

SALLIE MAE SMART OPTION STUDENT LOANSM

Four Year, Title IV, Not-for-Profit Institutions

Effective March 23, 2009; Accepting Applications for AY 2009–2010

Introducing the Sallie Mae Smart Option Student LoanSM . . . the new private loan that helps your students save money, build good credit, and pay off their student loan debt faster

The Sallie Mae Smart Option Student Loan is the ideal solution for students and their families who choose a private student loan to cover the full cost of attendance after they have maximized scholarships, grants, and federal loans. In today's difficult economy, consumers are well aware of the risks of too much debt and poor credit habits. The new Sallie Mae Smart Option Student Loan is designed to help students manage these risks by encouraging responsible repayment behavior while saving significant money over the life of their loan.

Pay a Little Now, Save a Lot Later

When was the last time your students were encouraged by a student loan company to pay less? The Sallie Mae Smart Option Student Loan features interest-only payments during the in-school and 6-month separation periods, allowing students to avoid interest capitalization and graduate with substantially less private student loan debt.

Freedom from Student Loan Debt Faster

The Sallie Mae Smart Option Student Loan continues to save your students money after graduation because it shortens the amount of time it takes to pay off the loan. Students are offered a repayment term calculated based on the cumulative outstanding Sallie Mae-serviced private student loan balances and the student's academic grade level. The shorter the repayment term, the more students save in interest, and the faster they free themselves of student loan debt.

Smart Budgeting

The Sallie Mae Smart Option Student Loan helps students understand the total cost of their borrowing decisions and it reduces the "sticker shock" often experienced by students after graduation, when their first bill is due. Sallie Mae has designed the Smart Option Student LoanSM to function like other monthly obligations that many students currently manage—cable, car, cell phone, and credit card payments—to make them more aware of their spending choices and help them prioritize their budget around what matters most. The in-school monthly payments, coupled with monthly financial literacy communications from Sallie Mae, will help students develop good repayment habits, improve their credit scores, and reduce their risk of delinquency and default.

For more information, please contact your Sallie Mae[®] account executive.

SALLIE MAE SMART OPTION STUDENT LOAN PAYMENT EXAMPLES

Lower Interest Rate Example — \$5,500 Loan

Product	Amount Borrowed	Balance at Separation	Monthly Interest Only Payment (During School Period and Separation Period)	Monthly Principal and Interest Payment (Following the Separation Period)	Repayment Term (In Months)	Total Amount Paid
"Traditional" Private Student Loan	\$5,500	\$6,651	N/A	\$53.03	180	\$9,545.32
Sallie Mae Smart Option Private Student Loan	\$5,500	\$5,500	4 payments of \$11.74 (first disbursement); and 47 payments of \$23.49 (second disbursement)	\$88.90	72	\$7,551.42
The Smart Option Student Loan Difference		The borrower will owe \$1,151 less at repayment.	The borrower will pay the interest during school and separation.	The borrower will pay \$35.87 more in principal and interest payments each month after the 6-month separation period.	The borrower will pay off their loan 9 years earlier with the Sallie Mae Smart Option Student Loan.	The total amount the borrower will pay is \$1,993.90 less (that's 21% less) with the Sallie Mae Smart Option Student Loan.

Payment Example Assumptions: This payment example is for information only and assumes the following: Rate set at LIBOR + 4.5%; LIBOR of 0.625% as of March 25, 2009; 51 months of interest only payments (school period of 45 months plus separation period of 6 months); a freshman borrower with a creditworthy cosigner; 0% disbursement fee; and a single loan of \$5,500 with two disbursements.

Higher Interest Rate Example — \$5,500 Loan

Product	Amount Borrowed	Balance at Separation	Monthly Interest Only Payment (During School Period and Separation Period)	Monthly Principal and Interest Payment (Following the Separation Period)	Repayment Term (In Months)	Total Amount Paid
"Traditional" Private Student Loan	\$5,665	\$8,238	N/A	\$94.29	180	\$16,970.27
Sallie Mae Smart Option Private Student Loan	\$5,665	\$5,665	4 payments of \$26.26 (first disbursement); and 47 payments of \$52.52 (second disbursement)	\$108.19	72	\$10,363.17
The Smart Option Student Loan Difference		The borrower will owe \$2,573 less at repayment.	The borrower will pay the interest during school and separation.	The borrower will pay \$13.90 more in principal and interest payments each month after the 6-month separation period.	The borrower will pay off their loan 9 years earlier with the Sallie Mae Smart Option Student Loan.	The total amount the borrower will pay is \$6,607.10 less (that's 39% less) with the Sallie Mae Smart Option Student Loan.

Payment Example Assumptions: This payment example is for information only and assumes the following: Rate set at LIBOR + 10.5%; LIBOR of 0.625% as of March 25, 2009; 51 months of interest only payments (school period of 45 months plus separation period of 6 months); a freshman borrower without a creditworthy cosigner; 3% disbursement fee; and a single loan of \$5,500 with two disbursements.

SALLIE MAE SMART OPTION STUDENT LOAN PAYMENT EXAMPLES

Lower Interest Rate Example — \$10,000 Loan

Product	Amount Borrowed	Balance at Separation	Monthly Interest Only Payment (During School Period and Separation Period)	Monthly Principal and Interest Payment (Following the Separation Period)	Repayment Term (In Months)	Total Amount Paid
"Traditional" Private Student Loan	\$10,000	\$12,093	N/A	\$96.42	180	\$17,354.93
Sallie Mae Smart Option Private Student Loan	\$10,000	\$10,000	4 payments of \$21.35 (first disbursement); and 47 payments of \$42.71 (second disbursement)	\$141.93	84	\$14,014.56
The Smart Option Student Loan Difference		The borrower will owe \$2,093 less at repayment.	The borrower will pay the interest during school and separation.	The borrower will pay \$45.51 more in principal and interest payments each month after the 6-month separation period.	The borrower will pay off their loan 8 years earlier with the Sallie Mae Smart Option Student Loan.	The total amount the borrower will pay is \$3,340.37 less (that's 19% less) with the Sallie Mae Smart Option Student Loan.

Payment Example Assumptions: This payment example is for information only and assumes the following: Rate set at LIBOR + 4.5%; LIBOR of 0.625% as of March 25, 2009; 51 months of interest only payments (school period of 45 months plus separation period of 6 months); a freshman borrower with a creditworthy cosigner; 0% disbursement fee; and a single loan of \$10,000 with two disbursements.

Higher Interest Rate Example — \$10,000 Loan

Product	Amount Borrowed	Balance at Separation	Monthly Interest Only Payment (During School Period and Separation Period)	Monthly Principal and Interest Payment (Following the Separation Period)	Repayment Term (In Months)	Total Amount Paid
"Traditional" Private Student Loan	\$10,300	\$14,979	N/A	\$171.43	180	\$30,856.58
Sallie Mae Smart Option Private Student Loan	\$10,300	\$10,300	4 payments of \$47.74 (first disbursement); and 47 payments of \$95.49 (second disbursement)	\$177.04	84	\$19,550.16
The Smart Option Student Loan Difference		The borrower will owe \$4,679 less at repayment.	The borrower will pay the interest during school and separation.	The borrower will pay \$5.61 more in principal and interest payments each month after the 6-month separation period.	The borrower will pay off their loan 8 years earlier with the Sallie Mae Smart Option Student Loan.	The total amount the borrower will pay is \$11,306.42 less (that's 37% less) with the Sallie Mae Smart Option Student Loan.

Payment Example Assumptions: This payment example is for information only and assumes the following: Rate set at LIBOR + 10.5%; LIBOR of 0.625% as of March 25, 2009; 51 months of interest only payments (school period of 45 months plus separation period of 6 months); a freshman borrower without a creditworthy cosigner; 3% disbursement fee; and a single loan of \$10,000 with two disbursements.

SALLIE MAE SMART OPTION STUDENT LOAN PAYMENT EXAMPLES

Lower Interest Rate Example — \$20,000 Loan

Product	Amount Borrowed	Balance at Separation	Monthly Interest Only Payment (During School Period and Separation Period)	Monthly Principal and Interest Payment (Following the Separation Period)	Repayment Term (In Months)	Total Amount Paid
"Traditional" Private Student Loan	\$20,000	\$24,185	N/A	\$192.84	180	\$34,709.86
Sallie Mae Smart Option Private Student Loan	\$20,000	\$20,000	4 payments of \$42.71 (first disbursement); and 47 payments of \$85.42 (second disbursement)	\$254.39	96	\$28,606.92
The Smart Option Student Loan Difference		The borrower will owe \$4,185 less at repayment.	The borrower will pay the interest during school and separation.	The borrower will pay \$61.55 more in principal and interest payments each month after the 6-month separation period.	The borrower will pay off their loan 7 years earlier with the Sallie Mae Smart Option Student Loan.	The total amount the borrower will pay is \$6,102.94 less (that's 18% less) with the Sallie Mae Smart Option Student Loan.

Payment Example Assumptions: This payment example is for information only and assumes the following: Rate set at LIBOR + 4.5%; LIBOR of 0.625% as of March 25, 2009; 51 months of interest only payments (school period of 45 months plus separation period of 6 months); a freshman borrower with a creditworthy cosigner; 0% disbursement fee; and a single loan of \$20,000 with two disbursements.

Higher Interest Rate Example — \$20,000 Loan

Product	Amount Borrowed	Balance at Separation	Monthly Interest Only Payment (During School Period and Separation Period)	Monthly Principal and Interest Payment (Following the Separation Period)	Repayment Term (In Months)	Total Amount Paid
"Traditional" Private Student Loan	\$20,600	\$29,958	N/A	\$342.86	180	\$61,713.39
Sallie Mae Smart Option Private Student Loan	\$20,600	\$20,600	4 payments of \$95.49 (first disbursement); and 47 payments of \$190.98 (second disbursement)	\$324.98	96	\$40,556.66
The Smart Option Student Loan Difference		The borrower will owe \$9,358 less at repayment.	The borrower will pay the interest during school and separation.	The borrower will pay \$17.88 less in principal and interest payments each month after the 6-month separation period.	The borrower will pay off their loan 7 years earlier with the Sallie Mae Smart Option Student Loan.	The total amount the borrower will pay is \$21,156.73 less (that's 34% less) with the Sallie Mae Smart Option Student Loan.

Payment Example Assumptions: This payment example is for information only and assumes the following: Rate set at LIBOR + 10.5%; LIBOR of 0.625% as of March 25, 2009; 51 months of interest only payments (school period of 45 months plus separation period of 6 months); a freshman borrower without a creditworthy cosigner; 3% disbursement fee; and a single loan of \$20,000 with two disbursements.

Advantages for Your Students & Families

- Pricing that rewards creditworthy borrowers
- Securing a creditworthy cosigner increases the likelihood of being approved and may help the student obtain a lower interest rate
- Borrowers may apply for cosigner release after successful completion of their education¹
- Combined billing is available for Sallie Mae-serviced student loans
- Borrowers may be able to deduct the interest they pay on qualified student loans from their income taxes²
- Sallie Mae's Upromise Loan Link[®] service can help students and families pay down student loans³
- No prepayment penalty
- 24/7 online account management
- Available for U.S. citizens enrolled in eligible study abroad programs or studying at medical schools outside the U.S.
- International students are eligible with a creditworthy cosigner (must be a U.S. citizen or permanent resident) and U.S. Citizenship & Immigration Service (USCIS) documents

Sallie Mae Smart Option Student Loan Rates⁴

- LIBOR (London Interbank Offered Rate)
 - **One creditworthy individual:** 1-Month LIBOR + 4.5% to 1-Month LIBOR + 10.5%
 - **Two creditworthy individuals:** 1-Month LIBOR + 4.5% to 1-Month LIBOR + 9%
- Zero to 3% disbursement fee; No repayment fee
- A 0.25 percentage point interest rate reduction is available for automatic debit⁵
- A 0.25 percentage point interest rate reduction is available if the borrower provides a valid e-mail address and elects to receive all servicing communications via e-mail⁶



¹ The release of a cosigner is at the sole discretion of Sallie Mae. The borrower must have a satisfactory history of making principal and interest payments and meet underwriting guidelines when the request for cosigner release is processed. The borrower's account must remain current until the request for release is processed and the borrower must be a U.S. citizen or permanent resident at the time the cosigner release is processed.

² Consult your financial advisor for more information or visit <http://www.irs.gov/pub/irs-pdf/p970.pdf>.

³ To view whether or not a loan is eligible to participate in the Upromise Loan Link program, please visit Upromise.com/LoanLink. Access to Upromise is not limited to Sallie Mae customers.

⁴ Sallie Mae Smart Option Student Loan pricing is effective for loans approved on or after March 23, 2009 and is subject to change.

⁵ The automatic debit benefit is available for as long as the borrower's monthly payment amount is successfully deducted from the borrower's bank account. Borrowers can elect to make payments via automatic debit through Sallie Mae's online account management system. This benefit lowers the borrower's interest rate but does not change the amount of the monthly payment. This benefit is suspended during periods of forbearance and certain deferments.

⁶ The borrower must elect to receive electronic communications through Sallie Mae's online account management system and provide a valid e-mail address within 90 days of the first payment due date. The electronic communications benefit is available for as long as the borrower maintains a valid e-mail address, continues to consent to receive all servicing communications concerning his or her student loan(s) via e-mail and makes on-time payments of amounts scheduled with no interruption. This benefit lowers the borrower's interest rate but does not change the amount of the monthly payment.

Sallie Mae Smart Option Student Loans are made by Sallie Mae Bank[®] or a Sallie Mae lender partner.

Borrower benefit information is valid as of March 23, 2009.

SALLIE MAE RESERVES THE RIGHT TO MODIFY OR DISCONTINUE PRODUCTS, SERVICES, AND BORROWER BENEFITS (INCLUDING INTEREST RATE REDUCTIONS), AT ANY TIME WITHOUT NOTICE. APPLICANTS SHOULD CHECK THE SALLIE MAE WEBSITE (SALLIEMAE.COM) CLOSE TO THEIR LOAN APPLICATION DATE, AND AGAIN PRIOR TO DISBURSEMENT, TO OBTAIN THE MOST UP-TO-DATE INFORMATION REGARDING PRODUCTS, SERVICES, AND BORROWER BENEFITS.

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