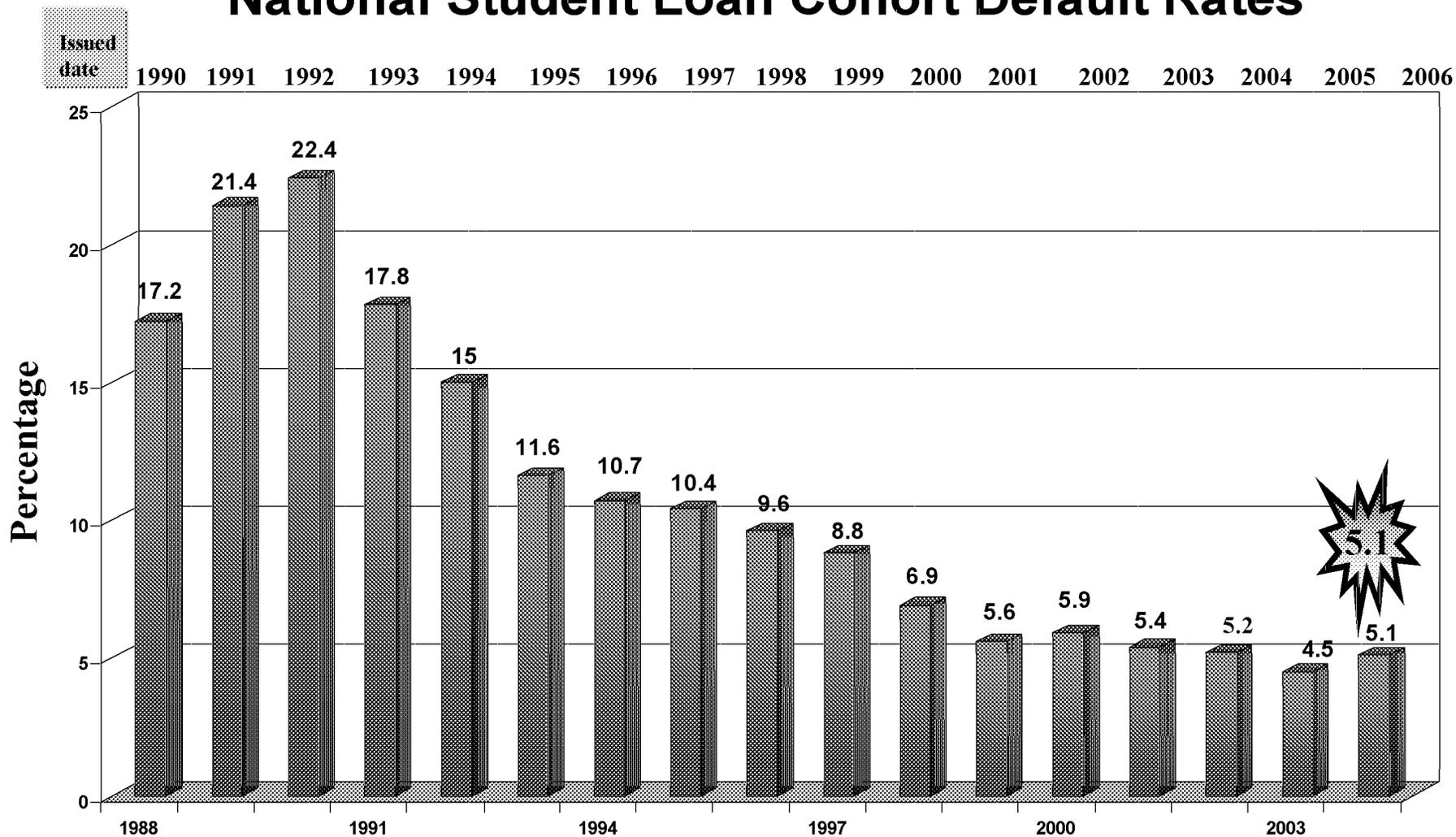


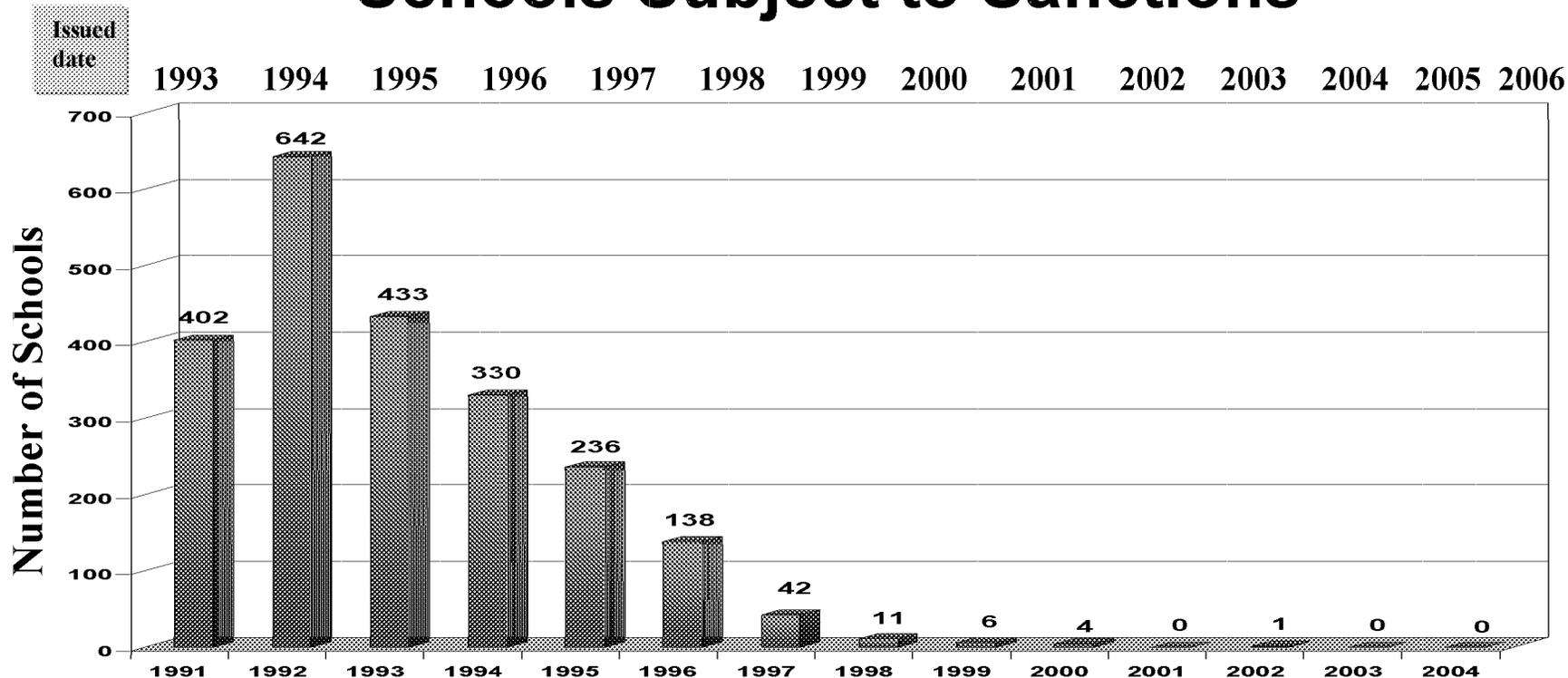


National Student Loan Cohort Default Rates





Schools Subject to Sanctions



The school numbers are pre-appeal and include only schools impacted by the three years of 25% or greater sanction. A school can be on extended sanction and is therefore reflected in multiple year counts. Since 1991, 1,161 unique schools were sanctioned under the three years of 25% or greater sanction.



Improving Borrower Accountability

Communication

- Increased Borrower Contacts
- Conference Sessions on Default Reduction

Technical Assistance

- Cohort Default Rate Guide
- On-site School Visits and State Projects
- National Handbook of Best Practices
- Federal Student Aid Assessments
- Sample Default Management Plan

Risk Analysis and Assessment

- Data Mining and Portfolio Analysis
- Portfolio Performance Management Group

Aversion Tools

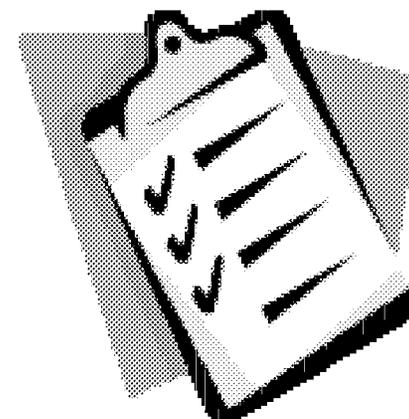
- Improved Entrance/Exit Counseling
- Flexible Repayment Options
 - Customized Repayment Plans
 - Electronic Billing and Payment
- Late Stage Delinquency Assistance

Program Integrity

- Strategic Identification and Intervention

Schools
Lenders/Servicers
Guaranty Agencies
Department of
Education

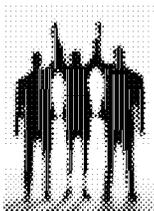
Improved Borrower
Accountability





Improving Program Integrity

	Eligible Borrowers	Repay Loans	Collect Debt
Federal Student Aid School GA Lender	SSN Match	Default Prevention Plan	National Directory of New Hires
	SSS Match	VFA	Wage Garnishment
	DHS (non-citizen status) Match	Federal Student Aid Assessment	Treasury Offset
	NSLDS Match	Technical Assistance	Performance-based Contracts
		EDA	
		Flexible Repayment Options	

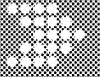




Federal Family Education Loan and Federal Direct Loan Cohort Default Rates

Institutional Default Rate Reduction Initiative Comparison of FY 2002, FY 2003, and FY 2004 Cohort Default Rates

	Fiscal Year 2002 Official				Fiscal Year 2003 Official				Fiscal Year 2004 Official			
	# of schools	Borrower Default Rate (%)	# of Borrowers Defaulted	# of Borrowers Entered Repayment	# of schools	Borrower Default Rate (%)	# of Borrowers Defaulted	# of Borrowers Entered Repayment	# of schools	Borrower Default Rate (%)	# of Borrowers Defaulted	# of Borrowers Entered Repayment
Public	1,681	5.1%	66,297	1,295,318	1,663	4.3%	59,460	1,356,086	1,647	4.7%	70,864	1,488,978
Less than 2 yrs	165	6.7%	396	5,851	159	5.8%	359	6,182	153	5.7%	390	6,808
2-3 yrs	908	8.5%	25,695	299,379	895	7.6%	25,259	328,730	889	8.1%	31,476	386,474
4yrs(+)	608	4.0%	40,206	990,088	609	3.3%	33,842	1,021,174	605	3.5%	38,998	1,095,696
Private	1,837	3.2%	22,019	669,099	1,812	2.8%	19,523	695,576	1,790	3.0%	22,434	741,372
Less than 2 yrs	65	9.7%	289	2,954	55	7.9%	265	3,326	55	9.0%	353	3,881
2-3 yrs	248	6.1%	1,348	21,959	247	6.3%	1,477	23,160	233	7.4%	1,526	20,539
4yrs(+)	1,524	3.1%	20,382	644,186	1,510	2.6%	17,781	669,090	1,502	2.8%	20,555	716,952
Proprietary	2,000	8.7%	37,269	423,631	1,950	7.3%	36,477	493,895	1,963	8.6%	50,729	588,432
Less than 2 yrs	1,131	10.1%	11,092	108,748	1,054	7.9%	9,302	117,166	1,046	8.9%	11,755	130,810
2-3 yrs	681	9.2%	14,801	160,432	688	8.0%	14,469	179,553	697	9.9%	20,346	205,000
4 yrs(+)	188	7.3%	11,376	154,451	208	6.4%	12,706	197,176	220	7.3%	18,628	252,622
Foreign	436	2.0%	111	5,434	411	1.8%	108	5,844	434	1.5%	100	6,662
Unclassified	1	0.0%	0	294	1	0.0%	0	31	2	5.5%	1	18
Total	5,955	5.2%	125,696	2,393,776	5,837	4.5%	115,568	2,551,432	5,836	5.1%	144,128	2,825,462



Federal Student Aid Overview

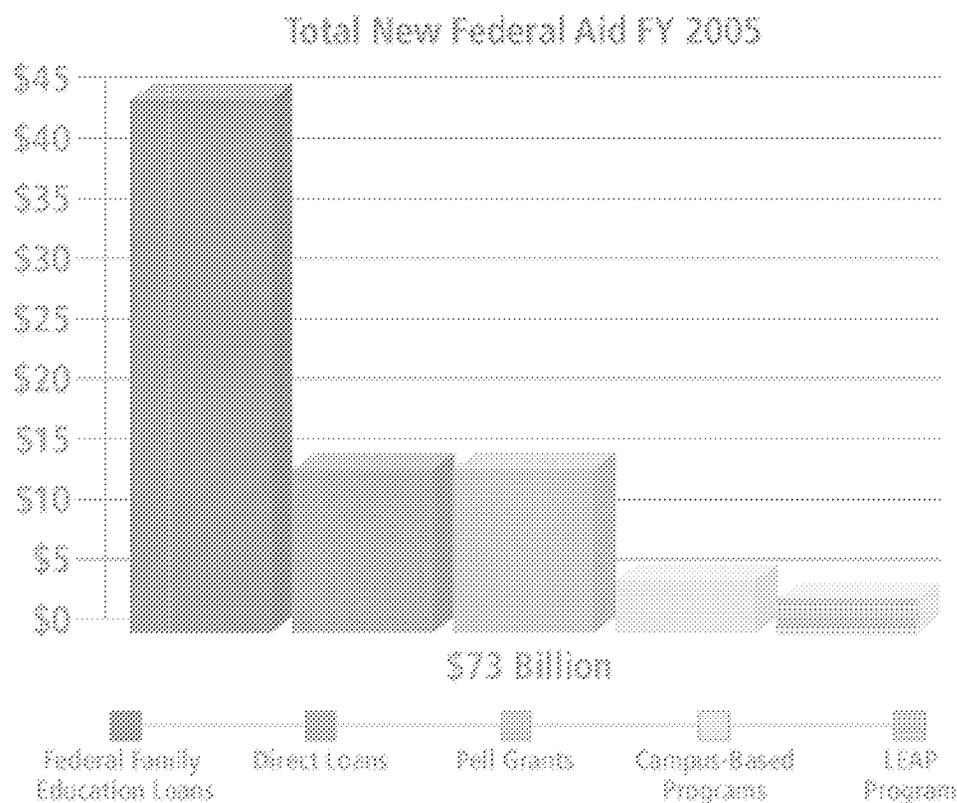
Scope of Operations – Fiscal Year 2005

- 14 million aid applications
- 10 million aid recipients
- \$73 billion delivered in total new federal aid
- \$68+ billion delivered in consolidation loans
- 26+ million Direct Loan borrower payments processed
- 26 million borrowers with outstanding loans
- \$391 billion in outstanding loans



Programs and Statistics

Total New Federal Aid - Fiscal Year 2005





Programs and Statistics

Total Federal Student Loan Portfolio Fiscal Year 2005

Total Federal Student Aid Loan Portfolio

