaged in a financial business which would cause the Trust Estate to be characterized as a publicly traded partnership taxable as a corporation if any Series 2002-1 Notes reclassified as equity were considered publicly traded.

#### *Payments of Interest*

In general, interest on a Series 2002-1 Note will be taxable to a beneficial owner who or which is (1) a citizen or resident of the United States, (2) a corporation created or organized under the laws of the United States or any State (including the District of Columbia) or (3) a person otherwise subject to federal income taxation on its

worldwide income (a “United States holder”) as ordinary income at the time it is received or accrued, depending on the holder’s method of accounting for tax purposes. If a partnership holds Series 2002-1 Notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding Series 2002-1 Notes should consult their tax advisors.

It is uncertain whether the stated interest on the ARC Notes will qualify as “qualified stated interest” for purposes of determining whether the ARC Notes were issued with original issue discount because of interest deferral possibilities that are part of the terms of the ARC Notes. Access Group intends to report all interest income in respect of all classes of the Series 2002-1 Notes as qualified stated interest. If it were to be determined that the ARC Notes do not provide for stated interest at qualified floating rates, the ARC Notes would be treated as having been issued with original issue discount. In that event, the owners of the ARC Notes would be required to include original issue discount in gross income as it accrues on a constant yield to maturity basis in advance of the receipt of any cash attributable to the income, regardless of whether the holder is a cash or accrual basis taxpayer. In addition, interest on the ARC Notes could be considered contingent because of the features of Carry-over Amounts. The Treasury regulations that apply to contingent obligations, which do not technically apply to debt obligations such as the ARC Notes that are subject to prepayments based on prepayments of collateral obligations, cause gain on sale to be treated as ordinary income. Investors should consult their tax advisors as to the accrual of interest on the ARC Notes.

#### *Series 2002-1 Notes Purchased at a Premium*

Under the Internal Revenue Code, a United States holder that purchases a Series 2002-1 Note for an amount in excess of its stated repayment price at maturity may elect to treat such excess as “amortizable bond premium,” in which case the amount of interest required to be included in the United States holder’s income each year with respect to interest on the Series 2002-1 Note will be reduced by the amount of amortizable bond premium allocable (based on the Series 2002-1 Note’s yield to maturity) to that year. For purposes of determining the amount of amortizable based premium that is allocable to a particular year, it is unclear how the rules apply in the case of debt instruments (such as the Series 2002-1 Notes) that are subject to prepayment by reason of prepayments on other debt instruments. A holder who elects to amortize bond premium must reduce his tax basis in the Series 2002-1 Note as described below under “—Purchase, Sale, Exchange and Retirement of the Series 2002-1 Notes.” Any election to amortize bond premium is applicable to all bonds (other than bonds the interest on which is excludable from gross income) held by the United States holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the United States holder, and may not be revoked without the consent of the Internal Revenue Service.

#### *Series 2002-1 Notes Purchased at a Market Discount*

A Series 2002-1 Note will be treated as acquired at a market discount (a “market discount note”) if the amount for which a United States holder purchased the Series 2002-1 Note is less than the Series 2002-1 Note’s issue price, unless such difference is less than a specified *de minimis* amount.

In general, any partial payment of principal or any gain recognized on the maturity or disposition of a market discount note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such note. Alternatively, a United States holder of a market discount note may elect to include market discount in income currently over the life of the market discount note. That election applies to all debt instruments with market discount acquired by the electing United States holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the Internal Revenue Service.

For purposes of determining the accrual of market discount, certain special rules apply in the case of debt instruments (such as the Series 2002-1 Notes) that are subject to prepayment by reason of prepayments on other debt instruments. Market discount generally accrues on a straight-line basis unless the United States holder elects to accrue such discount on a constant yield to maturity basis. That election is applicable only to the market discount note with respect to which it is made and is irrevocable. A United States holder of a market discount note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on

borrowings allocable to the note in an amount not exceeding the accrued market discount on such note until the maturity or disposition of the note.

*Purchase, Sale, Exchange and Retirement of the Series 2002-1 Notes*

A United States holder's tax basis in a Series 2002-1 Note generally will equal its cost, increased by any market discount and original issue discount included in the United States holder's income with respect to the Series 2002-1 Note, and reduced by the amount of any amortizable bond premium applied to reduce interest on the Series 2002-1 Note. A United States holder generally will recognize gain or loss on the sale, exchange or retirement of a Series 2002-1 Note equal to the difference between the amount realized on the sale or retirement and the United States holder's tax basis in the Series 2002-1 Note. Except to the extent described above under "—Series 2002-1 Notes Purchased at a Market Discount," and except to the extent attributable to accrued but unpaid interest, gain or loss recognized on the sale, exchange or retirement of a Series 2002-1 Note will be capital gain or loss and will be long-term capital gain or loss if the Series 2002-1 Note was held for more than one year.

**Non-United States Holders**

The following is a general discussion of certain United States federal income and estate tax consequences resulting from the beneficial ownership of Series 2002-1 Notes by a person other than a United States holder or a former United States citizen or resident (a "non-United States holder").

Interest earned on a Series 2002-1 Note by a non-United States holder will be considered "portfolio interest," and will not be subject to United States federal income tax or withholding, if:

- (1) the non-United States holder is neither (a) a "controlled foreign corporation" that is related to Access Group as described in Section 881(c)(3)(C) of the Internal Revenue Code, nor (b) a bank receiving the interest on a loan made in the ordinary course of its business;
- (2) the certification requirements described below are satisfied; and
- (3) the interest is not effectively connected with the conduct of a trade or business within the United States by the non-United States holder.

The certification requirements will be satisfied if either (i) the beneficial owner of the Series 2002-1 Note timely certifies to Access Group or its paying agent, under penalties of perjury, that such owner is a non-United States holder and provides its name and address, or (ii) a custodian, broker, nominee, or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Series 2002-1 Note in such capacity timely certifies to Access Group or its paying agent, under penalties of perjury, that such statement has been received from the beneficial owner of the Series 2002-1 Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to Access Group or its paying agent a copy thereof. The foregoing certification may be provided on a properly completed IRS Form W-8BEN or W-8IMY, as applicable, or any successor forms, duly executed under penalties of perjury. With respect to the certification requirement for Series 2002-1 Notes that are held by an entity that is classified for United States federal income tax purposes as a foreign partnership, the applicable Treasury regulations provide that, unless the foreign partnership has entered into a withholding agreement with the Internal Revenue Service, the foreign partnership will be required, in addition to providing an intermediary Form W-8IMY, to attach an appropriate certification by each partner, and to attach a statement allocating payments on such Series 2002-1 Notes to the various partners.

If a non-United States holder is engaged in a trade or business in the United States and interest on the Series 2002-1 Note is effectively connected with the conduct of such trade or business, the non-United States holder, although exempt from the withholding tax discussed above (provided that such holder timely furnishes the required certification to claim such exemption), may be subject to United States federal income tax on such interest in the same manner as if it were a United States holder. In addition, if the non-United States holder is a foreign

corporation, it may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest on a Series 2002-1 Note will be included in the earnings and profits of the holder if the interest is effectively connected with the conduct by the holder of a trade or business in the United States. Such a holder must provide the payor with a properly executed IRS Form W-8ECI (or successor form) to claim an exemption from United States Federal withholding tax.

Any payments to a non-United States holder of interest that do not qualify for the “portfolio interest” exemption, and that are not effectively connected with the conduct of a trade or business within the United States by the non-United States holder, will be subject to United States federal income tax and withholding at a rate of 30% (or at a lower rate under an applicable tax treaty).

Any capital gain or market discount realized on the sale, exchange, retirement or other disposition of a Series 2002-1 Note by a non-United States holder will not be subject to United States federal income or withholding taxes if (a) the gain is not effectively connected with a United States trade or business of the non-United States holder and (b) in the case of an individual, the non-United States holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition, and certain other conditions are met.

Series 2002-1 Notes held by an individual who is neither a citizen nor a resident of the United States for United States Federal estate tax purposes at the time of the individual’s death will not be subject to United States Federal estate tax, provided that the income from the Series 2002-1 Notes was not or would not have been effectively connected with a United States trade or business of the individual and that the individual qualified for the exemption from United States Federal withholding tax (without regard to the certification requirements) described above.

Purchasers of Series 2002-1 Notes that are non-United States holders should consult their own tax advisors with respect to the possible applicability of United States withholding and other taxes upon income realized in respect of the Series 2002-1 Notes.

### **Information Reporting and Back-up Withholding**

For each calendar year in which the Series 2002-1 Notes are outstanding, Access Group is required to provide the Internal Revenue Service with certain information, including the name, address and taxpayer identification number (either the holder’s Social Security number or its employer identification number, as the case may be) of each United States holder, the aggregate amount of principal and interest paid to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain United States holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts.

If a United States holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or under-reports its tax liability, Access Group, its agents or paying agents or a broker may be required to “backup” withhold a tax on each payment of interest and principal on the Series 2002-1 Notes.

Backup withholding and additional information reporting will not apply in the case of payments on the Series 2002-1 Notes by Access Group to a non-United States holder, provided that the holder certifies under penalties of perjury as to its status as a non-United States holder or otherwise establishes an exemption, and that neither Access Group nor its paying agent has actual knowledge that (i) the holder is a United States holder, or (ii) the conditions of any other exemption are not, in fact, satisfied.

Access Group must report annually to the Internal Revenue Service and to each non-United States holder any interest on the Series 2002-1 Notes that is subject to withholding or that is exempt from United States withholding tax pursuant to a tax treaty or the “portfolio interest” exemption. Copies of these information returns

may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-United States holder resides.

The payment of the proceeds on the disposition of a Series 2002-1 Note to or through the U.S. office of a broker generally will be subject to information reporting and potential backup withholding unless the holder either certifies its status as a non-United States holder under penalties of perjury on IRS Form W-8BEN (or a suitable substitute form) and meets certain other conditions, or otherwise establishes an exemption. If the foreign office of a foreign broker (as defined in applicable Treasury regulations) pays the proceeds of the sale of a Series 2002-1 Note to the seller thereof, backup withholding and information reporting generally will not apply. Information reporting requirements (but not backup withholding) will apply, however, to a payment of the proceeds of the sale of a Series 2002-1 Note by (a) a foreign office of a custodian, nominee, other agent or broker that is a United States person, (b) a foreign custodian, nominee, other agent or broker that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (c) a foreign custodian, nominee, other agent or broker that is a controlled foreign corporation for United States federal income tax purposes, or (d) a foreign partnership if at any time during its tax year one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a trade or business within the United States, unless the custodian, nominee, other agent, broker, or foreign partnership has documentary evidence in its records that the holder is not a United States person and certain other conditions are met or the holder otherwise establishes an exemption.

Backup withholding is not an additional tax and may be credited against the United States holder's federal income tax liability, provided that the holder furnishes the required information to the Internal Revenue Service.

The federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the Series 2002-1 Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in Federal or other tax laws.

## **STATE TAX CONSIDERATIONS**

In addition to the federal income tax consequences described under "United States Federal Income Tax Consequences," potential investors should consider the state income tax consequences of the acquisition, ownership and disposition of the Series 2002-1 Notes. State income tax law may differ substantially from the corresponding federal law, and this discussion does not purport to describe any aspect of the income tax laws of any state. Therefore, potential investors should consult their own tax advisors with respect to the various state tax consequences of an investment in the Series 2002-1 Notes.

## **ERISA CONSIDERATIONS**

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain fiduciary and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA ("ERISA Plans"). Section 4975 of the Internal Revenue Code imposes essentially the same prohibited transaction restrictions on tax-qualified retirement plans described in Section 401(a) of the Internal Revenue Code ("Qualified Retirement Plans") and on Individual Retirement Accounts ("IRAs") described in Section 408(b) of the Internal Revenue Code (collectively, "Tax-Favored Plans"). Certain employee benefit plans, such as governmental plans (as defined in Section 3(32) of ERISA) and, if no election has been made under Section 410(d) of the Internal Revenue Code, church plans (as defined in Section 3(33) of ERISA), are not subject to ERISA requirements. Accordingly, assets of such plans may be invested in Series 2002-1 Notes without regard to the ERISA considerations described below, subject to the provisions of applicable federal and state law. Any such plan which is a Qualified Retirement Plan and exempt from taxation under Sections 401(a) and 501(a) of the Internal Revenue Code, however, is subject to the prohibited transaction rules set forth in the Internal Revenue Code.

In addition to the imposition of general fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan's investment be made in accordance with the documents governing the plan, Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit a broad range of transactions involving assets of ERISA Plans and Tax-Favored Plans and entities whose underlying assets include plan assets by reason of ERISA Plans or Tax-Favored Plans investing in such entities (collectively, "Benefit Plans") and persons who have certain specified relationships to the Benefit Plans ("Parties in Interest" or "Disqualified Persons"), unless a statutory or administrative exemption is available. Certain Parties in Interest (or Disqualified Persons) that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed pursuant to Section 502(i) of ERISA (or Section 4975 of the Internal Revenue Code) unless a statutory or administrative exemption is available.

Certain transactions involving the purchase, holding or transfer of Series 2002-1 Notes might be deemed to constitute prohibited transactions under ERISA and the Internal Revenue Code if assets of Access Group were deemed to be assets of a Benefit Plan. Under a regulation issued by the United States Department of Labor (the "Plan Assets Regulation"), the assets of Access Group would be treated as plan assets of a Benefit Plan for the purposes of ERISA and the Internal Revenue Code only if the Benefit Plan acquires an "equity interest" in Access Group and none of the exceptions contained in the Plan Assets Regulation is applicable. An equity interest is defined under the Plan Assets Regulation as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there can be no assurances in this regard, it appears that the Series 2002-1 Notes should be treated as debt without substantial equity features for purposes of the Plan Assets Regulation. However, without regard to whether the Series 2002-1 Notes are treated as an equity interest for such purposes, the acquisition or holding of Series 2002-1 Notes by or on behalf of a Benefit Plan could be considered to give rise to a prohibited transaction if Access Group, or any of its affiliates, is or becomes a Party in Interest or a Disqualified Person with respect to such Benefit Plan. A prohibited transaction could also occur in the event that a Benefit Plan transfers a Series 2002-1 Note to a Party in Interest or Disqualified Person. In such case, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the plan fiduciary making the decision to acquire a Series 2002-1 Note. Included among these exemptions are: Prohibited Transaction Class Exemption ("PTCE") 96-23, regarding transactions effected by "in-house asset managers;" PTCE 90-1, regarding investments by insurance company pooled separate accounts; PTCE 95-60, regarding transactions effected by "insurance company general accounts;" PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 84-14, regarding transactions effected by "qualified professional assets managers."

Any ERISA Plan fiduciary considering whether to purchase Series 2002-1 Notes on behalf of an ERISA Plan should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and the Internal Revenue Code to such investment and the availability of any of the exemptions referred to above. Persons responsible for investing the assets of Tax-Favored Plans that are not ERISA Plans should seek similar counsel with respect to the prohibited transaction provisions of the Internal Revenue Code.

## **UNDERWRITING**

Subject to the terms and conditions set forth in a Note Underwriting Agreement (the "Underwriting Agreement"), between Access Group and UBS PaineWebber Inc. and Deutsche Bank Securities Inc. as underwriters (the "Underwriters"), Access Group will agree to sell to the Underwriters, and the Underwriters will severally agree to purchase from Access Group, the respective aggregate principal amounts of the Series 2002-1 Notes set forth below:



Underwriter	Principal Amount				
	Class A-1 Notes	Class A-2 Notes	Class A-3 Notes	Class A-4 Notes	Class B Notes
UBS PaineWebber Inc.	\$30,401,000	\$148,749,000	\$26,700,000	\$26,700,000	\$11,900,000
Deutsche Bank Securities Inc.	30,402,000	148,798,000	26,700,000	26,700,000	11,850,000
Total	\$60,803,000	\$297,547,000	\$53,400,000	\$53,400,000	\$23,750,000

In the Underwriting Agreement, the Underwriters will agree, subject to the terms and conditions set forth therein, to purchase all of the Series 2002-1 Notes, if any Series 2002-1 Notes are purchased.

Access Group will agree to pay the Underwriters total fees equal to \$1,368,920 for underwriting the Series 2002-1 Notes.

The Underwriting Agreement provides that Access Group will indemnify the Underwriters against certain liabilities, including liabilities under applicable securities laws, or contribute to payments the Underwriters may be required to make in respect thereof.

Access Group has been advised by the Underwriters that the Underwriters propose initially to offer the Series 2002-1 Notes to the public at the public offering price set forth on the cover page of this Offering Memorandum, and in the case of the Floating Rate Notes, to certain dealers at such prices less a concession. The Underwriters may allow and such dealers may reallow to other dealers a discount. After the initial public offering, such public offering prices, concessions and reallowances may be changed.

The Underwriters may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specific maximum. Syndicate covering transactions involve purchases of the Series 2002-1 Notes in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit an Underwriter to reclaim a selling concession from a syndicate member when the Series 2002-1 Notes originally sold by such syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the Series 2002-1 Notes to be higher than it would otherwise be in the absence of such transactions. Such transactions, if commenced, may be discontinued at any time.

Deutsche Bank Trust Company Americas, the Trustee and Auction Agent, is an affiliate of Deutsche Bank Securities Inc. In addition, Deutsche Bank Trust Company Americas and UBS PaineWebber, Inc. provide certain banking services to Access Group in connection with its prior debt issuances. Such entities or their affiliates may also provide other banking services to Access Group in the future.

Rondy E. Jennings, a member of Access Group's board of directors, is a managing director with UBS PaineWebber Inc.

## LEGAL MATTERS

Certain legal matters relating to Access Group and federal income tax matters will be passed upon by Foley & Lardner. Certain legal matters will be passed upon for the Underwriters by McKee Nelson LLP.

## RATINGS

It is a condition to the Underwriters' obligation to purchase the Series 2002-1 Notes that the Class A-1, A-2, A-3 and A-4 Notes be rated by two Rating Agencies in their highest respective rating categories and that the Class B Notes be rated by each such Rating Agency in one of its three highest respective rating categories. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. The ratings of the Series 2002-1 Notes address the likelihood of the ultimate payment of principal of and interest on the Series 2002-1 Notes pursuant to their terms.

## REPORTS TO NOTEHOLDERS

Monthly Servicing Reports containing information concerning the Financed Student Loans will be prepared by Access Group, based on information provided by the Servicer(s) and sent to the Trustee. The Trustee will provide such reports to each Holder, and to each person requesting a copy thereof that is a Beneficial Owner (as evidenced to the satisfaction of the Trustee) while the Series 2002-1 Notes are in Book-Entry Form. See "Description of the Floating Rate Notes—Book-Entry Registration" and "Description of the ARC Notes—Book-Entry Registration." Access Group's current intention is to post the Monthly Servicing Reports on its web site at [www.accessgroup.org/investors](http://www.accessgroup.org/investors); however, Access Group will not be obligated to continue this practice. Such reports are not audited and do not constitute financial statements prepared in accordance with generally accepted accounting principles.

Access Group has authorized the execution, delivery and distribution of this Offering Memorandum in connection with the offering and sale of the Series 2002-1 Notes.

**ACCESS GROUP, INC.**

By: /s/ Daniel R. Lau  
President and CEO

**ANNEX A**  
**GLOBAL CLEARANCE, SETTLEMENT AND TAX DOCUMENTATION PROCEDURES**

Except in certain limited circumstances, the globally offered Floating Rate Notes (the “Global Securities”) will be available only in book-entry form. Investors in the Global Securities may hold such Global Securities through any of The Depository Trust Company (“DTC”), Clearstream or Euroclear. The Global Securities will be tradable as home market instruments in both the European and U.S. domestic markets. Initial settlement and all secondary trades will settle in same-day funds.

Secondary market trading between investors holding Global Securities through Clearstream and Euroclear will be conducted in the ordinary way in accordance with their normal rules and operating procedures and in accordance with conventional Eurobond practice (i.e., seven calendar day settlement).

Secondary market trading between investors holding Global Securities through DTC will be conducted according to the rules and procedures applicable to U.S. corporate debt obligations and prior asset-backed securities issues.

Secondary, cross-market trading between Clearstream or Euroclear and DTC Participants holding Global Securities will be effected on a delivery-against-payment basis through the respective European Depositories of Clearstream and Euroclear (in such capacity) and as DTC Participants.

Non-U.S. holders (as described below) of Global Securities will be subject to U.S. withholding taxes unless such holders meet certain requirements and deliver appropriate U.S. tax documents to the securities clearing organizations or their participants.

**Initial Settlement**

All Global Securities will be held in book-entry form by DTC in the name of Cede & Co. as nominee of DTC. Investors’ interests in the Global Securities will be represented through financial institutions acting on their behalf as direct and indirect Participants in DTC. As a result, Clearstream and Euroclear will hold positions on behalf of their participants through their respective European Depositories, which in turn will hold such positions in accounts as DTC Participants.

Investors electing to hold their Global Securities through DTC will follow the DTC settlement practice. Investor securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors electing to hold their Global Securities through Clearstream or Euroclear accounts will follow the settlement procedures applicable to conventional eurobonds, except that there will be no temporary global security and no “lock-up” or restricted period. Global Securities will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

**Secondary Market Trading**

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser’s and seller’s accounts are located to ensure that settlement can be made on the desired value date.

*Trading between DTC Participants.* Secondary market trading between DTC Participants will be settled using the procedures applicable to asset-backed securities issues in same-day funds.

*Trading between Clearstream and/or Euroclear Participants.* Secondary market trading between Clearstream Participants or Euroclear Participants will be settled using the procedures applicable to conventional Eurobonds in same-day funds.

*Trading between DTC seller and Clearstream or Euroclear purchaser.* When Global Securities are to be transferred from the account of a DTC Participant to the account of a Clearstream Participant or a Euroclear Participant, the purchaser will send instructions to Clearstream or Euroclear through a Clearstream Participant or Euroclear Participant at least one business day prior to settlement. Clearstream or Euroclear will instruct the respective European Depository, as the case may be, to receive the Global Securities against payment. Payment will include interest accrued on the Global Securities from and including the last coupon payment date to and excluding the settlement date, on the basis of the actual number of days in such interest period and a year assumed to consist of 360 days. For transactions settling on the 31st of the month, payment will include interest accrued to and excluding the first day of the following month. Payment will then be made by the respective Depository of the DTC Participant's account against delivery of the Global Securities. After settlement has been completed, the Global Securities will be credited to their respective clearing system and by the clearing system, in accordance with its usual procedures, to the Clearstream Participant's or Euroclear Participant's account. The securities credit will appear the next day (European time) and the cash debt will be back-valued to, and the interest on the Global Securities will accrue from, the value date (which would be the preceding day when settlement occurred in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Clearstream or Euroclear cash debt will be valued instead as of the actual settlement date.

Clearstream Participants and Euroclear Participants will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to preposition funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Clearstream or Euroclear. Under this approach, they may take on credit exposure to Clearstream or Euroclear until the Global Securities are credited to their accounts one day later.

As an alternative, if Clearstream or Euroclear has extended a line of credit to them, Clearstream Participants or Euroclear Participants can elect not to preposition funds and allow that credit line to be drawn upon the finance settlement. Under this procedure, Clearstream Participants or Euroclear Participants purchasing Global Securities would incur overdraft charges for one day, assuming they cleared the overdraft when the Global Securities were credited to their accounts. However, interest on the Global Securities would accrue from the value date. Therefore, in many cases the investment income on the Global Securities earned during that one-day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each Clearstream Participant's or Euroclear Participant's particular cost of funds.

Since the settlement is taking place during New York business hours, DTC Participants can employ their usual procedures for sending Global Securities to the respective European Depository for the benefit of Clearstream Participants or Euroclear Participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the DTC Participants a cross-market transaction will settle no differently than a trade between two DTC Participants.

*Trading between Clearstream or Euroclear Seller and DTC Purchaser.* Due to time zone differences in their favor, Clearstream Participants and Euroclear Participants may employ their customary procedures for transactions in which Global Securities are to be transferred by the respective clearing system, through the respective Depository, to a DTC Participant. The Seller will send instructions to Clearstream or Euroclear through a Clearstream Participant or Euroclear Participant at least one business day prior to settlement. In these cases Clearstream or Euroclear will instruct the respective Depository, as appropriate, to deliver the Global Securities to the DTC Participant's account against payment. Payment will include interest accrued on the Global Securities from and including the last coupon payment to and excluding the settlement date on the basis of the actual number of days in such interest period and a year assumed to consist of 360 days. For transactions settling on the 31st of the month, payment will include interest accrued to and excluding the first day of the following month. The payment will then be reflected in the account of the Clearstream Participant or Euroclear Participant the following day, and receipt of the cash proceeds in the Clearstream Participant's or Euroclear Participant's account would be back-valued to the value date (which would be the preceding day, when settlement occurred in New York). Should the Clearstream Participant or Euroclear Participant have a line of credit with its respective clearing system and elect to be in debt in anticipation of receipt of the sale proceeds in its account, the back-valuation will extinguish any overdraft incurred over that one-day period. If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the

cash proceeds in the Clearstream Participant's or Euroclear Participant's account would instead be valued as of the actual settlement date.

Finally, day traders that use Clearstream or Euroclear and that purchase Global Securities from DTC Participants for delivery to Clearstream Participants or Euroclear Participants should note that these trades would automatically fail on the sale side unless affirmative action were taken. At least three techniques should be readily available to eliminate this potential problem:

- borrowing through Clearstream or Euroclear for one day (until the purchase side of the day trade is reflected in their Clearstream or Euroclear accounts) in accordance with the clearing system's customary procedures;
- borrowing the Global Securities in the U.S. from a DTC Participant no later than one day prior to settlement, which would give the Global Securities sufficient time to be reflected in their Clearstream or Euroclear account in order to settle the sale side of the trade; or
- staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC Participant is at least one day prior to the value date for the sale to the Clearstream Participant or Euroclear Participant.

#### **Certain U.S. Federal Income Tax Documentation Requirements**

A beneficial owner that is not a United States person within the meaning of Section 7701(a)(30) of the Internal Revenue Code of 1986 holding a book-entry certificate through Clearstream, Euroclear or DTC maybe subject to U.S. withholding tax at a rate of 30% unless such beneficial owner provides certain documentation to the trustee or to the U.S. entity required to withhold tax (the "U.S. withholding agent") establishing an exemption from withholding. A holder that is not a United States person may be subject to 30% withholding unless:

- (I) the trustee or the U.S. withholding agent receives a statement
  - (a) from the beneficial owner on Internal Revenue Service (IRS) Form W-8BEN (or any successor form) that—
    - (i) is signed by the beneficial owner under penalties of perjury,
    - (ii) certifies that such beneficial owner is not a United States person, and
    - (iii) provides the name and address of the beneficial owner, or
  - (b) from a securities clearing organization, a bank or other financial institution that holds customers' securities in the ordinary course of its trade or business that
    - (i) is signed under penalties of perjury by an authorized representative of the financial institution,
    - (ii) states that the financial institution has received an IRS Form W-8BEN (or any successor form) from the beneficial owner or that another financial institution acting on behalf of the beneficial owner has received such IRS Form W-8BEN (or any successor form),
    - (iii) provides the name and address of the beneficial owner, and
    - (iv) attaches the IRS Form W-8BEN (or any successor form) provides by the beneficial owner;

- (II) the beneficial owner claims an exemption or reduced rate based on a treaty and provides a properly executed IRS Form W-8BEN (or any successor form) to the trustee or the U.S. withholding agent;
- (III) the beneficial owner claims an exemption stating that the income is effectively connected to a U.S. trade or business and provides a properly executed IRS Form W-8BEN (or any successor form) to the trustee or the U.S. withholding agent; or
- (IV) the beneficial owner is a nonwithholding partnership and provides a properly executed IRS Form W-8IMY (or any successor form) with all necessary attachments to the trustee or the U.S. withholding agent. Certain pass-through entities that have entered into agreements with the Internal Revenue Service (for example qualified intermediaries) may be subject to different documentation requirements; it is recommended that such beneficial owner consult with their tax advisors when purchasing the certificates.

A beneficial owner holding book-entry certificates through Clearstream or Euroclear provides the forms and statements referred to above by submitting them to the person through which he holds an interest in the book-entry certificates, which is the clearing agency, in the case of persons holding directly on the books of the clearing agency. Under certain circumstances a Form W-8BEN, if furnished with a taxpayer identification number, (TIN), will remain in effect until the status of the beneficial owner changes, or a change in circumstances makes any information on the form incorrect. A Form W-8BEN, if furnished without a TIN, and a Form W-8ECI will remain in effect for a period starting on the date the form is signed and ending on the last day of the third succeeding calendar year, unless a change in circumstances makes any information on the form incorrect.

In addition, all beneficial owners holding book-entry certificates through Clearstream, Euroclear or DTC may be subject to backup withholding unless the beneficial owner:

- (I) provides a properly executed IRS Form W-8BEN, Form W-8ECI or Form W-8IMY (or any successor forms) if that person is not a United States person;
- (II) provides a properly executed IRS Form W-9 (or any substitute form) if that person is a United States person; or
- (III) is a corporation, within the meaning of Section 7701(a) of the Internal Revenue Code of 1986, or otherwise establishes that it is a recipient exempt from United States backup withholding.

This summary does not deal with all aspects of federal income tax withholding or backup withholding that may be relevant to investors that are not United States persons within the meaning of Section 7701(a)(30) of the Internal Revenue Code. Such investors are advised to consult their own tax advisors for specific tax advice concerning their holding and disposing of the book-entry certificates.

The term United States person means (1) a citizen or resident of the United States, (2) a corporation or partnership organized in or under the laws of the United States or any state or the District of Columbia (other than a partnership that is not treated as a United States person under any applicable Treasury regulations), (3) an estate the income of which is includable in gross income for United States tax purposes, regardless of its source, (4) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have authority to control all substantial decisions of the trust, and (5) to the extent provided in regulations, certain trusts in existence on August 20, 1996 that are treated as United States persons prior to such date and that elect to continue to be treated as United States persons.



**Important Notice About Information  
Presented In This  
Offering Memorandum**

You should rely only on the information provided in this Offering Memorandum. Access Group has not authorized anyone to provide you with different information. The Series 2002-1 Notes are not offered in any jurisdiction where the offer is not permitted.

Access Group has included cross-references in this Offering Memorandum to captions in this Offering Memorandum where you can find further related discussions. The following table of contents provides the pages on which the captions are located.

Some words and terms will be capitalized when used in this Offering Memorandum. You can find the definitions for these words and terms under the heading "Glossary of Certain Defined Terms" in this Offering Memorandum.

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**\$488,900,000  
Access Group, Inc.  
Federal Student Loan  
Asset-Backed Notes, Series 2002-1**

**\$60,803,000  
Class A-1 (FRN)**

**\$297,547,000  
Class A-2 (FRN)**

**\$53,400,000  
Class A-3 (ARC)**

**\$53,400,000  
Class A-4 (ARC)**

**\$23,750,000  
Class B (ARC)**

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**OFFERING MEMORANDUM**

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**UBS PAINWEBBER INC.  
DEUTSCHE BANK SECURITIES**

**July 25, 2002**