

Thursday, November 13, 2008

Dear President:

As you work to address the many challenges the country's economic condition is placing on your institution, I wanted to highlight recent positive developments to the federal student loan program, in particular the Federal Family Education Loan Program (FFELP).

This year, your school relied on the FFELP to provide guaranteed student loans to your students and their families. Despite historic disruption to the credit markets, every student who needed a loan received one. I am pleased to assure you that Sallie Mae is committed to continuing our 35-year unbroken streak for many years to come. We have the funding and operating capacity to serve the growing financing needs of your institution. In these turbulent times, this is one area that you need not worry about.

Recognizing that students, parents and higher education institutions must have timely access to federal student loans, the federal government has put in place a set of comprehensive enhancements to ensure that the FFELP remains strong, and reaffirmed its longstanding commitment to a strong, competitive public-private partnership to serve students and parents.

Through the bipartisan Ensuring Continued Access to Student Loans Act, Congress granted the U.S. Secretary of Education the authority to provide eligible FFELP lenders direct, unlimited access to funding from the United States Treasury. On Nov. 8, Secretary of Education Margaret Spellings and Secretary of Treasury Henry Paulson announced that the government would extend for another academic year these successful loan purchase and participation interest programs. These programs have helped fund \$42 billion in FFELP loans this academic year, representing a significant increase over last year. Secretaries Spellings and Paulson also announced that the government would support one or more private-sector funded facilities to purchase and provide longer-term financing for FFELP.

Despite recent market challenges, the FFELP remains the largest federal student aid program, serving more than 4,000 postsecondary institutions. Competition drives Sallie Mae and other lenders to continually make significant investments that support college access and affordability. FFELP is the only student loan program that ensures consumer choice, provides free customized default prevention and financial literacy programs and responds to the evolving customer service needs of students and schools. FFELP's unmatched default management and prevention programs are critical during this time of economic uncertainty and will protect many students from the negative consequences of late payments or default.

As the leading FFELP lender and servicer, Sallie Mae is making significant new investments to increase college access. Some of the most recent examples include the following:

- Sallie Mae's subsidiary Upromise, the nation's premier saving-for-college company, is greatly expanding college savings and directly reducing the reliance on loans and more risky college financing options, such as credit cards.
- Sallie Mae's new Education Investment Planner was developed to help families assess the total cost of college, understand their payment options and estimate student loan payments.
- Sallie Mae's recent *How America Pays for College* study, conducted by Gallup, represents the first representative picture of how the typical American family pays for college. We have committed to funding this national study on an annual basis.

Sallie Mae is proud of the leading role we play in the FFELP, which has proven to be the most efficient and effective way to provide federal student loans, and has delivered more than \$735 billion in the last 43 years. We look forward to working with you to meet the specific needs of your campus and expanding college access and affordability for America's students and families for the next 35 years and beyond.

A Special Invitation

Please join Jack Remondi, vice chairman and CFO, Tom Joyce, senior vice president, Corporate Communications, and myself on **Wednesday, November 19, 2008 at 3 p.m. EDT** for a special *Straight Talk* event on the strength of the FFELP.

Please dial (877) 892-6804 and use conference ID 73785847.

We look forward to your participation. Please feel free to extend this invitation to other executive officers on your campus.

Sincerely,



Barry Feierstein
Executive Vice President
Sallie Mae

cc:

Chancellor
CFO
Controller
Bursar
Treasurer
Chief Business Officer
Business Manager
VP, Finance
VP, Admissions-Enrollment
VP, Business Affairs
Director, Enrollment Management
Director, Admissions