



**Debt Investor Presentation**  
**Fourth Quarter and Year Ended December 31, 2008**

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## Forward Looking Statements

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This Presentation contains forward-looking statements and information based on management's current expectations as of the date of this document. Statements that are not historical facts, including statements about our beliefs or expectations and statements that assume or are dependent upon future events, are forward-looking statements. Forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, the occurrence of any event, change or other circumstances that could give rise to our ability to cost-effectively refinance asset-backed financing facilities due April 2009, (collectively, the "2008 Asset-Backed Financing Facilities"), including any potential foreclosure on the student loans under those facilities following their termination; increased financing costs; limited liquidity; any adverse outcomes in any significant litigation to which we are a party; our derivative counterparties terminating their positions with the Company if permitted by their contracts and the Company substantially incurring additional costs to replace any terminated positions; changes in the terms of student loans and the educational credit marketplace (including changes resulting from new laws and regulations and from the implementation of applicable laws and regulations) which, among other things, may change the volume, average term and yields on student loans under the Federal Family Education Loan Program ("FFELP"), may result in loans being originated or refinanced under non-FFELP programs, or may affect the terms upon which banks and others agree to sell FFELP loans to the Company. The Company could be affected by: various liquidity programs being implemented by the federal government; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; incorrect estimates or assumptions by management in connection with the preparation of our consolidated financial statements; changes in the composition of our Managed FFELP and Private Education Loan portfolios; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments, and in the securitization markets for education loans, which may increase the costs or limit the availability of financings necessary to initiate, purchase or carry education loans; changes in projections of losses from loan defaults; changes in general economic conditions; changes in prepayment rates and credit spreads; and changes in the demand for debt management services and new laws or changes in existing laws that govern debt management services. All forward-looking statements contained in this Presentation are qualified by these cautionary statements and are made only as of the date of this filing. The Company does not undertake any obligation to update or revise these forward-looking statements to conform the statement to actual results or changes in the Company's expectations.

**"Core Earnings" Performance Measures** - The following presentation includes "Core Earnings" performance measures. A presentation of the most comparable GAAP financial measures and a reconciliation of the "Core Earnings" performance measures to the most directly comparable GAAP financial measures are included in the our most recent quarterly earnings release, quarterly earnings report on Form 10-Q and annual report on Form 10-K, which are available on our website at (<http://www2.salliemae.com/investors/stockholderinfo/earningsinfo>) and (<http://www2.salliemae.com/investors/stockholderinfo/secfilings>) and on the SEC's website (<http://www.sec.gov>).

**U.S. Government Guaranteed Student Loans** - The following presentation contains references to U.S. Government guaranteed student loans. All such references are to loans made in compliance with the Federal Family Education Loan Program ("FFELP"), under Title IV of the Higher Education Act, to finance educational costs. As more fully described in our most recent quarterly earnings release, quarterly earnings report on Form 10-Q and annual report on Form 10-K, available on our website at (<http://www2.salliemae.com/investors/stockholderinfo/earningsinfo>) and (<http://www2.salliemae.com/investors/stockholderinfo/secfilings>) and on the SEC's website (<http://www.sec.gov>), the federal guarantee of FFELP loans is conditioned on loans being originated, disbursed and serviced in accordance with U.S. Department of Education regulations. In addition, unless a loan default results from the borrower's death, disability or bankruptcy, the federal government guarantees no less than 97 percent of the principal balance plus accrued interest and the holder of the loan generally must absorb the two percent (three percent after July 1, 2006) not guaranteed as a loss on the loan ("Risk Sharing"). FFELP loans serviced by a servicer that has an Exceptional Performer designation from the U.S. Department of Education are not subject to Risk Sharing and receive 100% reimbursement on default claims (99 percent reimbursement on default claims filed after July 1, 2006).

**Additional Information** - The following presentation contains certain information about the Company that management believes is important to investors, but should be read in conjunction with other material information about the Company, including, but not limited to, the operational, funding, interest rate, political and regulatory, liquidity and credit risks that the Company faces. For a discussion of the risks described above as well as additional information about the Company you should refer to our most recent quarterly earnings release, quarterly report on Form 10-Q and annual report on Form 10-K, available on our website at (<http://www2.salliemae.com/investors/stockholderinfo/earningsinfo>) and (<http://www2.salliemae.com/investors/stockholderinfo/secfilings>) and on the SEC's website (<http://www.sec.gov>). For a discussion of the specific characteristics of any specific security, you should refer to the pricing supplement, prospectus supplement and/or prospectus applicable to that security.

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# SLM Corporation Overview



- #1 originator of student loans in the U.S. education lending market
- #1 servicer and collector of students loans in the U.S. currently servicing \$178 billion in assets including \$9 billion for third parties
- Fully independent private sector company with scale and a broad franchise, traded on the NYSE
- \$180 billion managed student loan portfolio, 81% of which is U.S. government guaranteed<sup>(1)</sup>
- At year end, 82% of managed student loans were funded with term liabilities,
  - 70% funded for the life of the loan
  - 12% funded with fixed spread liabilities with an average life of 4.3 years

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(1) As of December 31, 2008.

## Life-stage Customer Strategy

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- Sallie Mae offers an unmatched, integrated suite of saving, planning, paying and repaying for college products and services



Early awareness and saving

**upromise®**  
INVESTMENTS



School selection, understanding ways to pay with Education Investment Planner



Complete 1-2-3 financing solutions for schools and families

Traditional SLM loan products

**SallieMae®**  
Business Office Solutions

Life-of-loan guidance and products to encourage responsible repayment

## SLM Corporation Update

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### Year Ended December 31, 2008

- Managed student loans outstanding increased to \$180 billion, up 10% from year-end 2007
  - Internal Brand FFELP originations increased 48% in 2008
  - Private Credit originations decline 20% in 2008 due to a more conservative credit and funding position
- “Core Earnings” net income was \$526 million versus \$560 million in 2007
- New student loan legislation, ECASLA, passed by Congress in May 2008
  - Provides broad authority to ED to purchase loans originated from 10/03 – 07/09
  - Authority extended to include 2009 – 2010 academic year
  - At 12/31/08, \$7.4 billion of loans funded under these programs and \$980 million of loans sold directly to the ED
- Operating expenses declined 11% in 2008 to \$1.3 billion
- Upromise manages \$17.5 billion in 529 college savings plans with 10 million members enrolled in the member rewards programs.

## A Brief Corporate History

SLM Corporate Debt Ratings			
	Moody's	S&P	Fitch
Long-Term	Baa2	BBB-	BBB
Short-Term	P-2	A-3	F3
Outlook	Neg	Stable	Stable

Managed Loan Portfolio		
Loan Type	\$B	%
FFELP Loans	\$146.9	81%
Private Education	33.5	19%
Total Portfolio	\$180.4	100%

Date as of 12/31/08



(1) Currently known as the Federal Family Education Loan Program (FFELP).

## What Makes SLM Corporation Unique

### Credit Risk

- ▶ 81% of managed student loans carry an explicit U.S. government guarantee of at least 97%
- ▶ Managed student loan losses were 0.41% at year end 2008

### Interest Rate and Economic Cycles

- ▶ Interest rate sensitivities of floating rate assets closely matched with floating rate liabilities
- ▶ CP/Libor dislocation partially addressed by ED for Q4 2008
- ▶ FFELP and Private Credit student loans are non-dischargeable in Bankruptcy

### Risk-Adjusted Capitalization

- ▶ Tangible equity covered loan losses by 6x at year end 2008
- ▶ Average allowance was 2.3x Private Credit charge-offs for year ended 2008

### 2008 Funding Activity

- ▶ Issued \$18.5 billion in term FFELP ABS
- ▶ Issued \$2.5 billion in senior unsecured debt in June
- ▶ Funded \$7.4 billion in ED Participation Program at favorable spreads
- ▶ Increased brokered deposits at Sallie Mae Bank to \$2.3 billion to finance new Private Credit lending



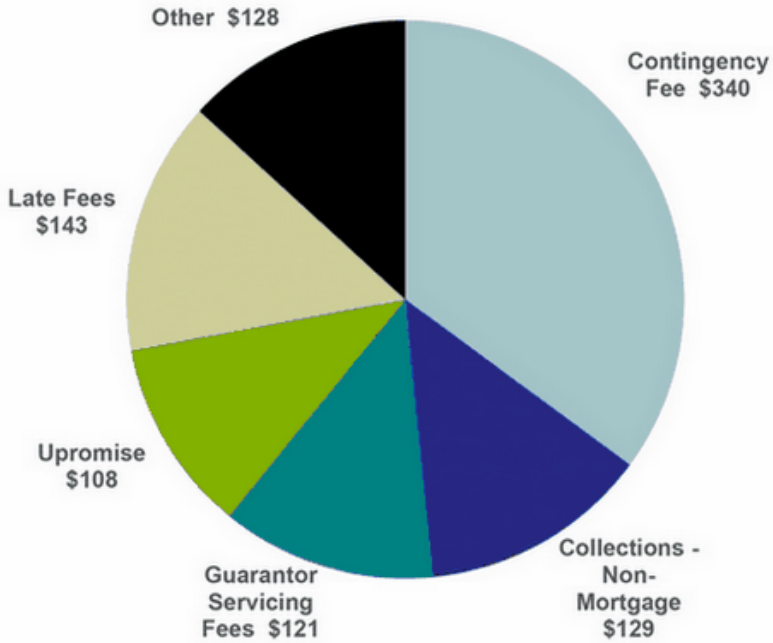
## FY08 and Q408 "Core Earnings" Summary

(\$ millions), except per share amounts	<u>2008</u>	<u>2007</u>	<u>Q408</u>	<u>Q407</u>
EPS (Reported)	0.89	1.23	0.08	(0.36)
Net Income (Loss)	526	560	65	(139)
Net Interest Income	2,419	2,555	553	612
Net Interest Margin	1.30%	1.49%	1.15%	1.32%
Loan Loss Provision	1,029	1,395	392	750
Asset-Backed Financing Facilities Fees	357	N.A.	83	N.A.
Fee Income	777	1,173	200	306
Operating Expenses	1,264	1,417	270	364
Tangible Capital Ratio	1.80%	2.00%		
Average Managed Student Loans	174,244	154,130	180,990	161,769
<u>EPS Breakdown</u>	<u>2008</u>	<u>2007</u>	<u>Q408</u>	<u>Q407</u>
Reported "Core Earnings"	0.89	1.23	0.08	(0.36)
Impacted by:				
Restructuring Charges	(0.12)	(0.03)	(0.01)	(0.03)
Purchased Paper Business	(0.43)	0.10	(0.05)	0.03
Non-Recurring Accounting Assumption Adjustments	0.05	(0.06)	-	-
Merger Related Fees	-	(0.08)	-	(0.02)

## Fee Income & Other Income

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2008 Fee & Other Revenue  
\$969 Million\*



- Contingency Inventory of \$11.6 Billion
- Collecting on behalf of the Dept of Education for close to ten years
- Upromise – largest private source of 529 plans
- Guarantor Servicing for student loans
- APG is re-focused on student loan contingency and collections

\*Does not include net losses from Collections-Mortgage of \$192 million

## Lending Segment Earnings Detail

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(\$ millions)	<u>2008</u>	<u>2007</u>	<u>Q408</u>	<u>Q407</u>
FFELP Originations	\$17,907	\$17,262	\$3,926	\$3,137
Private Originations	\$6,336	\$7,915	\$851	\$1,584
Total Originations	\$24,243	\$25,177	\$4,777	\$4,721
Net Student Loan Spread <sup>(1)</sup>	1.63%	1.67%	1.49%	1.56%
Operating Expenses <sup>(2)</sup>	\$589	\$690	\$129	\$172
OpEx <sup>(2)</sup> Annualized as a % Average Managed Student Loans	0.34%	0.45%	0.29%	0.43%
Floor Income	\$171	\$169	\$44	\$50
FFELP Third Party Serviced Loans Originated	\$2,675	\$889	\$448	\$394

(1) "Core Earnings" basis before 2008 Asset-Backed Financing Facilities Fees

(2) "Core Earnings" basis before reorganization-related asset impairments

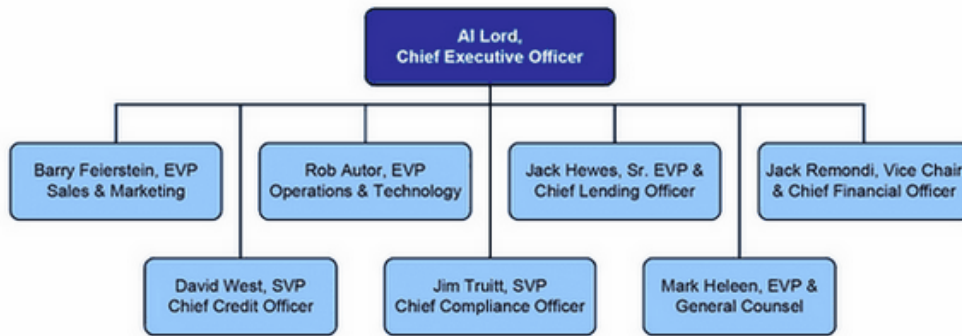
## Dept. of Education / Government Programs

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- Kennedy-Miller Legislation – Signed by President 05/07/08
  - ECASLA - Broad authority to purchase loans from 10/01/03 – 07/01/09
  - ECASLA Extension – Signed by President 10/07/08
    - Extended purchase authority for 2009 – 2010 Academic Year
- Loan Purchase Commitment Program - 5/21/08
  - Eligible collateral – certain 2008 - 2009 FFELP loans
  - Funded at CP +50 bps
  - Par put + \$75/per loan fee and origination fee rebate
  - Program replicated to cover 2009 – 2010 originations 11/08/08
- ED Additional Loan Purchase Actions -11/20/08
  - Program term 12/08 – 1/09, eligible collateral - certain 2007 – 2008 FFELP loans
  - Purchase price of 97 – servicing released - program total of \$6.5 B
- Conduit Program Under Development - Announced 11/08/08, Structured 1/19/09
  - Provide liquidity support to ABCP conduit to fund certain FFELP loans
  - Collateral originated 10/03 – 9/09 eligible
  - Program term - 5yr and size unlimited
  - Liquidity provided by the Federal Financing Bank (a division of Treasury)
- TALF – NY Fed and Treasury to provide consumer ABS support
  - Eligible collateral – AAA rated Card, Auto, Small Business and Student Loan securities
    - Includes Consolidation and Private Credit student loans originated post 5/1/07
  - Fed to provide funding, rates and haircuts to be determined
  - Program Term – 1 year unless extended with up to 3 yrs of financing

## Office of the Chief Executive Officer

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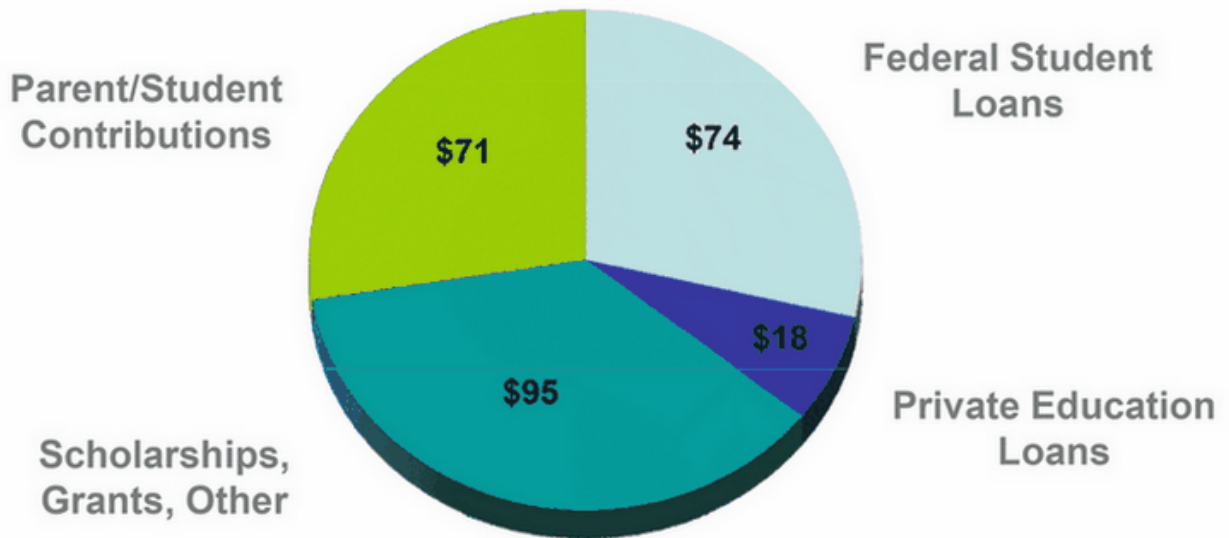
# The U.S. Student Loan Market

## Sources of Funding for Higher Education in the U.S.

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Sources of Funding for College Attendance – AY 2007-2008

Total Cost - \$258 Billion

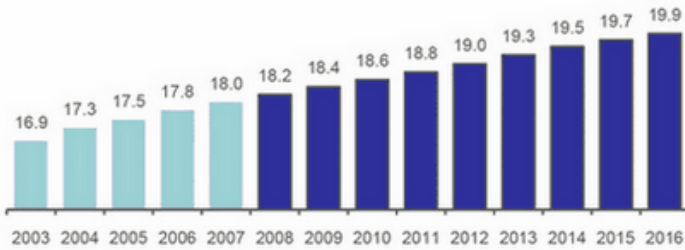


Source: Based on estimates by Octameron Associates, "Don't Miss Out," 32nd Edition; College Board, "2007 Trends in Student Aid"; and Sallie Mae. Includes tuition, room, board, transportation and miscellaneous costs for two and four year college degree granting programs.

# Favorable Student Loan Market Trends

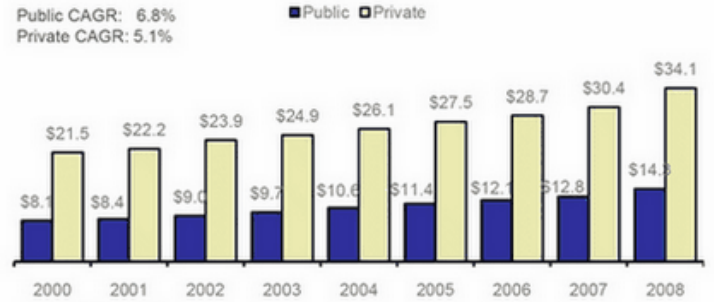
- Enrollment Growth + Rising Tuitions + Education Value = Increasing Loan Demand

## Higher Education Enrollment (millions)



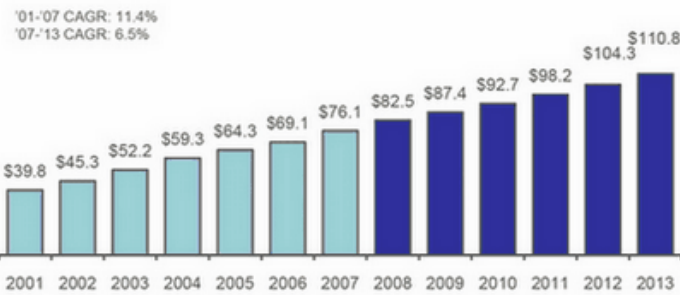
Source: National Center for Education Statistics  
 Note: Total enrollment in all degree-granting institutions; middle alternative projections for 2007 onward

## Annual Cost of Education (\$ thousands)



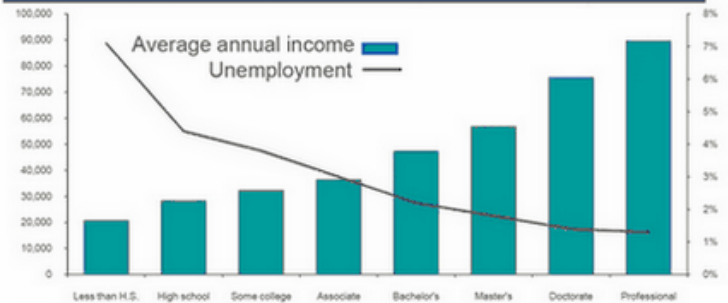
Source: College Board  
 Note: Academic years, average published tuition, fees, room and board charges at four-year institutions; enrollment-weighted

## Federal Student Loan Origination Volume (\$bn)



Source: President's 2008 Budget. Gross commitments by fiscal year  
 Note: Excludes consolidation volume

## Relationship Between Higher Education, Income and Employment

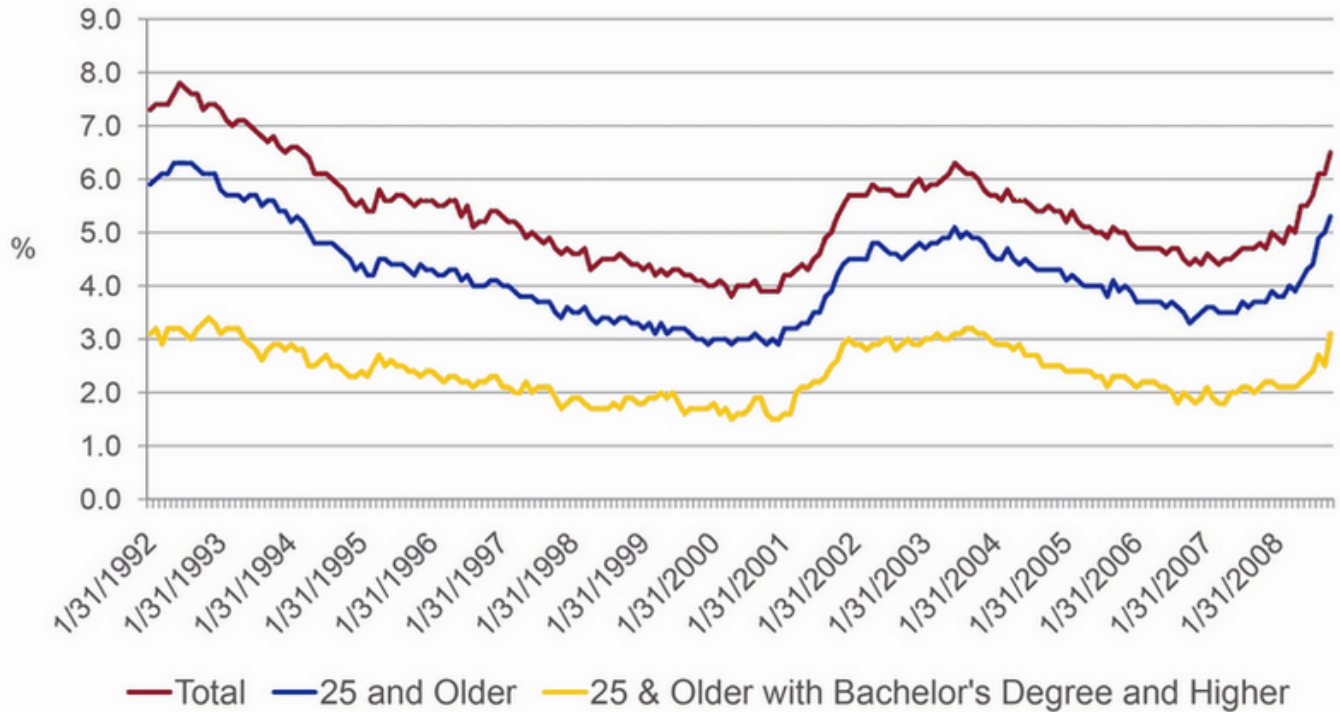


Source: U.S. Census Bureau, Current Population Survey. Unemployment data as of 2006. Average annual income figures for 2005. Represents average earnings for a full time, year-round worker over age 25



## Education and Unemployment Over Time

- The relationship between education and unemployment has been relatively constant over time



Source: Bureau of Labor Statistics.

## The Federal Family Education Loan Program or “FFELP”

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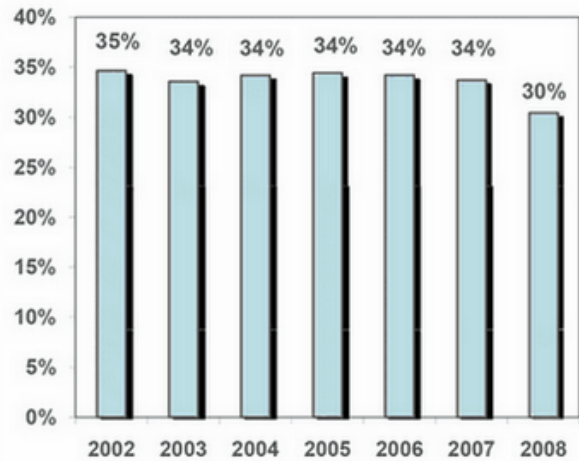
- Provides lenders an explicit U.S. government guarantee of at least 97% and a fixed yield on student loans made pursuant to the FFELP program
- Loan pricing, terms and maximum borrowing limits set by Congress
- Available to undergraduate students, graduate students and their parents
- Fixed rate loans, with 10 to 30+ year maturities and payments typically deferred until after graduation
- Borrower outstanding balances typically range from \$5,000 to \$25,000, although balances exceed \$100,000 for graduate students

## Federal FFELP Student Loan Market Share

### Federal Student FFELP Loan Originations (FFY 2007 & 2003)

Rank	Lender	2007 Market Share	2003 Market Share
1	Sallie Mae	34%	34%
2	Wells Fargo	10%	10%
3	Citibank	8%	8%
4	Bank of America	4%	6%

### SLM Historical Market Share of Federal Student FFELP Loan Originations



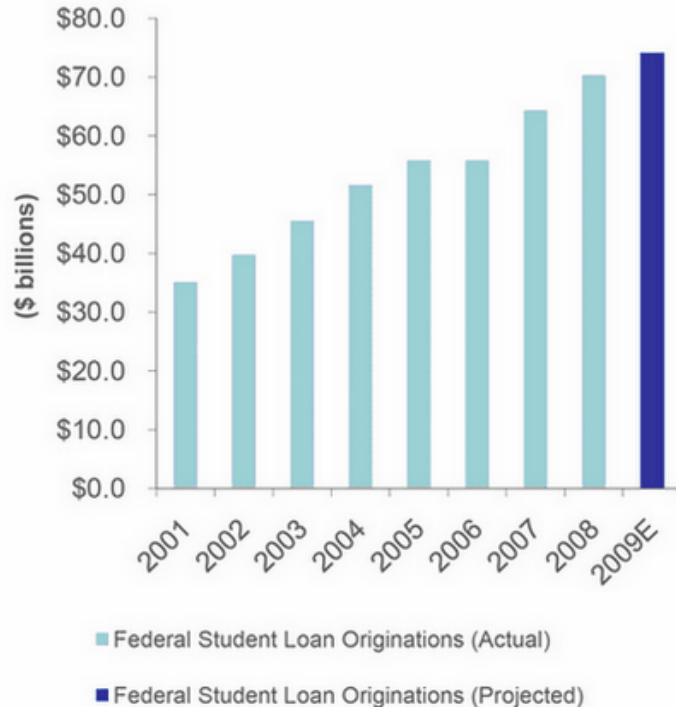
(1) SLM Preferred Channel FFELP market share based on federal fiscal year 2002 and 2008 total FFELP net commitment figures. All figures for federal fiscal year ended September 30. Source: U.S. Department of Education and SLSA Servicing Volume Survey.

## Growth in Federally Supported Student Loan Originations

Growth in Federal Education Loan Originations FY 2001 - 2009E (1)

### Stable, Long-Term Growth –

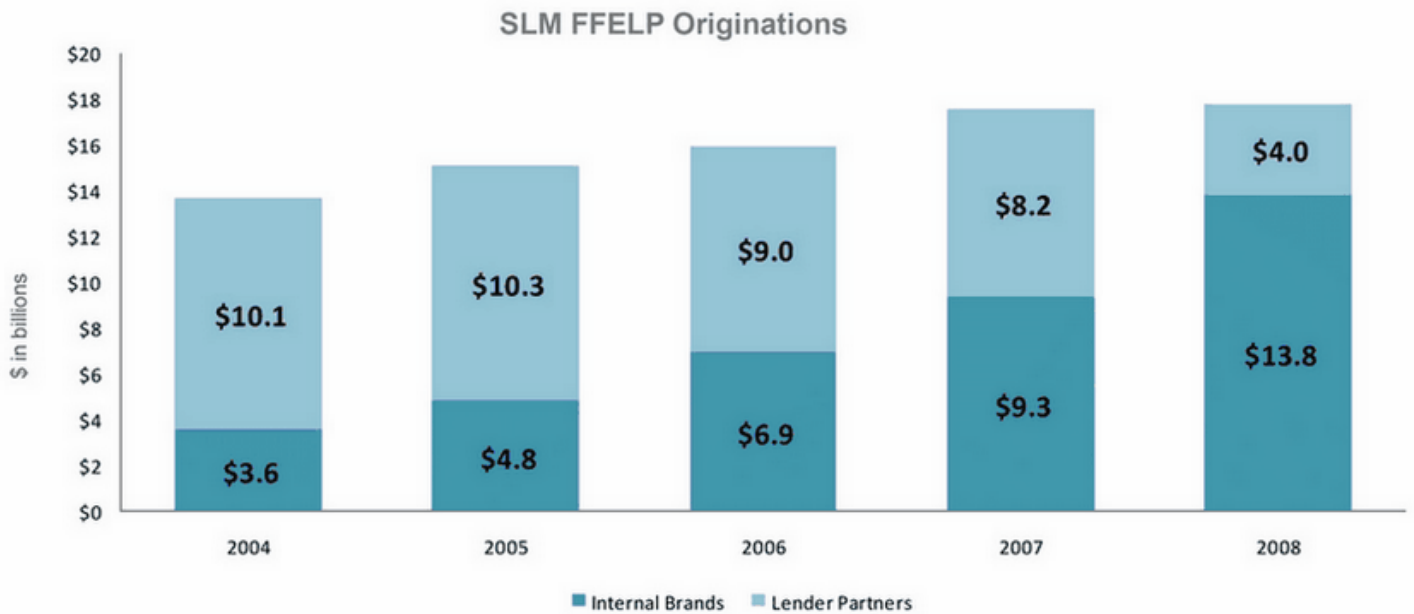
- In 2008, more borrowers took out more FFELP loans with higher loan balances than ever before
- Total federal student loan originations, including both FFELP and FDLP loans, increased by 9% in 2008, following a 15% increase in 2007 <sup>(1)</sup>
- The U.S. Department of Education is projecting 5% average annual growth in federal student loan volume through 2009, without consideration for pending increases in FFELP loan limits



(1) Source: U.S. Department of Education. Based on net commitments, fiscal year ended September 30. Includes both FFELP and FDLP loans.

## FFELP Originations

- FFELP Internal Brand originations increased 48% in 2008
- Originated \$2.7 billion of loans for third party servicing clients in 2008



## The Private Education Loan Market

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### Private Education Loans

- Consumer loans made to students and parents specifically to fund the cost of undergraduate, graduate and other forms of post-secondary education
- Typically used to bridge the funding gap between grants, aid and FFELP loans, and the increasing cost of higher education
- Supplement U.S. Government guaranteed student loans, but not guaranteed by the U.S. Government
- Typically offered with floating interest rates, with loan margins set based on the credit quality of the borrower
- Generally 5 to 15 years in maturity, with terms similar to those offered under the guaranteed student loan program

## SLM's Private Education Loan Portfolio

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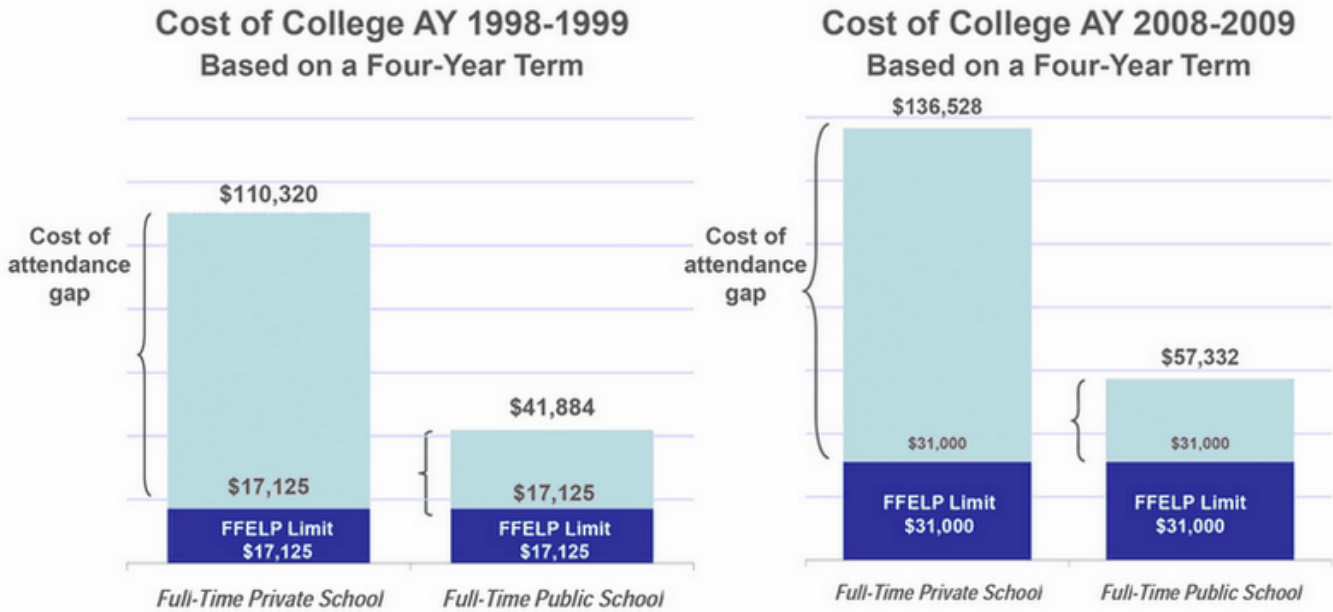
### Private Education Loan Portfolio Characteristics<sup>(1)</sup>

- \$33 billion of managed outstandings at year end 2008
- 19% of SLM's managed student loan portfolio
- Risk-based pricing
- Approximately 55% of portfolio has a co-borrower, typically a parent
- Higher education loans typically non-dischargeable in bankruptcy
- Integrated underwriting, servicing and collections

(1) All figures for the fiscal year ended December 31, 2008.

## Private Education Loan Market Demand

- Private education loans help bridge the gap between funding available through government-sponsored programs and the rapidly increasing cost of education

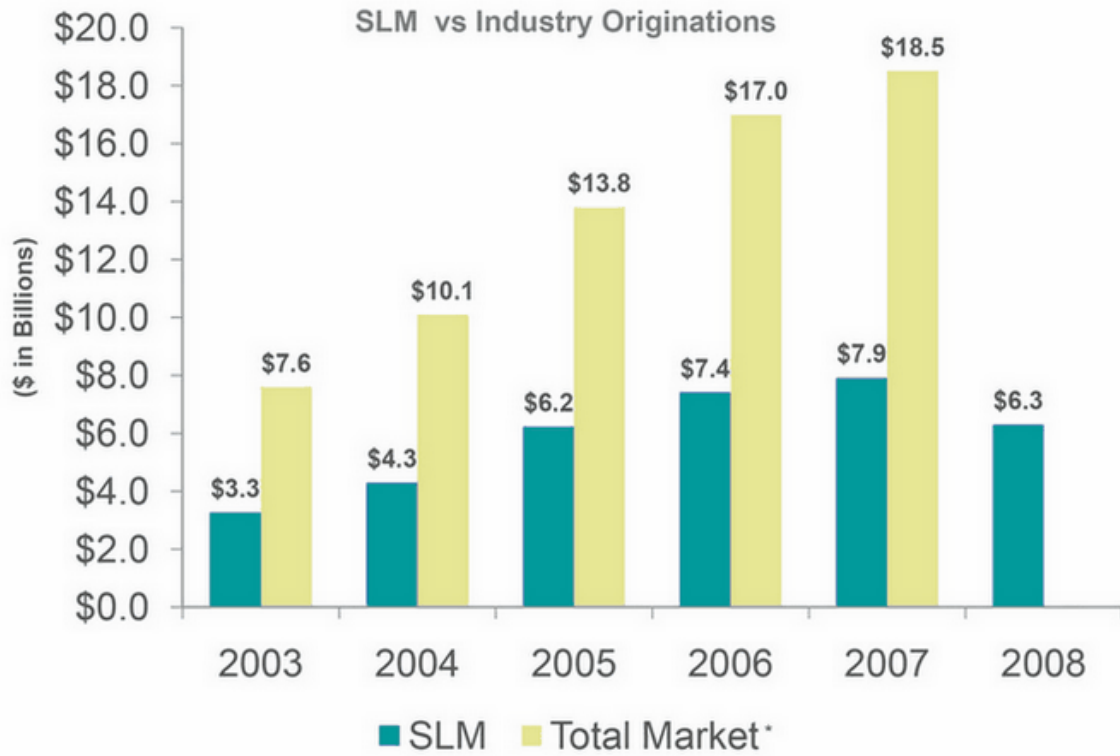


Source: College Board, *Trends in College Pricing*, 2008.



## Private Credit Originations

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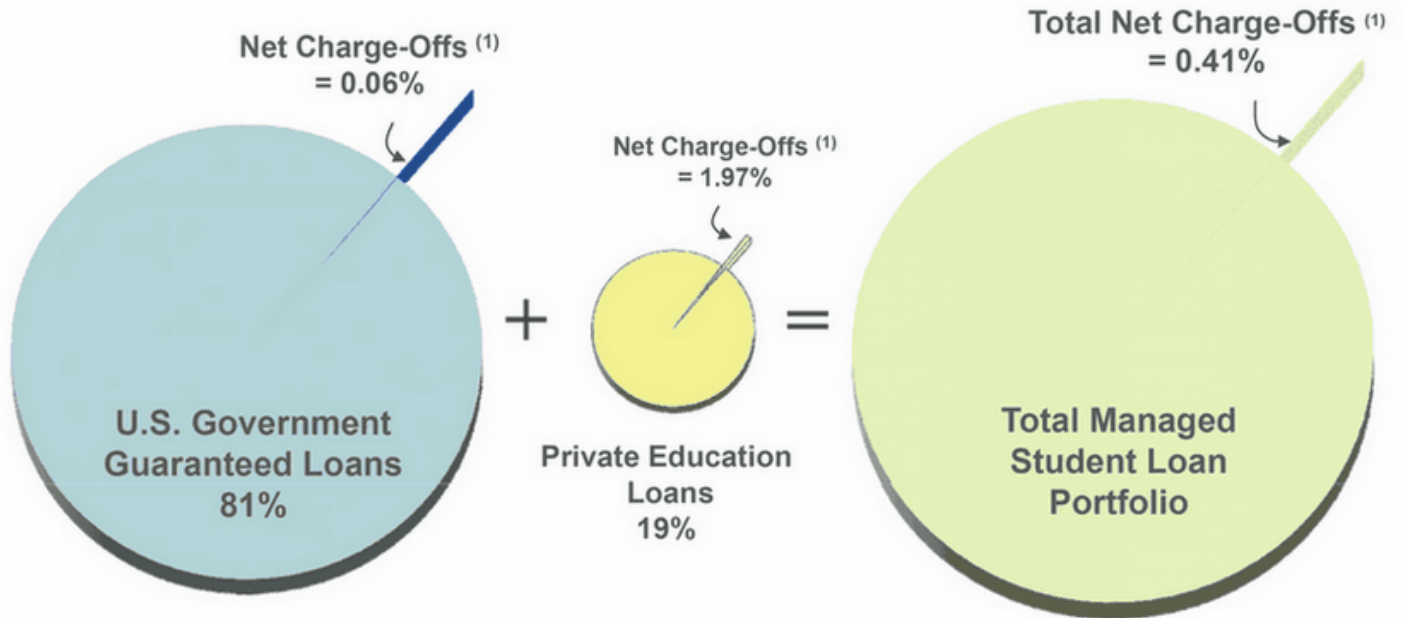
\* Source: College Board, Trends in Higher Education Series (2007), 2008 industry data not available

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## Credit Quality

## Loan Losses

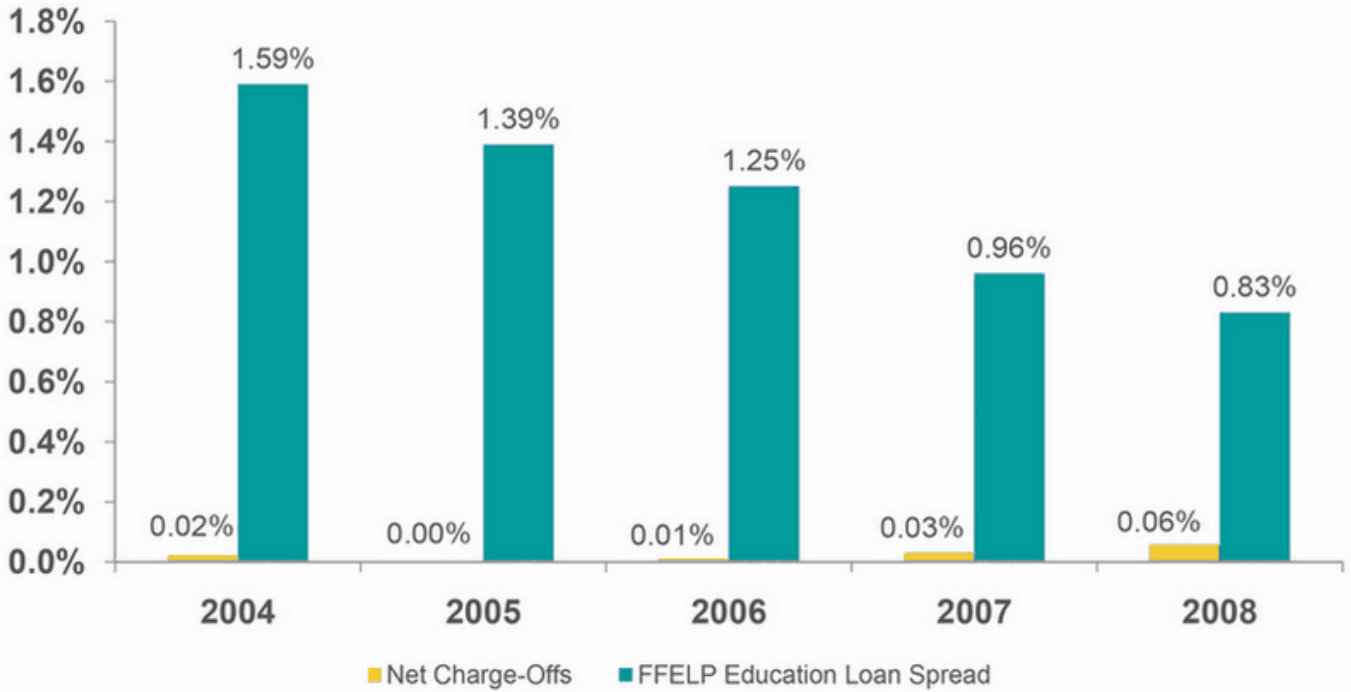
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(1) Managed FFELP net charge-offs as a percentage of average managed FFELP assets. Managed Private Education Loan net charge-offs as a percentage of average managed Private Education Loan assets. Total net charge-offs as a percentage of average managed FFELP and Private Education Loan assets. Managed Private Education Loan net charge-offs represented 3.86% of managed Private Education Loans in repayment for the year ended December 31, 2008.

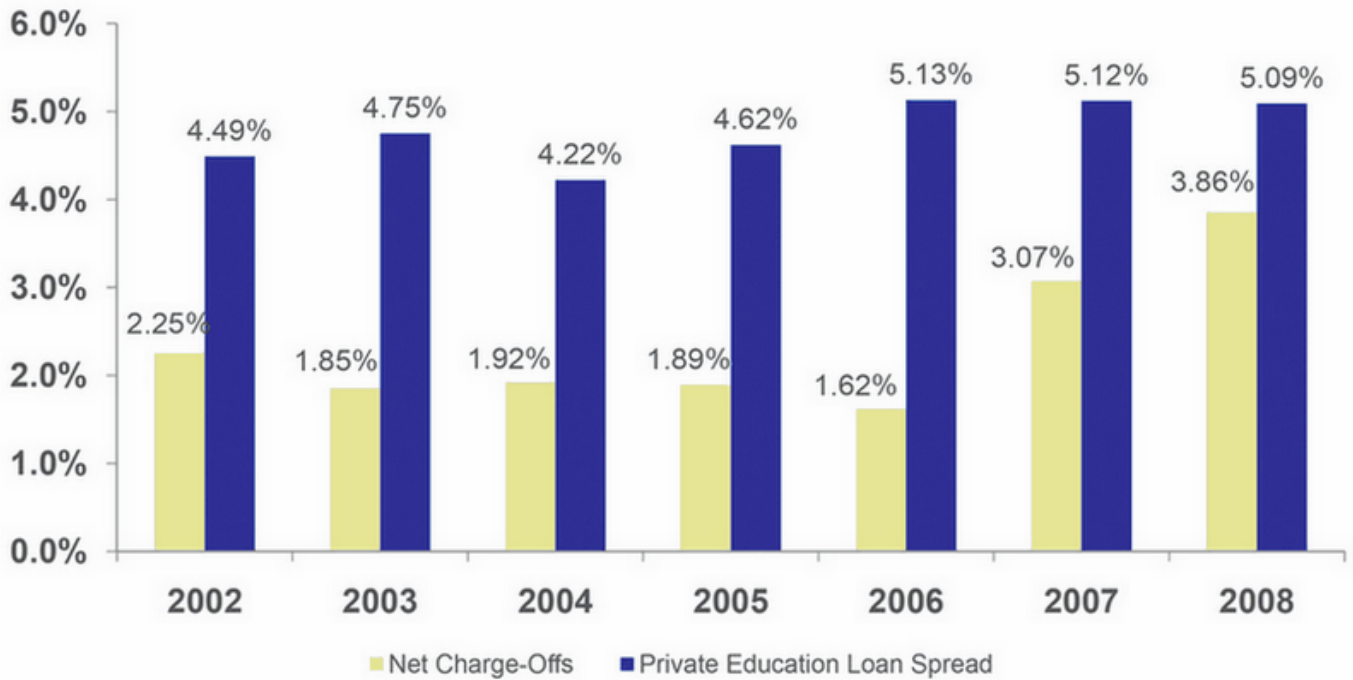
## FFELP Education Loan Portfolio

"Core Earnings" FFELP Loan Spread vs. Net Charge-Offs



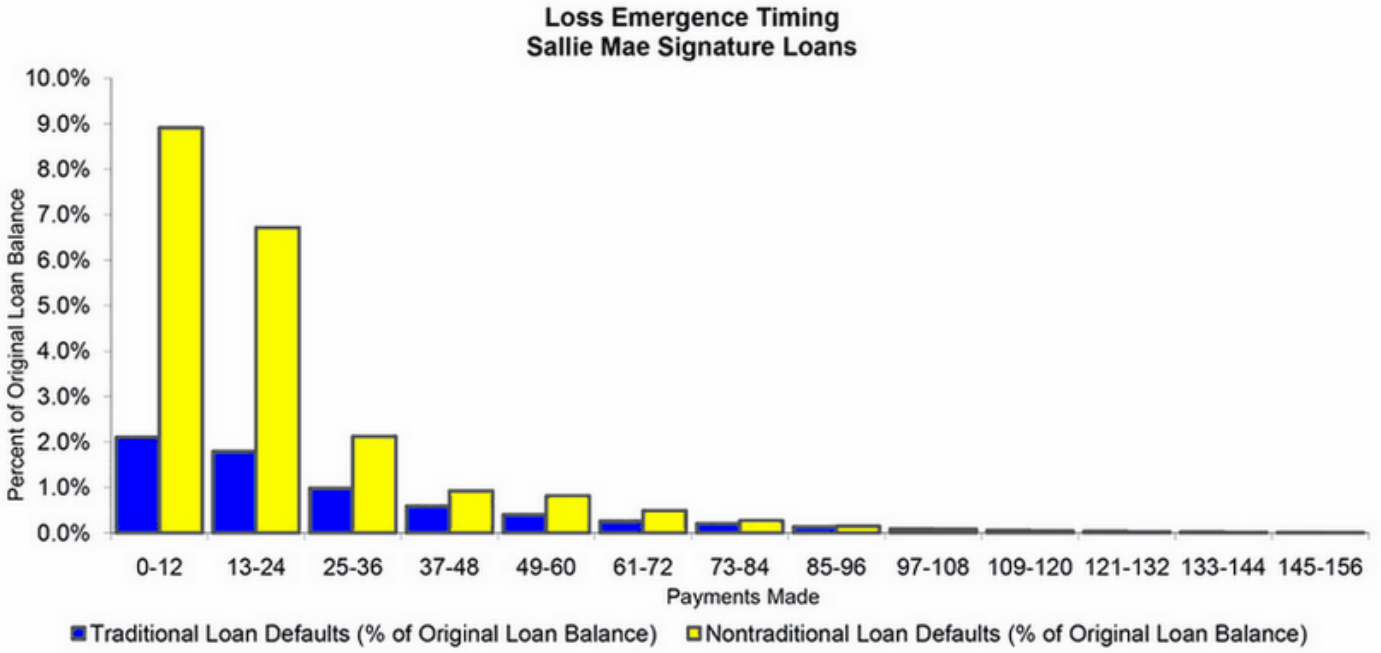
## Private Education Loan Portfolio

"Core Earnings" Private Education Loan Spread vs. Net Charge-Offs<sup>(1)</sup>

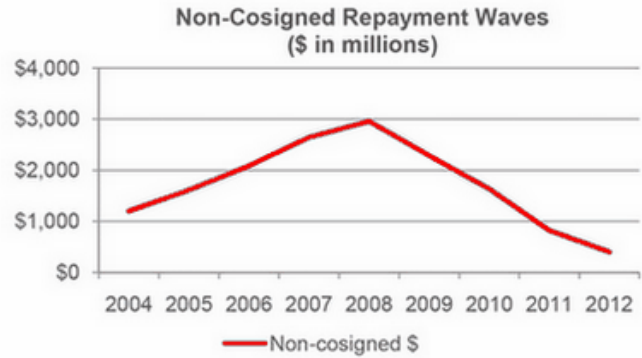
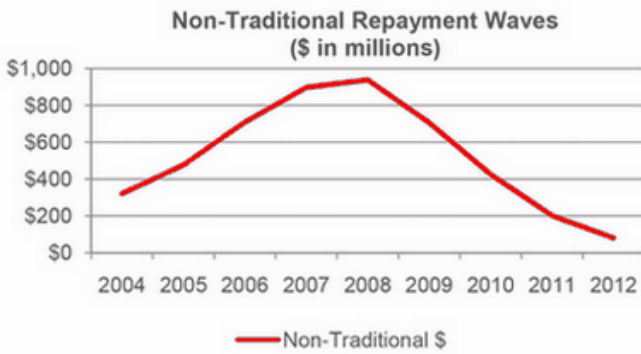


(1) "Core Earnings" Private Education Loan spread, before provision. Annualized net charge-offs as a percentage of average Managed Private Education Loans in repayment.

# SLM Private Credit Default Emergence Profile – Payments Made



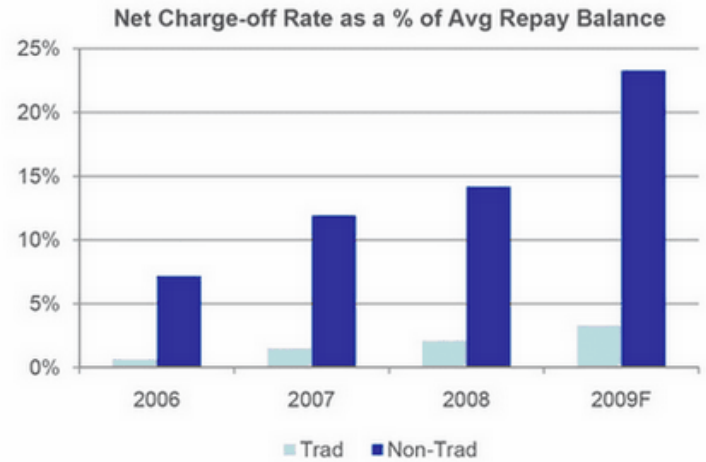
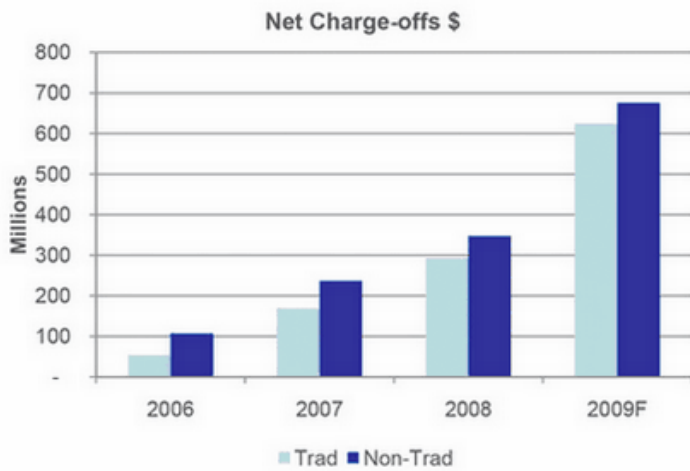
# Portfolio Quality Increasing



Amounts shown above show dollar amount of loans that will enter repayment

- Non-Traditional net charge-off rate is 6x greater than Traditional
- 74% of new loan originations had co-borrowers, up from 57% in prior year
- Non-cosigned loans charge off at more than twice the rate of cosigned loans

## Default Trends – Mix of Traditional vs. Non-Traditional



- Net charge-offs driven by Non-Traditional loans
- Non-Traditional loans represents 14% of the Private Education Loan portfolio
- Higher Quality loans entering repayment in 2009 and 2010



## Private Loan Performance (Traditional vs. Non-Traditional)

- Reserve coverage of annualized net charge-offs totaled 2.4x and 2.3x for Traditional and Non-Traditional loans respectively for 2008

	<u>12/31/2008</u>	<u>9/30/2008</u>	<u>6/30/2008</u>	<u>3/31/2008</u>	<u>12/31/2007</u>
<b>Traditional</b>					
Loans Outstanding	\$30,949	\$30,068	\$28,349	\$27,502	\$25,791
Loans in Repay	\$17,715	\$14,605	\$14,433	\$12,683	\$12,711
% with a Co-Borrower	59.0%	58.6%	57.7%	57.6%	57.1%
90 Days Delinq as a % of Repay & Forb	2.4%	2.0%	1.4%	1.5%	1.5%
Forb as a % of Repay & Forb	6.7%	11.0%	12.0%	15.5%	12.8%
Annualized Net C/O's as a % of Repay	2.5%	2.0%	2.0%	1.7%	1.5%
	<u>12/31/2008</u>	<u>9/30/2008</u>	<u>6/30/2008</u>	<u>3/31/2008</u>	<u>12/31/2007</u>
<b>Non-Traditional</b>					
Loans Outstanding	\$4,945	\$4,952	\$4,873	\$4,811	\$4,580
Loans in Repay	\$2,997	\$2,641	\$2,451	\$2,187	\$2,155
% with a Co-Borrower	26.4%	26.2%	26.3%	25.8%	25.4%
90 Days Delinq as a % of Repay & Forb	11.5%	10.2%	8.0%	8.3%	8.9%
Forb as a % of Repay & Forb	9.0%	14.4%	18.5%	21.4%	19.4%
Annualized Net C/O's as a % of Repay	16.1%	12.9%	15.0%	12.9%	11.9%

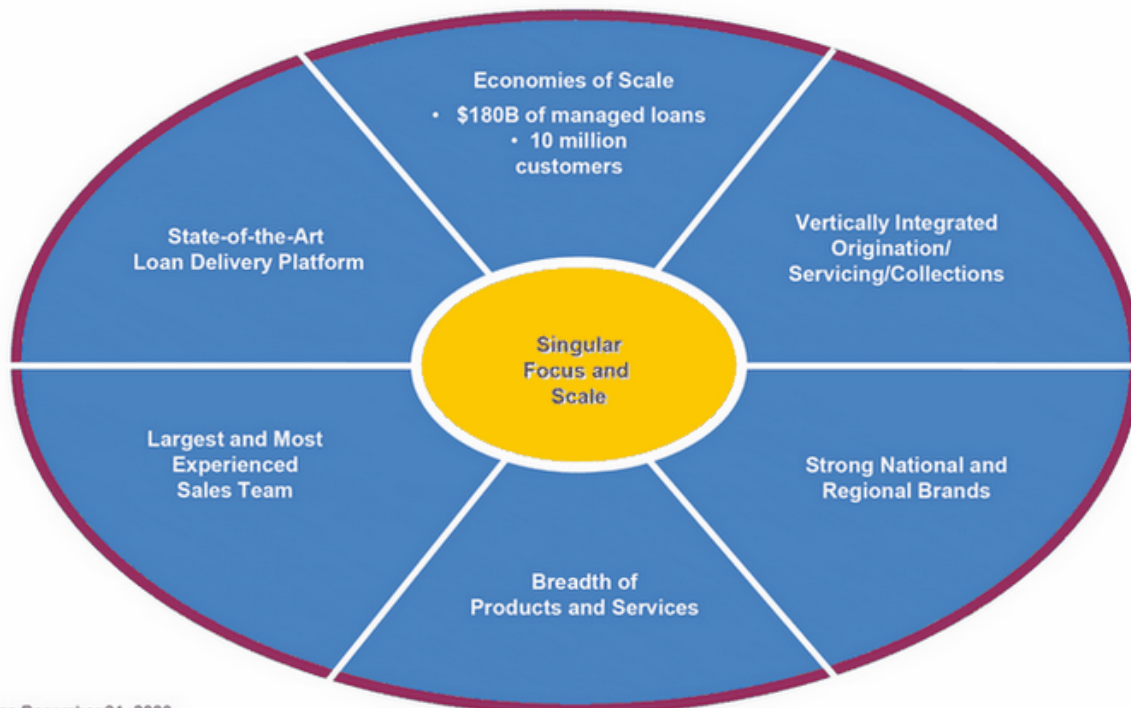
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# Servicing: A Competitive Advantage

## SLM's Competitive Advantage

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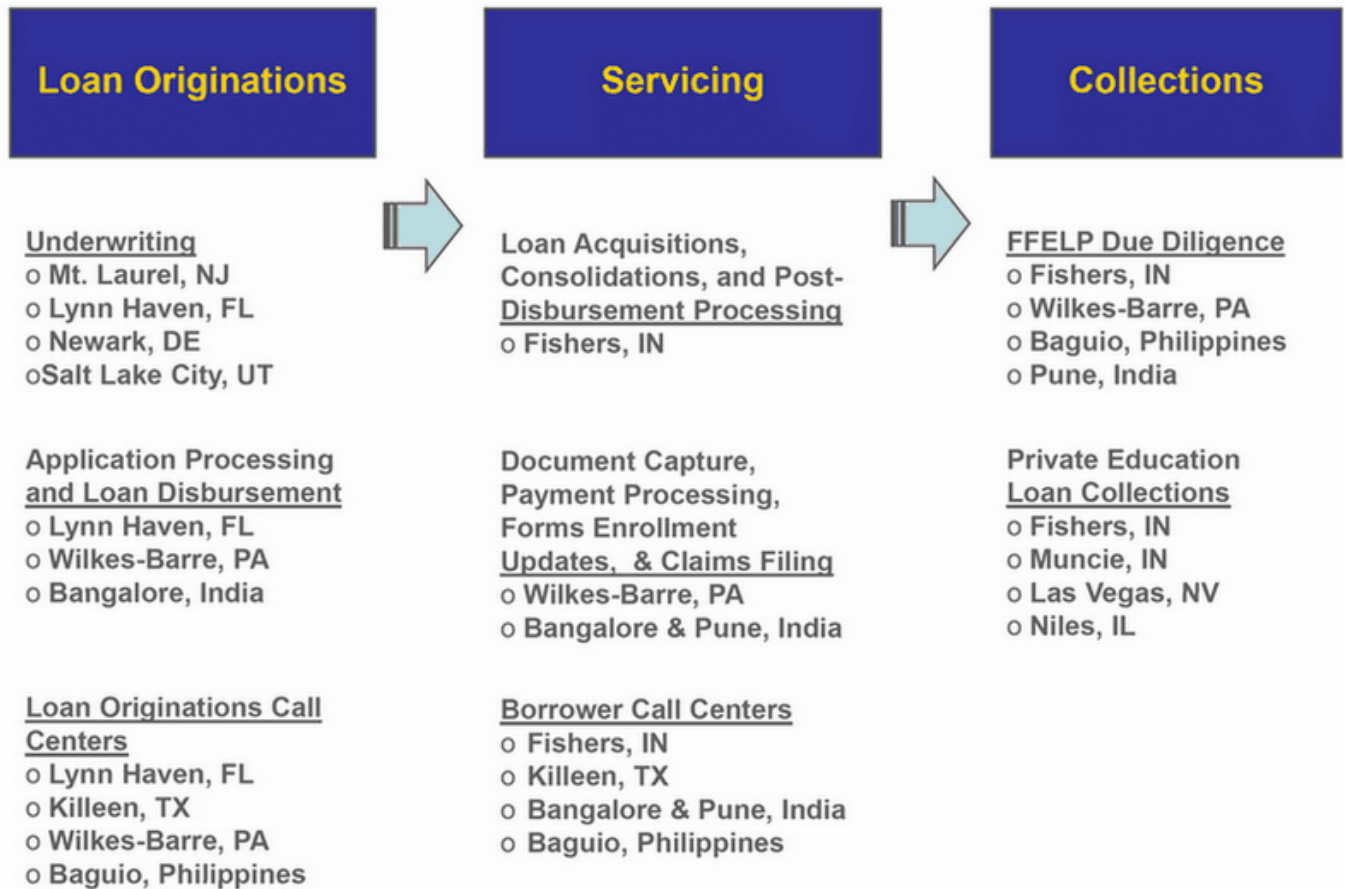
- SLM has a distinct competitive advantage in all facets of the education loan market.



Note: Figures as December 31, 2008.

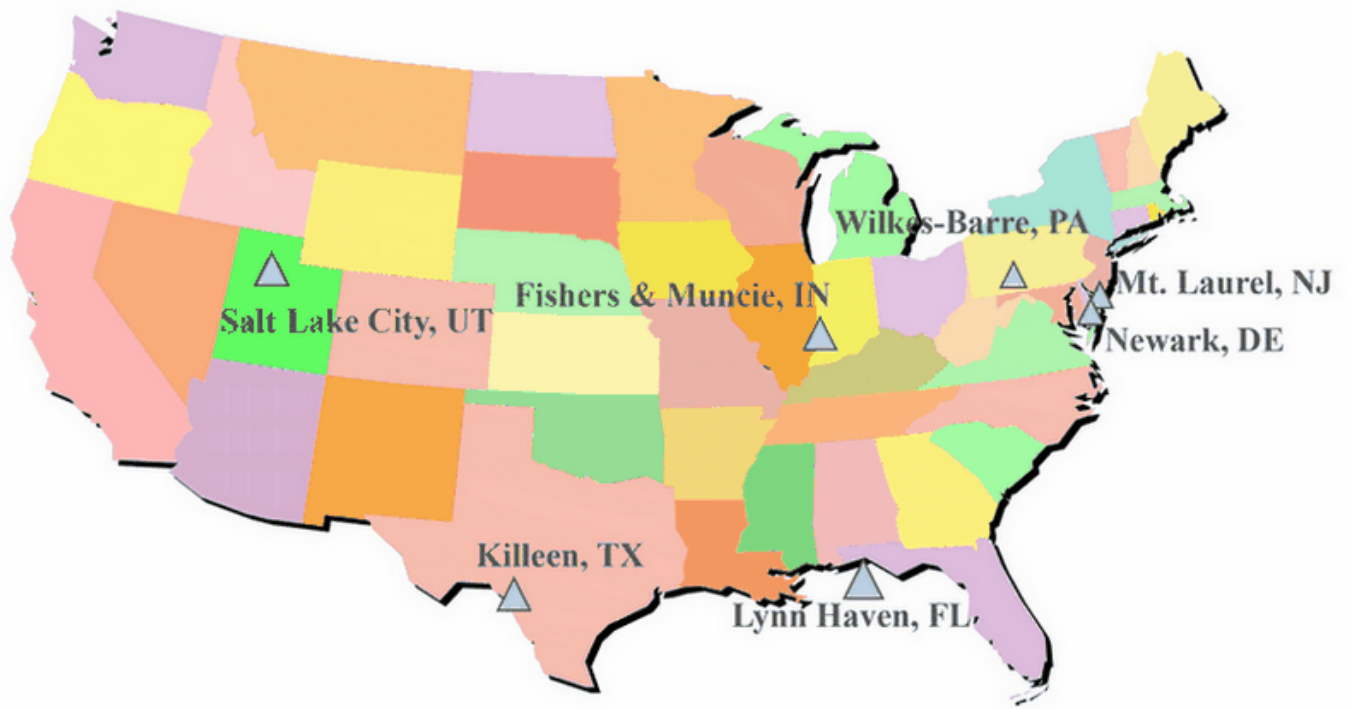
## Operations Overview

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## Operations Locations

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# Funding Diversity and Liquidity

## Liquidity Position Update

(\$ in billions)	<u>12/31/2008</u>	<u>9/30/2008</u>	<u>12/31/2007</u>
<u>Sources of Primary Liquidity:</u>			
ED Purchase and Participation Program	Unlimited	Unlimited	-
Unrestricted Cash & Liquid Investments	\$5.0	\$4.7	\$10.3
Unused Commercial Paper and Bank Lines of Credit <sup>(1)</sup>	5.2	6.2	6.5
2008 FFELP ABCP Facilities	0.8	1.2	-
2008 Private ABCP Facilities	0.3	0.1	-
ABCP Borrowing Capacity	-	-	5.9
Interim ABCP Facility Borrowing Capacity	=	=	<u>4.0</u>
Total Sources of Primary Liquidity	11.3	12.1	26.7
<u>Stand-by Liquidity:</u>			
Unencumbered FFELP Loans	<u>5.2</u>	<u>9.0</u>	<u>18.7</u>
Total Primary and Stand-by Liquidity <sup>(2)</sup>	<u>\$16.6</u>	<u>\$21.2</u>	<u>\$45.5</u>

(1) At December 31, 2008 and September 30, 2008, excludes \$308 and \$328 million, respectively, commitment from Lehman Brothers Bank, FSB, a subsidiary of Lehman Brothers Holdings, Inc. which declared bankruptcy on September 15, 2008. The Company's line of credit commitments decreased by \$1.0 billion effective October 23, 2008.

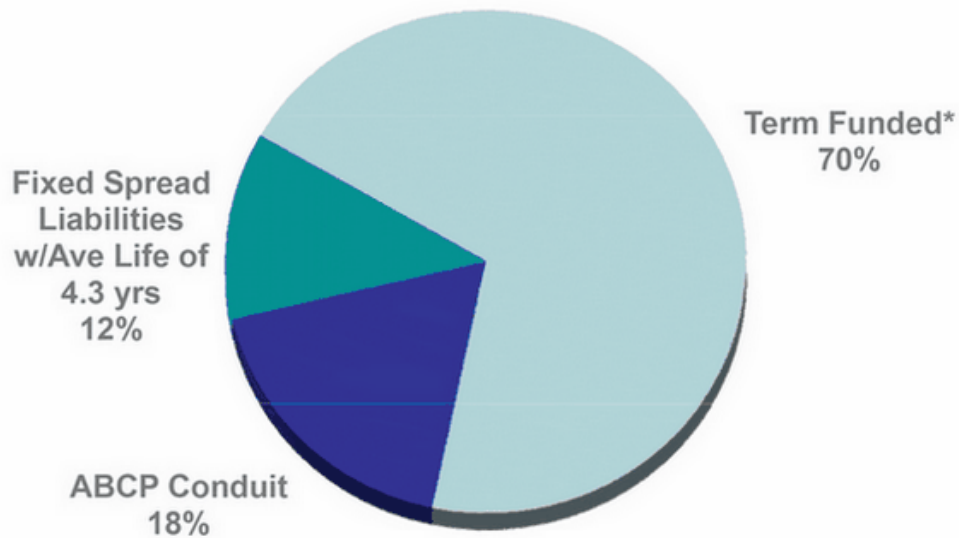
(2) Numbers may not add due to rounding

## Funding Sources

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- Employ conservative long-term funding model

### \$180 Billion Managed Student Loan Portfolio



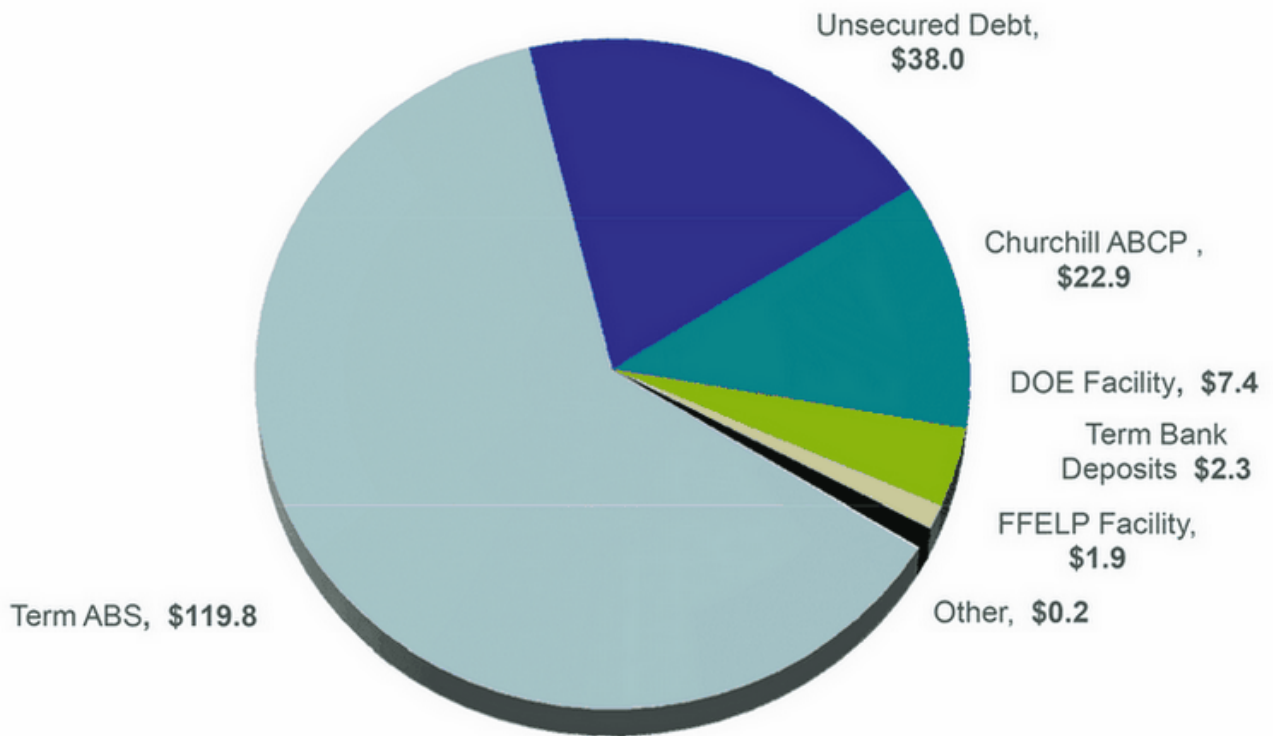
\* Term Funded includes 4% or \$7.6 Billion of advances outstanding under the ED Purchase and Participation Program @ 12/31/08



## Funding Distribution

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- At December 31, 2008, total managed debt borrowings was \$192 billion.



## SLM Corporate Debt and ABS Issuance

- SLM has issued \$176 billion of long-term, corporate debt and asset-backed securities since 2004, across a broad range of maturities

### New Issuance Volume

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Corporate Debt Issuance <sup>(1)</sup>	\$15B	\$10B	\$12B	\$1.6B	\$2.5B
Term ABS Issuance <sup>(1)</sup>	<u>\$30B</u>	<u>\$27B</u>	<u>\$34B</u>	<u>\$26B</u>	<u>\$19B</u>
Total Term Debt Issuance	\$45B	\$37B	\$45B	\$28B	\$21B
ED Funding					\$7.4
ABS Tranches	66	75	89	57	40
Range of Maturities in Years	1 - 30	1 - 30	1 - 30	1 - 30	1 - 30
Average Life to Call in Years	5.8	6.5	7.2	7.2	5.1
Average Cost of Funds vs. US\$ LIBOR <sup>(2)</sup>	+25 bp	+18 bp	+19 bp	+20bp	+158bp

(1) Excludes short-term issuance under SLM's corporate and asset-backed commercial paper programs.

(2) Swapped equivalent spread, including amortized issuance costs. Includes SLM corporate debt and term asset-backed securities.

Note: Totals may not add due to rounding.

## SLM ABS Issuance Volume

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### SLM ABS Term Issuance Volume (\$ billions) <sup>(1)</sup>

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Non-Consolidation FFELP ABS	\$6.6	\$5.1	\$9.1	\$18.5
Consolidation FFELP ABS	17.1	22.9	15.0	0.0
Private Credit ABS	<u>3.4</u>	<u>5.7</u>	<u>2.2</u>	<u>0.0</u>
<b>Total ABS Issuance</b>	<b>\$27.0</b>	<b>\$33.7</b>	<b>\$26.3</b>	<b>\$18.5</b>

(1) Excludes outstandings under SLM's asset-backed commercial paper program. Totals may not add due to rounding.

## SLM Corporate Debt Issuance Volume

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### SLM Corporate Term Debt Issuance Volume (\$ billions)<sup>(1)</sup>

Issuance Type	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
US\$ Global & Medium Term Notes	\$6.4	\$4.5	\$5.8	\$1.4	\$2.5
Foreign Currency Denominated <sup>(2)</sup>	4.2	4.0	3.9	0.2	0.0
Extendible Notes	2.5	1.0	1.5	0.0	0.0
Retail Note Program	1.8	0.8	0.5	0.0	0.0
Convertible Debentures	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.1</u>	<u>0.0</u>
<b>Total Corporate Debt Issuance</b>	<b>\$ 14.8</b>	<b>\$10.3</b>	<b>\$ 11.7</b>	<b>\$1.6</b>	<b>\$2.5</b>

(1) Excludes issuance under SLM's \$6.5 billion commercial paper program.

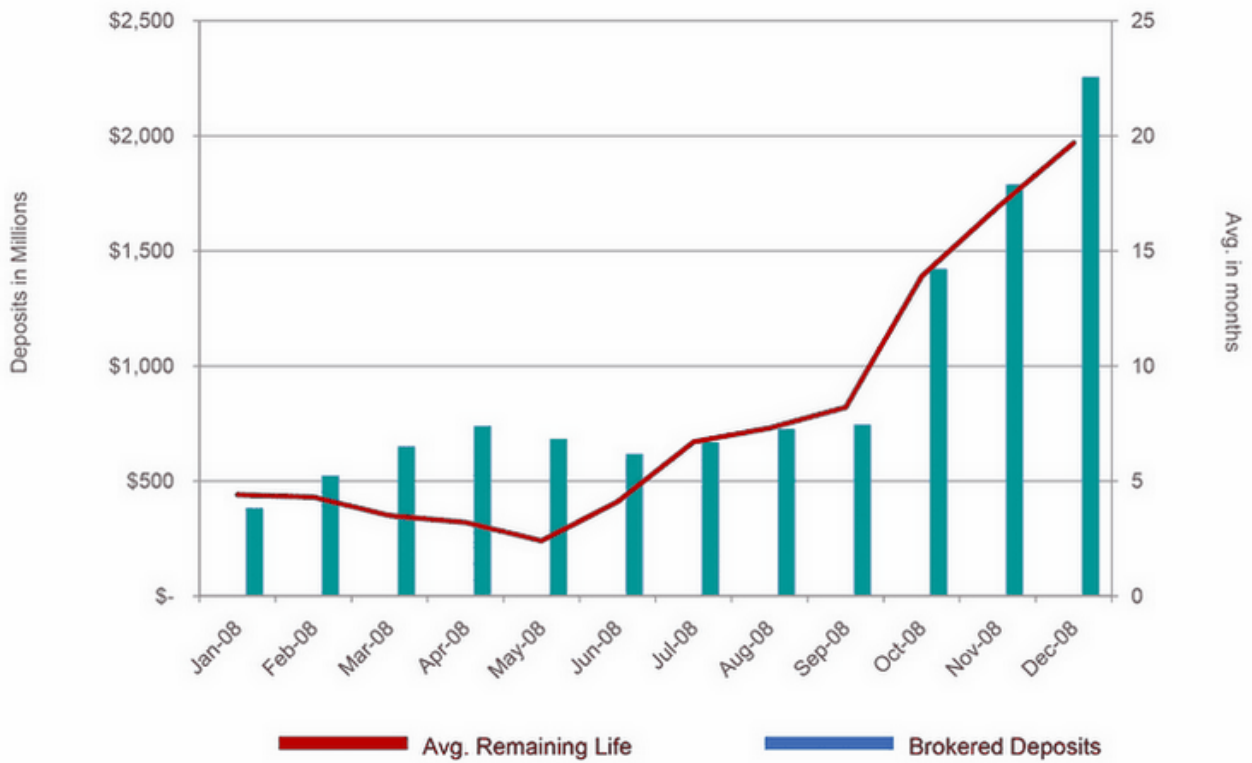
(2) US\$ equivalent at the time of issuance.

## Sallie Mae Bank

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- Bank charter
  - Utah based ILC regulated by FDIC and Utah Department of Financial Institutions (UDFI)
  - Charter granted October 2005
- Current bank activity
  - Originates Sallie Mae's private education loans
  - Funded through affiliate and brokered deposits
  - 46.3% Total Risk-based Capital at December 31, 2008
- Deposit taking activities
  - **Total deposits increased by 300% in 2008**
  - **Deposits totaled \$2.7 billion at 12/31/08**
    - \$ 2.3 billion Brokered Deposits
    - \$450 million Affiliate Deposits
  - **Brokered Deposit portfolio has a weighted average maturity of 19.7 months**

## Sallie Mae Bank Brokered Deposits



As of 12/31/08

## Sallie Mae Bank – Deposits

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<b>Bank Deposits</b> (\$ millions)			
	<b>Dec 07</b>	<b>Sep 08</b>	<b>Dec 08</b>
<b>Brokered Deposits</b>	\$254	\$744	\$2,256
<b>Other Deposits*</b>	\$431	\$491	\$457
<b>Total Deposits</b>	\$685	\$1,235	\$2,713

\*primarily affiliate demand deposit accounts with no stated maturities

## Sallie Mae Bank – Capital

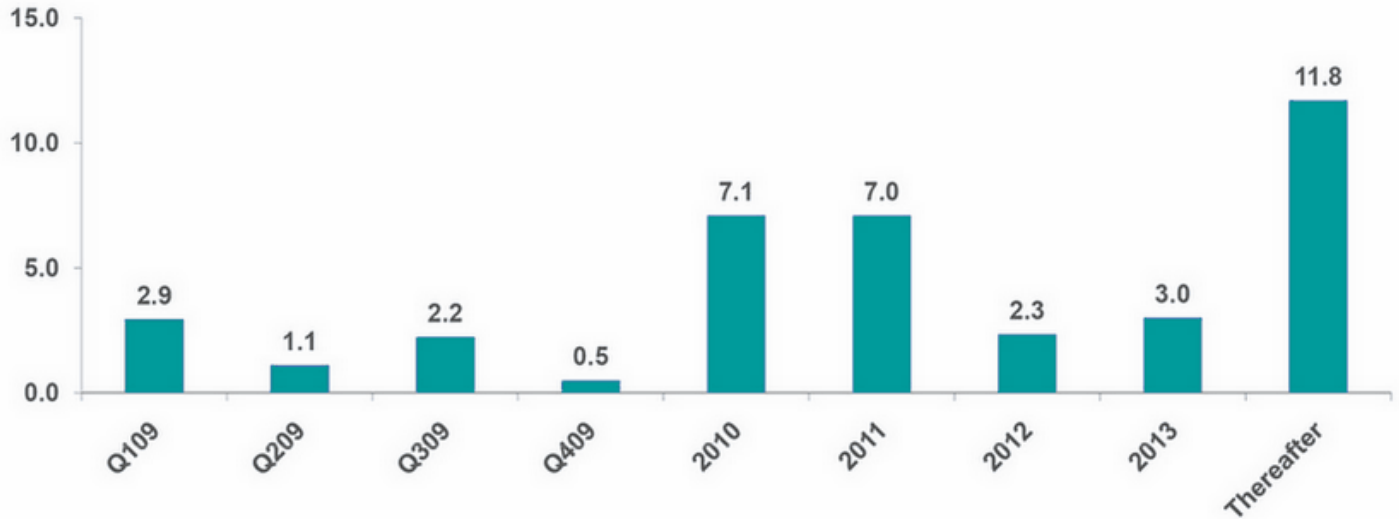
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Regulatory Capital Ratios					
Ratio	Dec 07	Mar 08	Jun 08	Oct 08	Dec 08
Tier 1 Leverage	23.2%	18.5%	17.3%	16.7%	40.6%
Tier 1 Risk Based	24.4%	18.6%	20.0%	17.9%	45.8%
Total Risk Based	24.4%	18.6%	20.0%	17.9%	46.2%



## Unsecured Debt Maturities

As of December 31, 2008  
(par value, \$ in billions)



- Repurchased \$1.2 Bn of 2009 debt in 2008

Note: Does not include SLM Bank or subsidiary funding

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# Risk-Adjusted Capitalization

## Capitalization

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### SLM Corp

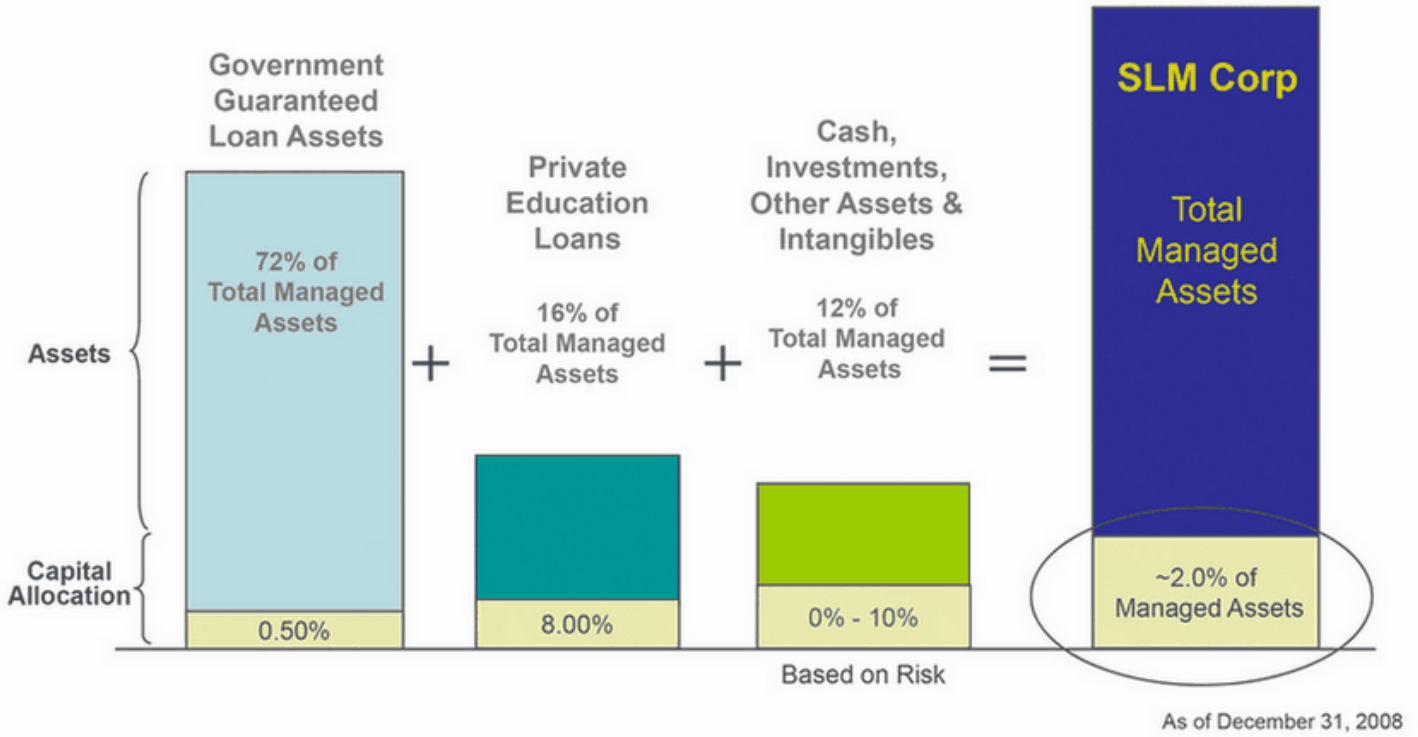
	<u>2006</u>	<u>2007</u>	<u>2008</u>
Tangible Equity/Managed Assets <sup>(1)</sup>	1.8%	2.0%	1.8%
Tangible Equity/Net Charge-Offs <sup>(2)</sup>	16x	8X	6x

(1) GAAP tangible stockholders' equity as a percentage of total managed assets.

(2) Average GAAP tangible equity including preferred stock to net charge-offs. SLM net charge-offs based on total managed loans.

# Capital Allocation

- SLM allocates capital internally based on the risk of the assets it supports





FFELP Appendix  
2008 Investor Presentation

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## SLM FFELP ABS Issue Characteristics

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### Typical SLM FFELP ABS Transaction Features

- Historical issue size of \$1.0B to \$5.0(+)<sup>B</sup>
- Tranches denominated in US\$ or Euros
- 'Aaa/AAA/AAA' rated senior tranches make up 97% of issue structure
- Floating rate tied to 3 mo. LIBOR, with occasional fixed rate issuance
- Amortizing tranches, with 1 to 15(+) year average lives
- Serviced by Sallie Mae, Inc.

### Unique Characteristics of FFELP Loan ABS

- Explicit U.S. government guarantee of underlying collateral insulates bondholders from virtually any loss of principal <sup>(1)</sup>
- Formerly a 20% risk-weighted asset, now a <10% risk-weighted under Basel II's IRB methodology
- Offer significantly higher spreads than government agency securities with comparable risk profiles
- Short (1-3 yrs), intermediate (3-7 yrs), long (7-10 yrs) and very long (10-15+ years) term tranches available at new issue and in secondary

(1) Principal and accrued interest on underlying FFELP loan collateral carry a guarantee of either 98% or 97%. Guarantee is dependent on meeting the servicing requirements of the U.S. Department of Education.

## Recent FFELP ABS Structures

### Recent SLM New Issue FFELP ABS Structures

	Non-Consolidation FFELP					Non-Consolidation FFELP					Consolidation FFELP				
<b>Issue:</b>	\$4.1B SLM Trust 2008-9					\$1.0B SLM Trust 2008-8					\$1.6B SLM Trust 2007-8				
<b>Closing Date:</b>	August 28, 2008					August 5, 2008					November 30, 2007				
<b>Collateral:</b>	US Govt. Guaranteed FFELP Stafford and PLUS Loans					US Govt. Guaranteed FFELP Stafford and PLUS Loans					US Govt. Guaranteed FFELP Consolidation Loans				
<b>Initial Pricing CPR<sup>1</sup>:</b>	Negotiated					12%					CLR Ramp (0%-8%) over 10 years				
		Moody's	Amt	AL <sup>1</sup>	Pricing		Moody's	Amt	AL <sup>1</sup>	Pricing		Moody's	Amt	AL <sup>1</sup>	Pricing
<b>Tranching:</b>	A	Aaa	\$3,964	4.55	L+160	A1	Aaa	\$264	1.0	L+50	A1	Aaa	\$259	2.0	L+23
	B <sub>2</sub>	Aa1	\$123	9.16	L+225	A2	Aaa	\$307	3.0	L+90	A2	Aaa	\$234	5.0	L+33
						A3	Aaa	\$145	5.0	L+115	A3	Aaa	\$135	7.0	L+38
						A4	Aaa	\$237	7.4	L+150	A4	Aaa	\$430	10.0	L+47
						B <sub>2</sub>	Aa1	\$29	8.5	L+225	A5	Aaa	\$453	16.0	L+55
											B1	Aa1	\$47	12.6	L+100

1 Estimated based on a variety of assumptions concerning loan repayment behavior, as more fully described in the related prospectus, which may be obtained at <http://www2.salliemae.com/investors/debtasset/slmsltrusts/>. Actual average life may vary significantly from estimates.

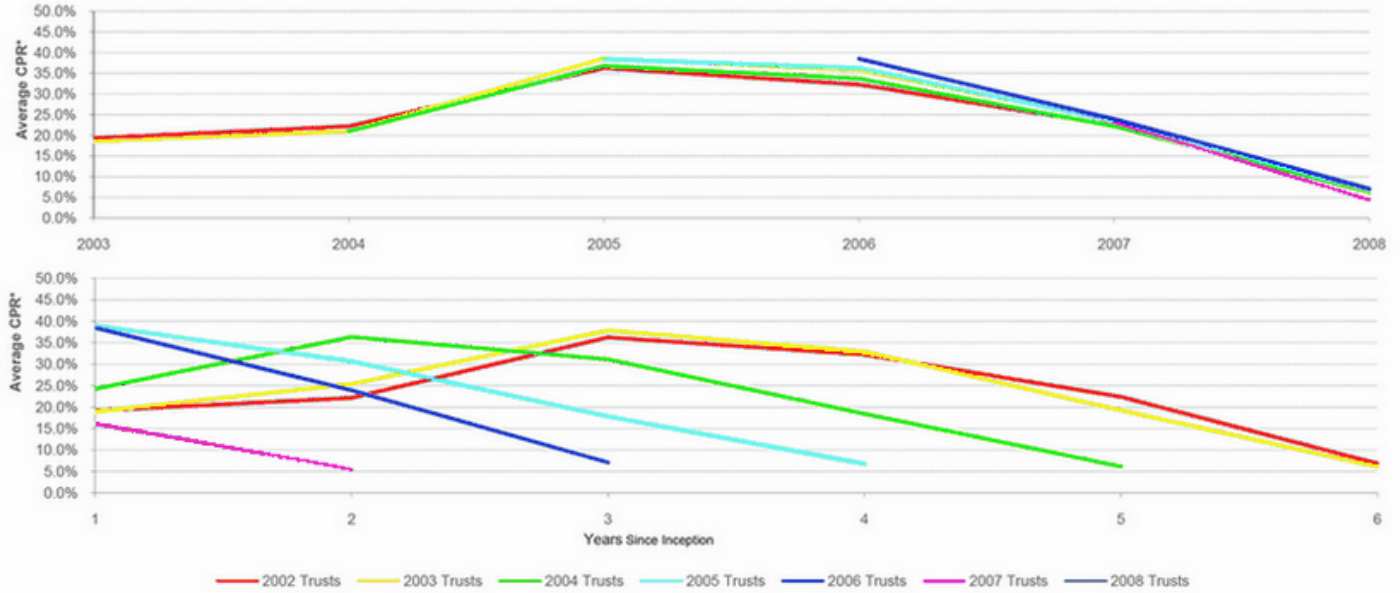
2 Tranch retained by Sallie Mae

# SLM Stafford/PLUS ABS Trusts

## Prepayment Analysis

- Annualized CPRs for SLM Stafford/PLUS ABS Trusts have decreased significantly as incentives for borrowers to consolidate have declined

Historical SLM Stafford/PLUS ABS CPRs



\* Average CPR is the simple (non-weighted) average of four Quarterly CPR calculations for years ended December 31. Quarterly CPR assumes School and Grace loans are not scheduled to make payments. Deferment, Forbearance and Repayment loans are scheduled to make payments.

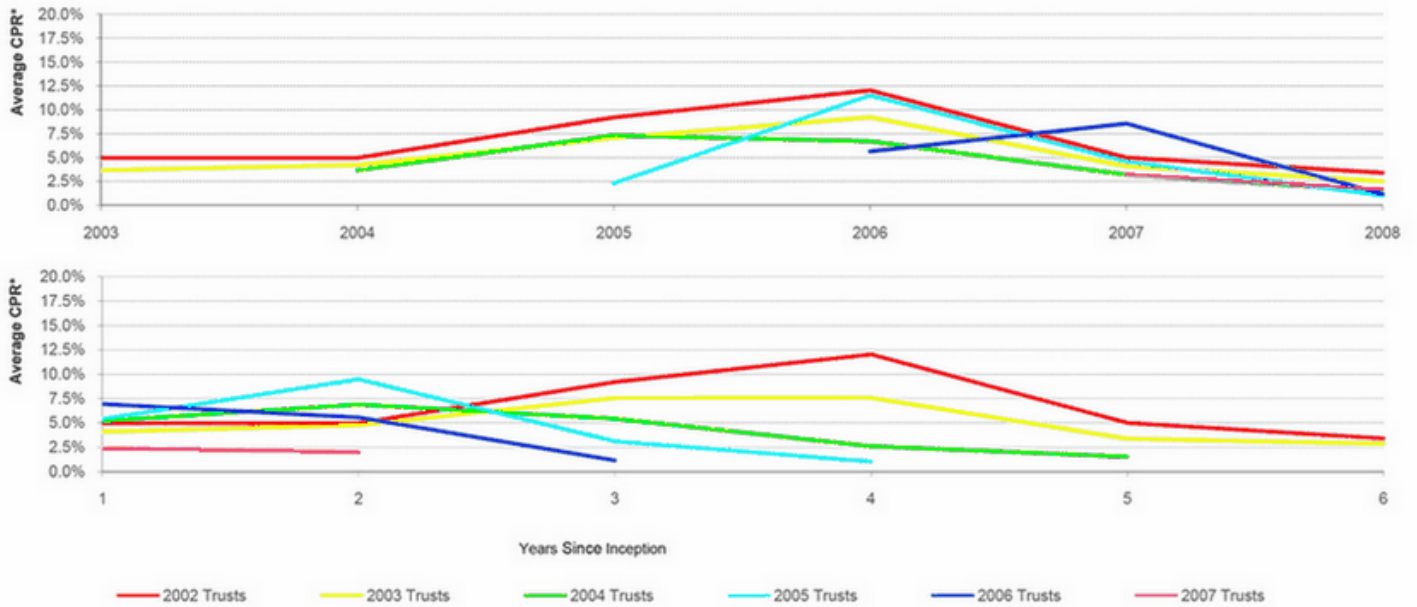


# SLM Consolidation ABS Trusts

## Prepayment Analysis

- CPRs for SLM Consolidation ABS Trusts have declined significantly following legislation that prevented in-school and re-consolidation of borrowers' loans

Historical Consolidation ABS CPRs



\* Average CPR is the simple (non-weighted) average of four Quarterly CPR calculations for years ended December 31. Quarterly CPR assumes School and Grace loans are not scheduled to make payments. Deferment, Forbearance and Repayment loans are scheduled to make payments.



Private Credit Appendix  
2008 Investor Presentation

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## Rating Actions on SLM Private Credit Student Loan ABS

- There have been a number of upgrades and no downgrades to Sallie Mae's Private Credit ABS since the program's inception in 2002

### Moody's<sup>(1)</sup> - March 2007

Deal	Tranche	Previous Rating	Current Rating
2002-A	B	A1	Aa3
2002-A	C	Baa1	A3
2003-A	B	A1	Aa3
2003-A	C	Baa1	A3
2003-B	B	A1	Aa3
2003-B	C	Baa1	A3
2004-A	B	A1	Aa3
2004-A	C	Baa1	A3
2004-B	B	A1	Aa3
2004-B	C	Baa1	A3

### Fitch - September 2007

Deal	Tranche	Previous Rating	Current Rating
2002-A	B	A	AA+
2002-A	C	BBB	A+
2003-A	B	A+	AA
2003-A	C	BBB+	A
2003-B	B	A+	AA
2003-B	C	BBB+	A
2003-C	B	A+	AA
2003-C	C	BBB+	A
2004-A	B	A+	AA
2004-A	C	BBB+	A
2004-B	B	A+	AA
2004-B	C	BBB+	A

### S&P - July 2008

Deal	Tranche	Previous Rating	Current Rating
2002-A	B	A	AA
2002-A	C	BBB	A

(1) On September 17, 2008, as a result of Lehman's bankruptcy and rating downgrade, Moody's placed all of the tranches from the SLM Student Loan Trust 2004-1 transaction on review for possible downgrade. Lehman Brothers Special Financing Inc. acted as interest rate swap provider for the class A-6 reset rate notes. The Lehman interest rate swap expires in January 2009 and is fully cash collateralized.

## Private Credit Loan Underwriting Criteria

- Underwriting has recently been intensified and enhanced with school-based decision criteria

	December 2007		Current <sup>(1)</sup>	
	FICO	Other	FICO	Other
Undergraduate and Graduate	> 640	Borrowing limits - Undergraduate: \$100,000 Graduate: \$150,000  Exceptions for borderline and serial borrowers	Seven FICO tiers based on school type and Federal Loan default rates  Absolute minimums -  Not-For-Profit Schools: FICO > 660 For-Profit Schools: FICO > 700	Borrowing limits school specific  Exceptions discontinued  School meets eligibility requirements i.e. Title IV and accredited
Direct-To-Consumer	> 640	Aggregate limit: \$130,000	Temporarily suspended, expected to resume when funding environment improves	
Private Credit Consolidation	> 640	Graduates only Aggregate limit: \$275,000		

(1) As of January 2009

## Private Credit Loan Collections

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- Sallie Mae services and collects the loans in its Private Credit ABS Trusts
- Private credit collections are conducted by a stand-alone consumer credit collections unit, not the company's FFELP collections operations
- Managed by individuals with prior experience managing collections operations for consumer loan assets
- Over the past 18 months, private credit collections resources have been significantly increased and collections technology and practices enhanced
  - Multi-variable analysis has enabled prioritization of collection efforts on higher risk borrowers
  - Forbearance policy has been revamped, with eligibility and duration based on a risk-based decision tree model

## Forbearance

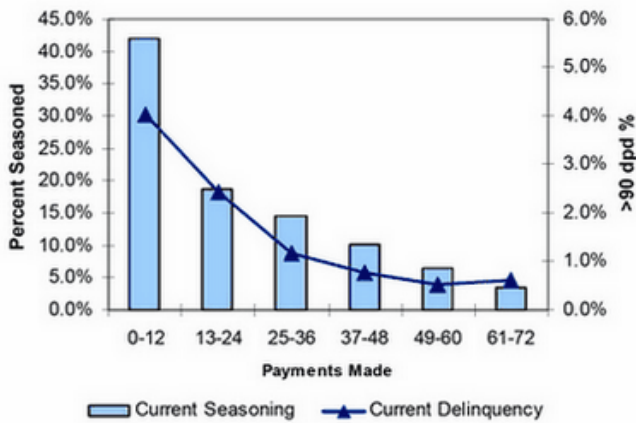
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- A collections tool used to provide borrowers time to improve their ability to repay
  - Between graduation and start of first job
  - Economic hardship
- Provides borrower with time to obtain employment and income to support their obligations
- Applied most frequently in the first two years of repayment
- Granted for three month intervals, up to a maximum of 24 months
- Majority of loans are in forbearance for less than 12 months
- Placing a loan in forbearance suspends payments, with interest capitalized to the loan balance

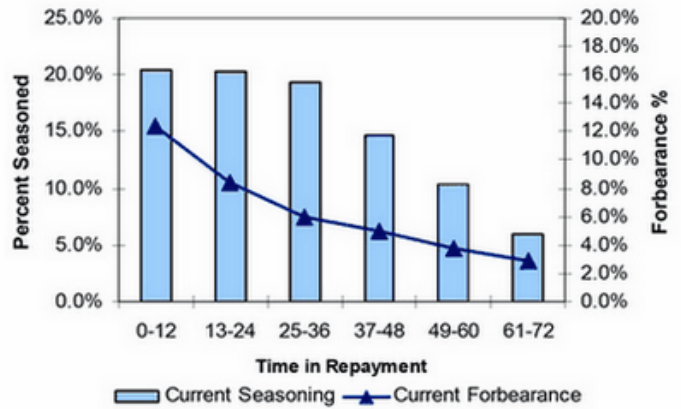
# SLM Private Credit Delinquency and Forbearance Seasoning Trends

- Delinquency and forbearance are highest when loans enter repayment, and diminish as loans season
- As the trust loans season, delinquency and forbearance are expected to decline

**90+ Day Delinquencies, % of Loans in Repayment  
SLM Private Credit Trusts**



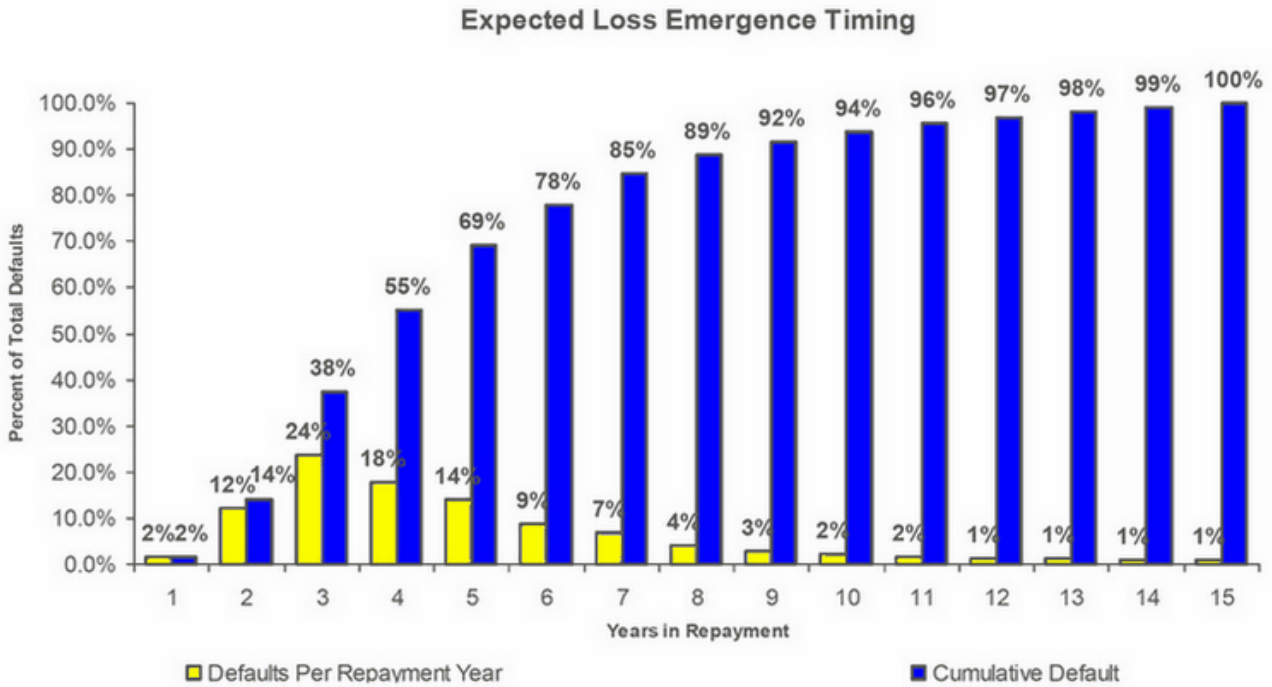
**Forbearance, % of Loans in Repayment and Forbearance  
SLM Private Credit Trusts**



Note: Based on historical data through December 31, 2008

## SLM Private Credit Default Emergence Profile

- Defaults in SLM Private Credit ABS Trusts increase as loans first enter repayment, then diminish steadily over time

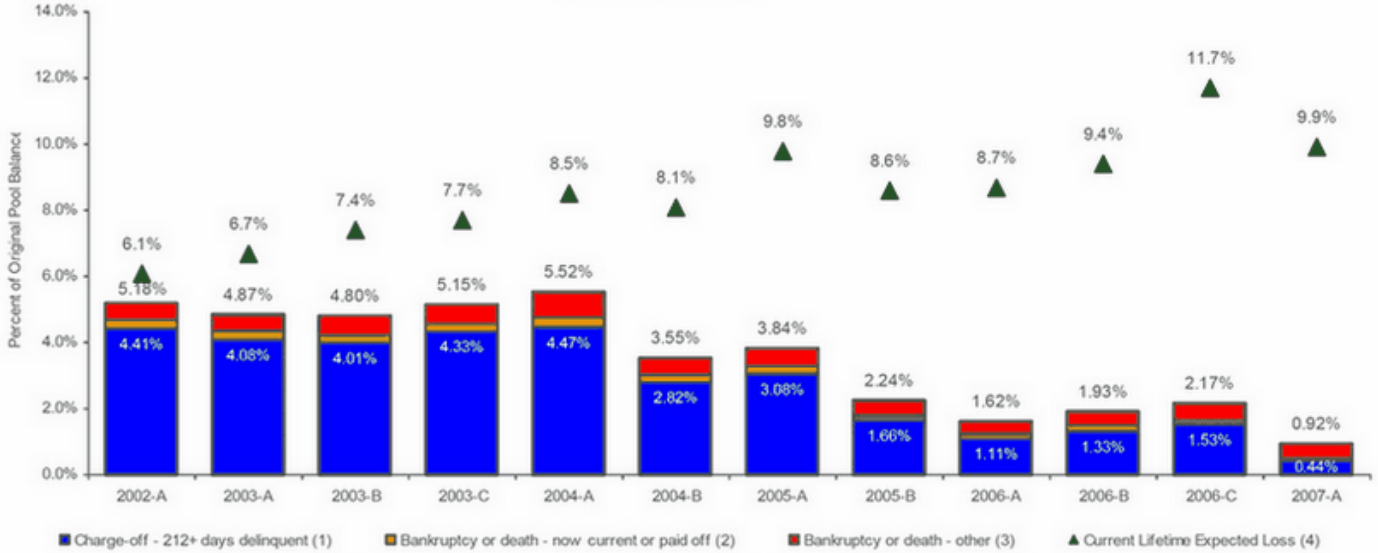


Based on historical data thru June 30, 2008



## SLM Private Credit Gross Defaults: Actual-To-Date vs. Current Lifetime Expectations

Actual-to-Date Cumulative Gross Defaults and Current Lifetime Expectations,  
including Bankruptcy Information  
All Trust Loans



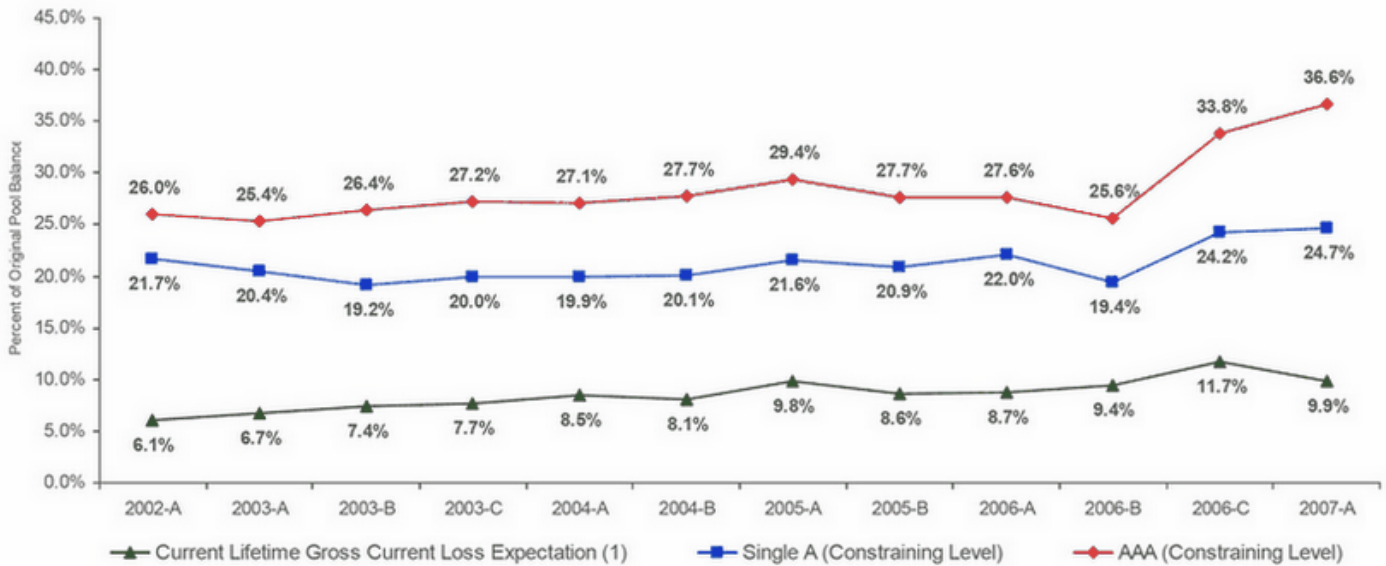
For SLM Private Credit Student Loan Trusts issued prior to 2005-B, the servicer has the option, but not the obligation, to repurchase loans that (i) become 180+ days delinquent and/or (ii) have a borrower who filed for bankruptcy or died. Prior to November 1, 2008, the servicer exercised this repurchase option and actual charge-offs in these trusts equaled zero. Beginning November 1, 2008, the servicer ceased purchasing from the trust loans that are more than 180 days delinquent. For the purposes of comparison across all deals, this chart reflects trust charge-offs for SLM Private Credit Student Loan Trusts issued prior to 2005-B as if the servicer had never exercised its repurchase option.

- (1) Charge-offs per the servicer's portfolio definition which is generally 212+ days delinquent. Includes loans for which a borrower has filed bankruptcy which have subsequently become 212+ days delinquent.  
 (2) Charge-offs due to a borrower's bankruptcy filing for which the loan is now current or paid off.  
 (3) Charge-offs due to a borrower's bankruptcy filing or death for which the loan is not current or paid off but has not become 212+ days delinquent. These loans are in various statuses including: bankruptcy stay, deferment, forbearance or delinquency.

Based on historical data thru November 30, 2008

## SLM Private Credit Gross Defaults: Current Lifetime Expectations vs. Constraining Rating Agency Stress Levels at Issuance

Constraining Rating Agency Stress Levels at Issuance for 'AAA' and 'A' Ratings versus Current Lifetime Cumulative Gross Default Expectations  
All Trust Loans

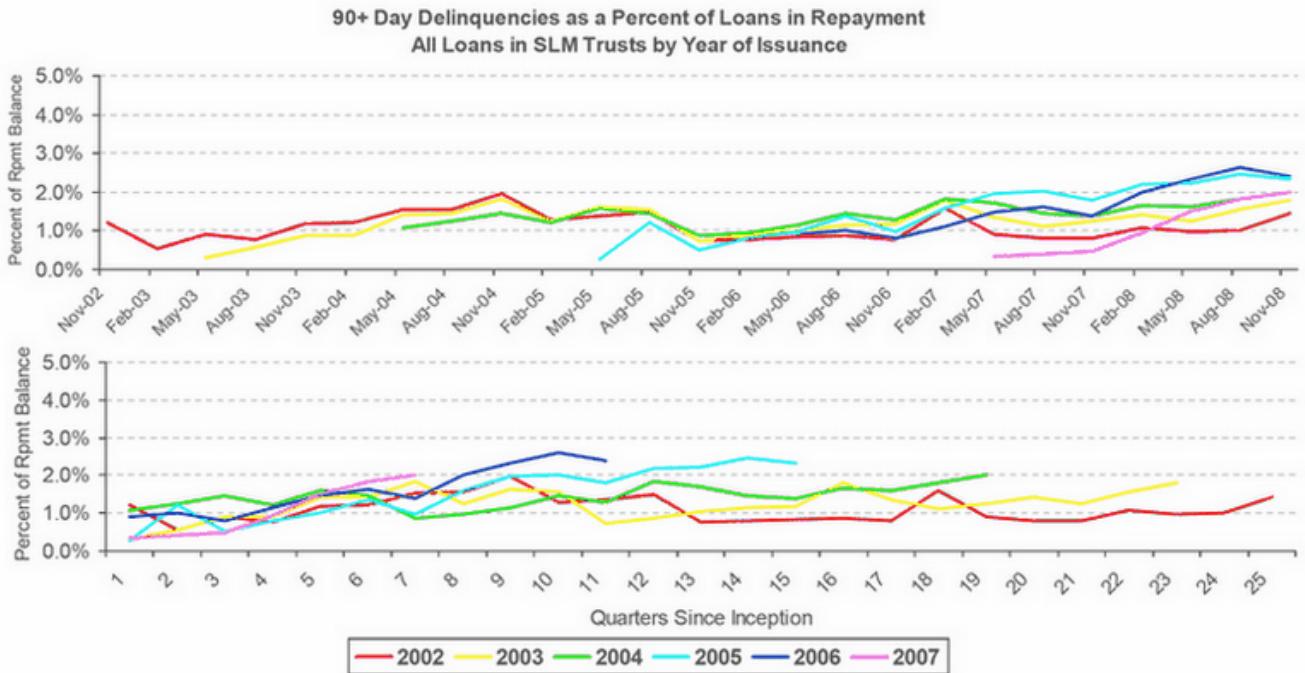


(1) Charge-offs per the servicer's portfolio definition which is generally 212+ days delinquent. Includes loans for which a borrower has filed bankruptcy which have subsequently become 212+ days delinquent.

Source: Sallie Mae, based on historical data thru November 30, 2008

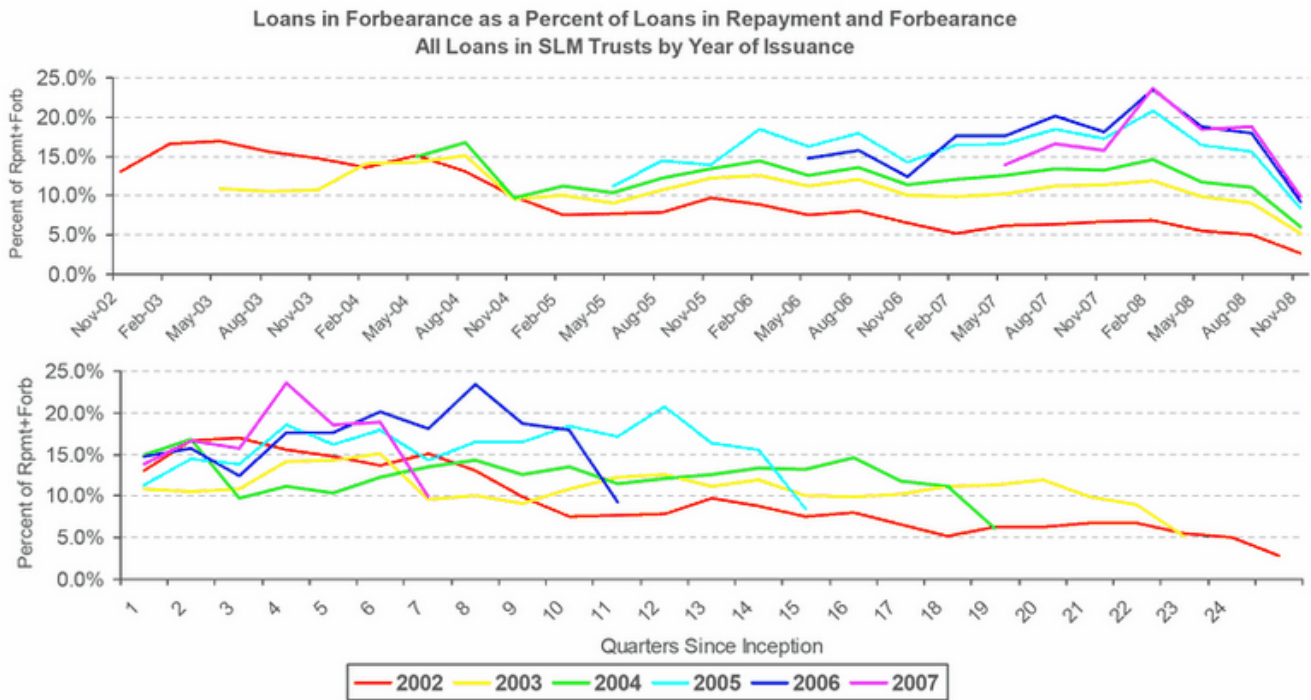
## SLM Private Credit ABS Trusts: 90+ Day Delinquencies

- Upward trend in delinquencies for newer trusts is driven by a higher percentage of loans first entering repayment, when borrowers are most likely to become delinquent



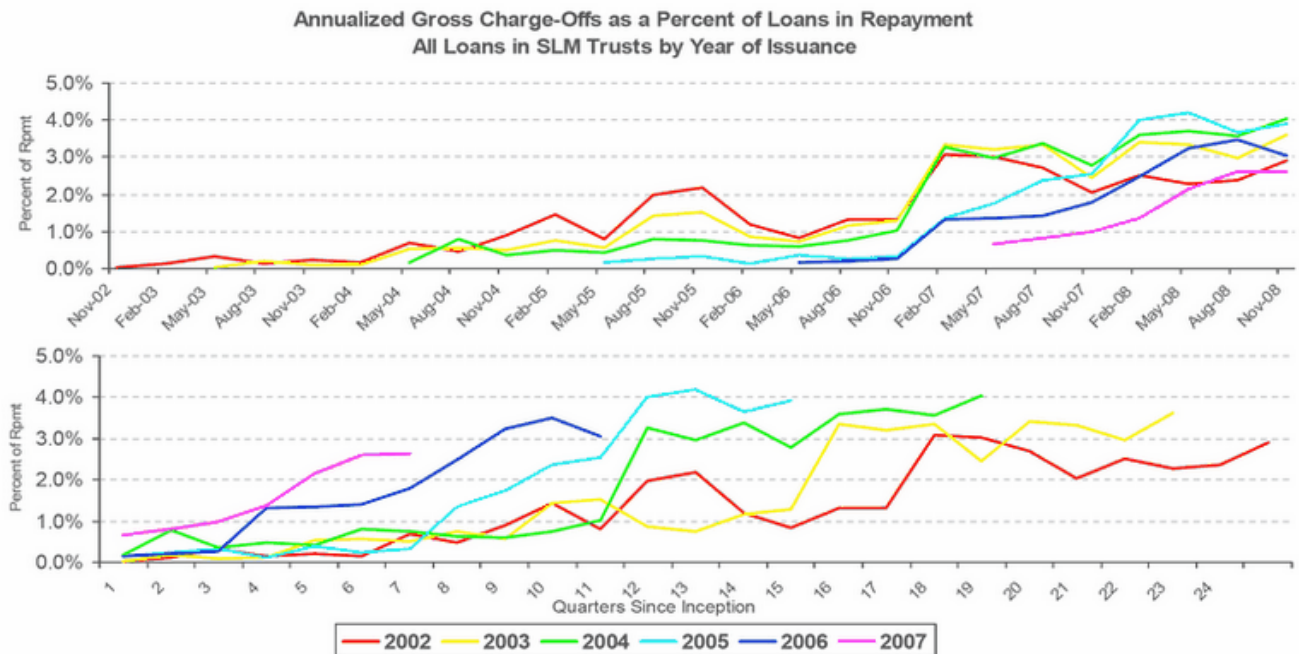
## SLM Private Credit ABS Trusts: Forbearance

- Use of forbearance as a collection tool peaked in early 2008, and has declined since, primarily as a result of restrictions on the length of forbearances granted
- Forbearance usage is typically highest when loans enter repayment, and declines as loans season



## SLM Private Credit ABS Trusts: Annualized Gross Charge-offs

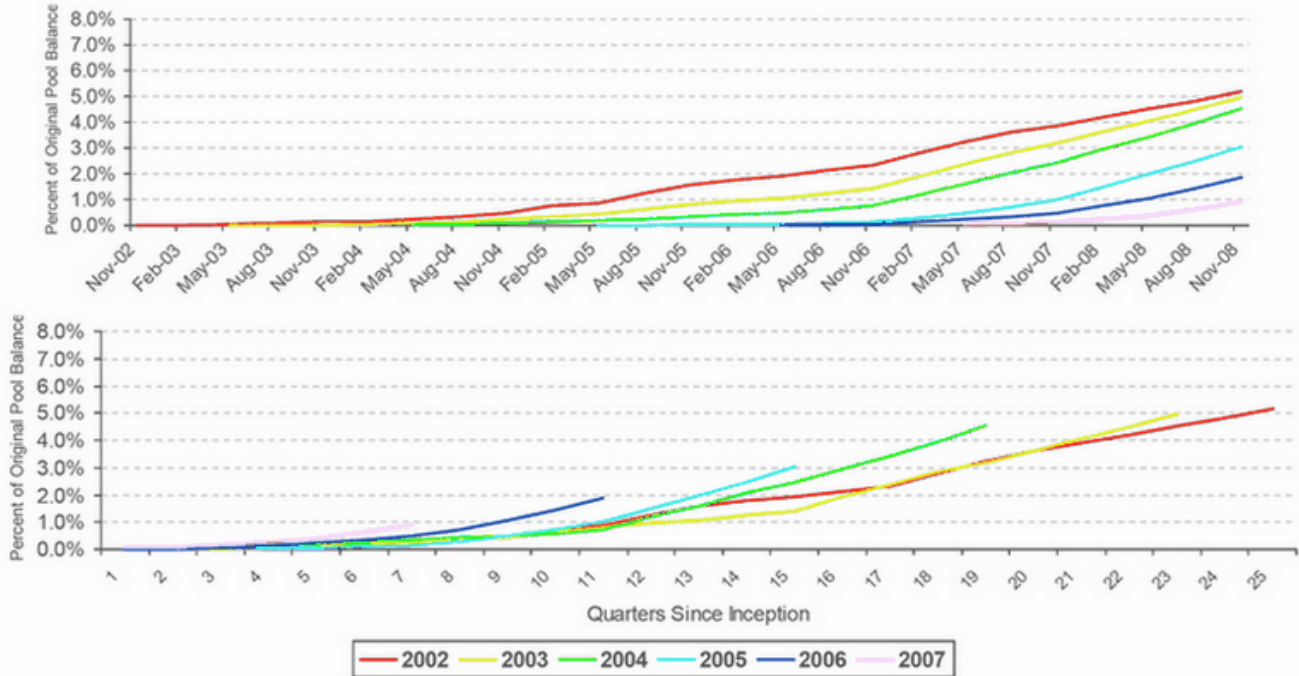
- Charge-off levels first increased in 2007 and have remained elevated through the economic downturn
- As is typical, more recent Trusts with a greater percentage of borrowers first entering repayment continue to exhibit higher charge-offs



(1) For SLM Private Credit Student Loan Trusts issued prior to 2005-B, the servicer has the option, but not the obligation, to repurchase loans that (i) become 180+ days delinquent and/or (ii) have a borrower who filed for bankruptcy or died. Prior to November 1, 2008, the servicer exercised this repurchase option and actual charge-offs in these trusts equaled zero. Beginning November 1, 2008, the servicer ceased purchasing from the trust loans that are more than 180 days delinquent. For the purposes of comparison across all deals, this chart reflects trust charge-offs for SLM Private Credit Student Loan Trusts issued prior to 2005-B as if the servicer had never exercised its repurchase option.

# SLM Private Credit ABS Trusts: Historical Cumulative Gross Charge-Offs<sup>(1)</sup>

Cumulative Gross Charge-Offs as a Percent of Original Pool Balance  
All Loans in SLM Trusts by Year of Issuance

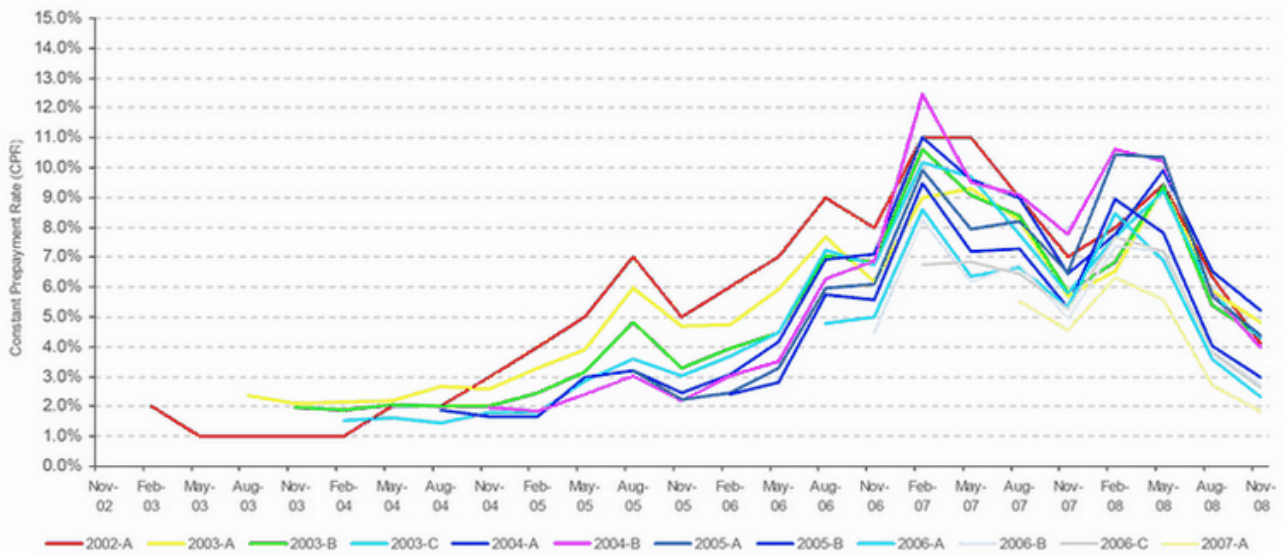


(1) For SLM Private Credit Student Loan Trusts issued prior to 2005-B, the servicer has the option, but not the obligation, to repurchase loans that (i) become 180+ days delinquent and/or (ii) have a borrower who filed for bankruptcy or died. Prior to November 1, 2008, the servicer exercised this repurchase option and actual charge-offs in these trusts equaled zero. Beginning November 1, 2008, the servicer ceased purchasing from the trust loans that are more than 180 days delinquent. For the purposes of comparison across all deals, this chart reflects trust charge-offs for SLM Private Credit Student Loan Trusts issued prior to 2005-B as if the servicer had never exercised its repurchase option.

## SLM Private Credit ABS Trusts Prepayment Analysis

- Constant prepayment rates increased in 2007 due to the introduction of Private Credit Consolidation loans, but then declined accordingly following SLM's decision to suspend its consolidation loan program

Historical SLM Private Credit ABS CPRs



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# Appendix



## GAAP to “Core Earnings” EPS Reconciliation

(\$ in thousands, except per share amounts)

	Years Ended			
	December 31, 2008		December 31, 2007	
	Dollars	Diluted EPS	Dollars	Diluted EPS
GAAP net income (loss)	\$ (212,626)	\$ (0.69)	\$ (896,394)	\$ (2.26)
Adjustment from GAAP to “Core Earnings”				
Net impact of securitization accounting	442,190		(246,817)	
Net impact of derivative accounting	560,381		1,340,792	
Net impact of Floor Income	102,056		168,501	
Net impact of acquired intangibles	91,384		112,397	
Total “Core Earnings” Adjustments before income taxes and minority interest in net earnings of subsidiaries	1,196,011		1,374,873	
Net tax effect	(457,435)		81,845	
Total “Core Earnings” Adjustments	738,576		1,456,718	
“Core Earnings” net income	525,950	0.89	560,324	1.23
“Core Earning” net income adjusted for non-recurring items				
Merger-related financing fees	-		27,463	
Merger-related professional fees and other costs	-		35,456	
Restructuring Expenses	52,778		14,178	
Other reorganization-related asset impairments	4,136		-	
Impact to FFELP provision for loan losses due to legislative changes	-		27,726	
Deceleration of premium amortization expense on loans	(74,138)		-	
Acceleration of premium amortization expense on loans	51,777		-	
Total after tax non-recurring items	34,553	0.07	104,823	0.24

The screenshot shows a Microsoft Internet Explorer browser window displaying the SallieMae Investors page. The browser's address bar shows the URL <http://www2.salliemae.com/investors>. The page features a blue header with the SallieMae logo and navigation links for About us, Investors, News, Working@SallieMae, and Contact us. A search bar is located in the top right of the header. Below the header, a breadcrumb trail reads "Home > Investors". The main content area is divided into several sections:

- Investors**: A sidebar menu with links for Stockholder information, Debt/Asset-backed securities, Plan for college, Apply for a loan, Manage your loans, Find a job, More financial services, and Just for parents.
- Stockholder information**: Information for current and potential stockholders, including links to SEC Filings, Annual reports, Earnings information, Stock quotes, a stock chart, and dividend history, Fundamentals, Analyst coverage, and Email alerts.
- Debt/Asset backed securities**: Find information regarding our debt securities issued by the SLM Corp., SLM Student Loan Trusts, and SMS Student Loan Trusts. A note suggests quickly finding information by doing a CUSIP search by number or maturity date.
- Webcasts and presentations**: Link to investor related webcasts and presentations, including Upcoming investor webcasts, Archived and historical webcasts, and Archived and historical presentations.
- 1ST QUARTER EARNINGS**: A yellow box announcing that you can listen to SLM Corp.'s First Quarter 2006 Earnings Conference Call beginning at noon EDT on April 20, 2006.
- LATEST FILINGS**: A yellow box with a link to view the latest SEC filing.