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C.E. Andrews  
President

January 29, 2008

To Our Valued School Customers:

Yesterday Sallie Mae announced that we have received \$31 billion in financing from a consortium of banks led by Bank of America, JPMorgan Chase, Barclays Capital, Deutsche Bank, Credit Suisse, The Royal Bank of Scotland, and UBS. As you can see in the attached news release, many of the world's leading financial institutions have given a vote of confidence to Sallie Mae's business plan and our long-term commitment to student lending. This new financing is another important sign of our commitment to originate and fund Federal and Private student loans in the upcoming academic year.

As you know, our industry has faced a number of challenges over the past year. New legislation has significantly reduced the margins of all lenders on federally guaranteed loans, and the tightening of the world-wide credit markets has caused a steep rise in borrowing costs for financial services companies. In addition, new regulations have changed the way schools and lenders work with each other.

We are reviewing all aspects of our business to adjust to the new environment and streamline our operations. We recently communicated to several schools that we would be terminating certain non-traditional lending programs at those institutions. As a responsible lender, we want to make certain that our lending practices help facilitate a student's success and are based on a student's ability to repay.

You may have also read that we made the difficult decision to eliminate 350 positions across our company. This reduction involves 3% of our overall employee population, including all levels of management and most of our geographic locations. This difficult step is part of an ongoing program to align our business with the new post-legislative environment of the Federal Family Education Loan Program (FFELP).

The changes we have announced reinforce our ability and commitment to provide the right saving- and paying-for-college solutions to our schools, students, and families. We will continue to deliver unsurpassed customer service, which has made us the number one provider of federal and private student loans.

Our 35-year mission to make education accessible and affordable will continue unabated. Yesterday's financing announcement is proof of that. Our strength, stability and commitment to the FFELP are unwavering. Our future is dedicated to remaining America's saving- and paying-for-college company.

I will keep you informed as we take action to meet the challenges and opportunities of operating in this difficult market. Thank you for the opportunity to serve you and your students.

Sincerely,

C.E. Andrews