Potential like never before

USA EDUCATION, INC.

SUMMARY

ANNUAL

REPORT

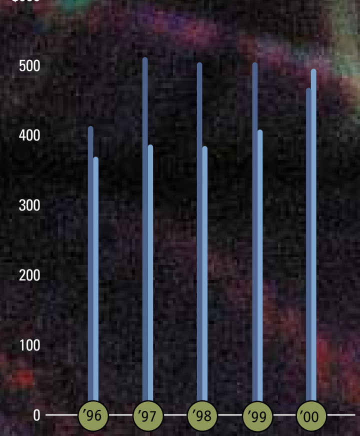
2000

Education leads us.

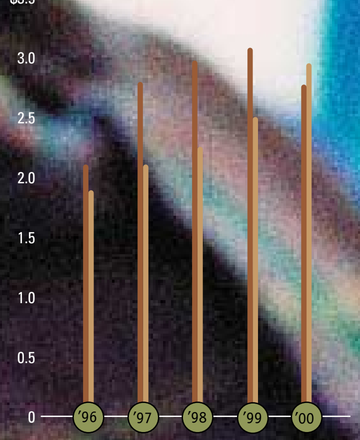
SallieMae

SallieMae like never before

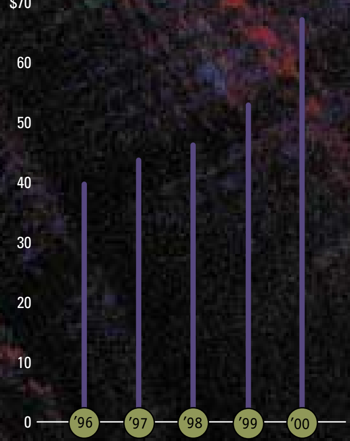
NET INCOME
"CORE CASH BASIS"* NET INCOME
(dollars in millions)



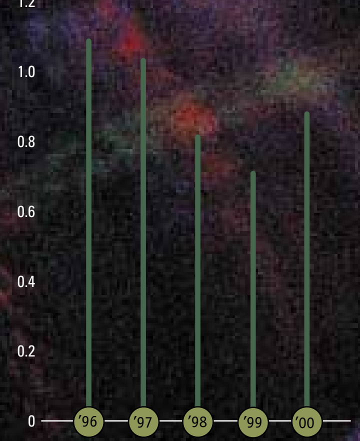
DILUTED EPS
"CORE CASH BASIS"* DILUTED EPS
(dollars)



ENDING MANAGED STUDENT LOANS
(dollars in billions)



OPERATING EXPENSES** AS % OF AVERAGE MANAGED LOANS
(percent average)



*See "Pro-forma 'Core Cash Basis' Consolidated Statements of Income," Page14.
**Exclusive of certain one-time, non-recurring expenses incurred in the third quarter of 1997 and a one-time integration charge incurred in the third quarter of 2000.

SallieMae like never before

SALLIE MAE MISSION

To make education accessible and affordable for all Americans at all times of their lives:

- **To be the most trustworthy provider of education credit and related services to school and student customers.**
- **To be the most cost-effective education finance partner to the American taxpayer.**
- **To provide superior returns to shareholders.**

2000 FINANCIAL HIGHLIGHTS

(Dollars in millions, except share and per share amounts)	**2000**	1999	Increase (Decrease) %
AT DECEMBER 31:			
On-balance sheet student loans	**$37,647**	$33,809	
Off-balance sheet student loans	**29,868**	19,467	
Managed student loans	**$67,515**	$53,276	27
FOR THE YEARS ENDED DECEMBER 31:			
Pro-forma "core cash basis"* net income	**$ 492**	$ 405	21
Pro-forma "core cash basis"* diluted earnings per common share	**2.93**	2.48	18
Dividends per common share	**.66**	.61	8
Average common and common equivalent shares outstanding	**164,354,935**	163,157,943	1

** See "Pro-forma 'Core Cash Basis' Consolidated Statements of Income," Page 14.*

Dear Fellow Shareholder:

At last! After three years of steady progress, Sallie Mae provided real value for all its major constituencies: schools, students, shareholders, employees and last, but not least, the American taxpayer. With the strength and commitment of our loyal shareholders and employees, we have reaped the benefits of our 1997 transformation. In 2000, Sallie Mae evolved from a wholesale buyer of loans to a retail, one-school-at-a-time service provider. This evolution allows us to better fulfill our important mission: *to make education accessible and affordable for all Americans at all times of their lives.*

We worked to imbue a customer-focused culture so we could restore Sallie Mae to prominence in the new economic and competitive student loan marketplace, which was drastically transformed earlier in the 1990s. We needed to grow much faster and with much lower operating costs. Our 2000 operating results demonstrate our progress. The 18-percent growth in "core cash earnings" over 1999 was very satisfying indeed. Even more rewarding though was the 42-percent growth in lending done on our origination systems ("control channel"). Nothing better demonstrates our turnaround and the success of our strategy than our control channel strength. Loans originated at the retail level—rather than bought wholesale—expand our customer relationships, cost less and remain profitable on our books years longer.

Our day-to-day focus on each school customer builds control channel success. Today, more than 200 professional sales representatives, supporting half a dozen distinct brands, serve the school marketplace—fivefold the coverage we provided only three years ago. On campus, our sales, servicing and technology teams work with the school's financial aid staff to meet students' every need with a combination of

The Life of a Loan

SallieMae

FAFSA: *Future college students must complete the Free Application for Federal Student Aid (FAFSA) and submit it to the U.S. Department of Education (DOE) to determine eligibility for aid.*

1 **Application Process:** *College-bound students must complete admissions applications, secure recommendations and prepare personal essays.*

2

3 **Aid Eligibility:** *Approximately two-to-four weeks after the FAFSA is submitted, individuals receive a student aid report (SAR) from the DOE. The SAR indicates a student's expected family contribution (EFC)—a figure schools use to calculate financial aid eligibility.*

Value like never before

"In 2000, we completed our full-service retail evolution by joining forces with USA Group. Consequently, Sallie Mae is now the principal provider of student loan guarantee services in America. Indeed, with the USA Group merger, the service picture for our customers is now complete—with capabilities in place for every aspect of the loan delivery cycle."

Albert L. Lord
Vice Chairman and
Chief Executive Officer

taxpayer-subsidized and private-credit products. Sallie Mae thrives when faced with the challenge of investing private capital to bring these service solutions to our customers.

We join many others in helping students invest in their higher education dreams, thereby fulfilling the public's desire for a better-educated America. In fact, Sallie Mae provided more than $20 billion of education capital in 2000. Sufficient capital is one challenge, but so is finding an appropriate mix of capital resources for each student, whether they be in the form of scholarships, grants, work-study funds or loans. The financial aid community serving our nation's higher education institutions confronts this maze day in and day out. They are truly higher education's unsung heroes.

In 2000, we completed our full-service retail evolution by joining forces with USA Group. Consequently, Sallie Mae

Award Package: *Schools send financial aid packages to prospective students, providing information about the type and amount of aid for which they qualify. Aid may include a combination of grants, work-study, scholarships and loans.*

4

School Selection: *College-bound students must select a school by evaluating and comparing acceptance and award letters, including the entire financial aid award package.*

5

Loan Application: *Students who decide to take out a loan to help pay for school must sign a lender's promissory note, which their school of choice then submits for approval.*

6

Federal Guarantee: *A guarantor approves the loan, provides the federal guarantee and directs the lender to proceed with loan disbursement.*

7

is now the principal provider of student loan guarantee services in America. Indeed, with the USA Group merger, the service picture for our customers is now complete—with capabilities in place for every aspect of the loan delivery cycle.

The USA Group agreement provides our newest growth opportunities and our most immediate management challenge. For perspective, the acquisition doubled our work force, added $6 billion of student loans to our portfolio and, on a full-year basis, expanded our total revenues by nearly 40 percent. The transaction—which grows and diversifies our non-interest revenue sources—already is accretive to earnings per share. Integration is proceeding smoothly, beginning with the consolidation of several servicing centers and the melding of the companies' major IT databases and operations.

Beneficiaries of the transaction include our customers and industry partners. Our largest guarantee service customer, USA Funds, will benefit from Sallie Mae's growing customer base. In addition, the USA Group Foundation (recently renamed the Lumina Foundation for Education)—the seller in the transaction—will continue to serve the higher education community with $1 billion in new capital generated from the deal.

Yes, the ship has changed course—so where are we headed? In charting expansive new waters, we will do what we enjoy to do most: compete to deliver the highest-quality service. Our resources are unmatched in the industry—bolstered by an extraordinarily talented sales and servicing staff, innovative products and a dedicated corporate focus. As we sail forward with an integrated, enlarged work force, schools will enjoy even better service levels.

The Board's goal and my single focus since our election in 1997 has been to return Sallie Mae to the No. 1 position in our important industry. Our recent control channel success has made us a close second to the Federal Direct Loan Program as the largest loan originator. However, we are not

8 **Loan Origination:** *Loan proceeds are disbursed by the lender and sent either to the school or directly to borrowers.*

9 **In School:** *No loan payments on the loan principal are required if students remain in school at least half-time. The government pays interest that accrues on subsidized loans during this period. In contrast, students are responsible for interest that accrues while in school on unsubsidized loans.*

10 **Loan Repayment:** *Six months after borrowers leave school, loan repayment begins. The lender collects monthly payments and bills the government quarterly for special allowance payments.*

11 **Default Aversion:** *Loan servicers proactively contact borrowers who have fallen behind on loan payments to prevent the borrower from defaulting on the loan.*

Growth like never before

"Sallie Mae completed a historic year by just about any standard. We acquired and originated record levels of student loans, merged the top two industry players and were rewarded with a stock price that reached an all-time high. It is particularly gratifying to me as the company's first president to witness the evolution of Sallie Mae from its birth as a secondary market to its remaking as a retail-level leader that is now well positioned to improve all aspects of the higher education credit marketplace."

Edward A. Fox
Chairman of the Board

satisfied with second place. We execute our business plan mindful of the American taxpayers' interest in making education more accessible and affordable. We are their largest and most reliable private-sector partner, and we provide them with the lowest-cost opportunity. I personally look forward to working with our higher education customers, the Congress and the new Administration to provide the taxpayer with an even better deal.

As shareholders, your Board, Management and our employees smile more these days. We are acutely aware that today's share value reflects your expectations of us; it is not a reward for yesterday's news. I wish I had the opportunity to tell each of you in person that we are just getting started. Thank you again for your investment in Sallie Mae. I look forward to seeing many of you at our shareholders meeting in Fishers, Indiana, home of the former USA Group and now our Servicing and Information Technology headquarters.

Sincerely,

Albert L. Lord
Vice Chairman and Chief Executive Officer

Default Collection: *Loan servicers work to locate and collect on defaulted accounts for the benefit of U.S. taxpayers.*

12 13 14

Loan Default: *A loan made under a federal program that is 270 days delinquent is a defaulted loan. The lender presents a claim for 98 percent reimbursement to the guaranty agency. The guaranty agency purchases the defaulted loan and then files for partial reimbursement from the DOE.*

Paid-In-Full: *Borrowers fulfill their repayment obligations, and the principal and interest balances on the loan are reduced to zero.*

SallieMae

Unity Creates New Opportunities

"Never underestimate the power of dreams," said Wilma Rudolph, who overcame polio to become a three-time Olympic gold-medal winner, "because the potential for greatness lies within each of us."

For nearly three decades, Sallie Mae has helped millions of men and women realize their potential by providing funds for affordable educational loans, primarily federally guaranteed student loans originated under the Federal Family Education Loan Program (FFELP). Today, the company serves in excess of seven million borrowers through its ownership and management of more than $67 billion in student loans.

In the year 2000, Sallie Mae intensified its commitment to help individuals tap their potential through a college education. We forged new relationships and alliances, enhanced services and support to students, schools, lenders and guarantors, and sought innovative ways to maximize opportunities for customers and shareholders. Among Sallie Mae's major accomplishments in 2000: the $770 million acquisition of the guarantee servicing, student loan servicing and secondary market operations of USA Group.

The merging of these two industry leaders advances Sallie Mae's mission of making education accessible and affordable like never before, with the immediate beneficiaries being America's students, colleges and universities.

Combining the respective talents and resources of one of the nation's leading student loan service providers, USA Group, with Sallie Mae, the largest student loan capital provider, also adds unprecedented value to the offerings we can provide to the education community.

We now have the most powerful student loan sales force in the country, giving us the ability to have one-on-one contact with every major college and university and to keep a constant pulse on what schools want and need. Equally important, the merger gives Sallie Mae the opportunity to create a company that is now a single source of service for customers—from the point of loan application to successful repayment.

The combination also allows Sallie Mae to pursue new business lines, in addition to the opportunity to market to an expanded customer base of 5,000 schools, and millions of student and parent borrowers. Finally, for our investors and shareholders, the acquisition means enormous future earnings potential as it expands Sallie Mae's revenue base by adding nearly 40 percent in new, fee-based business lines.

These and other efforts complete the campus-based loan delivery picture for the "new Sallie Mae," allowing us to participate in every aspect of access to higher education. Decades from now, we will recall the year 2000 as an incredible milestone—a time in which we positioned ourselves to embrace the challenges and opportunities of the future like never before.

Opportunities like never before

Sallie Mae believes every customer deserves exceptional service. In 2000, this challenge took on renewed significance with the acquisition of USA Group's guarantee servicing, student loan servicing, collections and secondary market businesses.

The USA Group transaction not only re-affirmed Sallie Mae's commitment to exceed the expectations of its primary constituencies—students, schools and shareholders—but also ideally positioned the company to develop cutting-edge products and services, and a seamless channel of loan delivery.

"Sallie Mae strives to be the best value possible for its customers," said Thomas J. Fitzpatrick, president and chief marketing and administrative officer for Sallie Mae. "Our success is based on the strength of our customer relationships and our ability to deliver on our promises."

Solutions like never before

Sallie Mae's technological advancements extend beyond the Web. EAGLE II™ (Effective Administration of Guaranteed Loans for Education) is the operating system that tracks all of the federal loan origination and guarantee activities that we administer on behalf of our guarantor customers. It allows for real-time, rapid processing of guarantee requests, and supports most processing systems used in the financial aid offices on campuses nationwide.

"EAGLE II was officially launched last year, following an elaborate upgrade that entailed five-and-one-half-years of planning, two million staff hours of work, and eight million lines of code," said James C. Lintzenich, president and chief operating officer. "The end result: Sallie Mae can serve customers faster and more efficiently—both now and in the future."

Technology Leads to Improved Service

If companies are to thrive in the 21st century, technology will play a pivotal role. Since 1972, innovation has been a cornerstone upon which Sallie Mae has met the needs of its customers. To ensure future success, we must maintain, sustain and grow our business. We need to anticipate the changing desires of our school customers and provide solutions that help them serve students and parents in the most efficient and effective manner possible. This means a continual investment in and application of technology in new systems, products and processes.

In 2000, Sallie Mae made substantial progress on this front. We expanded our capacity to better serve customers with Laureate®, Sallie Mae's online student loan delivery system. Since its official launch, Laureate has revolutionized the student loan application, approval and disbursement processes on more than 200 college and university campuses, processing in excess of $1 billion in loan volume. Sallie Mae added several new features to this system in 2000, increasing the loan types it accommodates, expanding its reporting and reconciliation flexibility, and meeting the next generation of school and borrower application, guarantee and disbursement needs.

Our portfolio of services was further enhanced with the purchase of USA Group. This important transaction included the addition of NetWizard™, USA Group's Internet-based loan delivery system. Looking ahead, our challenge is to develop and migrate to a future loan delivery platform: a system that combines the best features of NetWizard and Laureate. The blending of these two products with the most advanced technology ultimately will establish a new performance standard in the student loan industry. In the interim, as we work toward this ambitious goal, our valued customers will retain the service relationships and product sets on which they depend.

As in 2000, Sallie Mae will spend 2001 seeking innovative answers to issues confronting borrowers, schools, lenders and guarantors. No matter what challenges emerge, we remain dedicated to the mission that has guided Sallie Mae for nearly 30 years: to make education accessible and affordable for all Americans at all times of their lives. Working together, we will continue to lead the way in opening the doors of opportunity for every student.

Services That Meet and Exceed Customer Expectations

The year 2000 was a time in which Sallie Mae took bold, new steps to diversify its products, services and systems, and to clarify and solidify its commitment to higher education.

We expanded our product and service offerings with SLM Financial's Career Training Loan℠, a new funding option designed to meet the needs of a growing market: non-traditional students. Sallie Mae already had responded to this emerging niche of adult learners, distance learners and individuals pursuing a specialized certificate program with the launch in 1999 of SLM Financial, a subsidiary that provides funding support for lifelong learners. This year, SLM Financial helped more than 93,000 students in their quest for continuing education.

We renewed our commitment to helping student loan borrowers avoid the consequences of default by investing in new products, technology and default-aversion programs. In 2000, we partnered with congressional leaders, the National Association for the Advancement of Colored People (NAACP) and the Princeton Review to present more than 75 Paying for College seminars throughout the country. These free workshops educate college-bound students and their families on the financial aid process, giving them important information and resources on how to finance a college education.

Our online debt-management services, such as those offered by Nellie Mae, a subsidiary of Sallie Mae, provide schools and borrowers with specialized loan-financing tools, including repayment calculators, information on student loan borrowing and tips on managing credit card debt.

We solidified our role as a leader in the student loan marketplace by forming strategic partnerships that added tremendous value to the services we offer our seven million borrowers. Our newest collaboration with Lending Tree, Inc., the premier online loan marketplace and loan exchange provider, gives customers access to fast, simple and economical home loans. An array of other resources can be found on our Web site at the Sallie Mae Mall, where guests can find significant savings and discounts on products and services that include credit cards, insurance, long distance telephone service, car rentals and more.

Finally, Sallie Mae significantly enhanced its default-prevention and debt-management efforts in 2000 with the acquisition of USA Group. The transaction enables Sallie Mae to benefit from USA Group's historic success in the area of default prevention, setting the stage for the company to pioneer new default-aversion services and programs in the future.

But we're not finished. After nearly three decades of serving higher education, Sallie Mae is, perhaps, better positioned now than ever to provide services and resources that meet the ever-changing needs of students and families. From before a student has applied to a higher education institution, to the time he or she spends on campus, to when graduation is a distant memory, the "new Sallie Mae" will be there like never before.

Services like never before

Most of Sallie Mae's prospective customers have never set foot on a college campus. Fortunately, there's a way to present information in a medium in which college-bound students at the time of their first college-financing decision can relate: the Internet.

To spread the word on planning and paying for college, Sallie Mae offers *wiredscholar.com*SM, a comprehensive, one-stop-shop for students and parents with higher education needs. Launched in the spring of 2000, the site has become the foremost online resource for college preparation, evaluation, selection, application and financing.

In August, *wiredscholar.com* was cited in *Forbes* magazine's "Best of Web" issue as the "ultimate online resource for going-to-college information."

(Dollars in thousands, except share and per share amounts)	December 31, 2000	1999
ASSETS		
Student loans	**$37,647,297**	$33,808,867
Warehousing advances	**987,352**	1,042,695
Academic facilities financings	**851,168**	1,027,765
Investments	**5,206,022**	5,184,956
Cash and cash equivalents	**734,468**	589,750
Other assets, principally accrued interest receivable	**3,365,481**	2,370,751
Total assets	**$48,791,788**	$44,024,784
LIABILITIES		
Short-term borrowings	**$30,463,988**	$37,491,251
Long-term notes	**14,910,939**	4,496,267
Other liabilities	**1,787,642**	982,469
Total liabilities	**47,162,569**	42,969,987
Commitments and contingencies		
Minority interest in subsidiary	**213,883**	213,883
Stockholders' equity		
Preferred stock, par value $.20 per share, 20,000,000 shares authorized: 3,300,000 and 3,300,000 shares, respectively, issued at stated value of $50 per share	**165,000**	165,000
Common stock, par value $.20 per share, 250,000,000 shares authorized: 190,851,936 and 186,069,619 shares issued, respectively	**38,170**	37,214
Additional paid-in capital	**225,211**	62,827
Unrealized gains on investments (net of tax of $167,624 and $160,319, respectively)	**311,301**	297,735
Retained earnings	**1,810,902**	1,462,034
Stockholders' equity before treasury stock	**2,550,584**	2,024,810
Common stock held in treasury at cost: 26,707,091 and 28,493,072 shares, respectively	**1,135,248**	1,183,896
Total stockholders' equity	**1,415,336**	840,914
Total liabilities and stockholders' equity	**$48,791,788**	$44,024,784

The financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K to the Securities and Exchange Commission.

(Dollars and shares in thousands, except per share amounts)	Years ended December 31, 2000	1999	1998
Interest income:			
Student loans	**$2,854,231**	$2,426,506	$2,094,488
Warehousing advances	**56,410**	67,828	101,905
Academic facilities financings	**66,709**	74,358	85,288
Investments	**501,309**	239,883	294,602
Total interest income	**3,478,659**	2,808,575	2,576,283
Interest expense	**2,836,871**	2,114,785	1,924,997
Net interest income	**641,788**	693,790	651,286
Less: provision for losses	**32,119**	34,358	36,597
Net interest income after provision for losses	**609,669**	659,432	614,689
Other income:			
Gains on student loan securitizations	**91,846**	35,280	117,068
Servicing and securitization revenue	**295,646**	288,584	280,863
Gains on sales of student loans	**67**	27,169	—
Gains on sales of securities	**18,555**	15,832	10,734
Guarantor servicing fees	**127,522**	—	—
Other	**153,996**	83,925	87,646
Total other income	**687,632**	450,790	496,311
Operating expenses	**532,710**	358,570	360,869
Integration charge	**53,000**	—	—
Income before income taxes and minority interest in net earnings of subsidiary	**711,591**	751,652	750,131
Income taxes	**235,880**	240,127	237,973
Minority interest in net earnings of subsidiary	**10,694**	10,694	10,694
Net income	**465,017**	500,831	501,464
Preferred stock dividends	**11,522**	1,438	—
Net income attributable to common stock	**$ 453,495**	$ 499,393	$ 501,464
Basic earnings per common share	**$ 2.84**	$ 3.11	$ 2.99
Average common shares outstanding	**159,482**	160,577	167,684
Diluted earnings per common share	**$ 2.76**	$ 3.06	$ 2.95
Average common and common equivalent shares outstanding	**164,355**	163,158	170,066

The financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K to the Securities and Exchange Commission.

The following pro-forma statements of income present the Company's results of operations under the assumption that the securitization transactions are financings, and that the securitized student loans were not sold. As such, no gain on sale or subsequent servicing and securitization revenue is recognized. Instead, the earnings of the student loans in the trusts and related financing costs are reflected over the life of the underlying pool of loans. The effect of floor revenue, certain one-time gains on sales of investment securities and student loans, certain one-time, non-recurring expenses incurred in 1997, a one-time integration charge related to the July 2000 acquisition of USA Group and the amortization of goodwill from acquisitions also are excluded from net income. Management refers to these pro-forma results as "core cash basis" statements of income. Management monitors the periodic "core cash basis" earnings of the Company's managed student loan portfolio and believes that they assist in a better understanding of the Company's student loan business.

	Years ended December 31,		
(Dollars and shares in thousands, except per share amounts)	**2000**	1999	1998
Interest income:			
Student loans	**$5,014,858**	$3,641,544	$3,311,074
Warehousing advances	**56,411**	67,828	101,905
Academic facilities financings	**66,711**	74,358	85,288
Investments	**528,957**	244,135	298,612
Total interest income	**5,666,937**	4,027,865	3,796,879
Interest expense	**4,627,783**	3,101,279	2,905,168
Net interest income	**1,039,154**	926,586	891,711
Less: provision for losses	**52,951**	51,289	52,586
Net interest income after provision for losses	**986,203**	875,297	839,125
Other income:			
Gains on sales of securities	**1,334**	1,303	374
Guarantor servicing fees	**127,522**	—	—
Other	**152,349**	82,945	86,535
Total other income	**281,205**	84,248	86,909
Operating expenses	**514,093**	355,804	360,869
Income before income taxes and minority interest in net earnings of subsidiary	**753,315**	603,741	565,165
Income taxes	**250,128**	187,689	173,235
Minority interest in net earnings of subsidiary	**10,694**	10,694	10,694
Net income	**492,493**	405,358	381,236
Preferred stock dividends	**11,520**	1,438	—
Net income attributable to common stock	**$ 480,973**	$ 403,920	$ 381,236
Basic earnings per common share	**$ 3.02**	$ 2.52	$ 2.27
Average common shares outstanding	**159,482**	160,577	167,684
Diluted earnings per common share	**$ 2.93**	$ 2.48	$ 2.24
Average common and common equivalent shares outstanding	**164,355**	163,158	170,066

The following table sets forth selected financial and other operating information of the Company. The selected financial data in the table is derived from the "Management Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Form 10-K to the Securities and Exchange Commission.

(Dollars in millions, except per share amounts)	**2000**	1999	1998	1997	1996
OPERATING DATA:					
Net interest income	**$ 642**	$ 694	$ 651	$ 781	$ 894
Net income	**465**	501	501	508	409
Basic earnings per common share	**2.84**	3.11	2.99	2.80	2.10
Diluted earnings per common share	**2.76**	3.06	2.95	2.78	2.09
Dividends per common share	**.66**	.61	.57	.52	.47
Return on common stockholders' equity	**49%**	78%	81%	65%	50%
Net interest margin	**1.52**	1.85	1.93	1.80	1.96
Return on assets	**1.06**	1.28	1.41	1.12	.86
Dividend payout ratio	**24**	20	19	19	22
Average equity/average assets	**2.34**	1.59	1.65	1.64	1.66
BALANCE SHEET DATA:					
Student loans	**$37,647**	$33,809	$28,283	$29,443	$33,696
Total assets	**48,792**	44,025	37,210	39,832	47,572
Total borrowings	**45,375**	41,988	35,399	37,717	45,124
Stockholders' equity	**1,415**	841	654	675	834
Book value per common share	**7.62**	4.29	3.98	3.89	4.44
OTHER DATA:					
Securitized student loans outstanding	**$29,868**	$19,467	$18,059	$14,262	$ 6,329
PRO-FORMA "CORE CASH BASIS" RESULTS:(1)					
Net interest income	**$ 1,039**	$ 927	$ 892	$ 937	$ 939
Net income	**492**	405	381	384	367
Diluted earnings per common share	**2.93**	2.48	2.24	2.10	1.88
Net interest margin	**1.53%**	1.68%	1.76%	1.75%	1.89%
Return on assets	**.71**	.71	.72	.70	.71

(1) The pro-forma results present the Company's results of operations under the assumption that the securitization transactions are financings, and that the securitized student loans were not sold. As such, no gain on sale or subsequent servicing and securitization revenue is recognized. Instead, the earnings of the student loans in the trusts and related financing costs are reflected over the life of the underlying pool of loans. The effect of floor income, certain one-time gains on sales of investment securities and student loans, certain one-time, non-recurring expenses incurred in 1997, a one-time integration charge related to the July 2000 acquisition of USA Group and the amortization of goodwill from acquisitions also are excluded from net income. Management refers to these pro-forma results as "core cash basis" results. Management monitors the periodic "core cash basis" earnings of the Company's managed student loan portfolio and believes that they assist in a better understanding of the Company's student loan business.

(Dollars in millions)	2000 Balance	2000 *Income/ Expense	2000 Rate	1999 Balance	1999 *Income/ Expense	1999 Rate	1998 Balance	1998 *Income/ Expense	1998 Rate	1997 Balance	1997 *Income/ Expense	1997 Rate	1996 Balance	1996 *Income/ Expense	1996 Rate
ASSETS															
Student loans	**$34,637**	**$2,854.2**	**8.24%**	$33,028	$2,426.5	7.35%	$27,589	$2,094.5	7.59%	$31,949	$2,485.1	7.78%	$33,273	$2,634.5	7.92%
Warehousing advances	**825**	**56.4**	**6.84**	1,173	67.8	5.78	1,718	101.9	5.93	2,518	151.1	6.00	3,206	193.8	6.04
Academic facilities financings	**974**	**82.8**	**8.50**	1,144	93.3	8.16	1,318	107.4	8.15	1,436	123.0	8.57	1,500	126.4	8.43
Investments	**7,486**	**509.7**	**6.81**	3,932	252.4	6.42	4,843	306.9	6.34	9,592	583.6	6.08	9,444	558.5	5.91
Total interest earning assets	**43,922**	**3,503.1**	**7.98%**	39,277	2,840.0	7.23%	35,468	2,610.7	7.36%	45,495	3,342.8	7.35%	47,423	3,513.2	7.41%
Non-interest earning assets	**2,711**			2,166			2,012			1,916			1,804		
Total assets	**$46,633**			$41,443			$37,480			$47,411			$49,227		
LIABILITIES AND STOCKHOLDERS' EQUITY															
Short-term borrowings	**$35,330**	**2,266.2**	**6.41%**	$33,204	1,762.1	5.31%	$24,282	1,297.8	5.34%	$26,548	1,462.0	5.51%	$20,978	1,138.3	5.43%
Long-term notes	**8,636**	**570.6**	**6.61**	6,292	352.6	5.60	11,194	627.2	5.60	18,677	1,064.2	5.70	26,024	1,444.6	5.55
Total interest bearing liabilities	**43,966**	**2,836.8**	**6.45%**	39,496	2,114.7	5.35%	35,476	1,925.0	5.43%	45,225	2,526.2	5.59%	47,002	2,582.9	5.50%
Non-interest bearing liabilities	**1,574**			1,287			1,385			1,406			1,410		
Stockholders' equity	**1,093**			660			619			780			815		
Total liabilities and stockholders' equity	**$46,633**			$41,443			$37,480			$47,411			$49,227		
Tax equivalent net interest income and margin		**$ 666.3**	**1.52%**		$ 725.3	1.85%		$ 685.7	1.93%		$ 816.6	1.80%		$ 930.3	1.96%
Average 91-day Treasury bill rate			**6.02%**			4.79%			4.93%			5.21%			5.16%

** To compare nontaxable asset yields to taxable yields on a similar basis, income in the above table includes the impact of certain tax-exempt and tax-advantaged investments based on the marginal corporate tax rate of 35 percent, which represents tax equivalent income.*

BOARD OF DIRECTORS

Edward A. Fox
Chairman
Sallie Mae President and Chief Executive Officer (1973–1990). Dean of the Amos Tuck School of Business Administration at Dartmouth College (1990–1994). Mr. Fox serves as Trustee of the University of Maine System, and Board Member and President of The American Ballet Theatre.

Albert L. Lord
Vice Chairman and CEO
President and Principal Shareholder of LCL, Ltd., an investment and financial consulting firm (1994–1997). Mr. Lord previously served in executive positions at Sallie Mae (1981–1993), including Chief Operating Officer.

A. Alexander Porter, Jr.
Lead Independent Director
Co-Founder and President of Porter, Felleman, Inc., an investment management company, since 1976. Trustee of Davidson College in North Carolina since 1992 and Trustee of the John Simon Guggenheim Memorial Foundation.

Charles L. Daley
Director, Executive Vice President and Secretary of TEB Associates, Inc., a real estate finance company, since 1992. Mr. Daley held executive positions at First Peoples Financial Corp. (1984–1992).

William M. Diefenderfer III*
President and Co-Founder, e-Numerate Solutions, Inc. and since 1991, Partner of Diefenderfer, Hoover & Wood, Pittsburgh, Pa. Deputy Director of the Office of Management and Budget from 1989–1991. Director of Chart House Enterprises since 1991.

Thomas J. Fitzpatrick
President and Chief Marketing and Administrative Officer
President and Chief Executive Officer of Equity One, Inc. (1989–1998), Vice Chairman of Consumer Credit Co. (1988–1989) and President and Chief Operating Officer (1983–1988) of Manufacturers Hanover Consumer Services. Serves on the board of MAB Paints, Inc.

Diane Suitt Gilleland*
Deputy Director of the Illinois Board of Higher Education. Previously, Senior Associate, Institute for Higher Education Policy (1998–1999), Senior Fellow, American Council on Education, Washington, D.C. (1997), Director, Arkansas Department of Higher Education (1990–1997) and Chief Finance Officer for Arkansas Higher Education (1986–1990).

Earl A. Goode
Retired as President from GTE Information Services Corp. in 2000. Served on the boards of The Chase Bank of Texas, N.A.–Dallas, NBD Bank of Indiana, Meridian Insurance Company and Williams Manufacturing.

Ann Torre Grant
Strategic and Financial Consultant. Executive Vice President, Chief Financial Officer and Treasurer of NHP, Inc., a national real estate services firm (1995–1997). Vice President and Treasurer of USAirways (1991-1995). Directorships include Franklin Mutual Series, U.S.A. Floral Products, Inc. and Training Devices, Inc.

Ronald F. Hunt*
Attorney. Mr. Hunt retired from the Company in 1990 after serving in a number of executive positions (1973–1990), most recently as Executive Vice President and General Counsel. Currently serves as Chairman of the Board of Directors of the National Student Clearinghouse.

Benjamin J. Lambert III
Senator of the Commonwealth of Virginia since 1986. Chairman of the Subcommittee on General Government and Compensation—Senate Finance Committee. Trustee and Secretary to the Board of Trustees of Virginia Union University and Secretary of the Medical College of Virginia Hospital Authority Board.

James C. Lintzenich
President and Chief Operating Officer
Formerly Vice Chairman and Chief Executive Officer of USA Group, Inc. (1997-2000). Serves on the board of MetroBanCorp. and Lumina Foundation for Education.

Barry A. Munitz
President and Chief Executive Officer, The J. Paul Getty Trust, Los Angeles, Calif. Formerly served as Chancellor and Chief Executive Officer of the California State University System (1991–1997). Former Chair of the American Council on Education (1996) and Vice Chair of the National Commission on the Cost of Higher Education. Trustee, Princeton University.

Wolfgang Schoellkopf
Chief Executive Officer, Bank Austria Group's U.S. operations. Former Partner, Ramius Capital Group, a money management firm. Vice Chairman and Chief Financial Officer of First Fidelity Bancorporation (1990–1996). Held officer positions at Chase Manhattan Bank (1963–1988), most recently as Executive Vice President and Treasurer. Trustee, Marymount University.

Steven L. Shapiro
Certified Public Accountant and Personal Financial Specialist. Chairman of Alloy, Silverstein, Shapiro, Adams, Mulford & Co., an accounting firm. Member of the executive advisory council of Rutgers University since 1992 and has served on the board of the West Jersey Hospital Foundation since 1993.

Barry L. Williams
President, Williams Pacific Ventures, Inc. and Interim President and Chief Executive Officer of the American Management Association International. Mr. Williams previously was Managing Principal of Bechtel Investments, Inc. Serves on the boards of PG&E Corp., R. H. Donnelly & Co., Synavant, Inc. and CH2M Hill.

*Also serves as Director on the Student Loan Marketing Association's (GSE) Board.

STUDENT LOAN MARKETING ASSOCIATION

BOARD OF DIRECTORS

Chairman
Mitchell W. Berger*
President and Founder
Berger, Davis & Singerman, P.A.

Vice Chairman
Ronald F. Hunt
Attorney

James E. Brandon
Attorney and Certified Public Accountant

J. Paul Carey
Executive Vice President
USA Education, Inc.

John T. Casteen
President
University of Virginia

William M. Diefenderfer III
Co-Founder and President
e-Numerate Solutions, Inc.

Kris E. Durmer*
Partner
Smith-Weiss, Shepard & Durmer, PC

Diane Suitt Gilleland
Deputy Director
Illinois Board of Higher Education

Ronald A. Homer
CEO
Access Capital Strategies, LLC

William H. Kennedy III*
Partner
Rose Law Firm

Marcelle P. Leahy*
Advisory Council
University of Vermont School of Nursing

Dennis E. Logue
Professor
The Amos Tuck School
Dartmouth College

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President
Norfolk State University

Regina T. Montoya*
President
WorkRules Company

James E. Moore*
President
JDA Partners, LLC

Irene Natividad*
Principal
Natividad & Associates

J. Bonnie Newman
Executive Dean
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Harvard University

Richard J. Ramsden
Consultant and Private Investor

Kenneth A. Shaw
Chancellor and President
Syracuse University

Randolph H. Waterfield, Jr.
Certified Public Accountant and Accounting Consultant

Pat Williams
Senior Fellow
Center for the Rocky Mountain
West University of Montana

*Presidential Appointees

USA EDUCATION, INC.

SENIOR MANAGEMENT

Albert L. Lord
Vice Chairman and Chief Executive Officer

Thomas J. Fitzpatrick
President and Chief Marketing and Administrative Officer

James C. Lintzenich
President and Chief Operating Officer

J. Paul Carey
Executive Vice President, Marketing

Gregory J. Clancy
Executive Vice President and Chief Information Officer

Marianne M. Keler
Executive Vice President and General Counsel

Robert R. Levine
Executive Vice President, Servicing

John F. Remondi
Executive Vice President and Chief Financial Officer

Joseph D. Corvaia
Senior Vice President and Chief Credit Officer

Robert J. Grennes
Senior Vice President, Guarantee Operations

June M. McCormack
Senior Vice President, Sales

Lawrence A. Morgan
Senior Vice President, Servicing Systems Development

Hamed Omar
Senior Vice President, Technology Infrastructure

Mark G. Overend
Senior Vice President, E-Commerce

Joni Reich
Senior Vice President, Human Resources

John F. Whorley
Senior Vice President, Delinquency and Recovery Operations

Barbara A. Deemer
Vice President and Controller

PRICE RANGE OF COMMON STOCK

USA Education, Inc. common shares trade on the New York Stock Exchange under the symbol SLM. The following table sets forth the high and low sales prices for the Company's common stock for each full quarterly period in the two most recent fiscal years:

Common Stock Prices

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1999	High	48 15/16	47 5/16	48 13/16	53 5/8
	Low	40 1/8	40 3/8	42 7/8	41 11/16
2000	**High**	**43 7/8**	**38 11/16**	**48 15/16**	**68 1/4**
	Low	**28 1/2**	**27 13/16**	**36 7/8**	**44 7/8**

The Company paid regular quarterly dividends of $.15 per share on the common stock in each of the first three quarters of 1999, $.16 per share for the fourth quarter of 1999 and the first three quarters of 2000, and $.175 per share for the fourth quarter of 2000 and the first quarter of 2001.

USA EDUCATION, INC. ANNUAL MEETING

The annual meeting of shareholders will be held Thursday, May 10, 2001, at 10 a.m. CST, at the USA Education, Inc. office, 11100 USA Parkway, Fishers, IN 46038.

The Company's 2000 Form 10-K, as filed with the Securities and Exchange Commission, has been mailed to shareholders of record as of March 12, 2001, together with this Annual Report. Shareholders also may obtain without charge a copy of the Company's 2000 Form 10-K by writing to the Investor Relations department or by visiting our Web site at *www.salliemae.com*. The Form 10-K includes, among other things, the following items:

- Management's discussion and analysis of financial condition and results of operations.
- Financial statements and the related notes, including consolidated, audited balance sheets as of Dec. 31, 1999 and 2000, and consolidated, audited statements of income, changes in stockholders' equity and cash flows, for the fiscal years ended Dec. 31, 1998-2000.
- A brief description of the Company's business.

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Managing Director
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Corporate Secretary
Mary F. Eure
Associate General Counsel
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