

**Federated Student Finance Corporation Announces
Anticipated Issuance of Asset-Backed Notes**

Waco, Tx, August 2, 2010 - Federated Student Finance Corporation, a Texas non-profit corporation (the Corporation), today announced that it anticipates the issuance of its Senior LIBOR Floating Rate Student Loan Asset-Backed Notes, Series 2010A-1 and Junior-Subordinate Fixed Rate Student Loan Asset-Backed Notes, Series 2010C-1 (together, the new notes) pursuant to an amended and restated indenture of trust with U.S. Bank National Association, as indenture trustee and as eligible lender trustee. The proceeds of the new notes are expected to be used to provide the funds necessary to redeem all of the following auction rate notes previously issued by Corporation at a redemption price equal to par, plus accrued unpaid interest, if any, to the date of the redemption.

<u>Title of Security</u>	<u>CUSIP</u>	<u>Redemption Date</u>	<u>Amount Outstanding</u>
Student Loan Asset-Backed Notes, 2004 A-2	31428NAE8	August 10, 2010	\$17,500,000
Student Loan Asset-Backed Notes, 2004 A-3	31428NAF5	August 18, 2010	\$53,900,000
Student Loan Asset-Backed Notes, 2005 A-1	31428NAH1	August 11, 2010	\$55,800,000
Student Loan Asset-Backed Notes, 2006 A-1	31428NAK4	August 13, 2010	\$33,200,000
Student Loan Asset-Backed Notes, 2003 B-1	31428NAC2	August 20, 2010	\$13,500,000
Student Loan Asset-Backed Notes, 2004 B-1	31428NAG3	August 10, 2010	\$19,000,000
Student Loan Asset-Backed Notes, 2005 B-1	31428NAJ7	August 11, 2010	\$11,700,000

The redemption of the auction rate notes listed above is strictly subject to, and conditioned upon, the issuance and sale of the new notes. There is no assurance that the new note offering (and as a result the redemption) will be consummated.

The terms and conditions of each class of the new notes will be set forth in an offering memorandum relating to that class. This announcement is for informational purposes only and is not an offer to sell or a solicitation of an offer to buy the new notes. Potential purchasers may obtain the offering memorandum for each class of new notes by visiting the Corporation's website at www.brazos.us.com and clicking on the link labeled "Federated Student Finance Corporation."