

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): August 6, 2012**

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**SLM CORPORATION**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction  
of incorporation)**

**001-13251**  
**(Commission  
File Number)**

**52-2013874**  
**(I.R.S. Employer  
Identification No.)**

**300 Continental Drive, Newark, Delaware**  
**(Address of principal executive offices)**

**19713**  
**(Zip Code)**

**Registrant's telephone number, including area code: (302) 283-8000**

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**(Former name or former address, if changed since last report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Item 8.01 Other Events.**

SLM Corporation frequently provides relevant information to its investors via posting to its corporate website. On August 6, 2012, a presentation entitled "Q2 2012 Investor Presentation" was made available on SLM Corporation's web site at <https://www1.salliemae.com/about/investors/webcasts/default.htm>. In addition, the document is being furnished herewith as Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.****(d) Exhibits.**

99.1\* Q2 2012 Investor Presentation.

\* Furnished herewith.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SLM CORPORATION

Date: August 6, 2012

By: /s/ Jonathan C. Clark

Jonathan C. Clark

Executive Vice President and Chief Financial Officer

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**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
99.1*	Q2 2012 Investor Presentation.

\* Furnished herewith.



# SLM CORPORATION

Q2 2012 Investor Presentation

AUGUST 6, 2012



## Forward-Looking Statements; Non-GAAP Financial Measures

The following information is current as of August 6, 2012 (unless otherwise noted) and should be read in connection with SLM Corporation's Annual Report on Form 10-K for the year ended December 31, 2011 (the "2011 Form 10-K"), the Company's second quarter Form 10-Q and subsequent reports filed with the Securities and Exchange Commission (the "SEC").

This Presentation contains forward-looking statements and information based on management's current expectations as of the date of this presentation. Statements that are not historical facts, including statements about our opinions, 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 risks and uncertainties set forth in Item 1A "Risk Factors" and elsewhere in the 2011 Form 10-K, the Company's second quarter Form 10-Q and subsequent filings with the SEC; increases in financing costs; limits on liquidity; increases in costs associated with compliance with laws and regulations; changes in accounting standards and the impact of related changes in significant accounting estimates; any adverse outcomes in any significant litigation to which we are a party; credit risk associated with our exposure to third parties, including counterparties to our derivative transactions; and changes in the terms of student loans and the educational credit marketplace (including changes resulting from new laws and the implementation of existing laws). We could also be affected by, among other things: changes in our funding costs and availability; reductions to our credit ratings or the credit ratings of the United States of America; failures of our operating systems or infrastructure, including those of third-party vendors; damage to our reputation; failures to successfully implement cost-cutting and restructuring initiatives and adverse effects of such initiatives on our business; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; changes in law and regulations with respect to the student lending business and financial institutions generally; increased competition from banks and other consumer lenders; the creditworthiness of our customers; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments and those of our earning assets versus our funding arrangements; changes in general economic conditions; and changes in the demand for debt management services. The preparation of our consolidated financial statements also requires management to make certain estimates and assumptions including estimates and assumptions about future events. These estimates or assumptions may prove to be incorrect. All forward-looking statements contained in this Presentation are qualified by these cautionary statements and are made only as of the date of this Presentation. We do not undertake any obligation to update or revise these forward-looking statements to conform the statement to actual results or changes in our expectations.

The Company reports financial results on a GAAP basis and also provides certain core earnings performance measures. The difference between the Company's core earnings and GAAP results for the periods presented were the unrealized, mark-to-market gains/losses on derivative contracts and the goodwill and acquired intangible asset amortization and impairment. These items are recognized in GAAP but not in core earnings results. The Company provides core earnings measures because this is what management uses when making management decisions regarding the Company's performance and the allocation of corporate resources. The Company's core earnings are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. For additional information, see "Core Earnings — Definition and Limitations" in the Company's second quarter Form 10-Q for a further discussion and a complete reconciliation between GAAP net income and core earnings.



## SLM Corporation

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# SLM Corporation Overview





## SLM Corporation



- ▶ #1 saving, planning and paying for education company with 40-years of leadership in the education lending market
- ▶ #1 servicer and collector of student loans in the U.S. for FFELP <sup>1</sup> and Private Education Loans
- ▶ Serving 25 million unique customers, as of June 30, 2012
- ▶ Servicing for third parties, including 3.8 million loans for the Department of Education ("ED"), as of June 30, 2012
- ▶ Fully independent private sector company with scale and a broad franchise, traded on the NASDAQ (ticker: SLM)
- ▶ \$169 billion student loan portfolio, 78% of which is insured or guaranteed, as of June 30, 2012

<sup>1</sup> Federal Family Education Loan Program ("FFELP").



## A Brief Corporate History

### SLM Corporate Debt Ratings

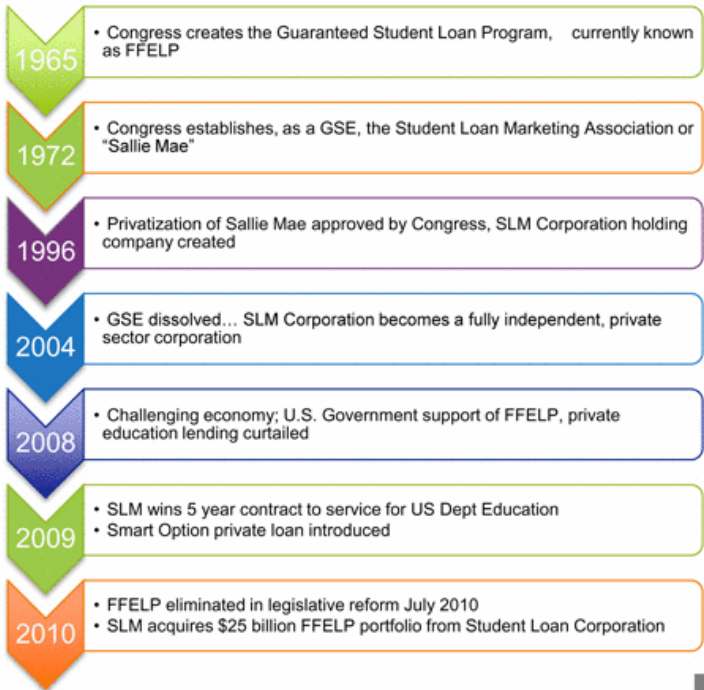
	Moody's	S & P	Fitch
Long-Term	Ba1	BBB-	BBB-
Short-Term	Not-Prime	A-3	F3
Outlook	Stable	Stable	Stable

As of June 30, 2012

### Loan Portfolio

Loan Type	\$billions	%
FFELP Loans	\$132.8	78%
Private Education	\$36.5	22%
Total Portfolio	\$169.3	100%

As of June 30, 2012  
Net of provision





## Q2 12 "Core Earnings" Summary\*

(\$ millions, except per share amounts)	<u>Q2 12</u>	<u>Q1 12</u>	<u>Q2 11</u>
<b>EPS (Reported)</b>	<b>\$0.49</b>	<b>\$0.55</b>	<b>\$0.48</b>
<b>Net Income</b>	<b>\$243</b>	<b>\$284</b>	<b>\$260</b>
<b>Net Interest Income</b>	<b>\$655</b>	<b>\$732</b>	<b>\$761</b>
<b>Loan Loss Provision</b>	<b>\$243</b>	<b>\$253</b>	<b>\$291</b>
<b>Fee and Other Income - Excluding Debt Repurchase Gains</b>	<b>\$192</b>	<b>\$198</b>	<b>\$193</b>
<b>Debt Repurchase Gains</b>	<b>\$20</b>	<b>\$37</b>	<b>\$0</b>
<b>Operating Expenses</b>	<b>\$239</b>	<b>\$262</b>	<b>\$268</b>
<b>Tangible Capital Ratio<sup>(1)</sup></b>	<b>2.4%</b>	<b>2.4%</b>	<b>2.3%</b>
<b>Average Student Loans</b>	<b>\$172,436</b>	<b>\$174,942</b>	<b>\$180,783</b>

- ▶ Credit performance continues to improve year over year
- ▶ Strong loan growth with high credit quality
- ▶ Purchased FFELP portfolios totaling \$1.9 billion

<sup>(1)</sup> The "Tangible Capital Ratio" is total GAAP equity less goodwill and acquired intangible assets divided by tangible assets (defined as total assets less goodwill and acquired intangible assets).

\* For a GAAP to "Core Earnings" reconciliation, see slide 74



## Consumer Lending Segment Earnings Detail – “Core Earnings” Basis

(\$ millions)	<u>Q2 12</u>	<u>Q1 12</u>	<u>Q2 11</u>
Private Originations	\$321	\$1,160	\$264
Average Private Education Loans	\$37,543	\$37,749	\$36,784
Net Interest Income after Provision - Private	\$187	\$190	\$136
Net Interest Margin - Private Education <sup>(1)</sup>	4.14%	4.26%	4.05%
Operating Expenses	\$64	\$69	\$73
OpEx Annualized as a % of Average Private Education Loans	0.69%	0.73%	0.80%
Net Income	\$85	\$84	\$49

<sup>(1)</sup> Includes non-GAAP adjustments of 0.11%, 0.13%, and 0.05%, respectively, related to the accounting for derivative instruments.



## FFELP Loan Segment Earnings Detail – “Core Earnings” Basis

(\$ millions)	<u>Q2 12</u>	<u>Q1 12</u>	<u>Q2 11</u>
<b>Average FFELP Loans</b>	<b>\$134,893</b>	<b>\$137,193</b>	<b>\$143,999</b>
<b>Net Interest Income after Provision - FFELP<sup>(1)</sup></b>	<b>\$228</b>	<b>\$286</b>	<b>\$342</b>
<b>Net Interest Margin - FFELP<sup>(2)</sup></b>	<b>0.70%</b>	<b>0.85%</b>	<b>0.98%</b>
<b>Operating Expenses</b>	<b>\$181</b>	<b>\$185</b>	<b>\$192</b>
<b>OpEx Annualized as a % of Average FFELP Loans</b>	<b>0.54%</b>	<b>0.54%</b>	<b>0.53%</b>
<b>Net Income</b>	<b>\$44</b>	<b>\$80</b>	<b>\$108</b>

(1)As a result of the recently completed Special Direct Consolidation Loan Initiative, net interest income was reduced by the acceleration of \$50 million of non-cash loan premium amortization and the FFELP student loan spread was reduced by 15 basis points.

(2)Includes non-GAAP adjustments of (0.30%), (0.27%), and (0.32%), respectively, related to the accounting for derivative instruments.

## Three Aspects of the SLM Business Model

### Consumer Lending

- Largest originator of Private Education Loans
- Significant long term value
- High quality loan originations growing in double digits
- Growing net income

### Business Services

- Businesses include loan servicing and collections for Department of Education, payment processing for colleges and universities and 529 plan servicing
- Attractive fee business with little capital required & high return on equity
- ABS servicing cash flows are super senior
- Opportunities exist to expand services provided, including industry consolidation
- Efficient cost structure and top performer

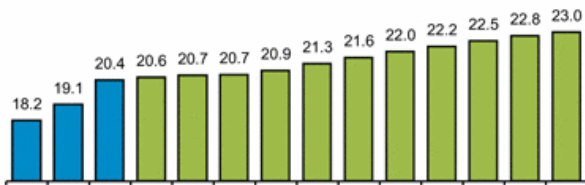
### FFELP Loan Portfolio

- Existing portfolios generating substantial income and cash flow
- Residuals stable due to minimal credit and interest rate risk
- Actively seeking to acquire additional FFELP loan portfolios

# The U.S. Student Loan Market

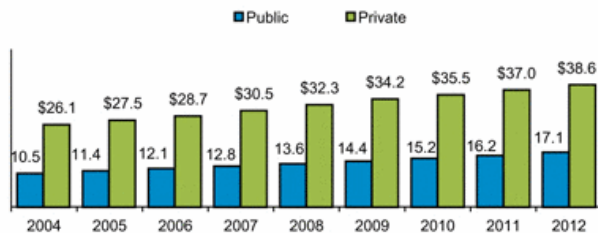
## Favorable Student Loan Market Trends

### Higher Education Enrollment (millions)



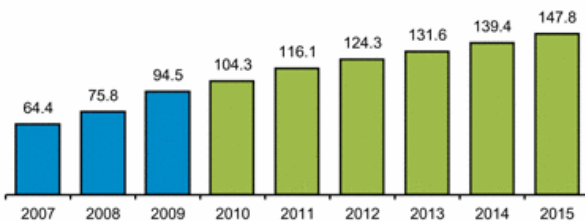
Source: U.S. Department of Education, National Center for Education Statistics, 1990 through 2009 Integrated Postsecondary Education Data System, "Fall Enrollment Survey" (IPEDS-EF-90-99), Spring 2001 through Spring 2010; and Enrollment in Degree-Granting Institutions Model, 1960-2009.  
 Note: Total enrollment in all degree-granting institutions; middle alternative projections for 2010 onward

### Annual Cost of Education (\$ thousands)



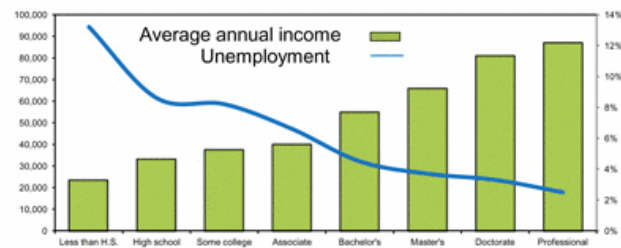
Source: Trends in College Pricing © 2011 The College Board, [www.collegeboard.org](http://www.collegeboard.org).  
 Note: Academic years, average published tuition, fees, room and board charges at four-year institutions; enrollment-weighted

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



Source: President's 2012 Budget. Net commitments by fiscal year  
 Note: Excludes consolidation volume

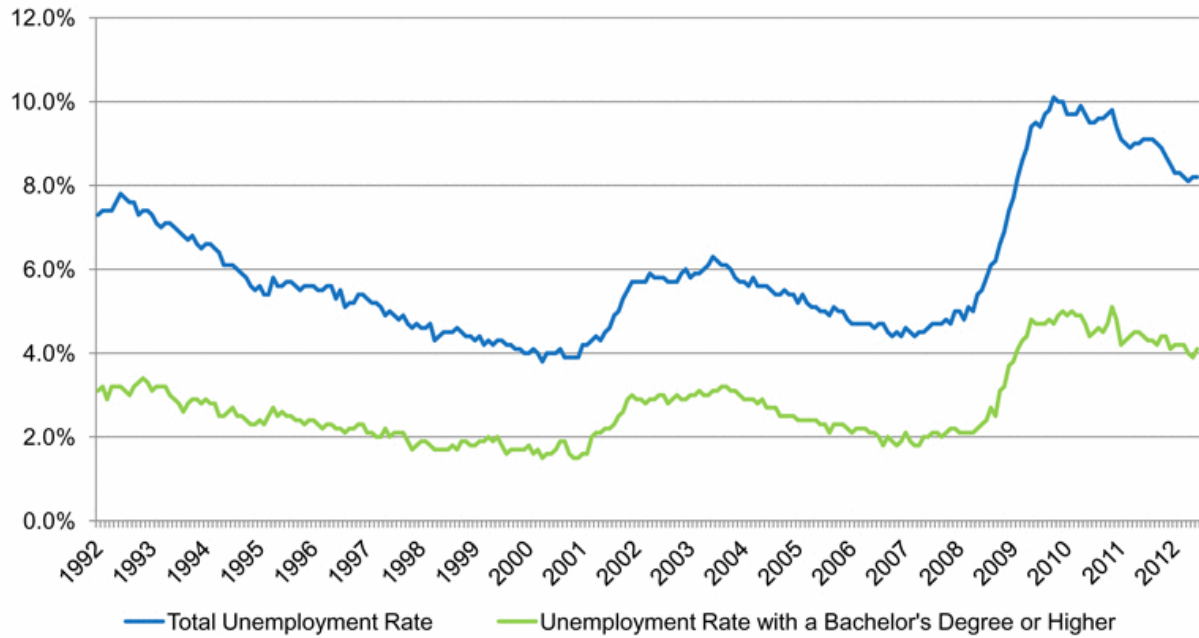
### Relationship Between Higher Education, Income and Employment



Source: U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement. Represents median earnings for a full time, year-round worker over age 25. Unemployment data as of Quarter IV 2011. Represents unemployment for civilian non-institutional population over age 25.

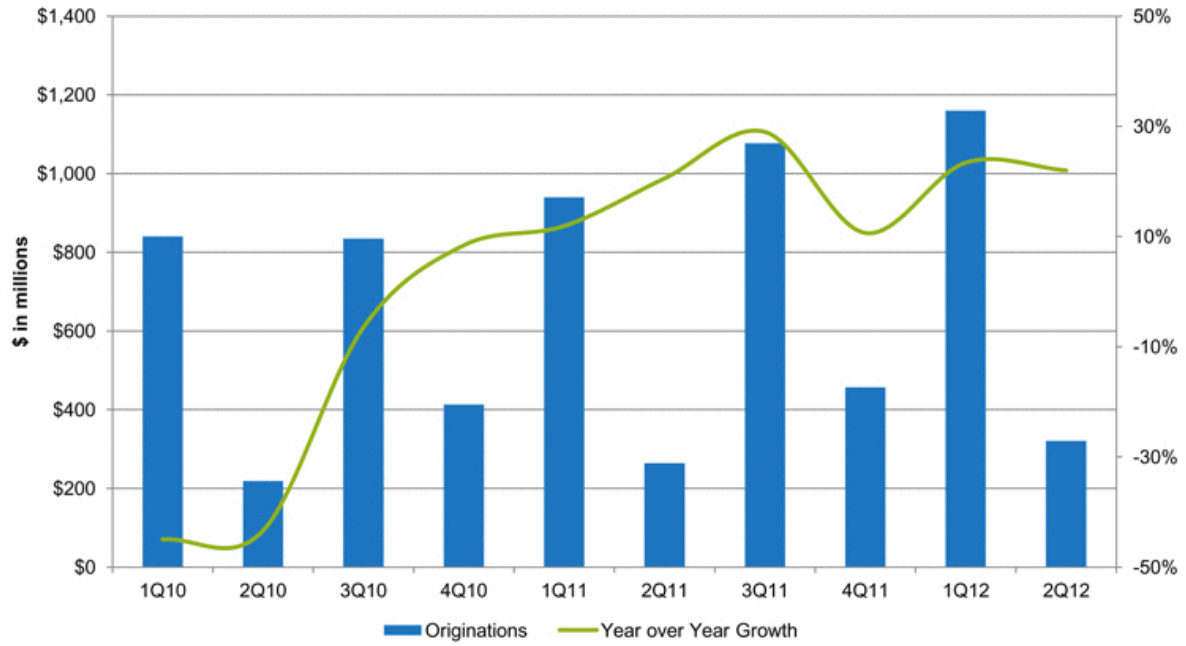


## College Grads Experience Lower Levels of Unemployment



Source: U.S. Department of Labor, Bureau of Labor Statistics as of 06/30/2012

## SLM Private Education Loan Originations





## SLM's Private Education Loan Portfolio

- ▶ Private Education Loan Portfolio Characteristics
  - \$36 billion portfolio
  - 22% of SLM's total student loan portfolio
  - Approximately 63% of portfolio has a cosigner, typically a parent
  - Loans originated since 2009 are approximately 90% cosigned with average FICO scores above 740
  - Higher education loans typically non-dischargeable in bankruptcy
  - Integrated underwriting, servicing and collections



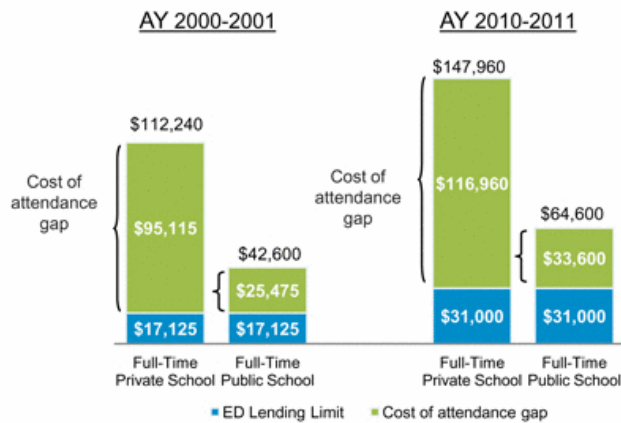
## SLM's Private Education Loan Products

- ▶ Smart Option Student Loan product offers three repayment choices designed to help borrowers balance their goals and budget while in school
  - Interest Only - Requires interest only payment during in-school period
  - Fixed Repayment - Requires \$25 monthly payments during in-school period
  - Deferred Repayment – Allows the customer to defer payments while in-school
- ▶ Variable and Fixed Interest Rate Options
- ▶ Repayment term is driven by cumulative amount borrowed and grade level
- ▶ Full communication with customers during in-school period
- ▶ Full collection activities are employed at both the customer and cosigner level
- ▶ All loans are certified by the school's financial aid office to help ensure that customers borrow no more than the cost of attendance

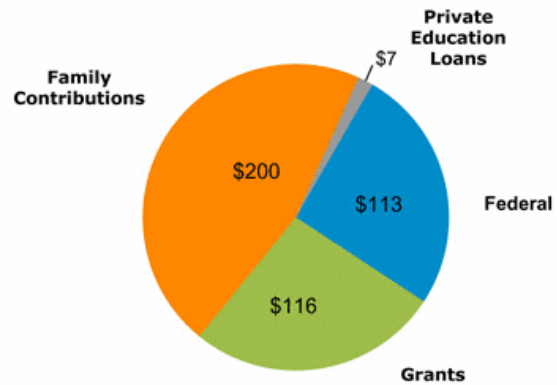
## Role of Private Education Loan

- ▶ Private Education Loan products bridge the funding gap between the cost of a college education and funds available through U.S. Department of Education (ED) programs, grants, and other sources
- ▶ Estimates for academic year 2011-12 project that 20 million students will enroll in higher education and incur costs of over \$436 billion; \$7 billion of which is funded by private education loans
- ▶ Assuming Federal Loans and Grants remain constant – a 4% increase in the cost of education would result in a \$17 billion incremental funding requirement for students and families

Cost of College (Based on a Four-Year Term)



Total Cost of Education (in billions)  
2011/2012 Academic Year

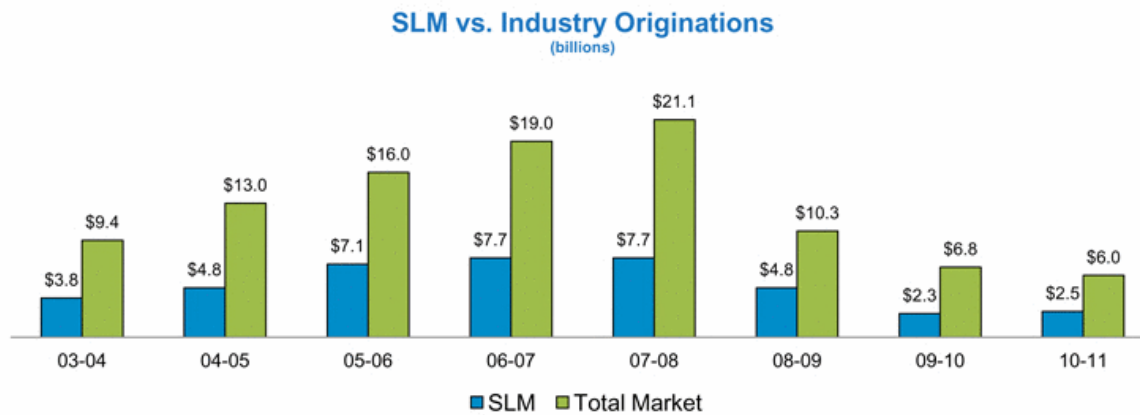


Source: Trends in College Pricing, © 2011 The College Board, [www.collegeboard.org](http://www.collegeboard.org), U.S. Department of Education 2010

Source: U.S. Department of Education, President's 2013 Budget & Company analysis

## Private Credit Industry Originations

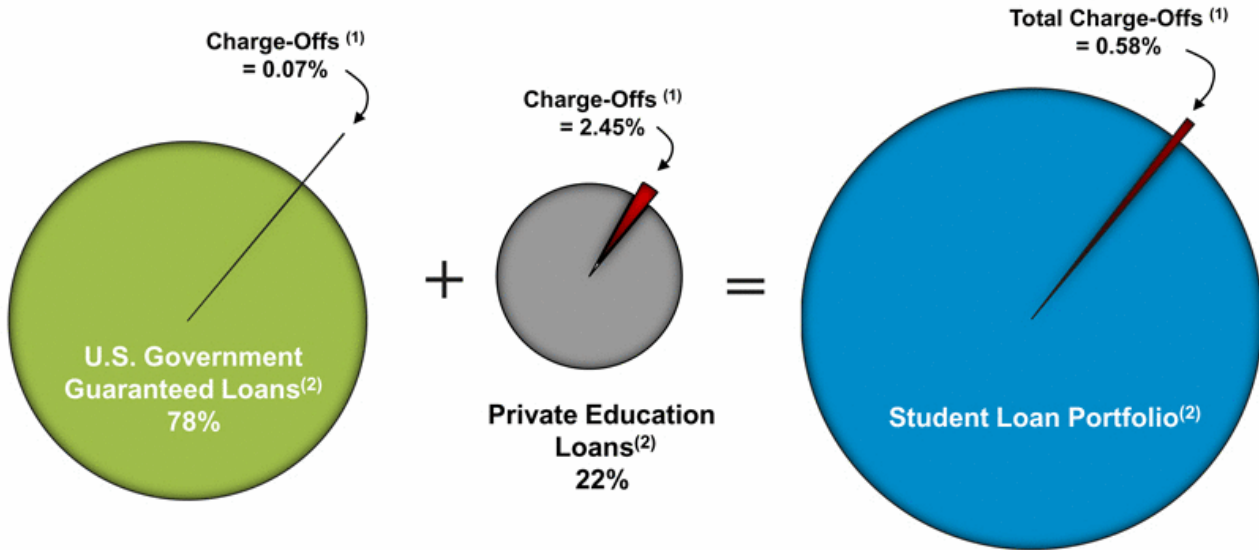
- ▶ 2010-11 academic year market share approximately 40%



- ▶ Private Education Loan originations declined from their peak as a result of an increase in federal student loan limits, an overall increase in the use of federal student loans, an increase in federal grants, and tighter underwriting standards.

## Credit Quality

## Loan Losses



(1) All data as of June 30, 2012. Annualized FFELP charge-offs as a percentage of average FFELP Loans. Annualized Private Education Loan charge-offs as a percentage of average Private Education Loans. Annualized total charge-offs as a percentage of average FFELP Loans and Private Education Loans.

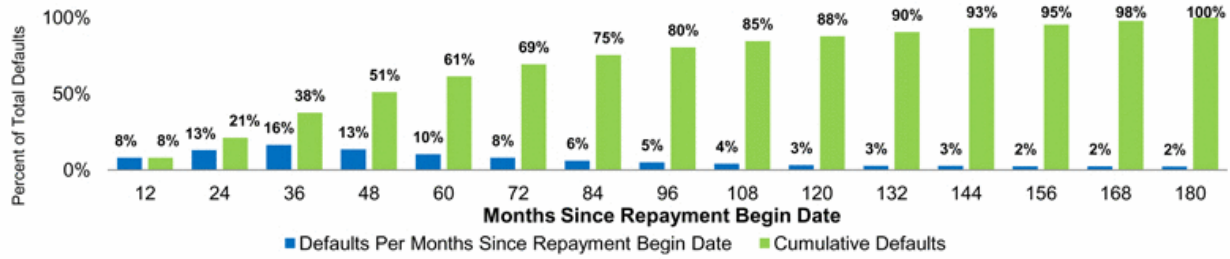
(2) Percentages of total student loan portfolio based upon average portfolio balances.



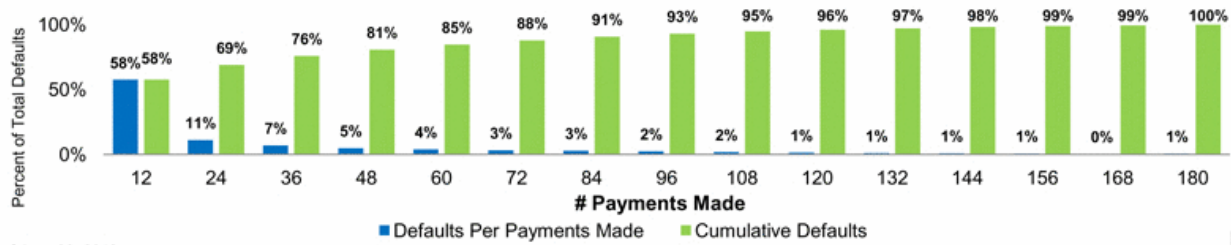
## Private Credit Default Performance

- The probability of default substantially diminishes as the number of payments and years of seasoning increases

### Historical Defaults by Months in Repayment



### Historical Defaults by Payments Made



As of June 30, 2012



## Private Education Loan Portfolio Performance

	<u>Q212</u>	<u>Q112</u>	<u>Q411</u>	<u>Q311</u>	<u>Q211</u>
<b>Charge-offs - Traditional Portfolio <sup>(1)</sup></b>	2.5%	2.3%	2.7%	2.9%	2.8%
<b>Charge-offs - Non-Traditional Portfolio <sup>(1)</sup></b>	9.8%	10.3%	11.9%	11.5%	12.5%
<b>Charge-offs - Total Portfolio <sup>(1)</sup></b>	3.1%	3.0%	3.5%	3.7%	3.7%
<b>90+ Day Delinq as a % of Repay - Traditional Portfolio</b>	3.7%	3.6%	4.0%	4.0%	3.7%
<b>90+ Day Delinq as a % of Repay - Non-Traditional Portfolio</b>	12.6%	12.5%	13.6%	14.3%	13.2%
<b>90+ Day Delinq as a % of Repay - Total Portfolio</b>	4.5%	4.4%	4.9%	5.0%	4.6%
<b>Forb as a % of Forb &amp; Repay - Traditional Portfolio</b>	4.1%	4.1%	4.2%	4.3%	4.5%
<b>Forb as a % of Forb &amp; Repay - Non-Traditional Portfolio</b>	6.4%	6.8%	6.6%	6.7%	7.0%
<b>Forb as a % of Forb &amp; Repay - Total Portfolio</b>	4.3%	4.3%	4.4%	4.5%	4.7%
<b>Allowance as a % of Loans in Repay - Traditional Portfolio</b>	5.7%	5.8%	5.6%	5.7%	5.2%
<b>Allowance as a % of Loans in Repay - Non-Traditional Portfolio</b>	22.5%	22.8%	23.1%	25.4%	24.8%
<b>Allowance as a % of Loans in Repay - Total Portfolio</b>	7.1%	7.2%	7.2%	7.5%	7.1%

(1) Charge-offs as a percentage of average loans in repayment annualized for the quarters presented



## Private Education Loan Portfolio Performance

<b><u>Traditional Loans with a Cosigner</u></b>	<b><u>Q212</u></b>	<b><u>Q112</u></b>	<b><u>Q411</u></b>	<b><u>Q311</u></b>	<b><u>Q211</u></b>
Outstanding Balance as a % of Total	60%	60%	59%	59%	58%
90+ Delinquency as a % of Repayment	2.7%	2.6%	2.9%	2.9%	2.7%
Forbearance as a % of Repayment & Forbearance	3.8%	3.7%	3.8%	3.8%	4.0%
Charge-Offs as a % of Repayment <sup>(1)</sup>	1.5%	1.4%	1.7%	1.9%	1.8%
<b><u>Traditional Loans without a Cosigner</u></b>	<b><u>Q212</u></b>	<b><u>Q112</u></b>	<b><u>Q411</u></b>	<b><u>Q311</u></b>	<b><u>Q211</u></b>
Outstanding Balance as a % of Total	31%	31%	32%	32%	33%
90+ Delinquency as a % of Repayment	5.5%	5.5%	5.8%	5.9%	5.5%
Forbearance as a % of Repayment & Forbearance	4.5%	4.7%	4.7%	4.9%	5.1%
Charge-Offs as a % of Repayment <sup>(1)</sup>	4.3%	3.9%	4.5%	4.9%	4.6%
<b><u>Non-Traditional Loans with a Cosigner</u></b>	<b><u>Q212</u></b>	<b><u>Q112</u></b>	<b><u>Q411</u></b>	<b><u>Q311</u></b>	<b><u>Q211</u></b>
Outstanding Balance as a % of Total	3%	3%	3%	3%	3%
90+ Delinquency as a % of Repayment	10.3%	10.4%	11.8%	12.2%	11.0%
Forbearance as a % of Repayment & Forbearance	7.6%	8.1%	7.8%	7.7%	8.1%
Charge-Offs as a % of Repayment <sup>(1)</sup>	6.6%	7.1%	7.8%	8.0%	8.8%
<b><u>Non-Traditional Loans without a Cosigner</u></b>	<b><u>Q212</u></b>	<b><u>Q112</u></b>	<b><u>Q411</u></b>	<b><u>Q311</u></b>	<b><u>Q211</u></b>
Outstanding Balance as a % of Total	6%	6%	7%	7%	7%
90+ Delinquency as a % of Repayment	13.5%	13.3%	14.4%	15.1%	14.1%
Forbearance as a % of Repayment & Forbearance	5.9%	6.2%	6.1%	6.3%	6.5%
Charge-Offs as a % of Repayment <sup>(1)</sup>	11.1%	11.6%	13.6%	12.9%	14.0%

(1) Charge-offs as a percentage of average loans in repayment annualized for the quarters presented



## Significant Improvement in Portfolio Quality

### Legacy Loans Entering Repayment<sup>(1)</sup>

	\$ Volume in Billions	% of Non Traditional	% of Cosigned	% of For Profit	Average Winning FICO
<b>Actual</b>					
<b>2008</b>	\$7.4	15%	54%	33%	709
<b>2009</b>	\$6.6	13%	56%	27%	711
<b>2010</b>	\$5.2	11%	59%	21%	713
<b>2011</b>	\$3.5	10%	62%	17%	714
<b>Projected<sup>(2)</sup></b>					
<b>2012</b>	\$1.8	9%	65%	15%	717
<b>2013</b>	\$0.5	7%	70%	12%	726

- ▶ Originations of \$3.2 bn in 2009 had an average winning FICO of 745 and 83% were cosigned.
- ▶ Originations of \$2.3 bn in 2010 had an average winning FICO of 739 and 89% were cosigned.
- ▶ Originations of \$2.7 bn in 2011 had an average winning FICO of 748 and 91% were cosigned.
- ▶ YTD Q2'12 originations of \$1.5 bn had an average winning FICO of 747 and 86% were cosigned.

(1) Excludes Smart Option loans.

(2) Projected loans entering repayment does not include new loan originations which are expected to be 100% Traditional loans and have significantly higher FICO scores and cosigners.

Note: Volume for all years is based on outstanding balances.



## Loan Seasoning

June 30, 2012

### Traditional Portfolio

Loan Status	Monthly Scheduled Payments Due						Total
	0-12 payments	13-24 payments	25-36 payments	37-48 payments	More than 48 payments		
Not Yet in Repayment							5,529
Loans in Forbearance	717	190	131	66	82		1,186
Loans in Repayment - Current	5,881	5,504	4,799	3,344	6,441		25,669
Loans in Repayment - Delinq 31-60 days	380	93	139	71	99		862
Loans in Repayment - Delinq 61-90 days	240	95	77	39	47		498
Loans in Repayment - Delinq 90+ days	521	209	152	75	89		1,046
Total Loans in Repayment or Forbearance	\$ 7,739	\$ 6,171	\$ 5,298	\$ 3,595	\$ 6,458		\$ 29,261
Charge-offs as a % of loans in repayment	5.1%	2.4%	16%	13%	0.9%		2.5%

### Non-Traditional Portfolio

Loan Status	Monthly Scheduled Payments Due						Total
	0-12 payments	13-24 payments	25-36 payments	37-48 payments	More than 48 payments		
Not Yet in Repayment							569
Loans in Forbearance	121	24	16	8	13		182
Loans in Repayment - Current	525	343	329	277	507		1,981
Loans in Repayment - Delinq 31-60 days	98	34	25	16	23		196
Loans in Repayment - Delinq 61-90 days	81	24	16	9	15		145
Loans in Repayment - Delinq 90+ days	185	60	39	19	31		334
Total Loans in Repayment or Forbearance	\$ 1,010	\$ 485	\$ 425	\$ 329	\$ 569		\$ 2,838
Charge-offs as a % of loans in repayment	17.8%	10.2%	5%	3.5%	3.4%		9.8%

### Total

Loan Status	Monthly Scheduled Payments Due						Total
	0-12 payments	13-24 payments	25-36 payments	37-48 payments	More than 48 payments		
Not Yet in Repayment							6,098
Loans in Forbearance	838	214	147	74	95		1,368
Loans in Repayment - Current	6,406	5,847	5,128	3,621	6,648		27,650
Loans in Repayment - Delinq 31-60 days	478	207	164	87	122		1,058
Loans in Repayment - Delinq 61-90 days	321	119	93	48	62		643
Loans in Repayment - Delinq 90+ days	706	269	191	94	120		1,380
Total Loans in Repayment or Forbearance	\$ 8,749	\$ 6,656	\$ 5,723	\$ 3,924	\$ 7,047		\$ 32,099
Charge-offs as a % of loans in repayment	6.6%	2.9%	19%	15%	1%		3.1%

(Dollars in millions)



## Loan Seasoning

March 31, 2012  
Traditional Portfolio

Loan Status	Monthly Scheduled Payments Due						Total				
	0-12 payments		13-24 payments		25-36 payments			37-48 payments		More than 48 payments	
Not Yet in Repayment										6,268	
Loans in Forbearance	758	9.9%	174	2.8%	116	2.2%	57	16%	74	12%	1,179
Loans in Repayment - Current	5,942	77.4%	5,566	90.1%	4,862	91.6%	3,357	93.8%	5,742	95.3%	25,468
Loans in Repayment - Delinq 31-60 days	295	3.8%	141	2.3%	115	2.2%	60	17%	80	13%	690
Loans in Repayment - Delinq 61-90 days	195	2.5%	87	1.4%	65	1.2%	32	0.9%	41	0.7%	424
Loans in Repayment - Delinq 90+ days	487	6.3%	207	3.4%	148	2.8%	73	2.0%	89	1.5%	1,003
Total Loans in Repayment or Forbearance	\$ 7,681	100%	\$ 6,175	100%	\$ 5,306	100%	\$ 3,579	100%	\$ 6,026	100%	\$ 28,767
Charge-offs as a % of loans in repayment	4.6%		2.0%		1.4%		1.2%		1.0%	2.3%	

Non-Traditional Portfolio

Loan Status	Monthly Scheduled Payments Due						Total				
	0-12 payments		13-24 payments		25-36 payments			37-48 payments		More than 48 payments	
Not Yet in Repayment										649	
Loans in Forbearance	134	12.8%	24	4.7%	16	3.6%	7	2.3%	12	2.1%	193
Loans in Repayment - Current	587	55.9%	354	72.2%	342	79.3%	269	85.4%	478	86.2%	2,030
Loans in Repayment - Delinq 31-60 days	86	8.2%	30	6.2%	21	4.9%	12	3.7%	19	3.4%	168
Loans in Repayment - Delinq 61-90 days	66	6.3%	20	4.1%	14	3.3%	7	2.3%	13	2.3%	120
Loans in Repayment - Delinq 90+ days	176	16.7%	63	12.8%	38	8.9%	20	6.3%	33	6.0%	330
Total Loans in Repayment or Forbearance	\$ 1,049	100%	\$ 491	100%	\$ 431	100%	\$ 315	100%	\$ 555	100%	\$ 2,841
Charge-offs as a % of loans in repayment	11.9%		10.5%		6.8%		4.4%		4.2%	10.3%	

Total

Loan Status	Monthly Scheduled Payments Due						Total				
	0-12 payments		13-24 payments		25-36 payments			37-48 payments		More than 48 payments	
Not Yet in Repayment										6,917	
Loans in Forbearance	892	10.2%	198	3.0%	132	2.3%	64	1.7%	86	1.3%	1,372
Loans in Repayment - Current	6,529	74.8%	5,920	88.8%	5,204	90.7%	3,626	93.7%	6,220	94.5%	27,499
Loans in Repayment - Delinq 31-60 days	381	4.4%	171	2.6%	156	2.4%	72	1.8%	99	1.5%	659
Loans in Repayment - Delinq 61-90 days	265	3.0%	107	1.6%	79	1.4%	39	1.0%	54	0.8%	544
Loans in Repayment - Delinq 90+ days	663	7.6%	270	4.0%	186	3.2%	93	2.4%	122	1.9%	1,334
Total Loans in Repayment or Forbearance	\$ 8,730	100%	\$ 6,666	100%	\$ 5,737	100%	\$ 3,894	100%	\$ 6,581	100%	\$ 31,608
Charge-offs as a % of loans in repayment	6.0%		2.7%		1.8%		1.4%		1.3%	3.0%	

(Dollars in millions)



## Loan Seasoning

June 30, 2011

### Traditional Portfolio

Loan Status	Monthly Scheduled Payments Due											
	0-12 payments		13-24 payments		25-36 payments		37-48 payments		More than 48 payments		Total	
Not Yet in Repayment											6,431	
Loans in Forbearance	842	8.8%	175	2.9%	103	2.5%	50	1.7%	55	1.2%	1,225	4.5%
Loans in Repayment - Current	7,561	79.2%	5,447	89.8%	3,801	91.0%	2,825	93.9%	4,330	95.0%	23,964	87.6%
Loans in Repayment - Delinq 31-60 days	378	4.0%	165	2.5%	104	2.5%	52	1.7%	70	1.5%	769	2.8%
Loans in Repayment - Delinq 61-90 days	239	2.5%	85	1.4%	53	1.3%	25	0.8%	31	0.7%	433	1.6%
Loans in Repayment - Delinq 90+ days	529	5.5%	207	3.4%	116	2.8%	56	1.9%	70	1.5%	978	3.6%
Total Loans in Repayment or Forbearance	\$ 9,549	100%	\$ 6,069	100%	\$ 4,077	100%	\$ 3,008	100%	\$ 4,556	100%	\$ 27,359	100%
Charge-offs as a % of loans in repayment	4.5%		2.7%		1.9%		1.4%		1.7%		2.8%	

### Non-Traditional Portfolio

Loan Status	Monthly Scheduled Payments Due											
	0-12 payments		13-24 payments		25-36 payments		37-48 payments		More than 48 payments		Total	
Not Yet in Repayment											785	
Loans in Forbearance	148	11.9%	25	4.7%	15	3.7%	7	2.5%	10	2.2%	205	7.0%
Loans in Repayment - Current	693	55.7%	397	71.2%	330	79.4%	215	82.9%	395	84.3%	2,030	69.0%
Loans in Repayment - Delinq 31-60 days	109	8.8%	37	6.6%	23	5.6%	11	5.2%	22	4.7%	204	6.9%
Loans in Repayment - Delinq 61-90 days	88	7.1%	23	4.2%	13	3.0%	7	2.7%	11	2.4%	142	4.8%
Loans in Repayment - Delinq 90+ days	206	16.5%	74	13.3%	34	8.3%	17	6.7%	30	6.4%	361	12.3%
Total Loans in Repayment or Forbearance	\$ 1,244	100%	\$ 566	100%	\$ 415	100%	\$ 259	100%	\$ 468	100%	\$ 2,942	100%
Charge-offs as a % of loans in repayment	11.9%		13.1%		6.7%		5.4%		5.0%		12.5%	

### Total

Loan Status	Monthly Scheduled Payments Due											
	0-12 payments		13-24 payments		25-36 payments		37-48 payments		More than 48 payments		Total	
Not Yet in Repayment											7,216	
Loans in Forbearance	990	9.2%	200	3.0%	118	2.6%	57	1.8%	65	1.3%	1,430	4.7%
Loans in Repayment - Current	8,254	76.5%	5,844	86.2%	4,131	90.0%	3,040	93.1%	4,725	94.0%	25,994	85.6%
Loans in Repayment - Delinq 31-60 days	487	4.5%	192	2.9%	127	2.8%	65	2.0%	92	1.8%	963	3.2%
Loans in Repayment - Delinq 61-90 days	327	3.0%	108	1.6%	66	1.4%	32	1.0%	42	0.8%	575	1.9%
Loans in Repayment - Delinq 90+ days	735	6.8%	281	4.2%	150	3.3%	73	2.2%	100	2.0%	1,339	4.4%
Total Loans in Repayment or Forbearance	\$ 10,793	100%	\$ 6,625	100%	\$ 4,592	100%	\$ 3,267	100%	\$ 5,024	100%	\$ 30,301	100%
Charge-offs as a % of loans in repayment	6.2%		3.6%		2.4%		1.7%		1.5%		3.7%	

(Dollars in millions)

## **Servicing: A Competitive Advantage**





## Business Services Segment – “Core Earnings” Basis

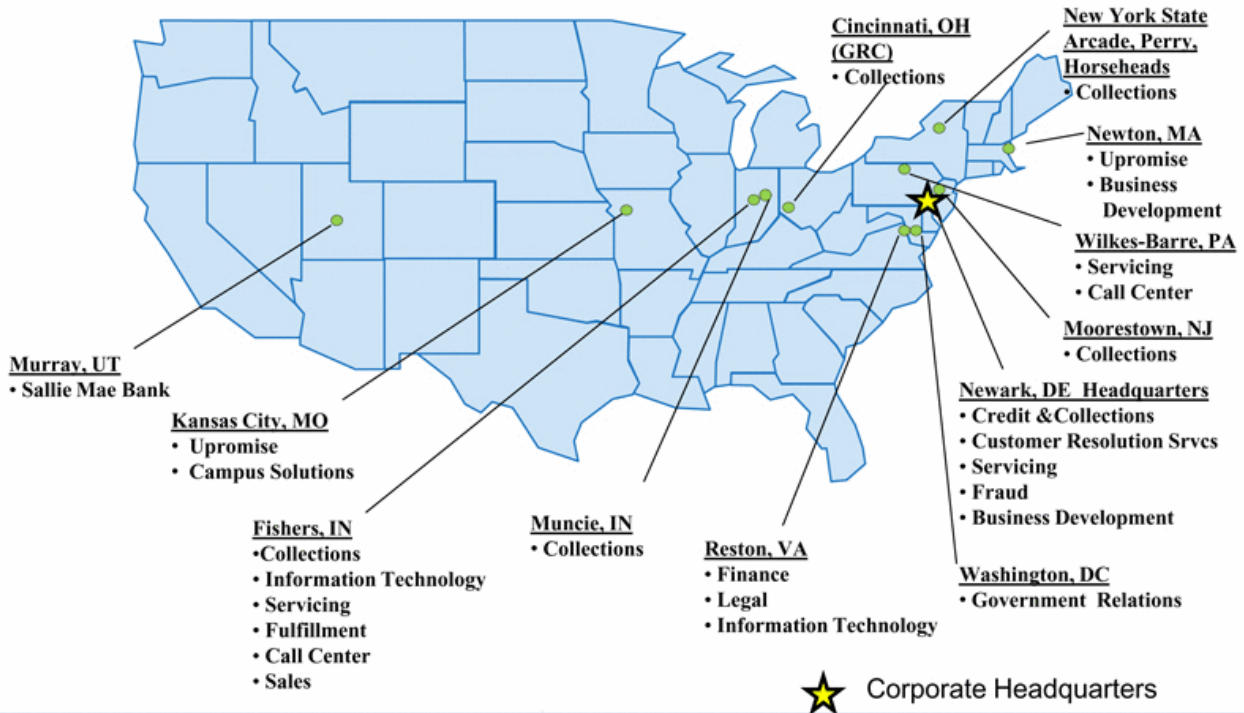
- ▶ Revenue of \$660 million in the first half of 2012
- ▶ Approximately 76% of revenue generated by services performed on FFELP Loans
- ▶ ED servicing and collections businesses will grow organically with increase in federal Direct Lending
- ▶ Growth in 529 account asset servicing and transaction processing is a key objective
- ▶ Plan to leverage campus relationships and servicing capabilities to grow Campus Solutions processing business



## Business Services Segment Earnings Detail – “Core Earnings” Basis

(\$ millions)	<u>Q2 12</u>	<u>Q1 12</u>	<u>Q1 11</u>
Intercompany loan servicing	\$172	\$176	\$187
Third-party loan servicing	\$26	\$22	\$20
Guarantor servicing	\$11	\$11	\$15
Other servicing	\$21	\$27	\$22
Contingency revenue	\$87	\$90	\$86
Other Business Services revenue	\$8	\$8	\$11
Net Income	\$138	\$137	\$140

## Operations locations



## Funding Diversity and Liquidity



## 2012 Capital Markets Summary

- ▶ Issued \$5.6 billion of FFELP ABS
- ▶ Issued \$3.2 billion of Private ABS
- ▶ Expanded and extended our FFELP ABCP facility to 2015
- ▶ Issued \$1.85 billion of long term unsecured debt
- ▶ Paid quarterly dividend of \$0.125 per common share in both Q1 and Q2
- ▶ Repurchased 40.5 million shares at an average price of \$15.02<sup>1</sup>

<sup>1</sup>As of June 30, 2012



## Recent SLM FFELP ABS Transactions

	<u>Non-Consolidation FFELP</u>	<u>Consolidation FFELP</u>	<u>Non-Consolidation FFELP</u>	<u>Non-Consolidation FFELP</u>
Issue	\$1,252M SLM Trust 2012-5	\$1,536M SLM Trust 2012-4	\$1,252M SLM Trust 2012-3	\$824M SLM Trust 2012-2
Pricing Date	July 10, 2012	June 6, 2012	April 24, 2012	March 6, 2012
Collateral	US Govt. Guaranteed FFELP Stafford and Plus Loans	US Govt. Guaranteed FFELP Consolidation Loans	US Govt. Guaranteed FFELP Stafford and Plus Loans	US Govt. Guaranteed FFELP Stafford and Plus Loans
Prepayment Speed <sup>(1)</sup>	6% Constant Prepayment Rate	2% Constant Prepayment Rate	6% Constant Prepayment Rate	6% Constant Prepayment Rate
Tranching	<u>Moody's</u>	<u>Moody's</u>	<u>Moody's</u>	<u>Moody's</u>
	<u>Amt.</u>	<u>Amt.</u>	<u>Amt.</u>	<u>Amt.</u>
	<u>WAL<sup>(1)</sup></u>	<u>WAL<sup>(1)</sup></u>	<u>WAL<sup>(1)</sup></u>	<u>WAL<sup>(1)</sup></u>
	<u>Pricing<sup>(2)</sup></u>	<u>Pricing<sup>(2)</sup></u>	<u>Pricing<sup>(2)</sup></u>	<u>Pricing<sup>(2)</sup></u>
	A-1 Aaa \$280 1.0 L+20	A-1 Aaa \$1,491 8.2 L+110	A-1 Aaa \$1,215 4.6 L+65	A-1 Aaa \$799 4.7 L+70
A-2 Aaa \$360 3.3 L+35	B A2 \$45 17.1 L+100 <sup>(3)</sup>	B Aa3 \$38 9.1 L+397	B Aa1 \$25 9.2 L+393	
A-3 Aaa \$575 7.0 L+80				
B Aa3 \$37 9.0 L+404				

(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/slmtrusts/>. Actual average life may vary significantly from estimates.

(2) Pricing represents the yield to expected call.

(3) SLM Retained



## Recent SLM Private ABS Transactions

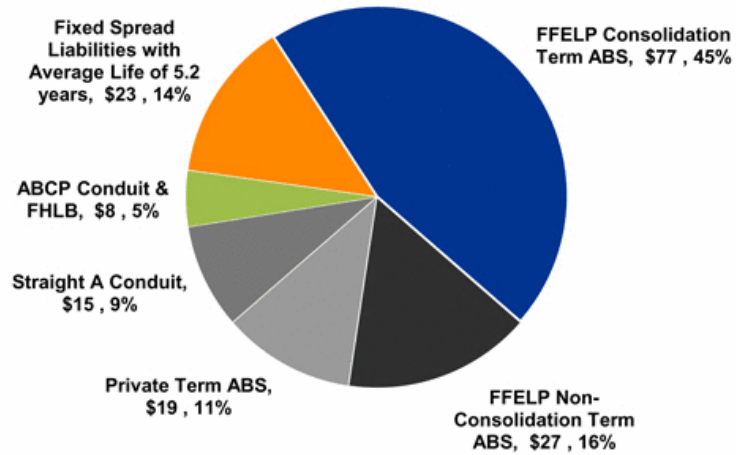
	<u>Private Education Loans</u>	<u>Private Education Loans</u>	<u>Private Education Loans</u>	<u>Private Education Loans</u>																																																																																					
Issue	\$640M SLM Trust 2012-D	\$1,135M SLM Trust 2012-C	\$891M SLM Trust 2012-B	\$547M SLM Trust 2012-A																																																																																					
Pricing Date	July 23, 2012	May 23, 2012	April 4, 2012	February 2, 2012																																																																																					
Collateral	Private Education Loans	Private Education Loans	Private Education Loans	Private Education Loans																																																																																					
Prepayment Speed <sup>(1)</sup>	4%	4%	4%	4%																																																																																					
Tranching	<table border="1"> <thead> <tr> <th></th> <th>Moody's</th> <th>Amt</th> <th>WAL <sup>(1)</sup></th> <th>Pricing <sup>(2)</sup></th> </tr> </thead> <tbody> <tr> <td>A-1</td> <td>Aaa</td> <td>\$450</td> <td>1.7</td> <td>L+105</td> </tr> <tr> <td>A-2</td> <td>Aaa</td> <td><u>\$190</u></td> <td><u>4.3</u></td> <td><u>s+230</u></td> </tr> <tr> <td>Total</td> <td></td> <td>\$640</td> <td>2.5</td> <td>L+169</td> </tr> </tbody> </table>		Moody's	Amt	WAL <sup>(1)</sup>	Pricing <sup>(2)</sup>	A-1	Aaa	\$450	1.7	L+105	A-2	Aaa	<u>\$190</u>	<u>4.3</u>	<u>s+230</u>	Total		\$640	2.5	L+169	<table border="1"> <thead> <tr> <th></th> <th>Moody's</th> <th>Amt</th> <th>WAL <sup>(1)</sup></th> <th>Pricing <sup>(2)</sup></th> </tr> </thead> <tbody> <tr> <td>A-1</td> <td>Aaa</td> <td>\$781</td> <td>1.75</td> <td>L+110</td> </tr> <tr> <td>A-2</td> <td>Aaa</td> <td><u>\$354</u></td> <td><u>4.5</u></td> <td><u>s+235</u></td> </tr> <tr> <td>Total</td> <td></td> <td>\$1,135</td> <td>2.6</td> <td>L+177</td> </tr> </tbody> </table>		Moody's	Amt	WAL <sup>(1)</sup>	Pricing <sup>(2)</sup>	A-1	Aaa	\$781	1.75	L+110	A-2	Aaa	<u>\$354</u>	<u>4.5</u>	<u>s+235</u>	Total		\$1,135	2.6	L+177	<table border="1"> <thead> <tr> <th></th> <th>Moody's</th> <th>Amt</th> <th>WAL <sup>(1)</sup></th> <th>Pricing <sup>(2)</sup></th> </tr> </thead> <tbody> <tr> <td>A-1</td> <td>Aaa</td> <td>\$482</td> <td>1.5</td> <td>L+110</td> </tr> <tr> <td>A-2</td> <td>Aaa</td> <td>\$342</td> <td>4.2</td> <td>s+240</td> </tr> <tr> <td>A-3</td> <td>Aaa</td> <td><u>\$67</u></td> <td><u>5.7</u></td> <td><u>L+300</u></td> </tr> <tr> <td>Total</td> <td></td> <td>\$891</td> <td>2.9</td> <td>L+212</td> </tr> </tbody> </table>		Moody's	Amt	WAL <sup>(1)</sup>	Pricing <sup>(2)</sup>	A-1	Aaa	\$482	1.5	L+110	A-2	Aaa	\$342	4.2	s+240	A-3	Aaa	<u>\$67</u>	<u>5.7</u>	<u>L+300</u>	Total		\$891	2.9	L+212	<table border="1"> <thead> <tr> <th></th> <th>Moody's</th> <th>Amt</th> <th>WAL <sup>(1)</sup></th> <th>Pricing <sup>(2)</sup></th> </tr> </thead> <tbody> <tr> <td>A-1</td> <td>Aaa</td> <td>\$379</td> <td>2.0</td> <td>L+140</td> </tr> <tr> <td>A-2</td> <td>Aaa</td> <td><u>\$168</u></td> <td><u>5.2</u></td> <td><u>s+285</u></td> </tr> <tr> <td>Total</td> <td></td> <td>\$547</td> <td>3.0</td> <td>L+217</td> </tr> </tbody> </table>		Moody's	Amt	WAL <sup>(1)</sup>	Pricing <sup>(2)</sup>	A-1	Aaa	\$379	2.0	L+140	A-2	Aaa	<u>\$168</u>	<u>5.2</u>	<u>s+285</u>	Total		\$547	3.0	L+217
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(2) Yield on fixed rate tranches were 2.98%, 3.34%, 3.51%, and 3.86% for 2012-D, 2012-C, 2012-B, and 2012-A respectively.

## High Percentage of Student Loans Funded to Term

**\$169\* Billion Student Loan Portfolio  
as of June 30, 2012**



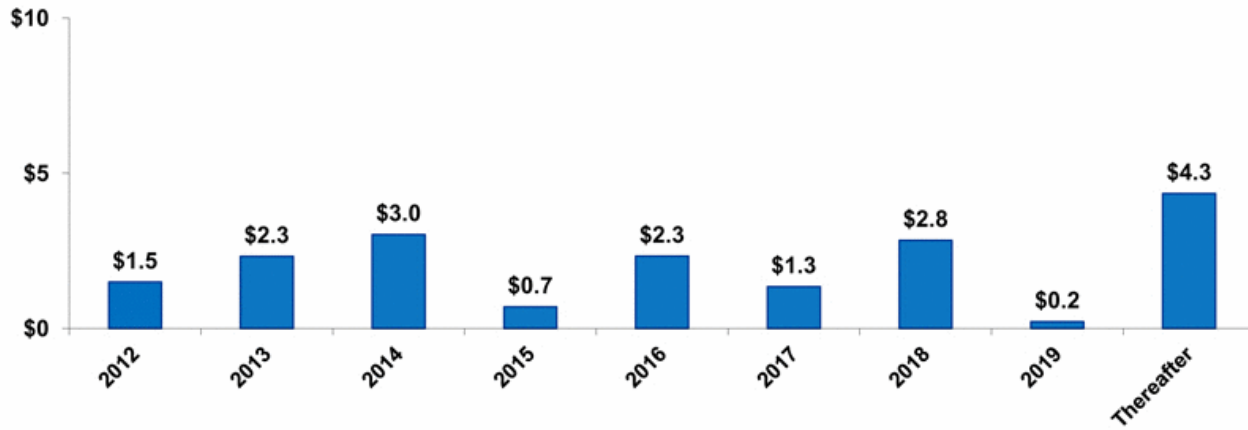
► **Conservative long-term funding model**

\* Gross loans. Numbers may not add due to rounding.



## Unsecured Debt Maturities

As of June 30, 2012  
(par value, \$ in billions)



Note: Does not include Sallie Mae Bank or Subsidiary funding



## Unencumbered Assets & Unsecured Debt

Unencumbered Assets & Unsecured Debt						
(\$ in billions)	6/30/12	12/31/11	12/31/10	12/31/09		
FFELP Stafford and Plus Loans, net	\$ 1.0	\$ 0.8	\$ 1.0	\$ 1.6		
FFELP Consolidation Loans, net	0.4	0.2	0.5	0.5		
Private Education Loans, net	10.1	11.0	11.1	12.5		
Other Loans	0.2	0.2	0.3	0.4		
Available Cash & Investments	4.1	3.9	5.3	8.1		
Retained Interests*	-	-	-	1.8		
Other Assets	4.4	4.1	4.1	5.2		
<b>Total Unencumbered Tangible Assets</b>	<b>\$ 20.2</b>	<b>\$ 20.2</b>	<b>\$ 22.3</b>	<b>\$ 30.1</b>		
<b>Unsecured Debt Outstanding</b>	<b>\$ 24.6</b>	<b>\$ 24.1</b>	<b>\$ 26.9</b>	<b>\$ 35.1</b>		

Net Assets in Secured Financing Facilities						
	6/30/12	12/31/11	12/31/10	12/31/09		
Off-Balance Sheet ABS (Non-GAAP)*	\$ -	\$ -	\$ -	\$ 0.6		
On-Balance Sheet ABS (GAAP)**	12.8	12.9	13.1	12.7		
<b>Total</b>	<b>\$ 12.8</b>	<b>\$ 12.9</b>	<b>\$ 13.1</b>	<b>\$ 13.3</b>		

\* On 1/1/10, upon adopting ASC 810, the Retained Interests were removed from the consolidated balance sheet and the assets and liabilities of off-balance sheet ABS were consolidated onto the balance sheet.

\*\* Amounts include loans, cash, and accrued interest receivable less debt outstanding for all secured borrowing facilities. Amounts reflect the current balance and prior period adjustments made to account for the impact of ASC 815. Further detail of the nature of the adjustment can be found in the 2011 Form 10-K.



## Secured Cash Flow

\$ in Millions	YTD 2012	2011	2010	2009
<b>FFELP</b>				
Term Securitized				
Servicing (Cash Paid)	\$ 269	\$ 563	\$ 533	\$ 549
Net Residual* (Excess Distributions)	298	715	746	1,435
Other Secured FFELP				
Net Cash Flow	440	568	1,465	1,296
<b>Total FFELP</b>	<b>\$ 1,007</b>	<b>\$ 1,846</b>	<b>\$ 2,743</b>	<b>\$ 3,280</b>
<b>Private Credit</b>				
Term Securitized				
Servicing (Cash Paid)	\$ 86	\$ 189	\$ 179	\$ 130
Residual (Excess Distribution)	54	28	8	90
Other Secured Financings				
Net Cash Flow	13	2	-	58
<b>Total Private Credit</b>	<b>\$ 154</b>	<b>\$ 219</b>	<b>\$ 187</b>	<b>\$ 278</b>
<b>Total FFELP and Private Credit</b>	<b>\$ 1,161</b>	<b>\$ 2,065</b>	<b>\$ 2,930</b>	<b>\$ 3,558</b>
<b>Average Principal Balances</b>				
	YTD 2012	2011	2010	2009
<b>FFELP</b>				
Term FFELP	\$ 105,856	\$ 109,509	\$ 99,041	\$ 102,754
Other Secured FFELP	25,691	29,466	38,767	36,628
<b>Total FFELP</b>	<b>\$ 131,547</b>	<b>\$ 138,975</b>	<b>\$ 137,808</b>	<b>\$ 139,382</b>
<b>Private Credit</b>				
Term PC	\$ 24,068	\$ 25,619	\$ 25,854	\$ 19,144
Other Secured Financings	2,477	233	-	2,641
<b>Total Private Credit</b>	<b>\$ 26,545</b>	<b>\$ 25,853</b>	<b>\$ 25,854</b>	<b>\$ 21,785</b>
<b>Total FFELP and Private Credit</b>	<b>\$ 158,092</b>	<b>\$ 164,828</b>	<b>\$ 163,661</b>	<b>\$ 161,167</b>

Note: Totals may not add due to rounding

\* Net residual represents excess distribution, net of payments on floor contracts and receipts from basis swaps



## Projected Cash Flows From FFELP Portfolio\*

(\$ in Millions)

as of 6/30/12	2012	2013	2014	2015	2016	2017	2018	2019
Projected FFELP Average Balance	\$125,371	\$117,614	\$106,851	\$96,279	\$86,628	\$77,195	\$68,398	\$60,122
Projected Excess Spread	\$445	\$823	\$757	\$672	\$620	\$557	\$563	\$548
Projected Servicing Revenue	<u>\$334</u>	<u>\$627</u>	<u>\$570</u>	<u>\$515</u>	<u>\$460</u>	<u>\$407</u>	<u>\$356</u>	<u>\$308</u>
Projected Total Revenue	\$779	\$1,451	\$1,326	\$1,187	\$1,080	\$964	\$919	\$857
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Projected FFELP Average Balance	\$52,403	\$45,201	\$38,992	\$33,926	\$29,164	\$24,593	\$20,286	\$16,119
Projected Excess Spread	\$480	\$423	\$346	\$303	\$272	\$248	\$217	\$187
Projected Servicing Revenue	<u>\$264</u>	<u>\$222</u>	<u>\$186</u>	<u>\$161</u>	<u>\$138</u>	<u>\$117</u>	<u>\$97</u>	<u>\$78</u>
Projected Total Revenue	\$744	\$645	\$532	\$464	\$411	\$365	\$314	\$265
	<b>2028</b>	<b>2029</b>	<b>2030</b>	<b>2031</b>	<b>2032</b>	<b>2033</b>		
Projected FFELP Average Balance	\$12,258	\$9,176	\$6,920	\$5,073	\$3,419	\$1,997		
Projected Excess Spread	\$154	\$124	\$97	\$78	\$56	\$37		
Projected Servicing Revenue	<u>\$60</u>	<u>\$45</u>	<u>\$34</u>	<u>\$26</u>	<u>\$18</u>	<u>\$11</u>		
Projected Total Revenue	\$214	\$169	\$131	\$103	\$74	\$48		

- ▶ Total Cash Flows from Projected Excess Spread = \$8.0 Billion
- ▶ Total Cash Flows from Projected Servicing Revenues = \$5.0 Billion

**Assumptions**

No Floor Income, CPR/CDR = Stafford & Plus (5.5%), Consolidation (2.5%)

\* These projections are based on internal estimates and assumptions and are subject to ongoing review and modification. These projections may prove to be incorrect.



## Sallie Mae Bank

- ▶ **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 and a direct retail deposit program launched in February 2010
  - 18.4% Total Risk-based Capital at June 30, 2012
  - Dividend of \$220 million paid to SLM Corporation in May 2012
  
- ▶ **Deposit taking activities**
  - Strong cash position used to fund Private Education Loan originations
  - Deposits totaled \$5.2 billion at June 30, 2012
    - \$3.0 billion Brokered Deposits
    - \$2.2 billion Direct Retail and other affiliate and non-affiliate Deposits
  - Brokered Deposit term portfolio has a weighted average maturity of 17.4 months
  - Total deposits decreased by 17% in 2Q12 due primarily to scheduled maturities in the brokered CD portfolio



## Sallie Mae Bank – Capital & Deposits

Bank Deposits (\$ millions)						
	Jun 12	Mar 12	Dec 11	Sep 11	Jun 11	Mar 11
Brokered CDs	\$2,352	\$3,455	\$3,734	\$3,262	\$3,262	\$4,177
Brokered – Other	685	536	529	519	284	273
Retail Deposits	1,676	1,768	1,589	1,435	1,199	1,222
Other Deposits*	446	462	473	529	436	461
<b>Total Deposits</b>	<b>\$5,159</b>	<b>\$6,221</b>	<b>\$6,325</b>	<b>\$5,745</b>	<b>\$5,181</b>	<b>\$6,133</b>

\*Primarily affiliate deposit accounts with no stated maturities

Regulatory Capital Ratios						
Ratio	Jun 12	Mar 12	Dec 11	Sep 11	Jun 11	Mar 11
Tier 1 Leverage	13.8%	14.2%	14.9%	16.4%	15.3%	12.9%
Tier 1 Risk Based	17.3%	16.7%	18.3%	20.3%	23.1%	17.0%
Total Risk Based	18.4%	17.7%	19.5%	21.4%	24.4%	18.3%

## **Risk-Adjusted Capitalization**



## Strong Capital Position

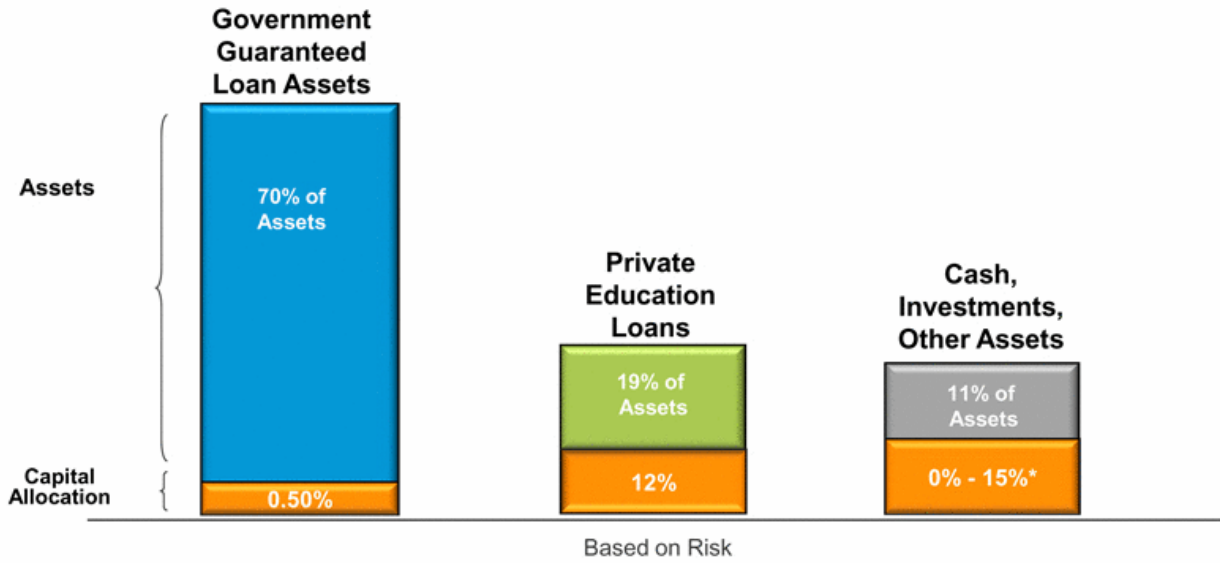
(\$ in Billions)	<u>Q2 12</u>	<u>Q1 12</u>	<u>Q4 11</u>
GAAP Capital	\$4.9	\$5.0	\$5.3
Goodwill & Intangibles	(0.5)	(0.5)	(0.5)
Derivative Mark-to-Market	1.1	1.1	1.0
Unamortized Premiums from Floors	<u>0.7</u>	<u>0.7</u>	<u>0.8</u>
Tangible Economic Capital*	\$6.2	\$6.4	\$6.5
Private Loan Loss Reserve	<u>2.2</u>	<u>2.2</u>	<u>2.2</u>
Available Risk Capital*	<u>\$8.4</u>	<u>\$8.6</u>	<u>\$8.7</u>
Risk Assets (Before Loan Loss Reserves)			
Private Credit	\$38.6	\$38.9	\$38.5
Other Risk Assets	<u>1.1</u>	<u>1.1</u>	<u>1.1</u>
Total Risk Assets	<u>\$39.7</u>	<u>\$40.0</u>	<u>\$39.6</u>
Capital to Risk Assets:	21.2%	21.6%	22.0%

\*\*Tangible Economic Capital\* and \*Available Risk Capital\* are non-GAAP financial measures. The reconciliation to GAAP capital is shown on this slide.



## Capital Allocation

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

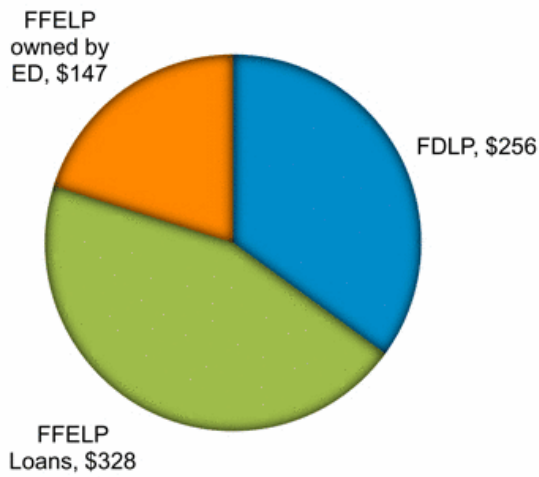


\*Other Assets includes a small amount of goodwill & intangible assets for which capital is allocated at 100%

# FFELP ABS Appendix

## Federal Student Loan Market

**Outstanding Government Student Loan Market Distribution  
FFYE 9/30/2011 (\$ in billions)**



**Top 10 Holders of FFELP Loans  
FFYE 9/30/2011 (\$ in millions)**

Lender Name	FY11
SLM CORPORATION	\$139,540
NELNET	\$25,169
WELLS FARGO	\$17,923
BRAZOS GROUP	\$10,976
JPMORGAN CHASE BANK	\$9,371
PA HIGHER ED ASST AUTH (PHEAA)	\$8,172
PNC	\$7,732
College Loan Corp	\$7,645
CIT <sup>1</sup>	\$7,396
Goal Financial	\$6,466
<b>Top 10 Holders</b>	<b>\$240,390</b>

Source: Department of Education Annual Performance and Accountability Reports, FY 2011, Notes to the Principal Financial Statements, Credit Programs note; Federally-owned FFELP is calculated based on receivables in purchase program and participated loans sold to the Department.  
<sup>1</sup> Student Loan Xpress is a CIT company

## SLM FFELP ABS Issue Characteristics

### Typical SLM FFELP ABS Transaction Features

- ▶ Issue size of \$0.5B to \$1.5B
- ▶ Tranches or pass-through denominated in US\$
- ▶ AAA rated senior tranches make up to 97% of issue structure
- ▶ Floating rate tied to 1 mo. LIBOR
- ▶ Amortizing tranches with 1 to 15(+) year average lives
- ▶ Master servicer is Sallie Mae, Inc.

### Unique Characteristics of FFELP Loan ABS

- ▶ Insurance or 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 yields 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+ yrs) term tranches available at new issue and in secondary

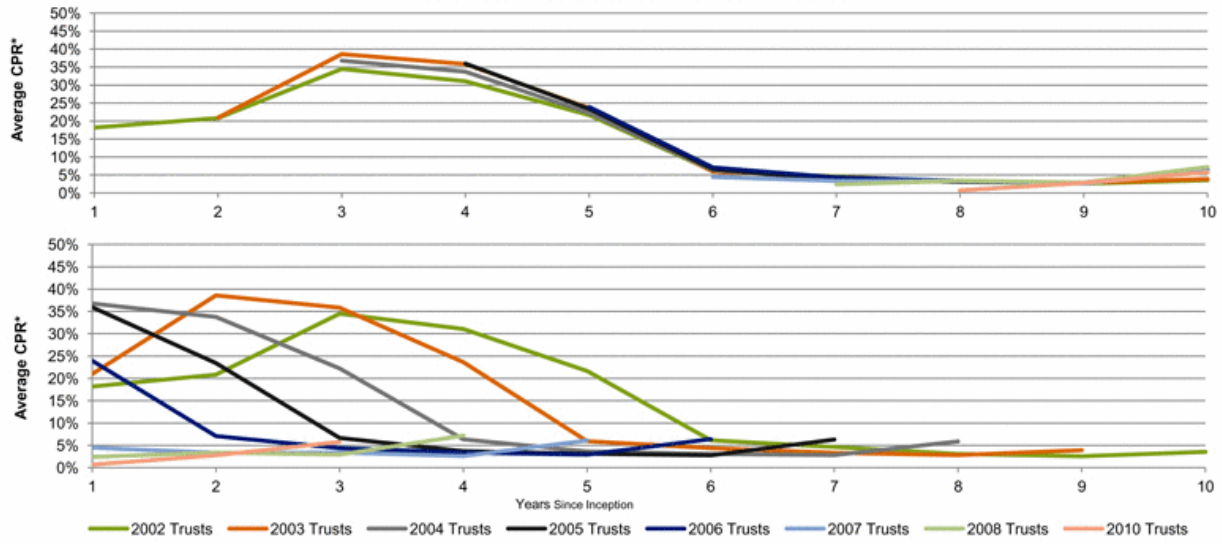
(1) Principal and accrued interest on underlying FFELP loan collateral carry insurance or guarantee of 97%-100% dependent on origination year and on meeting the servicing requirements of the U.S. Department of Education.

## 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



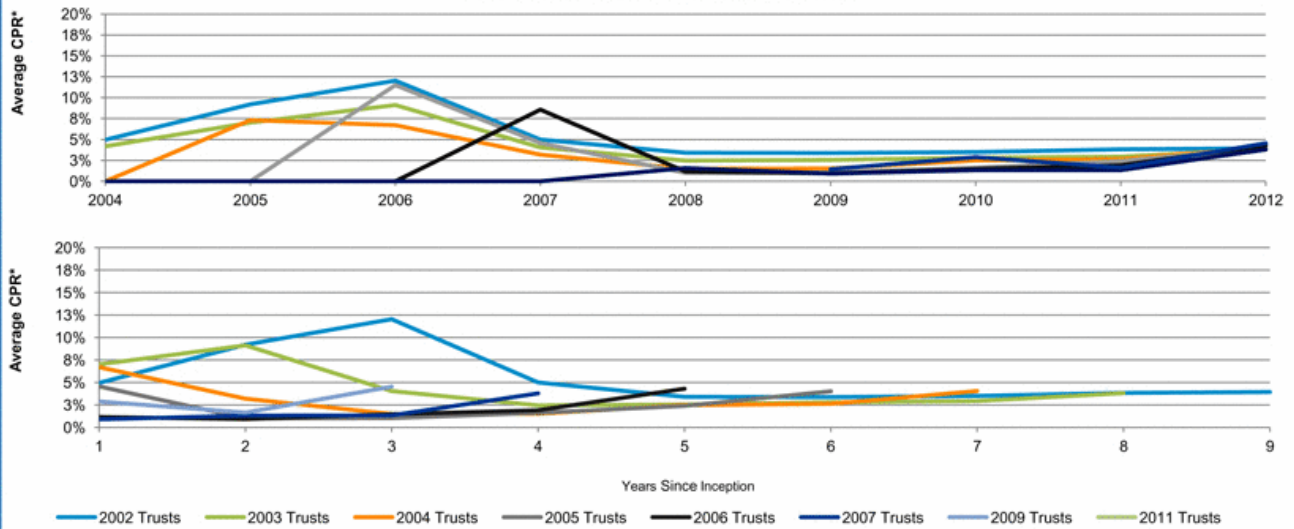
\* Average CPR is the simple (non-weighted) average of four Quarterly CPR calculations for each calendar year. Quarterly CPR assumes School and Grace loans are not scheduled to make payments. Deferment, Forbearance and Repayment loans are scheduled to make payments.

## 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 each calendar year. Quarterly CPR assumes School and Grace loans are not scheduled to make payments. Deferment, Forbearance and Repayment loans are scheduled to make payments.

# Private Education Loan ABS Appendix



## SLM Private Loan ABS Issuance Profile

- ▶ Sallie Mae is among largest issuers of ABS globally, having issued close to \$250 billion in Private and FFELP ABS transactions to date
- ▶ Sallie Mae has been the market leader in Private Education Loans since the late '80s, with expected originations of at least \$3.2 billion in 2012
- ▶ Prior to the financial crisis, Sallie Mae was a programmatic issuer of Private Education Loan ABS
- ▶ In 2011, Sallie Mae reestablished programmatic issuance of private education student loan ABS
  - ▶ Executed 3 transactions in 2011 totaling \$2.1 billion
  - ▶ Executed 4 transactions YTD 2012 totaling \$3.2 billion



## Recent SLM Private Education Loan ABS Characteristics

### Recent SLM Private Loan ABS Structures

- ▶ Issue size of \$500M to \$1.5B
- ▶ Triple-A rated senior notes only; no subordinate tranches
- ▶ 20-30% overcollateralization
- ▶ Multiple tranches with 2, 5, and/or 7 yr average lives
- ▶ Fixed rate or floating rate tied to 1 month LIBOR
- ▶ Full-turbo structure

### Collateral Characteristics

- ▶ Collateralized by loans made to students and parents to fund college tuition, room and board
- ▶ Underwritten using FICO, Custom Scorecard & DTI w/risk-based pricing
- ▶ 70(+) % with co-borrowers, typically a parent
- ▶ Typically non-dischargeable in bankruptcy
- ▶ Serviced exclusively by Sallie Mae



## SLM Private Education Loan ABS Summary

### SLM Private Education Loan ABS Trusts (2009 - Present)

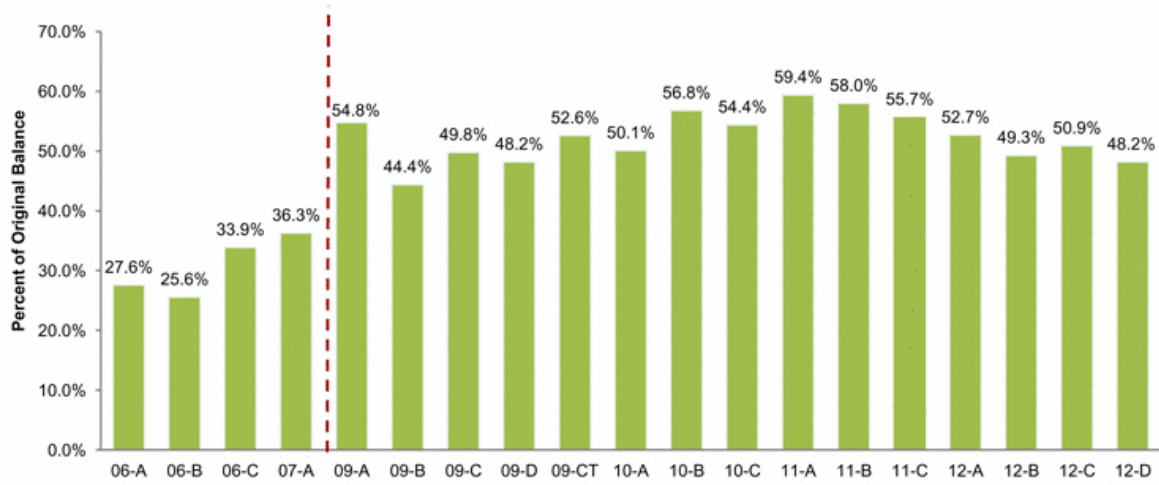
#### Summary Information

	09-B	09-C	09-D	09-CT	10-A	10-B	10-C	11-A	11-B	11-C	12-A	12-B	12-C	12-D
Bond Amount (\$mil)	2,593	1,109	1,680	590	1,550	869	1,701	562	825	721	547	891	1,135	640
Initial AAA Enhancement (%)	35%	34%	32%	37%	23%	45%	37%	21%	18%	26%	27%	26%	25%	26%
Loan Program (%)														
Signature/Law/MBA/Med	68%	50%	52%	--	76%	46%	89%	88%	91%	71%	61%	48%	43%	37%
Smart Option	--	--	--	--	--	--	--	--	--	10%	20%	30%	40%	45%
Consolidation	13%	10%	14%	--	1%	8%	11%	0%	0%	7%	6%	9%	5%	5%
Direct to Consumer	19%	40%	34%	--	10%	20%	--	9%	6%	12%	12%	12%	12%	12%
Career Training	--	--	--	100%	13%	25%	--	3%	3%	0%	1%	1%	0%	0%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Loan Status (%)														
School, Grace, Deferment	63%	62%	57%	0%	63%	12%	36%	55%	55%	37%	25%	20%	16%	11%
Repayment <sup>(1)</sup>	34%	35%	40%	98%	32%	85%	60%	43%	43%	60%	73%	78%	81%	87%
Forbearance	3%	3%	3%	2%	5%	3%	3%	2%	3%	2%	2%	2%	3%	2%
Wtd Avg Term to Maturity (Mo.)	209	208	211	141	190	169	194	192	189	182	171	164	151	144
% Loans with Cosigner	63%	63%	64%	70%	72%	65%	62%	72%	75%	71%	75%	77%	79%	80%
% Loans with No Cosigner	37%	37%	36%	30%	28%	35%	38%	28%	25%	29%	25%	23%	21%	20%
Wtd Avg FICO at Origination	728	727	731	747	739	734	727	737	736	733	735	736	737	740
Wtd Avg Recent FICO at Issuance	714	713	714	725	725	732	713	723	722	720	724	726	728	730
WA FICO (Cosigner at Origination)	742	741	744	753	749	744	742	747	745	744	745	745	745	748
WA FICO (Cosigner at Rescored)	733	731	729	734	739	740	733	736	731	734	732	734	735	738
WA FICO (Borrower at Origination)	703	704	707	734	714	712	701	709	710	704	705	705	707	710
WA FICO (Borrower at Rescored)	680	684	686	703	691	716	679	690	695	688	700	700	702	698
Wtd Avg Loan Margin - LIBOR	6.86%	6.88%	6.86%	10.63%	7.44%	8.19%	--	7.64%	7.47%	7.83%	8.35%	8.53%	8.81%	8.91%
Wtd Avg Loan Margin - Prime	2.37%	2.77%	2.43%	2.94%	2.94%	2.37%	1.89%	1.83%	2.03%	2.28%	2.37%	2.38%	2.33%	2.07%
Wtd Avg LIBOR Equivalent Margin <sup>(2)</sup>	5.19%	5.60%	5.23%	6.99%	7.09%	5.26%	4.64%	7.35%	7.17%	6.23%	6.60%	6.86%	7.02%	7.07%

(1) Smart Option loans considered as 'in repayment' if borrowers are making either interest only payments or principal and interest payments, regardless of whether the borrower is otherwise in school, grace, or deferment status.

(2) Assumes Prime/LIBOR spread of 2.75%.

## Constraining rating agency AAA/Aaa gross default stress levels at issuance

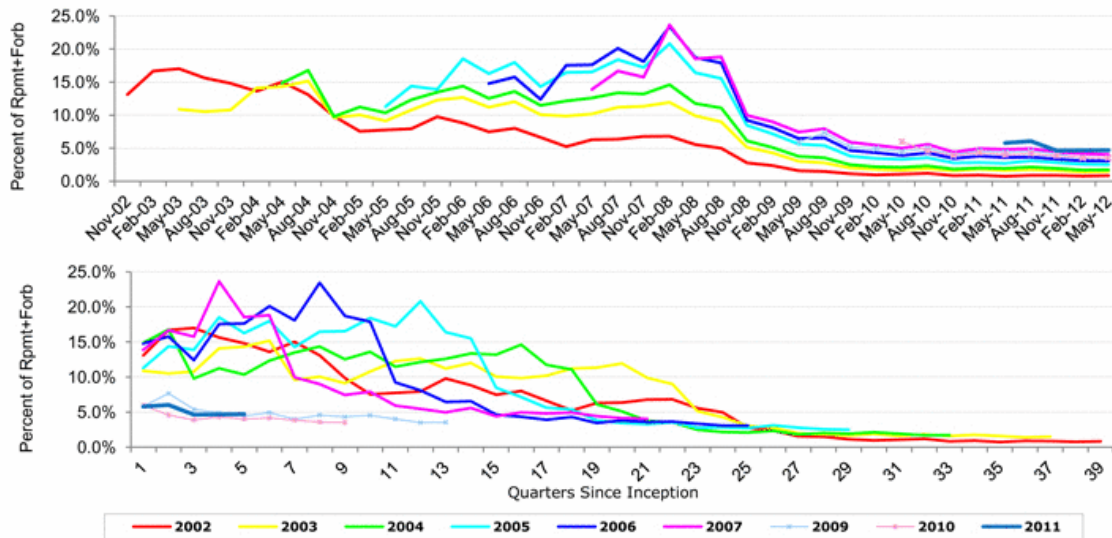


Source: Sallie Mae, Moody's, Standard & Poor's, Fitch.

## SLM Private Education Loan ABS Forbearance

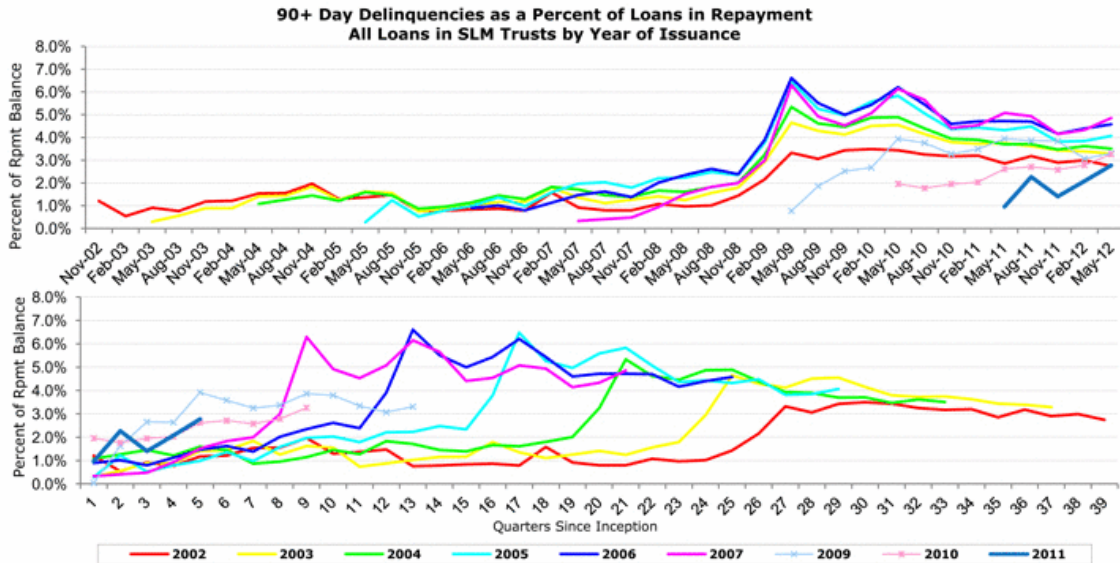
- ▶ Forbearance usage is typically highest when loans enter repayment, and declines as loans season
- ▶ Use of forbearance as a collection tool peaked in early 2008; forbearance has since declined as a result of changes in SLM's forbearance strategy

**Loans in Forbearance as a Percent of Loans in Repayment and Forbearance  
All Loans in SLM Trusts by Year of Issuance**



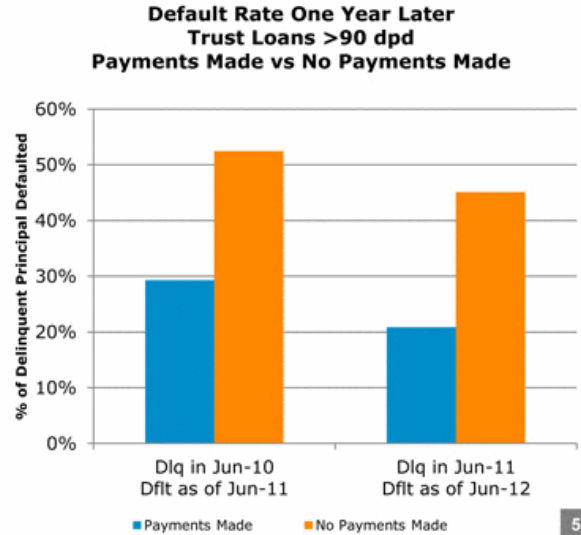
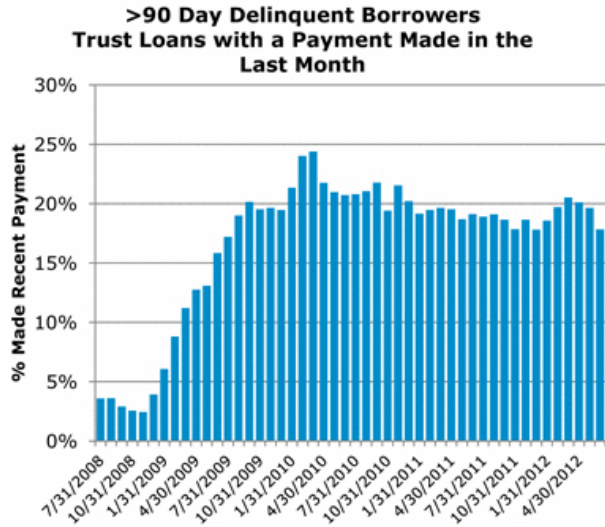
## SLM Private Education Loan ABS 90+ Day Delinquencies

- ▶ As expected, later stage delinquency has remained elevated in recent periods due to tightening of forbearance and the current economic environment
- ▶ Increased emphasis on cash payment during delinquency means more borrowers remain in delinquency instead of receiving forbearance
- ▶ Because they are paying, fewer delinquent borrowers are expected to default



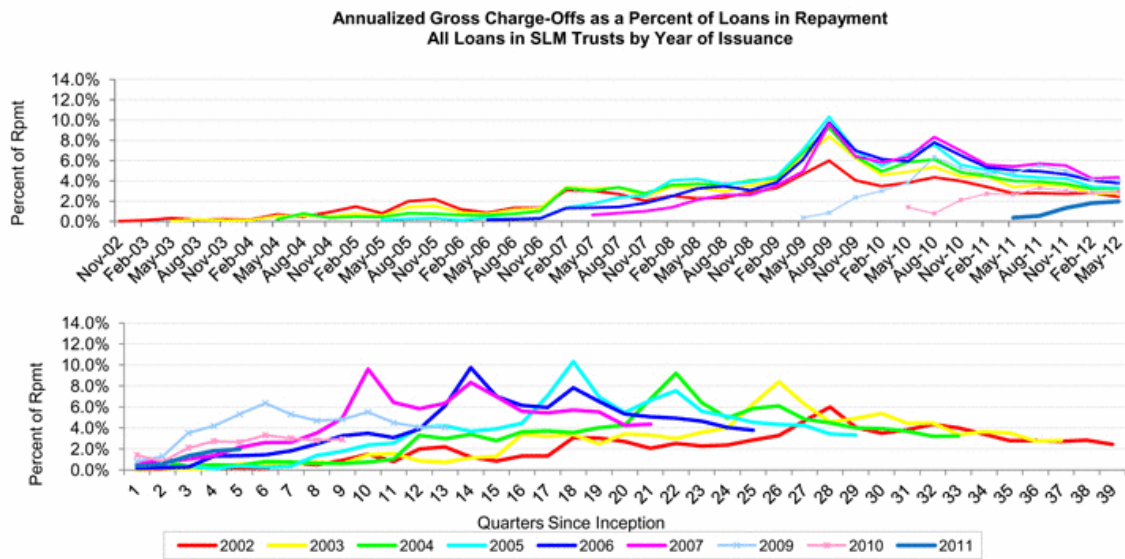
## Recent Private Education Loan ABS Trust Performance

- ▶ Sallie Mae is currently collecting payments from a much higher percentage of delinquent borrowers than in the past
- ▶ Delinquent borrowers who have made at least one payment during delinquency are far less likely to default



## SLM Private Education Loan ABS Annualized Gross Charge-Offs

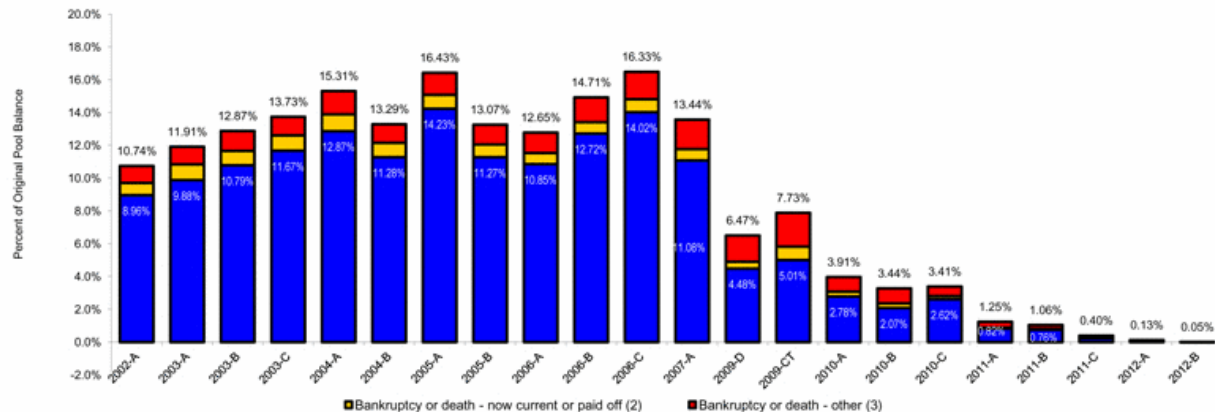
- ▶ Charge-offs have declined steadily since late 2009, after an increase resulting from changes to forbearance policy and a weak economic environment



(1) For SLM Private Education 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 Education Student Loan Trusts issued prior to 2005-B as if the servicer had never exercised its repurchase option.

## SLM Private Education Loan Gross Defaults

**Actual-to-Date Cumulative Gross Defaults  
including Bankruptcy Information  
All Trust Loans**



As of May 31, 2012

For SLM Private Education 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 Education 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.

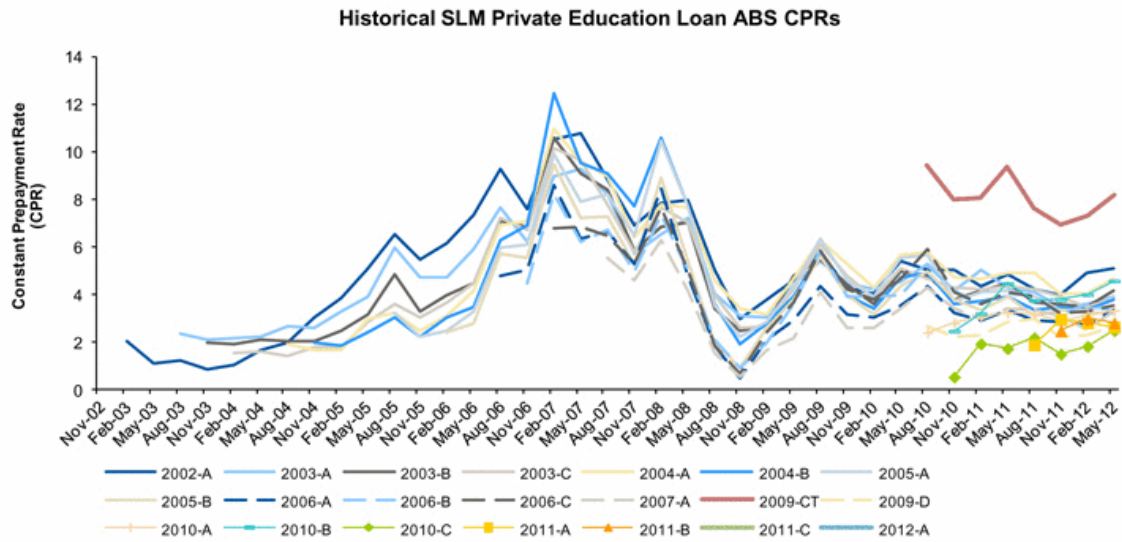


## Recoveries

- ▶ Recoveries are typically realized over many years as a result of the prevalent use of long-term payment plans
- ▶ While student loans are generally non-dischargeable in bankruptcy, the proceedings can postpone recoveries until after borrowers emerge from bankruptcy
- ▶ In 2005, Sallie Mae changed its recovery practices, leading to an increase in overall recoveries and earlier collection of recovered amounts
  - Loans that defaulted in 1998-2003 had recovery rates of 7 – 14% five years after default
  - The 2005 cohort had a recovery rate of 24% six years after default
- ▶ Recovery experience for more recent cohorts has varied based on economic conditions and the characteristics of defaulted loans
- ▶ In Q3 2011, Sallie Mae provided additional provision for loan loss to provide for potential uncertainty regarding future recoveries due to continued high unemployment rates; the 27% life-of loan recovery expectation remains in place

## SLM Private Education Loan ABS Trusts – Prepayment Analysis

- ▶ Constant prepayment rates increased in 2007 due to the introduction of Private Education Consolidation loans, then declined following SLM's decision to suspend its consolidation loan program in 2008



## Cohort Default Triangles

- ▶ The following cohort default triangles provide loan performance information for certain Private Education Loans of SLM Corporation and its consolidated subsidiaries that meet such subsidiaries' current securitization criteria (including those criteria listed below):
  - Program types include Undergraduate/Graduate<sup>(1)</sup>, Direct-to-Consumer ("DTC")<sup>(2)</sup>, Career Training<sup>(3)</sup>, Private Consolidation Loans and Smart Option (interest only) loans
  - FICO scores are based on the greater of the borrower and co-borrower scores as of a date near the loan application and must be at least:
    - Undergraduate/Graduate at not-for-profit schools:  $\geq 640$
    - Undergraduate/Graduate at for-profit schools:  $\geq 670$
    - DTC loans:  $\geq 670$
    - Career Training loans:  $\geq 670$
    - Private Consolidation loans:  $\geq 640$
  - Excludes loans made at selected schools that have historically experienced higher rates of default
- ▶ The cohort default triangles are not representative of the characteristics of the portfolio of Private Education Loans of SLM Corporation and its consolidated subsidiaries as a whole or any particular securitization trust

(1) Undergraduate/Graduate loans marketed under the Signature Student Loan brand.

(2) Direct-to-Consumer Loans marketed under the Tuition Answer brand.

(3) Career Training loans provide eligible borrowers financing at technical, trade, K-12 or tutoring schools.

## Cohort Default Triangles

- ▶ The cohort default triangles featured on subsequent slides are segmented by loan program type, FICO score, co-borrower status, and school type
- ▶ Terms and calculations used in the cohort default triangles are defined below:
  - Repayment Year – The calendar year loans entered repayment
  - Disbursed Principal Entering Repayment – The amount of principal entering repayment in a given year, based on disbursed principal prior to any interest capitalization
  - Years in Repayment – Measured in years between repayment start date and default date. Zero represents defaults that occurred prior to the start of repayment.
  - Periodic Defaults – Defaulted principal in each Year in Repayment as a percentage of the disbursed principal entering repayment in each Repayment Year
    - Defaulted principal includes any interest capitalization that occurred prior to default
    - Defaulted principal is not reduced by any amounts recovered after the loan defaulted
    - Because the numerator includes capitalized interest while the denominator does not, default rates are higher than if the numerator and denominator both included capitalized interest
  - Total – The sum of Periodic Defaults across Years in Repayment for each Repayment Year



## Cohort Default Triangles

### Undergraduate/Graduate<sup>(1)</sup>

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(2),(3)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1998	\$11	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.5%	0.8%	0.4%	0.2%	1.5%	0.7%	0.4%	0.3%	0.0%	5.0%
1999	\$28	0.0%	0.0%	0.0%	0.1%	0.9%	0.6%	1.4%	0.4%	0.3%	1.0%	0.5%	0.3%	0.8%	0.3%	0.0%	6.5%
2000	\$70	0.0%	0.0%	0.0%	0.6%	1.1%	1.3%	0.6%	0.9%	1.5%	1.5%	1.0%	0.8%	0.3%	0.0%		9.7%
2001	\$187	0.0%	0.0%	0.1%	1.1%	1.4%	0.9%	1.8%	1.3%	2.3%	1.9%	1.5%	0.5%	0.0%			12.7%
2002	\$386	0.0%	0.2%	0.2%	1.2%	1.1%	1.9%	1.6%	2.3%	1.9%	1.3%	0.7%	0.0%				12.4%
2003	\$683	0.0%	0.2%	0.6%	1.0%	1.9%	1.6%	2.7%	2.4%	1.8%	0.9%	0.1%					13.0%
2004	\$1,132	0.0%	0.2%	0.3%	1.9%	1.8%	3.0%	2.8%	1.8%	0.9%	0.1%						12.9%
2005	\$1,538	0.0%	0.0%	0.5%	2.5%	3.7%	3.3%	2.1%	1.2%	0.1%							13.4%
2006	\$2,014	0.0%	0.1%	1.6%	3.7%	3.7%	2.4%	1.2%	0.1%								12.9%
2007	\$2,453	0.0%	0.4%	3.5%	4.6%	2.9%	1.5%	0.1%									13.1%
2008	\$2,936	0.0%	2.4%	4.2%	3.9%	1.8%	0.1%										12.4%
2009	\$3,271	0.0%	3.4%	3.6%	2.5%	0.1%											9.7%
2010	\$2,814	0.0%	3.5%	2.6%	0.2%												6.3%
2011	\$1,891	0.0%	1.9%	0.2%													2.1%

Note: Data as of 6/30/12.

(1) Undergraduate/Graduate loans marketed under the Signature Student Loan brand.

(2) Periodic Defaults for the most recent two calendar Years in Repayment are for a partial year.

(3) Numerator is the amount of principal in each cohort that defaulted in each Year in Repayment. Denominator is the amount of disbursed principal for that Repayment Year.



## Cohort Default Triangles

### Undergraduate/Graduate<sup>(1)</sup> With Co-signer

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(2)(3)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1998	\$6	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.8%	1.0%	0.4%	0.0%	0.2%	1.1%	0.1%	0.0%	0.0%	3.7%
1999	\$14	0.0%	0.0%	0.0%	0.0%	0.5%	0.1%	0.9%	0.4%	0.2%	0.1%	0.4%	0.0%	0.1%	0.1%	0.0%	2.8%
2000	\$37	0.0%	0.0%	0.0%	0.5%	0.5%	0.7%	0.7%	0.4%	0.7%	1.2%	0.8%	0.9%	0.1%	0.1%		6.6%
2001	\$90	0.0%	0.0%	0.1%	0.7%	0.9%	0.6%	1.2%	1.0%	1.7%	1.4%	1.1%	0.5%	0.0%			9.2%
2002	\$196	0.0%	0.2%	0.1%	0.8%	0.6%	1.4%	0.8%	1.9%	1.5%	1.1%	0.5%	0.0%				9.1%
2003	\$367	0.0%	0.1%	0.3%	0.6%	0.9%	1.1%	2.2%	1.8%	1.3%	0.6%	0.1%					9.1%
2004	\$632	0.0%	0.2%	0.2%	1.0%	1.0%	2.2%	2.1%	1.4%	0.8%	0.0%						8.9%
2005	\$844	0.0%	0.0%	0.2%	1.4%	2.5%	2.3%	1.6%	0.9%	0.0%							8.8%
2006	\$1,121	0.0%	0.0%	0.7%	2.4%	2.4%	1.7%	0.9%	0.1%								8.2%
2007	\$1,408	0.0%	0.2%	2.0%	2.9%	2.0%	1.1%	0.1%									8.3%
2008	\$1,759	0.0%	1.2%	2.6%	2.6%	1.3%	0.1%										7.8%
2009	\$2,098	0.0%	1.9%	2.4%	1.7%	0.1%											6.1%
2010	\$1,887	0.0%	2.0%	1.6%	0.1%												3.8%
2011	\$1,368	0.0%	1.0%	0.2%													1.2%

### Undergraduate/Graduate<sup>(1)</sup> Without Co-signer

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(2)(3)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1998	\$5	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.6%	0.4%	0.4%	3.1%	0.2%	0.8%	0.8%	0.0%	6.6%
1999	\$14	0.0%	0.0%	0.0%	0.3%	1.3%	1.1%	1.9%	0.4%	0.3%	1.8%	0.6%	0.6%	1.4%	0.5%	0.0%	10.2%
2000	\$33	0.0%	0.0%	0.0%	0.8%	1.7%	2.1%	0.6%	1.5%	2.3%	2.0%	1.1%	0.7%	0.5%	0.0%		13.2%
2001	\$97	0.0%	0.0%	0.1%	1.5%	1.9%	1.2%	2.3%	1.5%	2.9%	2.3%	1.8%	0.4%	0.0%			15.9%
2002	\$190	0.0%	0.2%	0.2%	1.6%	1.7%	2.3%	2.4%	2.8%	2.4%	1.5%	0.9%	0.0%				15.9%
2003	\$315	0.0%	0.2%	0.9%	1.4%	2.9%	2.3%	3.3%	3.0%	2.3%	1.2%	0.1%					17.6%
2004	\$499	0.0%	0.3%	0.5%	3.1%	2.8%	4.1%	3.7%	2.3%	1.2%	0.1%						18.1%
2005	\$694	0.0%	0.1%	0.7%	3.9%	5.3%	4.7%	2.6%	1.6%	0.1%							18.9%
2006	\$893	0.0%	0.2%	2.7%	5.3%	5.4%	3.9%	1.7%	0.1%								18.8%
2007	\$1,044	0.0%	0.8%	5.5%	6.9%	4.2%	2.1%	0.1%									19.5%
2008	\$1,176	0.0%	4.1%	6.5%	5.8%	2.6%	0.1%										19.1%
2009	\$1,173	0.0%	6.0%	5.9%	4.1%	0.2%											16.2%
2010	\$927	0.0%	6.5%	4.5%	0.3%												11.4%
2011	\$523	0.0%	4.1%	0.5%													4.6%

Note: Data as of 6/30/12.

(1) Undergraduate/Graduate loans marketed under the Signature Student Loan brand.

(2) Periodic Defaults for the most recent two calendar Years in Repayment are for a partial year.

(3) Numerator is the amount of principal in each cohort that defaulted in each Year in Repayment. Denominator is the amount of disbursed principal for that Repayment Year.



## Cohort Default Triangles

### Undergraduate/Graduate<sup>(1)</sup> Non-Profit

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(2)(3)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1999	\$11	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.6%	0.4%	0.4%	0.2%	1.1%	0.7%	0.3%	0.4%	0.0%	4.2%
1999	\$26	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	1.2%	0.4%	0.3%	1.0%	0.5%	0.2%	0.5%	0.3%	0.0%	5.9%
2000	\$68	0.0%	0.0%	0.0%	0.7%	1.0%	1.4%	0.5%	0.9%	1.4%	1.3%	1.0%	0.8%	0.3%	0.0%		9.3%
2001	\$180	0.0%	0.0%	0.1%	0.9%	1.4%	0.9%	1.7%	1.2%	2.4%	1.8%	1.5%	0.5%	0.0%			12.4%
2002	\$360	0.0%	0.2%	0.2%	1.2%	1.0%	1.8%	1.6%	2.3%	2.0%	1.3%	0.7%	0.0%				12.2%
2003	\$630	0.0%	0.2%	0.6%	0.8%	1.8%	1.6%	2.6%	2.3%	1.7%	0.9%	0.1%					12.5%
2004	\$1,006	0.0%	0.2%	0.2%	1.8%	1.6%	2.9%	2.6%	1.7%	0.9%	0.1%						12.1%
2005	\$1,363	0.0%	0.0%	0.4%	2.4%	3.6%	3.1%	2.0%	1.1%	0.1%							12.7%
2006	\$1,767	0.0%	0.1%	1.5%	3.5%	3.6%	2.3%	1.2%	0.1%								12.3%
2007	\$2,105	0.0%	0.4%	3.4%	4.3%	2.8%	1.4%	0.1%									12.4%
2008	\$2,461	0.0%	2.2%	3.9%	3.6%	1.7%	0.1%										11.5%
2009	\$2,704	0.0%	3.2%	3.4%	2.4%	0.1%											9.1%
2010	\$2,404	0.0%	3.3%	2.4%	0.1%												5.9%
2011	\$1,679	0.0%	1.7%	0.2%													1.9%

### Undergraduate/Graduate<sup>(1)</sup> For-Profit

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(2)(3)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1998	\$0.36	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.6%	0.0%	0.0%	12.6%	0.0%	5.1%	0.0%	0.4%	31.7%
1999	\$2	0.0%	0.0%	0.0%	2.3%	1.4%	2.1%	4.8%	0.0%	0.0%	0.0%	0.0%	0.9%	5.3%	0.0%	0.0%	16.9%
2000	\$2	0.0%	0.0%	0.0%	0.0%	2.8%	0.7%	3.2%	3.2%	3.7%	8.9%	0.0%	1.6%	0.0%	0.0%		24.3%
2001	\$7	0.0%	0.1%	0.1%	4.7%	2.2%	1.1%	4.3%	2.2%	0.8%	3.5%	1.5%	0.1%	0.1%			20.8%
2002	\$27	0.0%	0.0%	0.4%	1.9%	2.2%	2.1%	2.0%	2.9%	1.8%	1.3%	0.6%	0.1%				15.3%
2003	\$52	0.0%	0.2%	0.7%	2.4%	2.7%	2.2%	3.8%	3.0%	2.3%	1.1%	0.1%					18.5%
2004	\$126	0.0%	0.3%	0.6%	3.2%	3.0%	3.9%	4.7%	2.4%	1.3%	0.1%						19.5%
2005	\$175	0.0%	0.0%	0.7%	3.7%	5.3%	4.9%	2.7%	1.5%	0.1%							18.9%
2006	\$246	0.0%	0.2%	2.1%	4.9%	5.0%	3.1%	1.6%	0.2%								17.2%
2007	\$348	0.0%	0.5%	4.3%	6.5%	3.9%	2.0%	0.2%									17.4%
2008	\$475	0.0%	3.0%	5.9%	5.5%	2.4%	0.2%										17.6%
2009	\$566	0.0%	4.2%	4.9%	3.2%	0.4%											12.8%
2010	\$410	0.1%	4.5%	3.6%	0.5%												8.8%
2011	\$211	0.0%	3.4%	0.6%													4.0%

Note: Data as of 6/30/12.

(1) Undergraduate/Graduate loans marketed under the Signature Student Loan brand.

(2) Periodic Defaults for the most recent two calendar Years in Repayment are for a partial year.

(3) Numerator is the amount of principal in each cohort that defaulted in each Year in Repayment. Denominator is the amount of disbursed principal for that Repayment Year.



## Cohort Default Triangles

### Undergraduate/Graduate<sup>(1)</sup> Loans, FICO 740-850<sup>(2)</sup>

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(3)(4)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1998	\$3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.4%	0.4%	0.9%	0.9%	0.0%	0.0%	0.0%	2.8%
1999	\$6	0.0%	0.0%	0.0%	0.0%	0.5%	0.3%	1.7%	0.5%	0.2%	0.2%	0.0%	0.2%	0.0%	0.4%	0.0%	4.0%
2000	\$22	0.0%	0.0%	0.0%	0.3%	0.4%	0.4%	0.2%	0.3%	1.0%	0.9%	0.4%	0.5%	0.0%	0.0%	0.0%	4.5%
2001	\$64	0.0%	0.0%	0.0%	0.5%	0.4%	0.4%	1.1%	0.8%	1.0%	0.7%	0.6%	0.3%	0.0%	0.0%	0.0%	5.9%
2002	\$137	0.0%	0.3%	0.1%	0.5%	0.4%	0.8%	0.6%	1.2%	0.9%	0.6%	0.3%	0.0%	0.0%	0.0%	0.0%	5.6%
2003	\$269	0.0%	0.1%	0.2%	0.4%	0.6%	0.7%	1.2%	1.4%	0.8%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	6.1%
2004	\$424	0.0%	0.1%	0.1%	0.7%	0.7%	1.4%	1.3%	0.9%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%
2005	\$574	0.0%	0.0%	0.2%	1.0%	1.5%	1.5%	1.1%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.8%
2006	\$762	0.0%	0.0%	0.5%	1.4%	1.5%	1.1%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%
2007	\$937	0.0%	0.1%	1.2%	1.5%	1.1%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.7%
2008	\$1,132	0.0%	0.7%	1.5%	1.4%	0.8%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.4%
2009	\$1,345	0.0%	1.1%	1.4%	1.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.6%
2010	\$1,217	0.0%	1.3%	1.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.5%
2011	\$645	0.0%	0.7%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%

### Undergraduate/Graduate<sup>(1)</sup> Loans, FICO 700-739<sup>(2)</sup>

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(3)(4)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1998	\$3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%	2.2%	0.0%	0.0%	0.0%	0.0%	0.1%	0.8%	0.0%	4.0%
1999	\$8	0.0%	0.0%	0.0%	0.0%	0.5%	0.4%	0.7%	0.0%	0.3%	1.5%	0.7%	0.1%	0.8%	0.1%	0.0%	5.1%
2000	\$20	0.0%	0.0%	0.0%	0.4%	0.7%	1.3%	0.8%	1.1%	0.8%	1.3%	0.7%	0.6%	0.2%	0.1%	0.0%	7.9%
2001	\$54	0.0%	0.0%	0.1%	0.9%	1.2%	0.5%	1.4%	0.9%	1.9%	1.4%	1.2%	0.5%	0.0%	0.0%	0.0%	10.2%
2002	\$111	0.0%	0.1%	0.1%	1.1%	1.0%	1.7%	1.4%	2.2%	1.4%	1.3%	0.7%	0.0%	0.0%	0.0%	0.0%	10.9%
2003	\$194	0.0%	0.2%	0.5%	0.8%	1.6%	1.5%	2.4%	1.9%	1.8%	0.9%	0.1%	0.0%	0.0%	0.0%	0.0%	11.5%
2004	\$321	0.0%	0.2%	0.2%	1.7%	1.5%	2.5%	2.8%	1.8%	1.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	11.8%
2005	\$439	0.0%	0.0%	0.4%	2.2%	3.3%	2.9%	2.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.1%
2006	\$553	0.0%	0.1%	1.3%	3.1%	3.3%	2.3%	1.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.4%
2007	\$659	0.0%	0.4%	2.8%	4.0%	2.7%	1.3%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.3%
2008	\$782	0.0%	2.0%	3.8%	3.5%	1.7%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.2%
2009	\$883	0.0%	3.0%	3.4%	2.5%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	9.1%
2010	\$740	0.0%	3.3%	2.6%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.1%
2011	\$486	0.0%	1.8%	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.2%

Note: Data as of 6/30/12.

(1) Undergraduate/Graduate loans marketed under the Signature Student Loan brand.

(2) FICO scores are based on the greater of the borrower and co-borrower scores as of a date near the loan application.

(3) Periodic Defaults for the most recent two calendar Years in Repayment are for a partial year.

(4) Numerator is the amount of principal in each cohort that defaulted in each Year in Repayment. Denominator is the amount of disbursed principal for that Repayment Year.





## Cohort Default Triangles

### Undergraduate/Graduate<sup>(1)</sup> Loans, FICO 670-699<sup>(2)</sup>

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(3)(4)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1998	\$3	0.0%	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%	0.3%	0.5%	0.3%	2.8%	0.0%	0.5%	0.3%	0.1%	5.9%
1999	\$7	0.0%	0.0%	0.0%	0.5%	1.4%	0.5%	1.3%	0.3%	0.3%	0.1%	0.7%	0.5%	1.3%	0.2%	0.0%	7.1%
2000	\$14	0.0%	0.0%	0.0%	0.9%	1.4%	1.9%	0.2%	1.0%	0.9%	1.4%	1.4%	0.9%	0.7%	0.0%		10.8%
2001	\$37	0.0%	0.0%	0.1%	1.3%	2.1%	1.5%	1.9%	1.6%	2.7%	2.9%	2.0%	0.4%	0.0%			16.5%
2002	\$77	0.0%	0.2%	0.3%	1.6%	1.8%	2.4%	2.4%	3.0%	2.7%	1.5%	0.9%	0.0%				16.8%
2003	\$134	0.0%	0.1%	0.8%	1.3%	2.8%	2.1%	3.7%	3.3%	2.2%	1.0%	0.1%					17.4%
2004	\$222	0.0%	0.3%	0.5%	2.9%	2.6%	4.2%	3.8%	2.3%	1.1%	0.1%						17.8%
2005	\$298	0.0%	0.1%	0.7%	3.8%	5.3%	4.9%	2.7%	1.5%	0.1%							19.0%
2006	\$403	0.0%	0.2%	2.6%	5.6%	5.6%	3.5%	1.7%	0.1%								19.2%
2007	\$505	0.0%	0.7%	5.6%	7.4%	4.7%	2.2%	0.2%									20.7%
2008	\$624	0.0%	3.9%	6.9%	6.2%	2.6%	0.2%										19.7%
2009	\$664	0.1%	5.7%	6.0%	4.3%	0.2%											16.3%
2010	\$546	0.0%	6.1%	4.3%	0.3%												10.7%
2011	\$357	0.0%	3.1%	0.3%													3.5%

### Undergraduate/Graduate<sup>(1)</sup> Loans, FICO 640-669<sup>(2)</sup>

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(3)(4)</sup>														Total	
		0	1	2	3	4	5	6	7	8	9	10	11	12	13		14
1998	\$2	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.5%	0.9%	0.0%	2.9%	2.3%	1.3%	0.2%	0.0%	8.3%
1999	\$6	0.0%	0.0%	0.0%	0.0%	1.2%	1.3%	2.3%	0.9%	0.3%	2.1%	0.5%	0.3%	0.8%	0.5%	0.0%	10.3%
2000	\$14	0.0%	0.0%	0.0%	1.4%	2.5%	2.3%	1.4%	1.6%	3.8%	3.0%	1.9%	1.5%	0.5%	0.1%		19.9%
2001	\$32	0.0%	0.0%	0.1%	2.3%	2.9%	2.0%	3.4%	2.6%	5.2%	3.8%	2.9%	0.8%	0.0%			26.0%
2002	\$61	0.0%	0.2%	0.4%	2.7%	2.3%	3.9%	3.1%	4.6%	4.2%	2.4%	1.3%	0.0%				25.0%
2003	\$107	0.0%	0.3%	1.3%	2.1%	4.1%	3.3%	5.4%	4.5%	3.4%	1.6%	0.1%					26.1%
2004	\$165	0.0%	0.5%	0.5%	4.4%	3.9%	6.5%	5.6%	3.5%	1.6%	0.2%						25.7%
2005	\$226	0.0%	0.1%	0.9%	5.4%	8.2%	6.9%	3.8%	2.4%	0.1%							27.7%
2006	\$296	0.0%	0.2%	3.7%	8.2%	7.8%	4.7%	2.5%	0.1%								27.2%
2007	\$351	0.0%	1.1%	8.0%	9.8%	5.9%	2.9%	0.1%									27.8%
2008	\$398	0.0%	5.4%	8.5%	8.0%	3.7%	0.1%										25.8%
2009	\$379	0.0%	8.1%	7.8%	5.3%	0.2%											21.4%
2010	\$311	0.0%	7.9%	5.5%	0.3%												13.8%
2011	\$202	0.0%	4.4%	0.4%													4.9%

Note: Data as of 6/30/12.

(1) Undergraduate/Graduate loans marketed under the Signature Student Loan brand.

(2) FICO scores are based on the greater of the borrower and co-borrower scores as of a date near the loan application.

(3) Periodic Defaults for the most recent two calendar Years in Repayment are for a partial year.

(4) Numerator is the amount of principal in each cohort that defaulted in each Year in Repayment. Denominator is the amount of disbursed principal for that Repayment Year.

## Cohort Default Triangles

### Private Consolidation Loans With Co-signer

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(1),(2)</sup>							Total
		0	1	2	3	4	5	6	
2006	\$249	0.0%	0.1%	0.1%	0.5%	0.6%	0.6%	0.3%	2.2%
2007	\$675	0.0%	0.0%	0.3%	0.4%	0.6%	0.3%	0.0%	1.6%
2008	\$376	0.0%	0.1%	0.4%	0.7%	0.5%	0.1%		1.8%

### Private Consolidation Loans Without Co-signer

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(1),(2)</sup>							Total
		0	1	2	3	4	5	6	
2006	\$125	0.0%	0.4%	1.0%	1.5%	1.6%	1.5%	0.6%	6.5%
2007	\$295	0.0%	0.0%	0.9%	1.0%	1.3%	0.9%	0.1%	4.1%
2008	\$133	0.0%	0.2%	1.7%	2.1%	1.7%	0.4%		6.0%

Note: Data as of 6/30/12.

(1) Periodic Defaults for the most recent two calendar Years in Repayment are for a partial year.

(2) Numerator is the amount of principal in each cohort that defaulted in each Year in Repayment. Denominator is the amount of disbursed principal for that Repayment Year.

## Cohort Default Triangles

### DTC With Co-signer, FICO ≥ 670<sup>(1)</sup>

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(2),(3)</sup>										Total
		0	1	2	3	4	5	6	7	8		
2004	\$8	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.1%	0.4%	0.0%	1.0%	
2005	\$65	0.0%	0.1%	0.8%	0.8%	1.4%	2.1%	1.1%	0.6%	0.0%	6.9%	
2006	\$140	0.0%	0.7%	1.9%	4.4%	4.7%	2.4%	1.3%	0.1%	15.6%		
2007	\$246	0.0%	0.6%	4.7%	6.3%	4.2%	2.0%	0.1%	18.0%			
2008	\$370	0.0%	2.9%	5.9%	4.8%	2.8%	0.1%	16.6%				
2009	\$398	0.0%	3.7%	4.0%	3.0%	0.2%	10.9%					
2010	\$316	0.0%	3.5%	3.2%	0.3%	7.0%						
2011	\$193	0.1%	2.6%	0.3%	2.9%							

### DTC Without Co-signer, FICO ≥ 670<sup>(1)</sup>

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(2),(3)</sup>										Total
		0	1	2	3	4	5	6	7	8		
2004	\$2	0.0%	0.0%	1.7%	1.3%	0.6%	5.5%	2.3%	3.2%	1.3%	15.8%	
2005	\$18	0.0%	1.1%	2.1%	2.6%	4.1%	6.6%	2.8%	1.0%	0.0%	20.2%	
2006	\$66	0.0%	1.5%	2.7%	6.6%	6.4%	3.9%	2.3%	0.1%	23.5%		
2007	\$158	0.0%	1.1%	6.0%	8.1%	4.6%	3.0%	0.1%	22.9%			
2008	\$256	0.0%	3.9%	8.0%	7.1%	3.1%	0.1%	22.3%				
2009	\$236	0.1%	6.8%	6.2%	5.3%	0.4%	18.8%					
2010	\$152	0.2%	8.3%	5.0%	0.7%	14.2%						
2011	\$89	0.2%	5.4%	0.9%	6.5%							

Note: Data as of 6/30/12.

(1) FICO scores are based on the greater of the borrower and co-borrower scores as of a date near the loan application.

(2) Periodic Defaults for the most recent two calendar Years in Repayment are for a partial year.

(3) Numerator is the amount of principal in each cohort that defaulted in each Year in Repayment. Denominator is the amount of disbursed principal for that Repayment Year.



## Cohort Default Triangles

### Career Training Loans, 670+ FICO<sup>(1)</sup>

Repayment Year	Disbursed Principal Entering Repayment (\$m)	Periodic Defaults by Years in Repayment <sup>(2),(3)</sup>										Total
		0	1	2	3	4	5	6	7	8	9	
2003	\$291	0.0%	0.4%	1.4%	1.6%	1.8%	1.4%	1.3%	1.0%	0.8%	0.5%	10.3%
2004	\$383	0.0%	0.4%	1.5%	2.3%	1.8%	1.9%	1.7%	1.1%	0.7%	0.0%	11.4%
2005	\$513	0.0%	0.3%	2.2%	2.2%	2.5%	2.2%	1.5%	0.9%	0.1%		11.8%
2006	\$633	0.0%	0.4%	2.5%	3.6%	3.2%	2.2%	1.3%	0.1%			13.3%
2007	\$675	0.0%	0.5%	3.5%	3.9%	2.9%	1.6%	0.2%				12.7%
2008	\$594	0.0%	0.6%	4.3%	3.5%	2.1%	0.2%					10.6%
2009	\$186	0.0%	0.2%	1.9%	1.8%	0.2%						4.1%
2010	\$24	0.0%	0.5%	0.8%	0.1%							1.3%

Note: Data as of 6/30/12.

(1) FICO scores are based on the greater of the borrower and co-borrower scores as of a date near the loan application.

(2) Periodic Defaults for the most recent two calendar Years in Repayment are for a partial year.

(3) Numerator is the amount of principal in each cohort that defaulted in each Year in Repayment. Denominator is the amount of disbursed principal for that Repayment Year.

# SLM Appendix



## GAAP to "Core Earnings" Reconciliation

(\$ in millions, except per share amounts)

	Quarters Ended					
	June 30, 2012		March 31, 2012		June 30, 2011	
	Dollars	Diluted EPS	Dollars	Diluted EPS	Dollars	Diluted EPS
GAAP net income (loss)	\$ 292	\$ 0.59	\$ 112	\$ 0.21	\$ (6)	\$ (0.02)
Adjustments from GAAP to "Core Earnings"						
Net impact of derivative accounting	(82)		264		414	
Net impact of goodwill and acquired intangible assets	5		5		6	
Total "Core Earnings" Adjustments before net tax effect	(77)		269		420	
Net tax effect	28		(97)		(154)	
Total "Core Earnings" Adjustments	(49)		172		266	
"Core Earnings"	\$243	\$0.49	\$284	\$0.55	\$260	\$0.48



## Sallie Mae Investor Relations Website

[www.salliemae.com/investors](http://www.salliemae.com/investors)

- ▶ SLM student loan trust data (Debt/asset backed securities – SLM Student Loan Trusts)
  - Static pool information – Detailed portfolio stratifications by trust as of the cutoff date
  - Accrued interest factors
  - Quarterly distribution factors
  - Historical trust performance - monthly charge-off, delinquency, loan status, CPR, etc. by trust
  - Since issued CPR – monthly CPR data by trust since issuance
- ▶ SLM student loan performance by trust – Issue details
  - Current and historical monthly distribution reports
  - Distribution factors
  - Current rates
  - Prospectus for public transactions and Rule 144A transactions are available through underwriters
- ▶ Additional information (Webcasts and presentations)
  - Archived and historical webcasts, transcripts and investor presentations