



**Sandler O'Neill + Partners
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Services Conference**

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Forward-Looking Statements

Statements in this presentation, including the financial tables, regarding First Marblehead's strategy, competitive position, the demand for private education loans, future financial and operating results, growth prospects and liquidity, including the characteristics of future Monogram-based private education loan portfolios, as well as any other statements that are not purely historical, constitute forward-looking statements for purposes of the safe harbor provisions of The Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our historical performance, the historical performance of the securitization trusts that we have facilitated (the "Trusts"), and on our plans, estimates and expectations as of November 9, 2011. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future results, plans, projections, estimates, intentions or expectations expressed or implied by us will be achieved. You are cautioned that matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, which may cause our actual financial or operating results, including the performance of the Trusts and resulting cash flows, facilitated loan volumes and resulting cash flows or financing-related revenues, or the timing of events, to be materially different than those expressed or implied by forward-looking statements. Important factors that could cause or contribute to such differences include: market acceptance of, and demand for, our Monogram platform and fee-based service offerings, including our success in negotiating loan program agreements with additional lender clients; the successful sales and marketing of Monogram-based loan offerings, including the volume of loan applications and the extent to which loan applications ultimately result in booked loans; the volume, timing and performance of booked loans; the size and structure of any credit enhancement provided by First Marblehead in connection with our Monogram platform; our success in designing, implementing and commercializing private education loan programs through Union Federal Savings Bank, including receipt of and compliance with regulatory approvals and conditions with respect to such programs; capital markets conditions and our ability to structure securitizations or alternative financings; the size, structure and timing of any such securitizations or alternative financings; any investigation, audit, claim, regulatory action or suit relating to the transfer of the trust certificate of NC Residuals Owners Trust or the asset services agreement between the purchaser and First Marblehead, including as a result of the audit being conducted by the Internal Revenue Service relating to tax refunds previously received; resolution of litigation and regulatory proceedings pertaining to our Massachusetts state income tax returns; the estimates and assumptions we make in preparing our financial statements, including quantitative and qualitative factors used to calculate our allowance for loan losses and related provision and the estimated fair value of our service revenue receivables; our success in realizing the anticipated benefits of our acquisition of TMS, including additional fee-based revenues; and the other factors set forth under the caption "Part II—Item 1A. Risk Factors" in First Marblehead's quarterly report on Form 10-Q filed with the Securities and Exchange Commission on November 8, 2011. Important factors that could cause or contribute to future adjustments to the estimates and assumptions we make in preparing our financial statements include: actual transactions or market observations relating to asset-backed securities, loan portfolios or corporate debt securities; variance between our performance assumptions and the actual performance of the Trusts; economic, legislative, regulatory, competitive and other factors affecting discount, default, recovery and prepayment rates on loan portfolios held by the Trusts, including general economic conditions, the consumer credit environment and unemployment rates; management's determination of which qualitative and quantitative factors should be weighed in our calculations, and the weight to be given to such factors; capital markets receptivity to securities backed by private education loans; and interest rate trends. We specifically disclaim any obligation to update any forward-looking statements as a result of developments occurring after the date of this presentation, even if our estimates change, and you should not rely on those statements as representing our views as of any date subsequent to the date of this presentation.

Disclaimer

The information in this presentation is intended to provide a broad overview of a portfolio of private education loans previously facilitated by First Marblehead. Neither First Marblehead nor any other party is offering any securities by making this presentation or soliciting any action based upon the information provided. Nothing in this presentation should be relied upon as a representation by First Marblehead, or any other person, as to the future performance of any securitization trust described in this presentation or as to any securities that may be issued in the future. The information contained herein is intended to be illustrative only, and historical collateral pools may not be representative of any future collateral pool. Investing in our common stock involves a high degree of risk. Prior to purchasing any shares, you should carefully consider the risks and uncertainties described in the reports we file from time to time with the Securities and Exchange Commission.

Corporate Overview

Who We Are

- ❖ Leading provider of education finance solutions offering a complete and integrated suite of outsourced services for private student loans
- ❖ Operate the credit-based Monogram® platform—provides customizable loan programs and portfolio management services and exceptional application disclosures
- ❖ Industry expert having processed over 6 million loan applications, funded \$17b of loans and executed 38 asset-backed securitizations
- ❖ Target responsible students and families at high quality schools
- ❖ Operate the largest volume tuition payment plan provider in the U.S. serving over 700 schools and 300,000 families
- ❖ Offer an array of personal banking products and services, including private student loans, through our federally chartered thrift, Union Federal Savings Bank
- ❖ Founded in 1991; Publicly held (NYSE:FMD) since 2003
- ❖ Headquartered in Boston, MA with locations in Warwick, RI, Medford, MA, and North Providence, RI

“The right loans for the right borrowers at the right schools for the right educations.”

Building Blocks for Growth in Place

❖ Industry Expertise

- Historical focus on non-Federal student loan programs
- Highly skilled and analytically focused Risk and Portfolio Management groups
- Experienced Capital Markets team
- Top flight National Sales team
- Decisions driven by over 20 years of private student loan performance data

❖ Strong Synergies with Subsidiaries and Strategic Partners

- TMS tuition payment programs provide potential lead-generation for loan marketing
- TMS deposit base provides scalability for Union Federal
- Federally chartered thrift provides platform for national programs
- Industry leading loan servicer and top-tier collections agencies used in portfolio management
- Highly reputable and stable regional banks for Partnered Lending

❖ Monogram Platform – The Next Generation of Private Student Lending

- Flexible design aimed at producing medium and long-term, high quality assets
- More granular assessment of risk
- Exceptional transparency and increased disclosure throughout borrower application process
- Proactive, analytical approach to portfolio management drives performance

Diversified Revenue Sources

- ❖ Private Student Loan Origination
 - Union Federal, together with its referral marketing partners, offers traditional higher education and K-12 loan programs nationally; earns net interest margin by holding loans to term
- ❖ Partnered Lending
 - Provide customized loan programs to lender clients; earn up-front fees for loan origination and marketing; can earn a share of ongoing borrower interest income in exchange for providing credit enhancement and portfolio management services
- ❖ Capital Markets
 - Long-term financing solutions for FMD-facilitated loan programs; earn ongoing fees for trust administration and portfolio management; earn net interest margin by retaining residual interests
- ❖ Fee-For-Service
 - Services provided in our Private Student Loan Origination, Partnered Lending, Trust Administration and Capital Markets businesses available on an a la carte basis
- ❖ Tuition Payment Plans
 - Offer schools a suite of outsourced billing, payment processing, education payment counseling and refund management products and services from TMS

Opportunity for Growth Exists

- ❖ Consumers Demanding Private Student Loans
 - Enrollment continues to increase
 - Cost of education continues to rise
 - Federal aid targeting weaker credits

- ❖ Capital Markets Demanding Better Credits
 - Investors seeking high credit quality loans
 - Better risk-based pricing
 - Traditional schools

- ❖ Innovative Products Needed
 - Greater ability to control risk
 - Fully transparent application
 - Better analytics
 - Compliant with all regulatory requirements

Monogram® Platform is the Foundation of FMD's Business Model

- ❖ Represents First Marblehead's third product generation
 1. School focused (Guaranteed Access to Education—1990s)
 2. Consumer focused (National Collegiate Student Loan Trust—2000s)
 3. Credit focused (Monogram® platform—present)

- ❖ Incorporates FMD's core competencies
 - Customized Program Design
 - Dedicated Sales Support
 - Credit-driven Loan Origination Process
 - Capital Markets Expertise
 - Active Portfolio Management

Monogram Platform Yielding High Quality Portfolios

All Programs Booked Volume Characteristics through October 31, 2011

Weighted Average Interest Rate (Variable Rate Loans)	One Month LIBOR + 6.2%
Weighted Average Interest Rate (Fixed Rate Loans)	8.7%
Application Request Volume	\$557.0 million
Approved Application Volume	\$129.4 million
Booked Volume	\$43.6 million
Weighted Average FICO Score	759
Immediate Repay/Interest Only/Reduced Interest/Full Defer	18%/24%/21%/37%
5 Year/10 Year/15 Year/20 Year	29%/40%/23%/8%
% School-Certified/Disbursed to School	100%
% Undergraduate/Graduate Degree-granting Programs	100%
% Cosigned	88%
Projected Weighted Average Life	5.7 years
Projected Cumulative Gross Default Rate	5.5%
Approval Rate	19%

Financial Overview

FMD Financial Statement Presentation Primer

- ❖ Effective July 1, 2010, FMD required to consolidate each variable interest entity (VIE) for which it is a primary beneficiary
- ❖ 14 of the securitization trusts that were previously off balance sheet were consolidated. A total of \$7.9 billion in assets and \$8.8 billion in liabilities were added to a balance sheet that totaled \$633 million at June 30, 2010
- ❖ The \$900 million deficit, for financial statement presentation purposes only, is included as part of FMD stockholders' equity
- ❖ The 14 trusts are all bankruptcy remote, the debt is non-recourse to FMD, and the trusts have no legal right to any assets of FMD
- ❖ From an income statement perspective, the operating results of the trusts are combined with the operating results of FMD to derive GAAP net income and earnings per share
- ❖ These consolidated results are not indicative of those that would impact FMD shareholders. In order to create necessary transparency, we have two distinct reporting segments. Securitization Trusts, which represents the 14 consolidated trusts and Education Financing, which generally represents results attributable to FMD shareholders

Condensed Consolidated Statements of Operations by Reporting Segment (Three months ended September 30, 2011)

(\$ in 000's), except per share amounts	Education Financing	Securitization Trusts	Eliminations	Total
Net interest income (loss) after provision for loan losses	\$487	\$(64,394)	\$12	\$(63,895)
Total service revenue receivable updates	948	--	(1,094)	(146)
Administrative and other fees	11,044	380	(2,212)	9,212
Total non-interest revenues	11,992	380	(3,306)	9,066
Total revenues	12,479	(64,014)	(3,294)	(54,829)
Total non-interest expenses	30,950	12,179	(2,797)	40,332
Loss before other income and income taxes	(18,471)	(76,193)	(497)	(95,161)
Other income – proceeds from TERI settlement	1,124	6,881	--	8,005
Loss before income taxes	(17,347)	(69,312)	(497)	(87,156)
Income tax expense	802	--	--	802
Net loss	\$(18,149)	\$(69,312)	\$(497)	\$(87,958)
Net loss per share	\$(0.18)	\$(0.68)	\$(0.01)	\$(0.87)
Net operating cash usage	\$15,690			

Condensed Consolidated Balance Sheet by Reporting Segment (as of September 30, 2011)

(\$ in 000's)	Education Financing	Securitization Trusts	Eliminations	Total
ASSETS				
Cash, cash equivalents, and short-term investments	\$245,377	\$ --	\$ --	\$245,377
Restricted cash and investments	142,074	123,412	--	265,486
Education loans held to maturity	7,447	6,740,061	(364)	6,747,144
Service revenue receivables	30,530	--	(22,512)	8,018
Other assets	89,883	94,531	(2,247)	182,167
Total assets	\$515,311	\$6,958,004	\$(25,123)	\$7,448,192
LIABILITIES				
Deposits	\$66,356	\$ --	\$ --	\$66,356
Restricted funds due to clients	142,113	--	(2,659)	139,454
Long-term borrowings	--	8,129,118	--	8,129,118
Other liabilities	67,372	29,584	(17,229)	79,727
Total liabilities	275,841	8,158,702	(19,888)	8,414,655
Total stockholders' equity (deficit)	239,470	(1,200,698)	(5,235)	(966,463)
Total liabilities and stockholders' equity (deficit)	\$515,311	\$6,958,004	\$(25,123)	\$7,448,192