

# SLM CORPORATION

## Q1 2010 Investor Presentation



## 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, increases in financing costs; limits on 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; 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). The Company could be affected by: changes in or the termination of various liquidity programs implemented by the federal government; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; 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, 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. 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 document. 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.

# SLM CORPORATION OVERVIEW



# SLM CORPORATION

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- ▶ #1 originator of student loans in the U.S. education lending market
- ▶ #1 servicer and collector of student loans in the U.S. currently servicing \$200.6 billion in assets including \$26.9 billion for third parties, including the Department of Education (ED)
- ▶ Fully independent private sector company with scale and a broad franchise, traded on the NYSE
- ▶ \$181.9 billion managed student loan portfolio, 81% of which is U.S. government guaranteed
- ▶ At quarter-end, 95% of managed student loans were funded with term liabilities

As of March 31, 2010

# LIFE STAGE CUSTOMER STRATEGY

- ▶ Sallie Mae offers an unmatched, integrated suite of Saving, Planning, and Paying for College <sup>SM</sup> products and services



# SLM CORPORATION UPDATE

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- ▶ Student Loan Reform Passed with Health Care Reform-Signed into Law 3/24/2010
  - US Government will be sole originators of federal guaranteed student loans effective 7/1/2010
- ▶ Managed student loans outstanding increased to \$182 billion at 3/31/2010
  - Originated \$7.7 billion in federal student loans, a 16% increase over prior year period
  - Originated \$840 million private education loans in Q1 2010
- ▶ Student loan legislation, Ensuring Continued Access to Student Loan Act (ECASLA), passed by Congress in May 2008, expires July 2010
  - ED Loan Purchase Commitment Program
    - At 3/31/2010, \$15.7 billion of loans funded under this program
  - ED Conduit – Straight A Funding launched 5/11/2009, no new advances as of June 30, 2010, and set to expire January 14, 2014
    - Funding \$15.0 billion at 3/31/10
- ▶ Completed \$1.6 billion Private Credit ABS in Q1 2010
- ▶ Issued \$1.5 billion Unsecured Debt– First issuance since early 2008
- ▶ “Core Earnings” net income for Q1 2010 of \$212 million including restructuring charges and debt repurchasing gains
- ▶ “Core Earnings” operating expenses for Q1 2010 totaled \$318 million representing a 12% increase from the prior-year period
- ▶ Upromise manages \$25 billion in 529 college savings plans with 12 million members enrolled in the member rewards programs

# 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	Neg.	Neg.	Stable

As 3/31/2010

Managed Loan Portfolio		
Loan Type	\$B	%
FFELP Loans	\$146.5	81%
Private Education	35.4	19%
Total Portfolio	\$ 181.9	100%

As of 3/31/2010



<sup>1</sup> Currently known as the Federal Family Education Loan Program (FFELP).

## Q110 “CORE EARNINGS” SUMMARY

(\$ millions), except per share amounts	Q110	Q409	Q109
EPS (Reported)	\$0.39	\$0.41	(\$0.03)
Economic Floor Income EPS not reported in "Core Earnings"	\$0.01	\$0.03	\$0.17
Net Income Attributable to SLM	\$212	\$249	\$14
Net Interest Income	\$702	\$686	\$429
Net Interest Margin	1.46%	1.41%	0.89%
Loan Loss Provision	\$359	\$365	\$349
Fee and Other Income - Excluding Debt Repurchase Gains	\$246	\$430	\$204
Debt Repurchase Gains	\$90	\$73	\$64
Restructuring Expenses	\$26	\$4	\$4
Operating Expenses	\$318	\$293	\$285
Tangible Capital Ratio	1.7%	2.0%	1.8%
Average Managed Student Loans	\$181,533	\$179,241	\$185,239

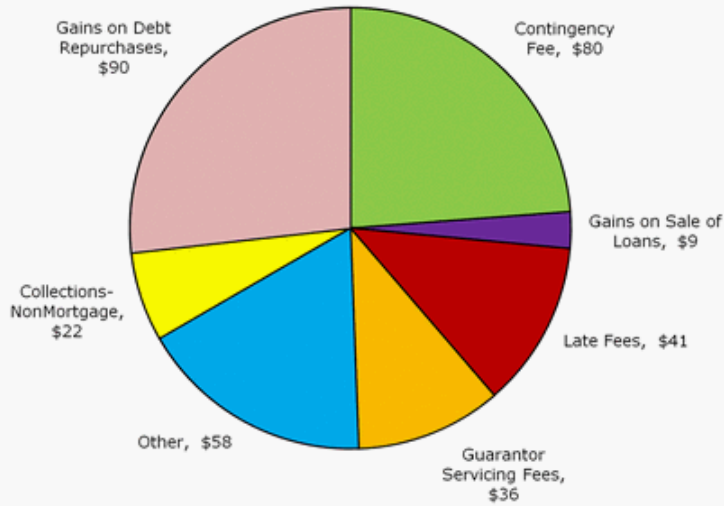


## Q110 "CORE EARNINGS" SUMMARY

EPS Breakdown	Q110	Q409	Q109
Reported "Core Earnings"	\$0.39	\$0.41	(\$0.03)
Impacted by:			
Gains on Debt Repurchases	\$0.11	\$0.09	\$0.09
Induced Conversion of Series C Preferred Stock	-	(\$0.06)	-
Restructuring Charges	(\$0.04)	(\$0.01)	(\$0.01)
Loss on GRP	-	(\$0.19)	(\$0.10)
Non-Mortgage Purchased Paper Impairments	-	(\$0.07)	(\$0.00)
CP-LIBOR Impact	\$0.02	\$0.01	(\$0.19)
Participation Program Interest Rate Lag	-	\$0.00	(\$0.05)
Economic Floor Income not included in "Core Earnings"	(\$0.01)	(\$0.03)	(\$0.17)

## FEE INCOME & OTHER INCOME

### Quarter Ended March 31, 2010 \$336 Million



- ▶ Loan Servicing including ED Servicing Contract
  - Currently 2 million accounts
- ▶ Collecting on behalf of the Dept of Education for close to ten years
  - Contingency Inventory of \$11 billion
- ▶ Upromise – largest private source of 529 plans
- ▶ Guarantor Servicing for student loans
- ▶ APG is re-focused on student loan contingency and collections

## LENDING SEGMENT EARNINGS DETAIL

(\$ millions)	Q110	Q409	Q109
FFELP Originations	\$7,713	\$4,462	\$6,638
Private Originations	\$840	\$381	\$1,516
Total Originations	\$8,553	\$4,843	\$8,154
Average Managed Student Loans	\$181,533	\$179,241	\$185,239
Net Student Loan Spread - Total	1.64%	1.63%	1.20%
Net Student Loan Spread - Private Education	4.56%	4.55%	4.68%
Net Student Loan Spread - FFELP	0.90%	0.89%	0.37%
Economic Floor Income not included in Net Student Loan Spread	0.01%	0.05%	0.28%
Operating Expenses	\$166	\$150	\$143
OpEx Annualized as a % Average Managed Student Loans	0.37%	0.33%	0.31%

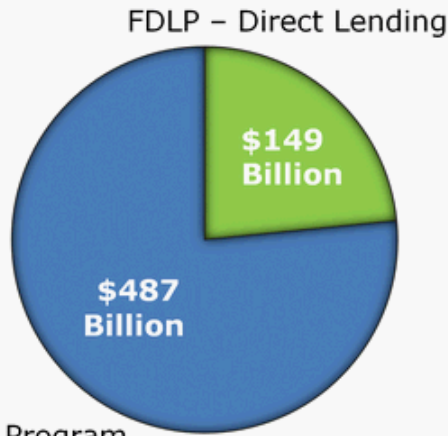
## DEPT. OF EDUCATION / GOVERNMENT FUNDING PROGRAMS

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- ▶ Ensuring Continued Access to Student Loan Act (ECASLA) – Signed by President 5/07/08
  - ECASLA - Broad authority to purchase loans from 10/01/03 – 07/01/10
  - ECASLA Extension – Signed by President 10/07/08
    - Extended purchase authority for 2009 – 2010 Academic Year
    - No new activity after 7/1/10
- ▶ Loan Purchase Commitment Program - 5/21/08
  - Eligible collateral – certain 2008 - 2010 FFELP loans
  - Funded at CP +50 bps
  - Par put + \$75/per loan fee and origination fee rebate
- ▶ Straight A Conduit Program Launched - Announced 11/08/08, Launched 5/11/09
  - Collateral originated 10/03 – 9/09 eligible
  - Program term – 5 yrs
  - No new advances permitted after June 30, 2010
  - Liquidity provided by the Federal Financing Bank (a division of Treasury)
- ▶ TALF–NY Fed and Treasury to provide consumer ABS support –Launched March 17, 2009, Expired 3/31/10
  - 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 provided funding, rates and haircuts

# FEDERAL STUDENT LOAN MARKET

- ▶ Outstanding Government Student Loan Market Distribution FFYE 9/30/2009



- ▶ Top 10 Holders of FFELP Loans FFYE 9/30/09

Lender Name	FY09	% Total
SLM CORPORATION	\$154,142	36.6%
CITIBANK, STUDENT LOAN CORP	\$32,474	7.7%
NELNET	\$25,256	6.0%
WELLS FARGO	\$14,595	3.5%
WACHOVIA EDUCATION FINANCE INC.	\$13,215	3.1%
BRAZOS GROUP	\$13,048	3.1%
PA HIGHER ED ASST AUTH (PHEAA)	\$11,126	2.6%
JPMORGAN CHASE BANK	\$11,100	2.6%
BANK OF AMERICA	\$10,067	2.4%
COLLEGE LOAN CORP	\$9,659	2.3%
<b>Top 10 Holders</b>	<b>295</b>	<b>69.9%</b>
Remaining holders	127	30.1%

Sources: US Department of Education Report 4/2010, Federal Budget Request 2011

# SLM CORPORATION

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## Three Distinct Aspects of the Business Model

### FFELP Loan Portfolio and Guarantor Collection and Servicing

- ▶ Existing portfolios generating substantial income and cash flow
- ▶ Cash strengthens balance sheet
  - Servicing cash flows are super senior
  - Residual cash flows are stable due to minimal credit risk
- ▶ Cash flow enhances the ability to service debt

### Private Education Loan Originations and Portfolio

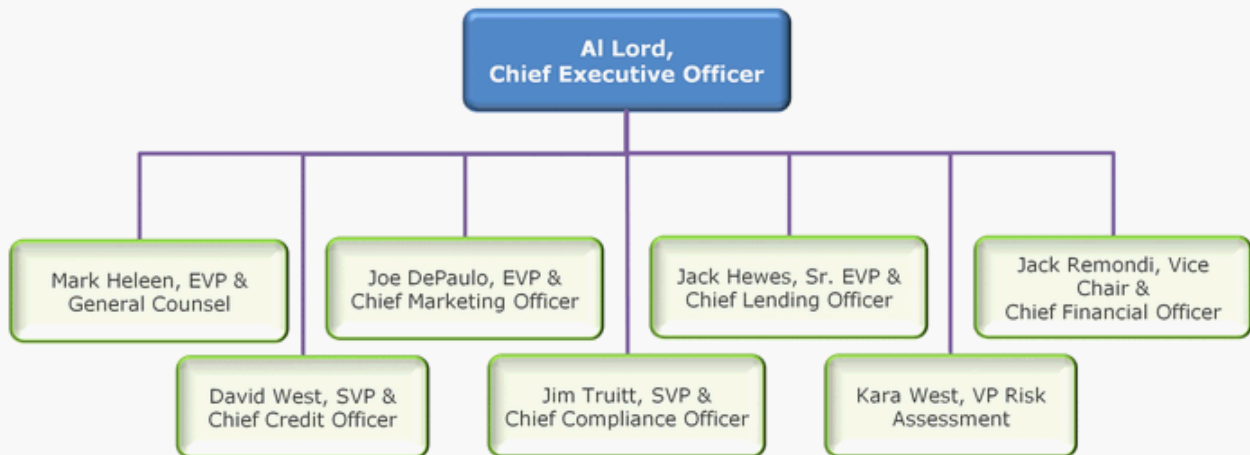
- ▶ Ongoing business with significant long term value
- ▶ Legacy portfolio quality vastly improved
- ▶ Q1 2010 originations average FICO of 740 with 85% cosigner rate

### Sallie Mae Servicing

- ▶ Attractive fee business with little capital required & high return on equity
- ▶ Opportunities exist to expand services provided including industry consolidation
- ▶ Efficient cost structure and top performer

# OFFICE OF THE CHIEF EXECUTIVE OFFICER

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# THE U.S. STUDENT LOAN MARKET

SLM Corporation

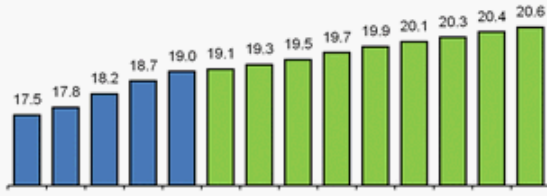




# FAVORABLE STUDENT LOAN MARKET TRENDS

Enrollment Growth + Rising Tuitions + Education Value = Increasing Loan

Higher Education Enrollment (millions)



Source: National Center for Education Statistics  
Note: Total enrollment in all degree-granting institutions; middle alternative projections for 2019 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

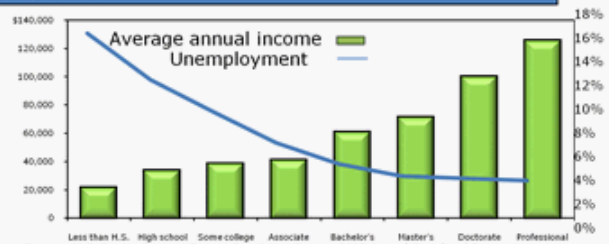
Federal Student Loan Origination Volume (\$bn)

'02-'08 CAGR: 12%  
'08-'14 CAGR: 6%



Source: President's 2011 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, 2008 Annual Social and Economic Supplement. Represents median earnings for a full time, year-round worker over age 25. Unemployment data as of Jan. 2010. 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 3/31/2010

## THE FEDERAL FAMILY EDUCATION LOAN PROGRAM OR “FFELP”

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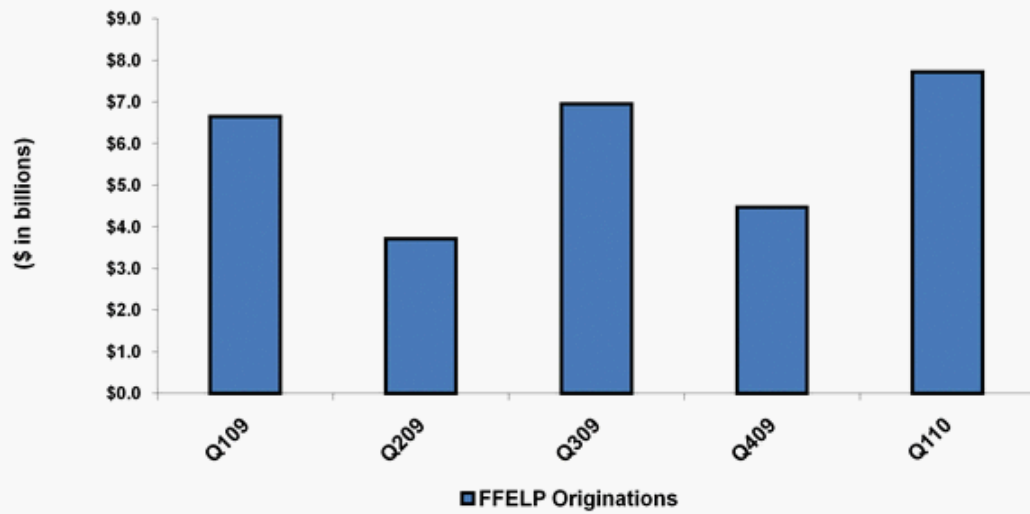
- ▶ Provides lenders an explicit U.S. government guarantee of at least 97% and a fixed yield on student loans made pursuant to the FFELP program-new student loan legislation did not affect existing loans
- ▶ Loan pricing, terms and maximum borrowing limits set by Congress
- ▶ Available to undergraduate 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
- ▶ Program Ends June 30, 2010

## FFELP STUDENT LOAN MARKET SHARE

FFELP Loan Originations (Gross Commitments) \$ in Billions			
Rank	Lender	2009	Mkt Share 2009
1	SLM CORP	\$20,990	29%
2	WELLS FARGO/WACHOVIA	\$10,688	15%
3	CITIBANK, STUDENT LOAN CORP	\$5,870	8%
4	BANK OF AMERICA	\$4,921	7%
5	JPMORGAN CHASE BANK	\$3,548	5%
6	PITTSBURGH NATIONAL CORP (PNC)	\$2,656	4%
7	U S BANK	\$2,262	3%
8	DISCOVER BANK	\$1,726	2%
9	EDAMERICA	\$1,563	2%
10	NATIONAL ED LOAN NETWORK (NELNET)	\$1,557	2%
TOP 10 TOTAL		\$55,781	77%
<b>Total Market</b>		<b>\$63.2</b>	<b>100%</b>

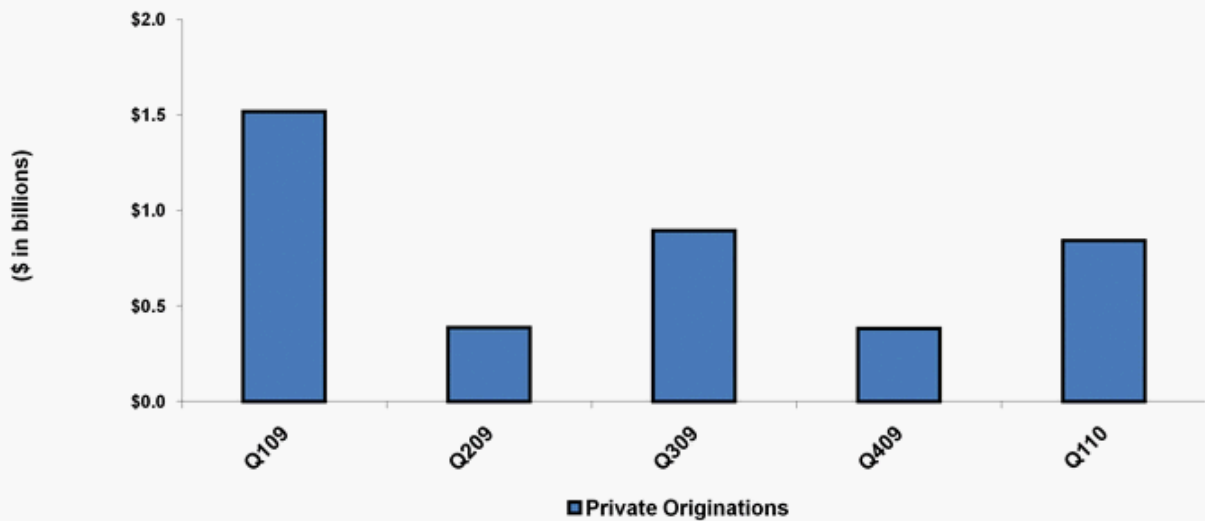
Source: <http://www.fp.ed.gov>

# SLM FFELP LOAN ORIGINATIONS



- ▶ Originated over \$7.7 billion of loans in the quarter a 16% increase over the prior-year period, nationally FFELP origination decreased 12%

# SLM PRIVATE EDUCATION LOAN ORIGINATIONS



- ▶ Private Education Loans declined year-over-year as result of tighter underwriting criteria, an increase in federal student loan limits, an overall increase in the use of federal student loans as well as an increase in federal grants

# 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 and/or cosigner
- ▶ Generally 5 to 15 years in maturity

## SLM's PRIVATE EDUCATION LOAN PORTFOLIO

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- ▶ Private Education Loan Portfolio Characteristics
  - \$35 billion of managed outstandings at 3/31/2010
  - 19% of SLM's managed student loan portfolio
  - Risk-based pricing
  - Approximately 58% of portfolio has a cosigner, typically a parent
  - Higher education loans typically non-dischargeable in bankruptcy
  - Integrated underwriting, servicing and collections

Note: All figures as of March 31, 2010.



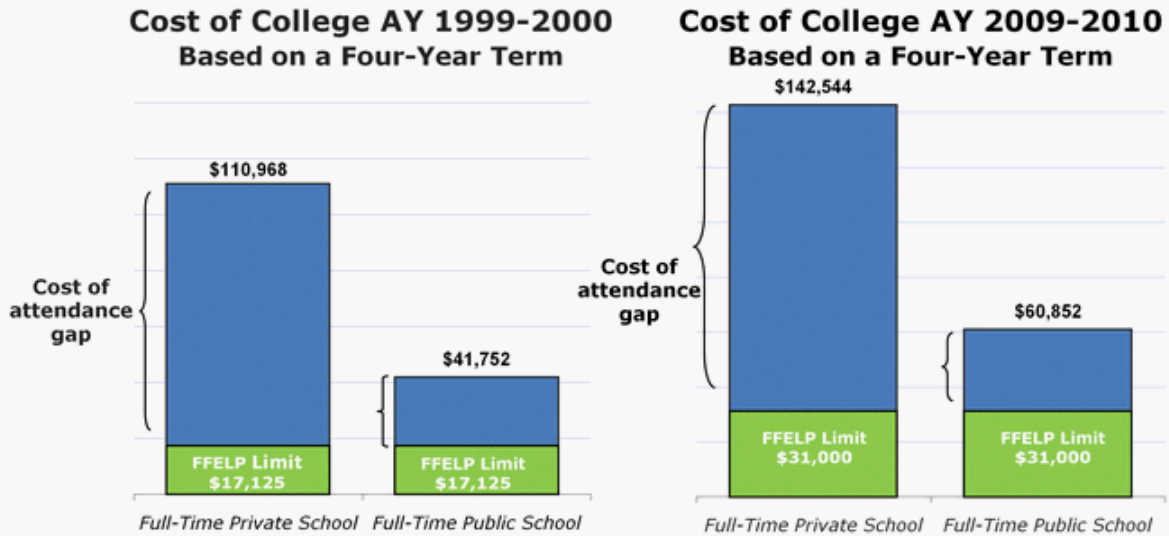
## SLM's NEW PRIVATE EDUCATION LOAN PRODUCT

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- ▶ Smart Option Product - Launched 3/23/09
  - Eliminates negative amortization during the school and grace period while reducing the average life from 9.5 years to 5.5 years
  - Repayment term is driven by cumulative amount borrowed and grade level
  - Requires interest only payment during in-school period with open option to pay P&I
  - Eliminates capitalization of interest, reducing total interest paid
  - Full communication with borrower during in-school period
  - Full collection activities employed at both the student and cosigner level
  - Develops habit and responsibility of payment
  - Limits propensity to accumulate additional debt given in-school payment requirement

# PRIVATE EDUCATION LOAN MARKET OPPORTUNITY

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

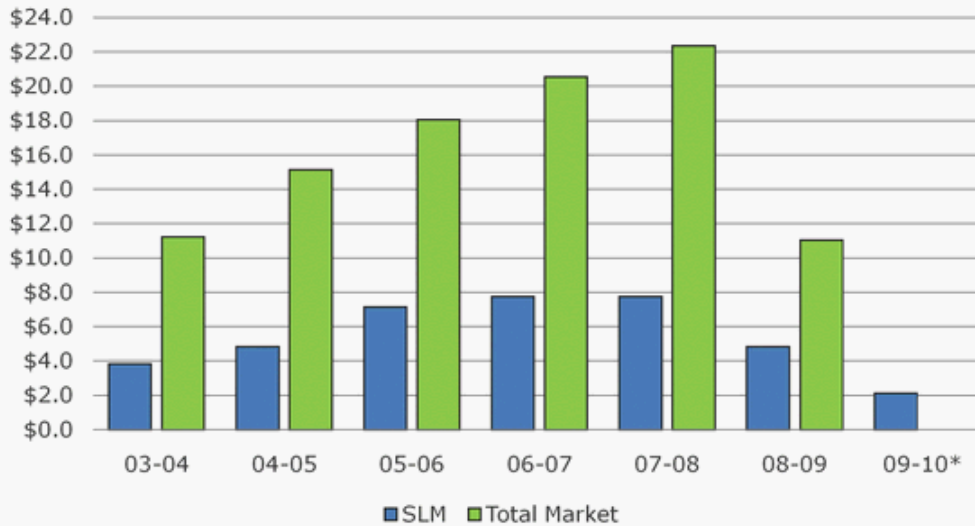


Source: College Board, *Trends in College Pricing*, U.S. Department of Education 2009

# PRIVATE CREDIT ORIGINATIONS

- ▶ 2008-09 academic year market share approximately 44%

SLM vs. Industry Originations



Source: College Board, Trends in Higher Education Series (2009). 2008-2009 industry data is preliminary. Data reported by academic year, SLM quarterly data converted to academic year basis.  
\*3Q & 4Q 2009 & 1Q 2010 originations

# SLM PRIVATE CREDIT LENDING STATISTICS

(WITH PC CONSOLIDATION & CAREER TRAINING LOANS)

	Q1'10		2009		2008	
<b>Average Loan Size by Academic Year \$</b>						
Freshman	7,450		9,658		10,176	
Sophomore	7,402		9,315		9,327	
Junior	6,878		8,676		8,712	
Senior	7,126		9,322		9,570	
Graduate	10,173		12,203		13,601	
Other *	11,979		11,543		14,339	
<b>Total Loan Originations by Academic year (in millions)</b>						
	\$	%	\$	%	\$	%
Freshman	61.9	19.7%	429.0	17.0%	1,262.4	19.5%
Sophomore	59.7	19.0%	535.8	21.2%	1,131.2	17.5%
Junior	82.7	26.4%	668.2	26.4%	1,209.3	18.7%
Senior	52.7	16.8%	470.4	18.6%	1,197.3	18.5%
Graduate	36.0	11.5%	219.6	8.7%	499.2	7.7%
Other *	20.7	6.6%	204.3	8.1%	1,173.4	18.1%
<b>Total</b>	<b>313.8</b>	<b>100.0%</b>	<b>2,527.3</b>	<b>100.0%</b>	<b>6,472.7</b>	<b>100.0%</b>
For Profit Originations	66.7	21.3%	474.3	18.8%	1,880.7	29.1%
Not-for-profit Originations	247.1	78.7%	2,053.0	81.2%	4,592.1	70.9%

Note: Numbers may not add due to rounding

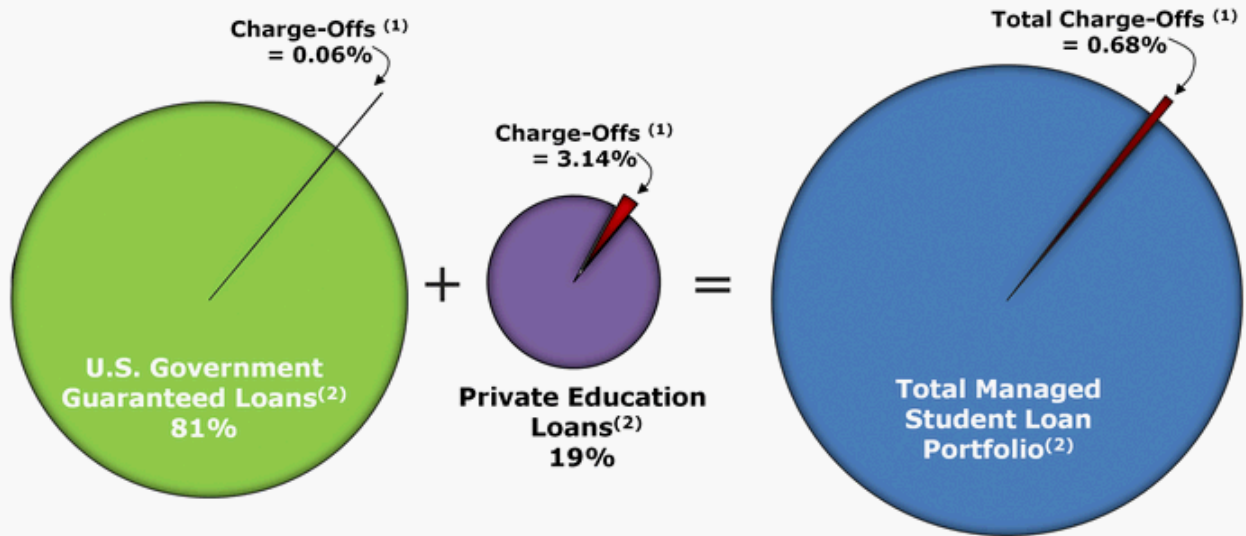
\* The 'other' category is comprised primarily of Career Training and Private Consolidation Loans.

# CREDIT QUALITY

SLM Corporation



# LOAN LOSSES

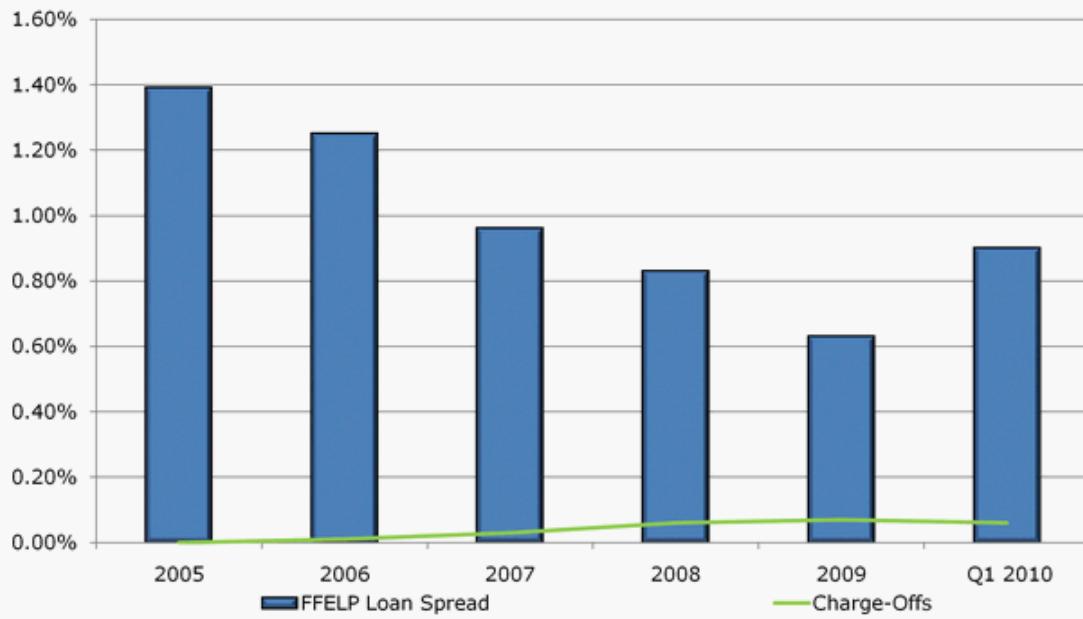


(1) All data as of March 31, 2010. Annualized Managed FFELP charge-offs as a percentage of average managed FFELP assets. Annualized Managed Private Education Loan charge-offs as a percentage of average managed Private Education Loan assets. Annualized Total charge-offs as a percentage of average managed FFELP and Private Education Loan assets.

(2) Percentages of Total managed student loan portfolio based upon average portfolio balances

# FFELP EDUCATION LOAN PORTFOLIO

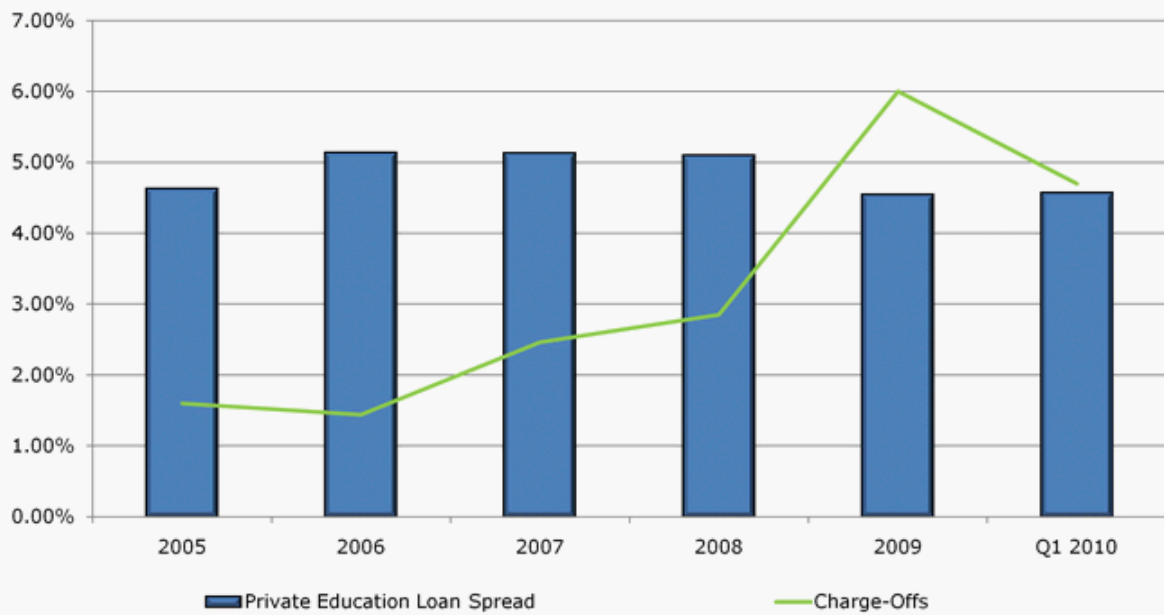
"Core Earnings" FFELP Loan Spread vs. Charge-Offs



(1) "Core Earnings" FFELP Loan spread, before provision. Charge-offs as a percentage of average Managed FFELP Loans .

# PRIVATE EDUCATION LOAN PORTFOLIO

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



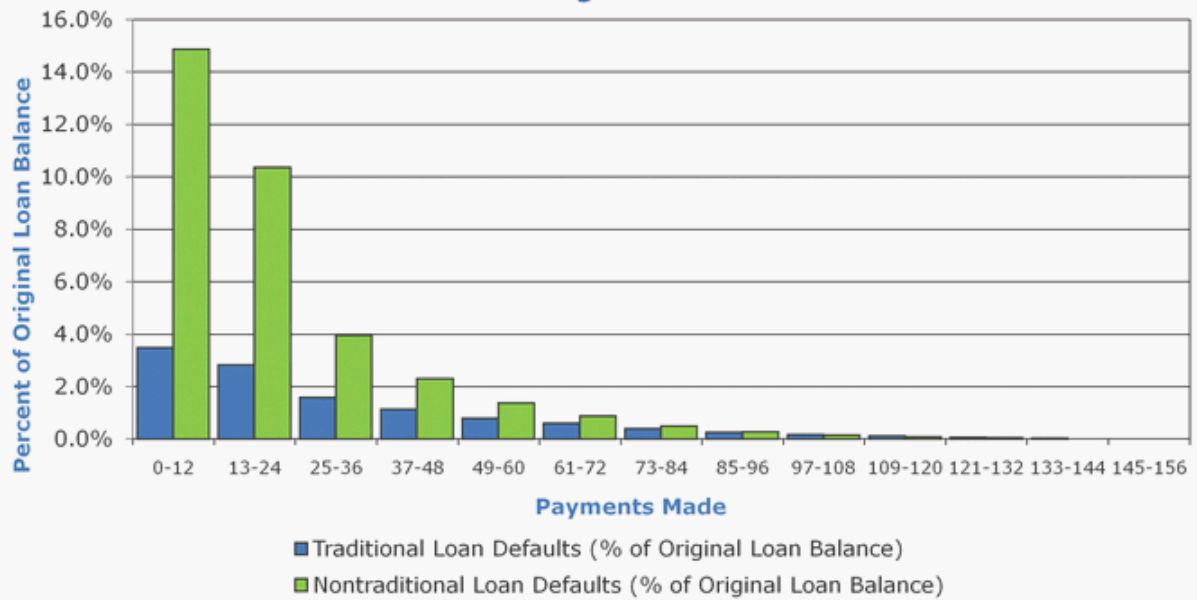
(1) "Core Earnings" Private Education Loan spread, before provision. Charge-offs as a percentage of average Managed Private Education Loans in repayment.



# SLM PRIVATE CREDIT DEFAULT EMERGENCE PROFILE

## PAYMENTS MADE

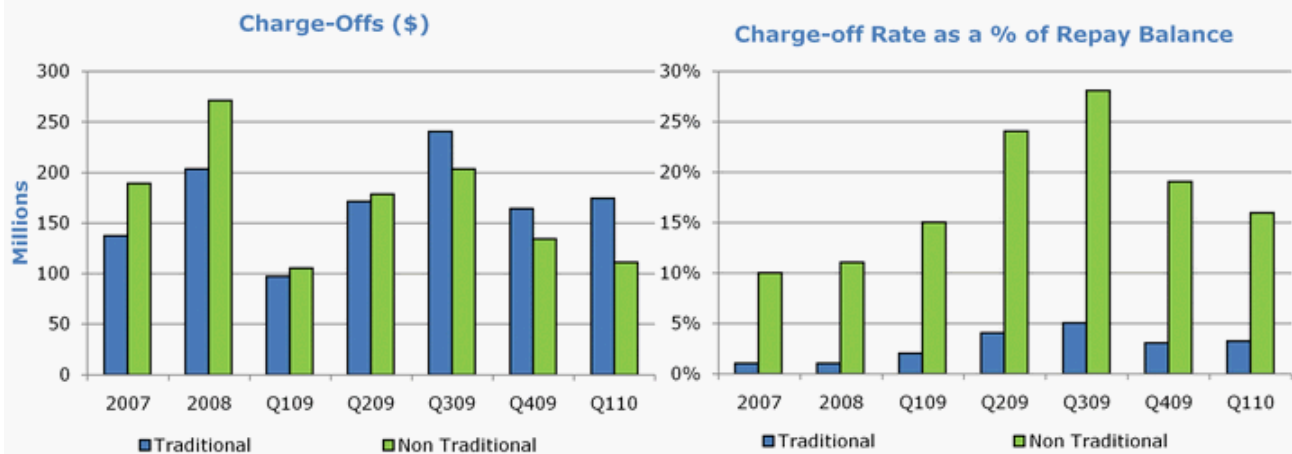
Loss Emergence Timing  
Sallie Mae Signature Loans<sup>1</sup>



<sup>1</sup> Excludes Sallie Mae Smart Option, LAW, MED, MBA, & bar-study/residency loans

# CHARGE-OFF TRENDS

## MIX OF TRADITIONAL VS. NON-TRADITIONAL



- ▶ Charge-offs driven by Non-Traditional loans
- ▶ Non-Traditional loans represent approximately 11% of the Private Education Loan portfolio
- ▶ Higher quality loans entering repayment in 2009 and 2010

## MANAGED PRIVATE EDUCATION LOAN PORTFOLIO PERFORMANCE

- ▶ Non-traditional loans represent only 11% of the Private Education loan portfolio but account for 40% of charge-offs in Q1 2010

	Q110	Q409	Q309	Q209	Q109
<b>Loans Outstanding - Traditional Portfolio</b>	<b>\$33,221</b>	<b>\$32,857</b>	<b>\$32,577</b>	<b>\$32,090</b>	<b>\$31,954</b>
<b>Loans Outstanding - Non-traditional Portfolio</b>	<b>\$4,275</b>	<b>\$4,385</b>	<b>\$4,507</b>	<b>\$4,727</b>	<b>\$4,906</b>
<b>Charge-offs - Traditional Portfolio</b>	<b>\$174</b>	<b>164</b>	<b>240</b>	<b>177</b>	<b>97</b>
<b>Charge-offs - Non-Traditional Portfolio</b>	<b>\$111</b>	<b>134</b>	<b>203</b>	<b>178</b>	<b>105</b>
<b>Charge-off rate - Traditional Portfolio <sup>(1)</sup></b>	<b>3.2%</b>	<b>3.2%</b>	<b>5.1%</b>	<b>3.9%</b>	<b>2.2%</b>
<b>Charge-off rate - Non-Traditional Portfolio <sup>(1)</sup></b>	<b>15.9%</b>	<b>18.6%</b>	<b>28.5%</b>	<b>24.0%</b>	<b>14.5%</b>
<b>90+ Day Delinq as a % of Repay - Traditional Portfolio</b>	<b>4.9%</b>	<b>4.6%</b>	<b>4.6%</b>	<b>4.8%</b>	<b>4.3%</b>
<b>90+ Day Delinq as a % of Repay - Non-Traditional Portfolio</b>	<b>18.1%</b>	<b>17.5%</b>	<b>17.8%</b>	<b>20.6%</b>	<b>19.1%</b>
<b>Forb as a % of Forb &amp; Repay - Traditional Portfolio</b>	<b>4.9%</b>	<b>5.3%</b>	<b>5.4%</b>	<b>6.1%</b>	<b>6.3%</b>
<b>Forb as a % of Forb &amp; Repay - Non-Traditional Portfolio</b>	<b>7.0%</b>	<b>7.1%</b>	<b>8.1%</b>	<b>8.9%</b>	<b>8.5%</b>
<b>Allowance as a % of Loans in Repay - Traditional Portfolio</b>	<b>5.1%</b>	<b>4.9%</b>	<b>5.3%</b>	<b>5.1%</b>	<b>5.4%</b>
<b>Allowance as a % of Loans in Repay - Non-Traditional Portfolio</b>	<b>31.7%</b>	<b>31.3%</b>	<b>32.9%</b>	<b>32.7%</b>	<b>32.2%</b>

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

## MANAGED PRIVATE EDUCATION LOAN PORTFOLIO PERFORMANCE

<b>Traditional Loans with a Cosigner</b>	<b>Q110</b>	<b>Q409</b>	<b>Q309</b>	<b>Q209</b>	<b>Q109</b>
Outstanding Balance as a % of Total	55%	54%	53%	52%	52%
90+ Delinquency as a % of Repayment	3.7%	3.5%	3.6%	3.8%	3.2%
Forbearance as a % of Repayment & Forbearance	4.5%	4.9%	5.1%	5.8%	6.0%
Charge-Offs as a % of Repayment <sup>(1)</sup>	2.0%	2.4%	3.4%	2.5%	1.5%
Average FICO at Origination	740	740	740	739	739
<b>Traditional Loans without a Cosigner</b>	<b>Q110</b>	<b>Q409</b>	<b>Q309</b>	<b>Q209</b>	<b>Q109</b>
Outstanding Balance as a % of Total	34%	34%	35%	35%	35%
90+ Delinquency as a % of Repayment	6.8%	6.0%	5.9%	6.1%	5.6%
Forbearance as a % of Repayment & Forbearance	5.4%	5.6%	5.7%	6.4%	6.6%
Charge-Offs as a % of Repayment <sup>(1)</sup>	5.0%	5.2%	7.7%	5.7%	3.4%
Average FICO at Origination	700	700	700	700	700
<b>Non-Traditional Loans with a Cosigner</b>	<b>Q110</b>	<b>Q409</b>	<b>Q309</b>	<b>Q209</b>	<b>Q109</b>
Outstanding Balance as a % of Total	3%	3%	3%	4%	4%
90+ Delinquency as a % of Repayment	14.7%	14.7%	14.8%	15.9%	13.8%
Forbearance as a % of Repayment & Forbearance	8.0%	8.1%	9.1%	10.0%	9.9%
Charge-Offs as a % of Repayment <sup>(1)</sup>	10.6%	13.0%	17.8%	14.0%	7.8%
Average FICO at Origination	633	633	633	633	633
<b>Non-Traditional Loans without a Cosigner</b>	<b>Q110</b>	<b>Q409</b>	<b>Q309</b>	<b>Q209</b>	<b>Q109</b>
Outstanding Balance as a % of Total	8%	9%	9%	9%	10%
90+ Delinquency as a % of Repayment	19.4%	18.5%	19.0%	22.4%	20.8%
Forbearance as a % of Repayment & Forbearance	6.6%	6.7%	7.6%	8.5%	8.0%
Charge-Offs as a % of Repayment <sup>(1)</sup>	17.9%	20.8%	31.8%	27.4%	16.3%
Average FICO at Origination	619	619	619	618	618

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

# IMPROVING PORTFOLIO QUALITY

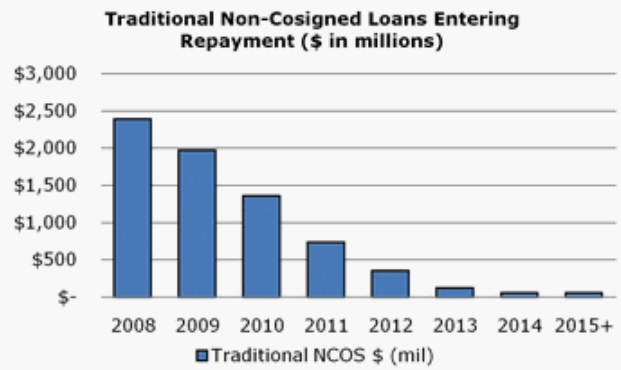
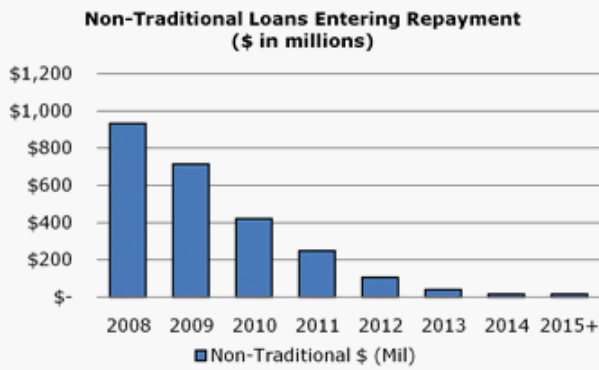
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Characteristics of Loans Entering Repayment

Year Entering Repayment	% Traditional	% Cosigned	Avg FICO Score at Origination
2006	83%	51%	709
2007	84%	54%	712
2008	86%	55%	711
2009	90%	65%	722
2010	90%	62%	718
2011*	90%	64%	718*
2012*	92%	68%	721*

\* Projected

# PORTFOLIO QUALITY IMPROVING



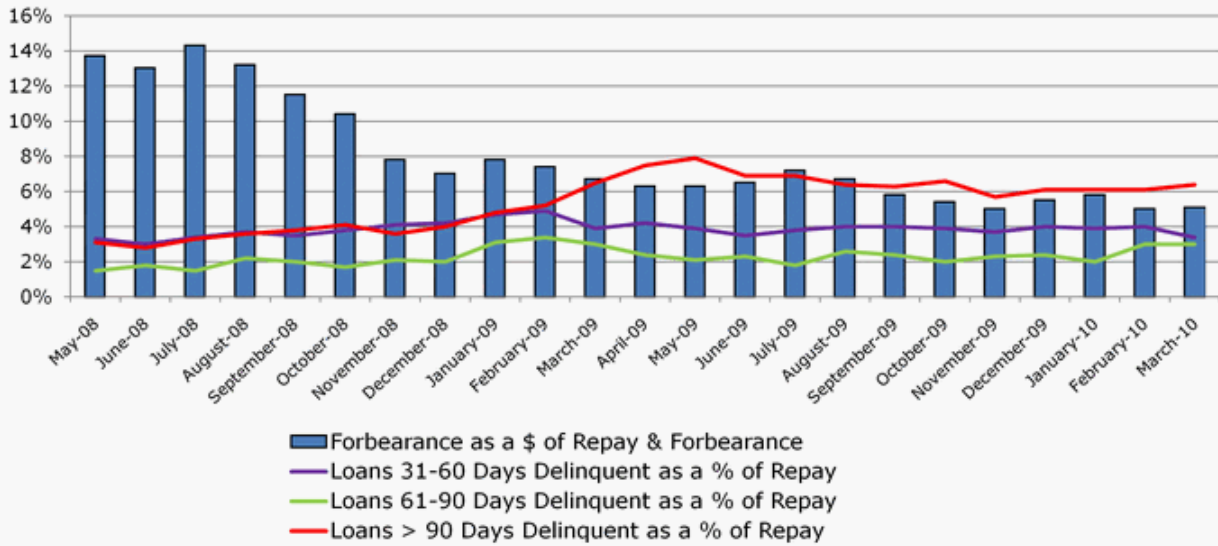
Amounts shown above represent the dollar amount of loans that will enter repayment

- ▶ Non-Traditional charge-off rate is 5x greater than Traditional
- ▶ 85% of Q110 loan originations had cosigners, up from 74% in Q109.
- ▶ Non-cosigned loans charge off at more than twice the rate of cosigned loans
  - Amount of non-cosigned loans entering repayment have begun to decline

Note: Amounts in years 2011-2015+ are projected

# PRIVATE EDUCATION LOAN PORTFOLIO PERFORMANCE

- ▶ Changes in SLM's forbearance policies and the economic downturn have adversely impacted the performance of our Managed Private Education Loan portfolio including accelerating the timing of charge-offs
- ▶ Delinquency trends have improved, as the impact of forbearance changes passed through the system.



# SERVICING: A COMPETITIVE ADVANTAGE

SLM Corporation





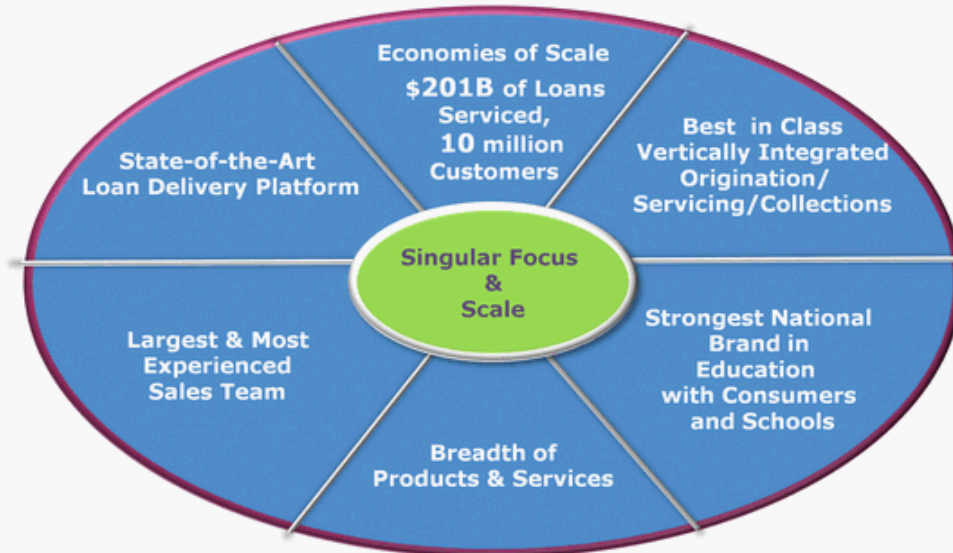
## SLM SERVICING

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- ▶ #1 servicer and collector of student loans in the U.S. currently servicing \$200.6 billion in assets including \$26.9 billion for third parties
  - SLM borrowers total 10 million
- ▶ Awarded ED servicing contract in June 2009
  - Servicing under contract initiated in August 2009
  - Contract to span 5 years with one, five-year renewal option
- ▶ Currently 2 million accounts \$19.8 billion serviced under ED contract
- ▶ Servicing on new Direct Loans expected to begin in August 2010

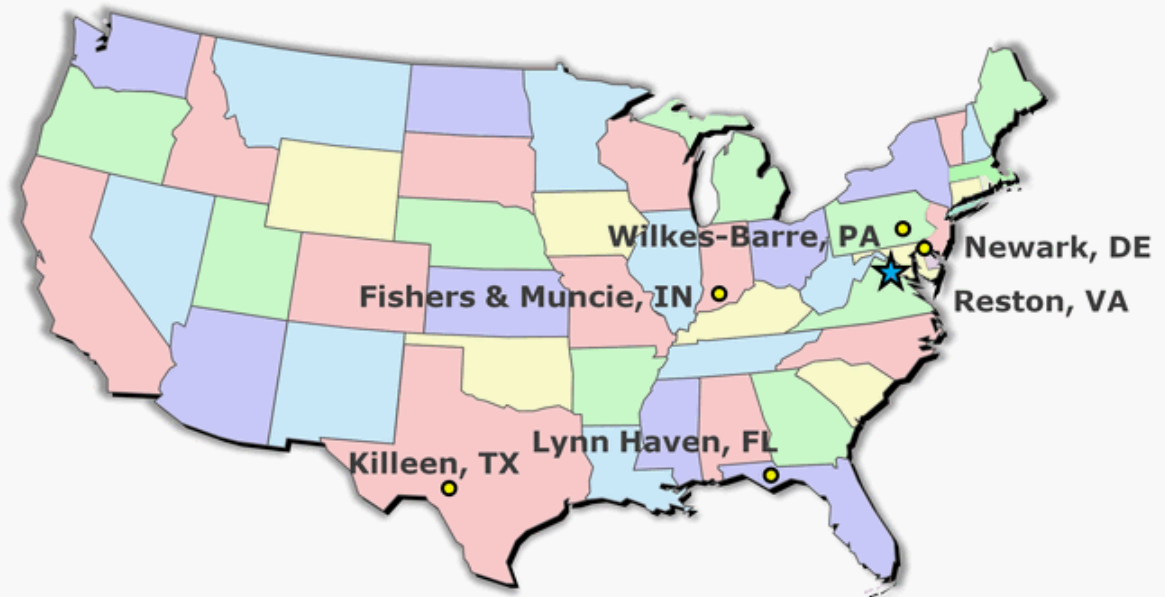
## SLM's COMPETITIVE ADVANTAGE

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



Note: Figures as March 31, 2010

# OPERATIONS LOCATIONS



★ Corporate Headquarters

Note: SLM has announced that the Killeen, Texas and Lynn Haven, Florida sites will be closing and the functions performed there either transferred to other sites or eliminated

# FUNDING DIVERSITY AND LIQUIDITY

SLM Corporation



## Q1 2010 CAPITAL MARKETS SUMMARY

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- ▶ Realized gains of \$90 million on debt repurchases in Q1 2010
- ▶ Issued \$1.5 Billion of Unsecured Debt
- ▶ Issued \$1.6 billion of Private Credit ABS
- ▶ Issued \$1.2 billion of FFELP ABS in April
- ▶ Entered into a new \$10 billion multiyear ABCP facility on January 15, 2010 at a significantly lower cost than the previous facility
- ▶ Bank ABCP facility reduced to \$8.3 billion outstanding
- ▶ Entered into an agreement with the Federal Home Loan Bank of Des Moines (FHLB-DM) to provide funding backed by eligible collateral including FFELP loans

## RECENT ABS TRANSACTIONS

<b>Transaction: FFELP</b>	<b>April 2009-I Consolidation</b>	<b>May 2009-1 Consolidation</b>	<b>May 2009-2 Consolidation</b>	<b>Nov 2009-3 Consolidation</b>	<b>April 2010-1 Stafford &amp; Plus</b>
Issuance Size:	\$1.027 B	\$2.179 B	\$1.845 B	\$ .839 B	\$1.221 B
Registration Type:	144A	Public	Public	144A	Public
Indicative Pricing:	3-month LIBOR + 280	3-month LIBOR + 225	3-month LIBOR + 225	1-month LIBOR + 75	1-month LIBOR + 43
<b>Transaction: Private Credit</b>	<b>TALF-Eligible July 2009-C</b>	<b>TALF-Eligible Aug 2009-D</b>	<b>TALF-Eligible Nov 2009- CT</b>	<b>TALF-Eligible March 2010-A</b>	
Issuance Size:	\$1.027 B	\$1.680 B	\$ .589 B	\$ 1.55 B	
Registration Type:	144A	144A	144A	144A	
Indicative Pricing:	Prime + 125 Prime-71 to 30 mo call	Prime + 25 Prime-55 to 48 mo call	1-month LIBOR + 185 Prime - 90	1-month LIBOR + 325 Prime - 5	

# LIQUIDITY POSITION DETAIL

(\$ in billions)	3/31/2010	12/31/2009	9/30/2009
<b>Sources of Primary Liquidity:</b>			
ED Purchase and Participation Program	Unlimited*	Unlimited*	Unlimited*
Unrestricted Cash & Liquid Investments	\$ 7.6	\$ 7.4	\$ 6.2
Unused Commercial Paper and Bank Lines of Credit	1.6	3.5	3.5
FFELP ABCP Facilities	1.4	1.7	1.0
<b>Total Sources of Primary Liquidity</b>	<b>\$ 10.6</b>	<b>\$ 12.5</b>	<b>\$ 10.7</b>

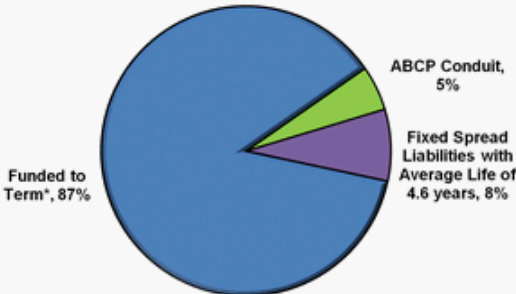
- ▶ SLM has \$3.5 billion in unsecured revolving credit facilities. The Company has never drawn on these facilities. \$1.9 billion of our unsecured revolving facilities was due mature in October 2010, and was retired in May 2010, and \$1.6 billion matures in October 2011

Note: Numbers may not add due to rounding. 3/31/2010 amounts reflect May 2010 termination of unsecured revolving credit facility.

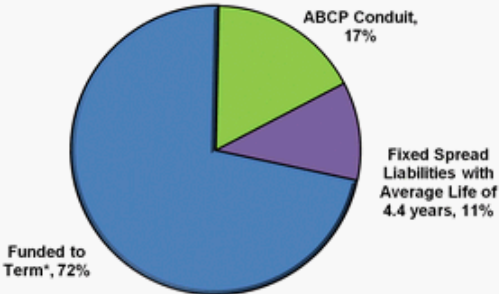
\* Through July 1, 2010

# HIGH PERCENTAGE OF STUDENT LOANS FUNDED TO TERM

**\$182 Billion Managed Student Loan Portfolio as of March 31, 2010**



**\$185 Billion Managed Student Loan Portfolio as of March 31, 2009**



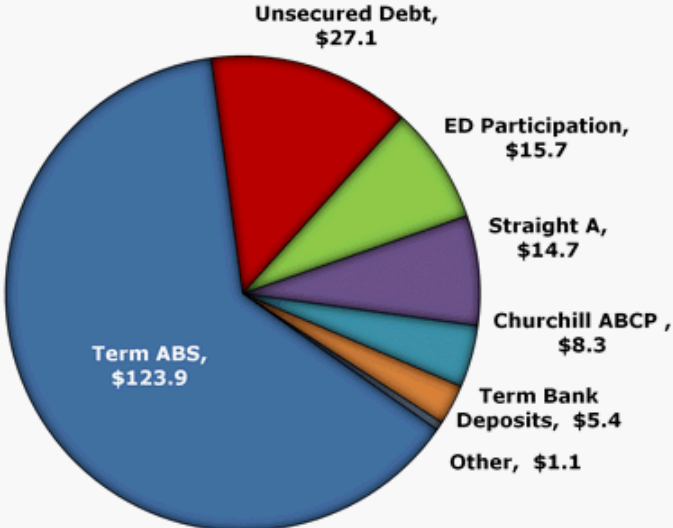
- **Employ conservative long-term funding model**

\* Funded to Term includes 17% or \$30.6 billion and 7% or \$13.6 billion of student loans funded under the ED Purchase and Participation Program and Straight A Funding Facility as of March 31, 2010 and March 31, 2009, respectively.



# FUNDING DISTRIBUTION

At March 31, 2010, total managed debt borrowing was \$196.2 billion



## SLM CORPORATE DEBT AND ABS ISSUANCE

SLM has issued \$142 billion of long-term, corporate debt and asset-backed securities since 2005, across a broad range of maturities

New Issuance Volume (\$ in billions)	Q110	Q409	Q309	Q209	Q109	2008	2007
Corporate Debt Issuance	\$1.50	\$0.00	\$0.00	\$0.00	\$0.00	\$2.50	\$1.57
Term ABS Issuance <sup>(1)</sup>	1.55	1.4	2.8	7.6	1.5	19	26
<b>Total Term Debt Issuance</b>	<b>\$3.05</b>	<b>1.4</b>	<b>2.8</b>	<b>7.6</b>	<b>1.5</b>	<b>21</b>	<b>28</b>
ABS Tranches	2	3	2	4	4	40	58
Ave Life to Call in Years	4.1	5.4	2.75	5.7	7.5	5.1	7.2
Ave Cost of Funds vs. US\$ LIBOR <sup>(3)</sup>	+394bp	+121 bp	+228 bp	+295 bp	+575 bp	+155 bp	+21 bp
Asset Funding	3/31/2010	12/31/2009	9/31/2009	6/31/2009	3/31/2009	12/31/2008	12/31/2007
Net ED Participation Program <sup>(2)</sup> Activity	15.7	9.0	5.6	3.7	6.2	7.4	-
Straight - A Funding balance	14.7	14.3	14.2	12.5	-	-	-

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

(2) Reported at quarter closing dates, net of paydowns.

(3) Includes SLM corporate debt and term asset-backed securities.

Note: Totals may not add due to rounding.

# SLM ABS ISSUANCE VOLUME

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

(\$ in billions)	Q110	Q409	Q309	Q209	Q109	2008	2007
Non-Consolidation FFELP ABS	\$0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$18.5	\$ 9.1
Consolidation FFELP ABS	0.0	0.8	0.0	5.1	0.0	0.0	15.0
Private Credit ABS	1.6	0.6	2.8	2.6	1.5	0.0	2.2
<b>Total ABS Issuance</b>	<b>\$1.6</b>	<b>\$1.4</b>	<b>\$2.8</b>	<b>\$7.7</b>	<b>\$1.5</b>	<b>\$18.5</b>	<b>\$26.3</b>

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

# SLM CORPORATE DEBT ACTIVITY

## SLM Corporate Term Debt Issuance Volume

Issuance Type (US\$ in billions)	Q110	2009	2008	2007	2006
US\$ Global & Medium Term Notes	\$1.5	\$0.0	\$2.5	\$1.4	\$5.8
Foreign Currency Denominated <sup>(1)</sup>	0.0	0.0	0.0	0.2	3.9
Extendible Notes	0.0	0.0	0.0	0.0	1.5
Retail Note Program	0.0	0.0	0.0	0.0	0.5
<b>Total Corporate Debt Issuance</b>	<b>\$1.5</b>	<b>\$0.0</b>	<b>\$2.5</b>	<b>\$1.6</b>	<b>\$ 11.7</b>

## SLM Corporate Term Debt Repurchases

Denomination (US\$ in millions)	Q110	2009	2008	2007	2006
USD <sup>(2)</sup>	\$303	\$2,169	\$1,794	\$0	\$0
Foreign Currency Denominated <sup>(2)</sup>	1,008	1,278	116	0	0
<b>Total</b>	<b>\$1,311</b>	<b>\$3,447</b>	<b>\$1,910</b>	<b>\$0</b>	<b>\$0</b>
<b>Accounting Gain Generated</b>	<b>\$90</b>	<b>\$536</b>	<b>\$64</b>	<b>\$0</b>	<b>\$0</b>

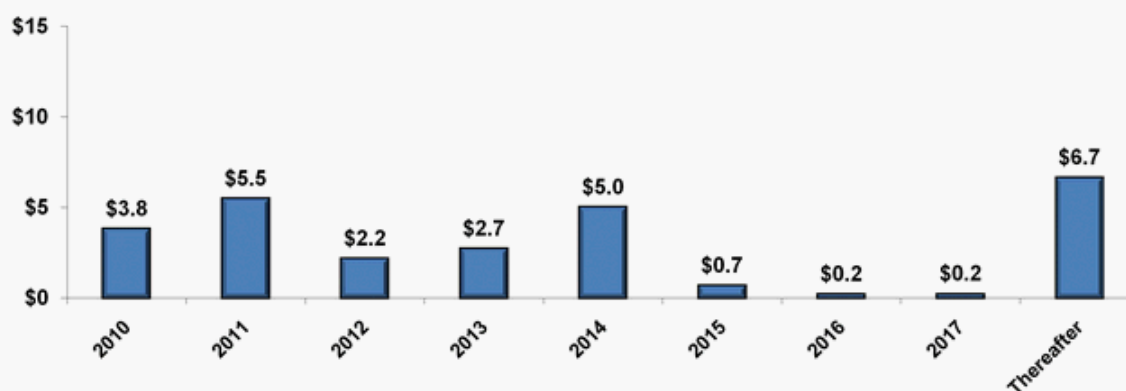
Note: Total may not foot due to rounding.

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

(2) Face value amounts repurchased.

# UNSECURED DEBT MATURITIES

As of March 31, 2010  
(par value, \$ in billions)



	2010	2011	2012	2013	2014	2015	2016	2017	Thereafter
Change from Prior Quarter	(\$1.4)	(\$0.9)	-	(\$0.1)	(\$0.1)	-	-	-	\$1.5

- ▶ Repurchased \$1.3 billion of debt in Q110
- ▶ \$0.6 billion of debt maturing in 2011 was repurchased as part of tender offer in January

Note: Does not include Sallie Mae Bank or Subsidiary funding

## UNENCUMBERED ASSETS & UNSECURED DEBT

(\$ in billions)	3/31/10	12/31/09	9/30/09	6/30/09	3/31/09	12/31/08
FFELP Stafford and Plus Loans, net	\$2.1	\$1.6	\$ 2.1	\$ 2.7	\$ 4.5	\$ 3.8
FFELP Consolidation Loans, net	0.5	0.5	0.6	0.5	0.6	1.6
Private Education Loans, net	11.4	12.5	13.3	16.0	14.1	15.7
Other Loans	0.3	0.4	0.5	0.5	0.7	0.7
Available Cash & Investments	8.2	8.1	6.3	7.4	3.7	5.1
Retained Interests	0.0	1.8	1.8	1.8	1.9	2.2
Other Assets	5.1	5.2	6.4	6.5	5.7	5.8
<b>Total Unencumbered Tangible Assets</b>	<b>27.6</b>	<b>\$30.1</b>	<b>\$ 31.0</b>	<b>\$ 35.4</b>	<b>\$ 31.2</b>	<b>\$ 34.9</b>
<b>Unsecured Debt Outstanding</b>	<b>\$32.5</b>	<b>\$33.6</b>	<b>\$ 35.1</b>	<b>\$ 38.8</b>	<b>\$ 38.2</b>	<b>\$ 40.2</b>
<b>Net Assets in Secured Financing Facilities</b>	<b>3/31/10</b>	<b>12/31/09</b>	<b>9/30/09</b>	<b>6/30/09</b>	<b>3/31/09</b>	<b>12/31/08</b>
Off-Balance Sheet ABS (Non-GAAP)*	\$0.0	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.8	\$ 0.9
On-Balance Sheet ABS (GAAP)**	15.4	14.5	14.7	13.0	16.7	15.6
<b>Total</b>	<b>\$15.4</b>	<b>\$ 15.1</b>	<b>\$ 15.3</b>	<b>\$ 13.7</b>	<b>\$ 17.5</b>	<b>\$ 16.5</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.

# SECURED CASH FLOW

	Cash Flow			
	Q1 2010	2009	2008	2007
<b>FFELP</b>				
Term Securitized				
Servicing (Cash Paid)	\$ 135	\$549	\$524	\$494
Net Residual (Excess Distributions)	223	1,418	1,322	788
Other Secured FFELP				
Net Cash Flow (Excess Distribution)	480	1,266	501	98
<b>Total FFELP</b>	<b>\$ 838</b>	<b>\$ 3,233</b>	<b>\$ 2,347</b>	<b>\$1,380</b>
<b>Private Credit</b>				
Term Securitized				
Servicing (Cash Paid)	42	\$130	\$97	\$98
Residual (Excess Distribution)	6	90	403	420
Other Secured Financings				
Net Cash Flow (Excess Distribution)	-	43	59	-
<b>Total Private Credit</b>	<b>48</b>	<b>\$263</b>	<b>\$559</b>	<b>\$518</b>
<b>Total FFELP and Private Credit</b>	<b>\$ 886</b>	<b>\$3,496</b>	<b>\$2,906</b>	<b>\$1,898</b>
	Average Pool Balance (2)			
	Q1 2010	2009	2008	2007
<b>FFELP</b>				
Term FFELP	\$ 101,366	\$102,754	\$97,363	\$86,479
Other Secured FFELP (1)	40,866	36,629	32,543	15,386
<b>Total FFELP</b>	<b>\$ 141,233</b>	<b>\$139,382</b>	<b>\$129,906</b>	<b>\$101,864</b>
<b>Private Credit</b>				
Term PC	24,978	\$19,144	\$14,505	\$14,393
Other Secured Financings	-	2,641	2,641	-
<b>Total Private Credit</b>	<b>\$ 24,978</b>	<b>\$21,785</b>	<b>\$17,146</b>	<b>\$14,393</b>
<b>Total FFELP and Private Credit</b>	<b>\$166,211</b>	<b>\$161,167</b>	<b>\$147,052</b>	<b>\$116,257</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

(1) Interest to be capitalized not available for On-Balance Sheet Indentured Trust balance

(2) All APBs are 2-point averages of 1/1 and 12/31 balances of the given year.

## 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 and a direct retail deposit program launched in Feb 2010
- 31.6% Total Risk-based Capital at March 31, 2010

▶ **Deposit taking activities**

- Strong cash position used to fund Private Credit originations
- Deposits totaled \$6.1 billion at March 31, 2010
  - \$ 5.6 billion Brokered Deposits
  - \$482 million Affiliate and Retail Deposits
- Brokered Deposit portfolio has a weighted average maturity of 26 months
- Total deposits decreased by 3.6% in Q110



## SALLIE MAE BANK – CAPITAL & DEPOSITS

<b>Bank Deposits (\$ millions)</b>						
	<b>Mar 10</b>	<b>Dec 09</b>	<b>Sep 09</b>	<b>Jun 09</b>	<b>Mar 09</b>	<b>Dec 08</b>
<b>Brokered CDs</b>	<b>\$5,417</b>	<b>\$5,632</b>	<b>\$5,891</b>	<b>\$6,100</b>	<b>\$3,281</b>	<b>\$2,256</b>
<b>Brokered MMDAs</b>	<b>205</b>	<b>204</b>	<b>221</b>	<b>264</b>	<b>-</b>	<b>-</b>
<b>Other Deposits*</b>	<b>482</b>	<b>494</b>	<b>543</b>	<b>420</b>	<b>433</b>	<b>458</b>
<b>Total Deposits</b>	<b>\$6,104</b>	<b>\$6,331</b>	<b>\$6,655</b>	<b>\$6,784</b>	<b>\$3,714</b>	<b>\$2,714</b>

\*Primarily affiliate demand deposit accounts with no stated maturities

<b>Regulatory Capital Ratios</b>						
<b>Ratio</b>	<b>Mar 10</b>	<b>Dec 09</b>	<b>Sep 09</b>	<b>Jun 09</b>	<b>Mar 09</b>	<b>Dec 08</b>
<b>Tier 1 Leverage</b>	<b>16.2%</b>	<b>15.0%</b>	<b>14.2%</b>	<b>17.9%</b>	<b>24.5%</b>	<b>40.7%</b>
<b>Tier 1 Risk Based</b>	<b>30.7%</b>	<b>24.6%</b>	<b>24.2%</b>	<b>26.2%</b>	<b>29.6%</b>	<b>45.9%</b>
<b>Total Risk Based</b>	<b>31.6%</b>	<b>25.4%</b>	<b>25.1%</b>	<b>26.9%</b>	<b>30.2%</b>	<b>46.3%</b>

# RISK-ADJUSTED CAPITALIZATION

SLM Corporation



## CAPITALIZATION

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### SLM Corp

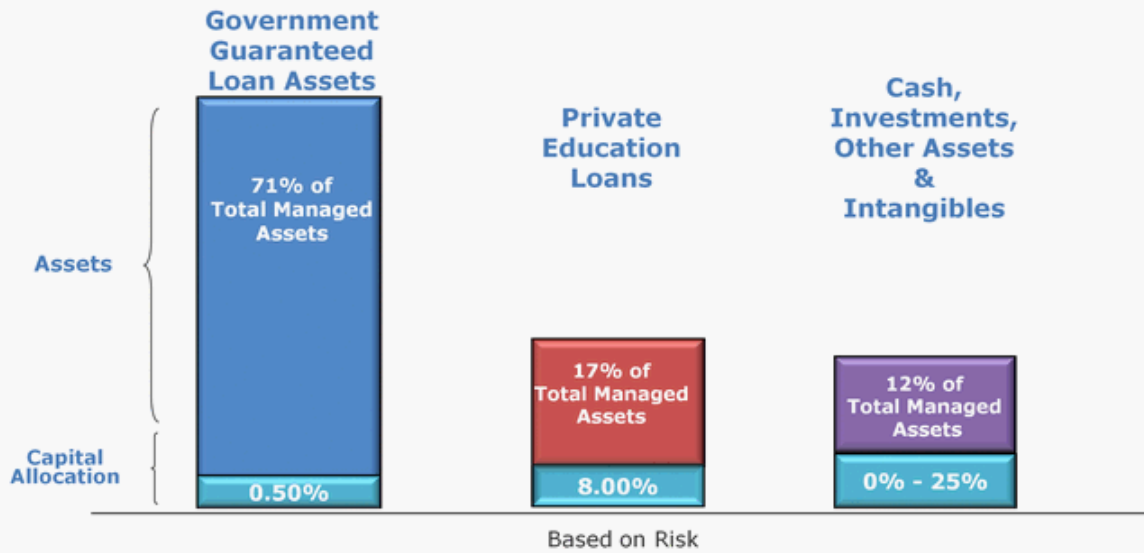
	Q1 10	2009	2008	2007
Tangible Equity/Managed Assets <sup>(1)</sup>	1.7%	2.0%	1.8%	2.0%
<b>Tangible Equity/Charge-Offs<sup>(2)</sup></b>	<b>3x</b>	<b>3x</b>	<b>7x</b>	<b>9X</b>

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

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

# CAPITAL ALLOCATION

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



As of March 31, 2010

# FFELP APPENDIX

SLM Corporation



# SLM FFELP ABS ISSUE CHARACTERISTICS

## Typical SLM FFELP ABS Transaction Features

- ▶ Historical issue size of \$1.0B to \$5.0(+)B
- ▶ 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
- ▶ Masterservicer is 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 (1)
- ▶ 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

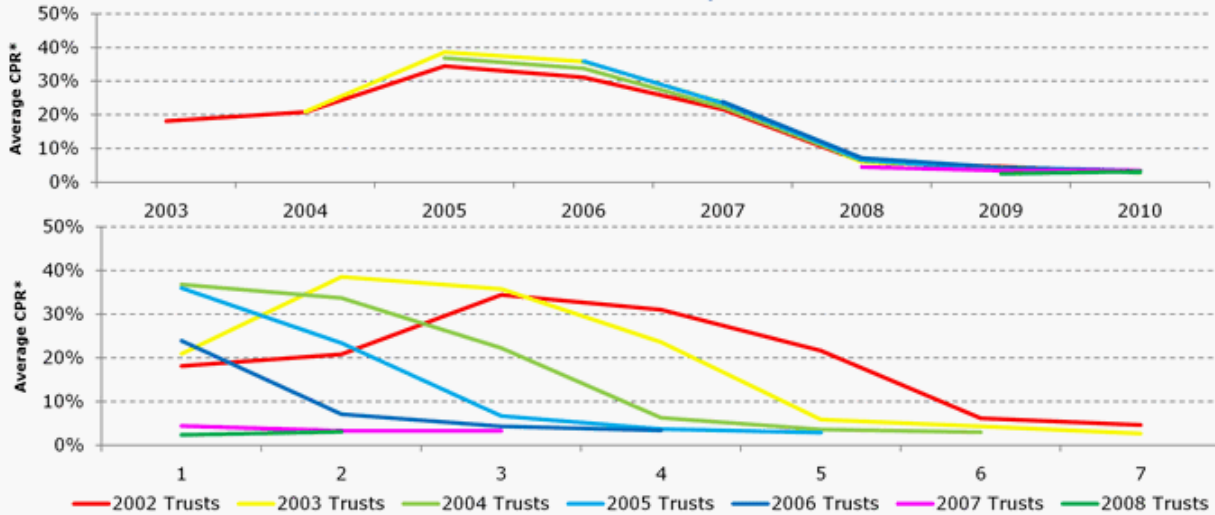
(1) Principal and accrued interest on underlying FFELP loan collateral carry a guarantee of either 98% or 97%. Guarantee is dependent on meeting the servicing requirements of the U.S. Department of Education.

# 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



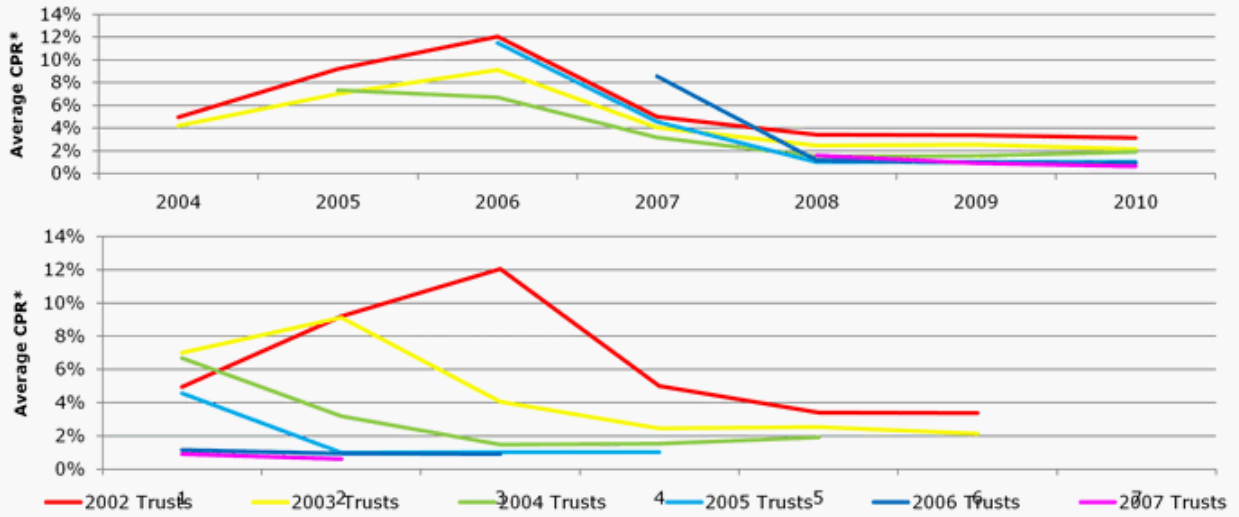
\* Average CPR is the simple (non-weighted) average of four Quarterly CPR calculations for years ended March 31, 2010. Quarterly CPR assumes School and Grace loans are not scheduled to make payments. Deferment, Forbearance and Repayment loans are scheduled to make payments.

# 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 March 31, 2010. 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

SLM Corporation



## PRIVATE CREDIT LOAN COLLECTIONS

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- ▶ Sallie Mae services and collects the loans in its managed private loan portfolio
- ▶ Private credit collections are conducted by a stand-alone consumer credit collections unit
- ▶ 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 policies have been enhanced to reduce reliance on the tool, while still meeting the customer need during an economic downturn
  - Additional workout and settlement programs have been introduced to help customers avoid default
  - Collection workstation, dialer capabilities, and internet utilities have all been enhanced with more effective technology solutions

## FORBEARANCE

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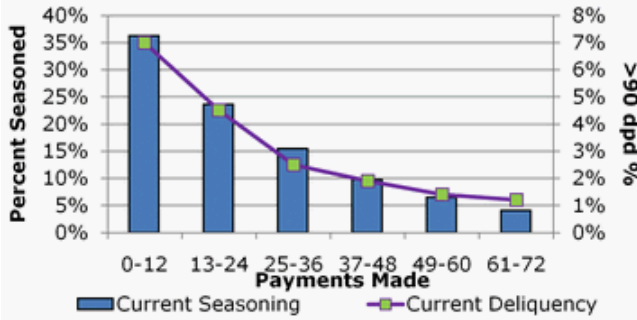
- ▶ A collections tool used to provide borrowers time to improve their ability to repay
  - Between graduation and start of first job
  - Economic hardship
- ▶ Provides borrower with time to obtain employment and income to support their obligations
- ▶ Applied most frequently in the first two years of 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

# PRIVATE CREDIT TRUST

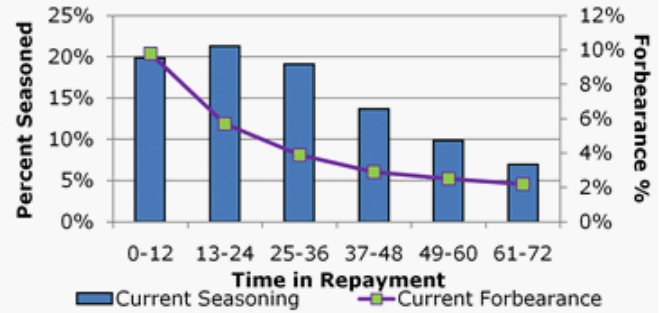
## DELINQUENCY AND FORBEARANCE SEASONING TRENDS

- ▶ 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**



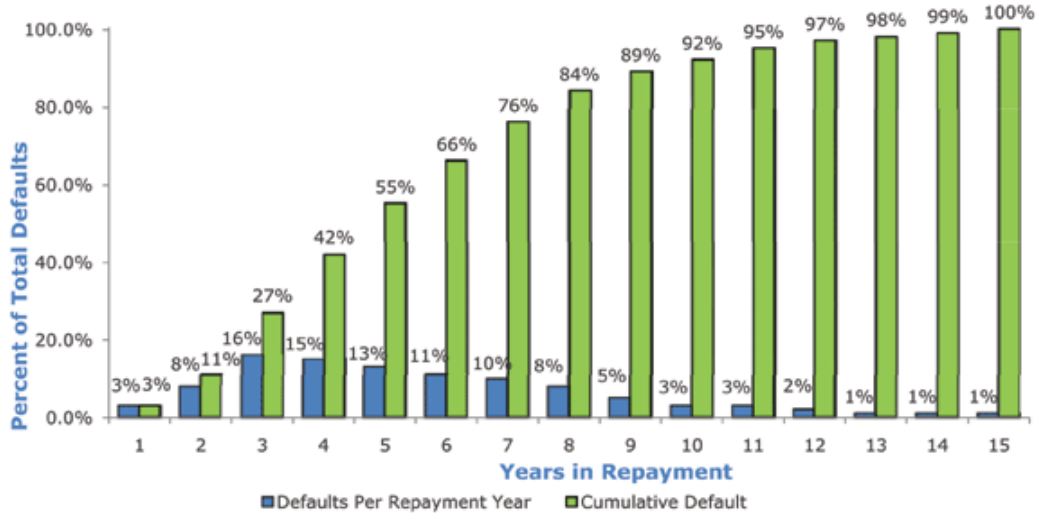
Note: Based on historical data through March 31, 2010. Does not include data for 2009 trusts which have not had time to become 90 days delinquent

# PRIVATE CREDIT TRUST

## DEFAULT EMERGENCE BY YEARS IN REPAYMENT

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

### Expected Loss Emergence Timing

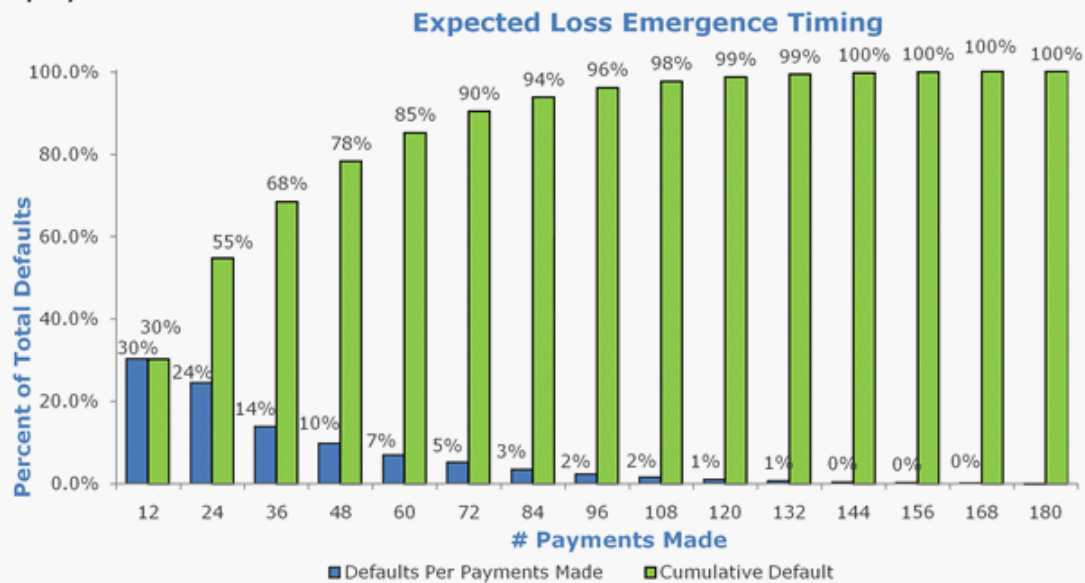


Based on assumptions in effect as of March 31, 2010

# PRIVATE CREDIT TRUST

## DEFAULT EMERGENCE BY PAYMENTS MADE

- ▶ The probability of default substantially diminishes as the number of payments made increases

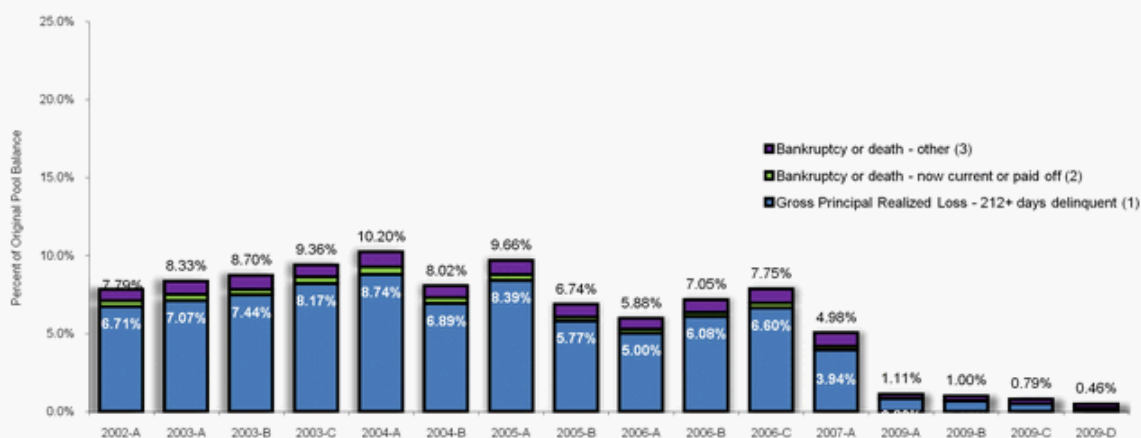


Based on assumptions in effect as of March 31, 2010  
Excludes months in forbearance. Includes months of delinquency prior to chargeoff

# SLM PRIVATE EDUCATION LOAN GROSS DEFAULTS

## ACTUAL-TO-DATE

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



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.

As of February 28, 2010

# SLM PRIVATE CREDIT GROSS DEFAULTS

## CONSTRAINING RATING AGENCY STRESS LEVELS AT ISSUANCE

Constraining Rating Agency Stress Levels at Issuance for 'AAA'

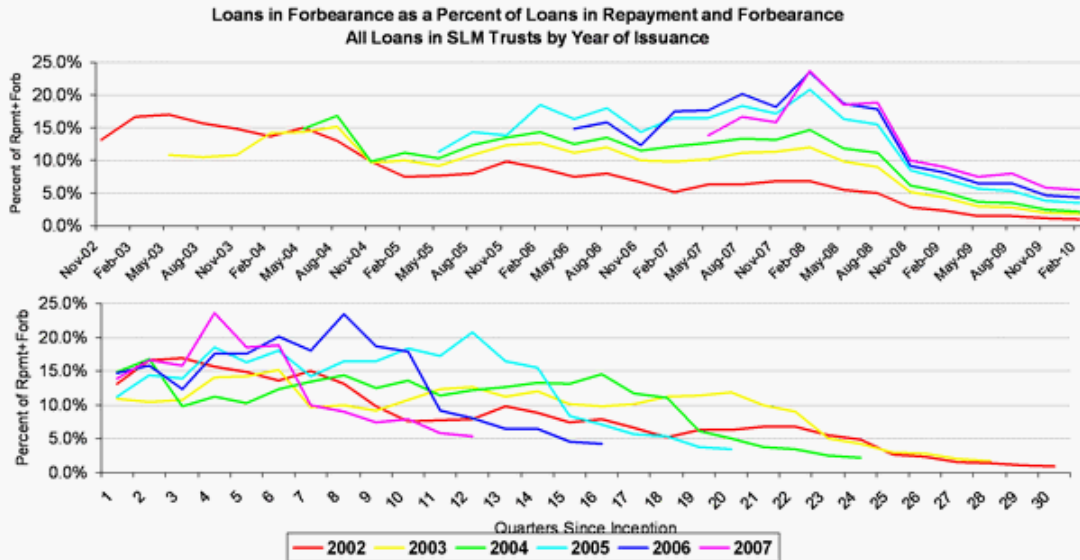


As of March 31, 2009



# PRIVATE CREDIT ABS TRUSTS FORBEARANCE

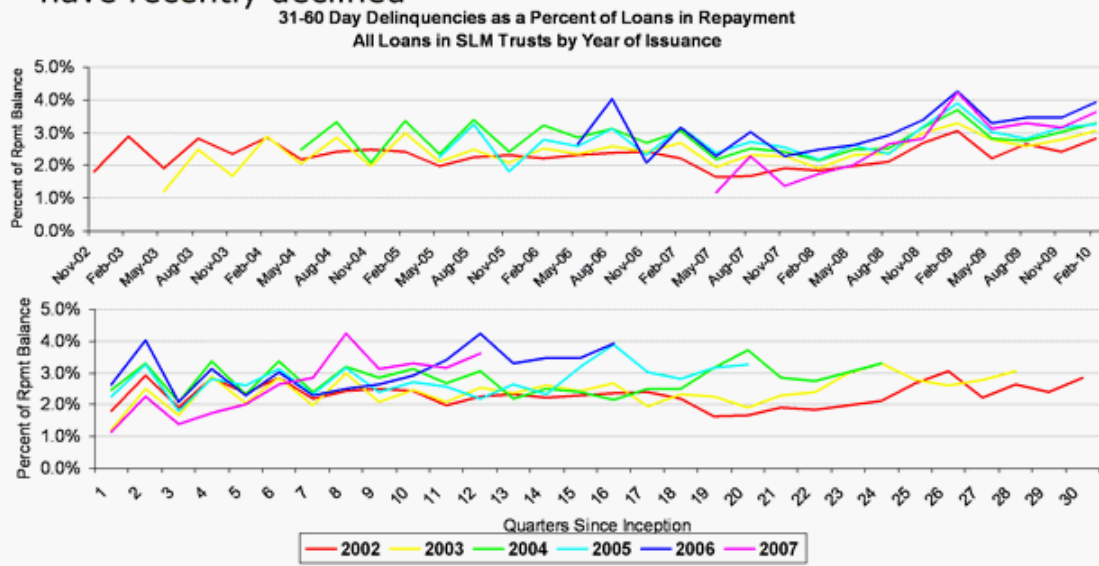
- ▶ Forbearance usage is typically highest when loans enter repayment, and declines as loans season
- ▶ Use of forbearance as a collection tool peaked in early 2008, and has since declined, as a result of changes in the forbearance strategy
- ▶ The decline in forbearance has resulted in increased delinquency and default in the near term but no long term increase in lifetime defaults



# PRIVATE CREDIT ABS TRUSTS –

## 31-60 DAY DELINQUENCIES

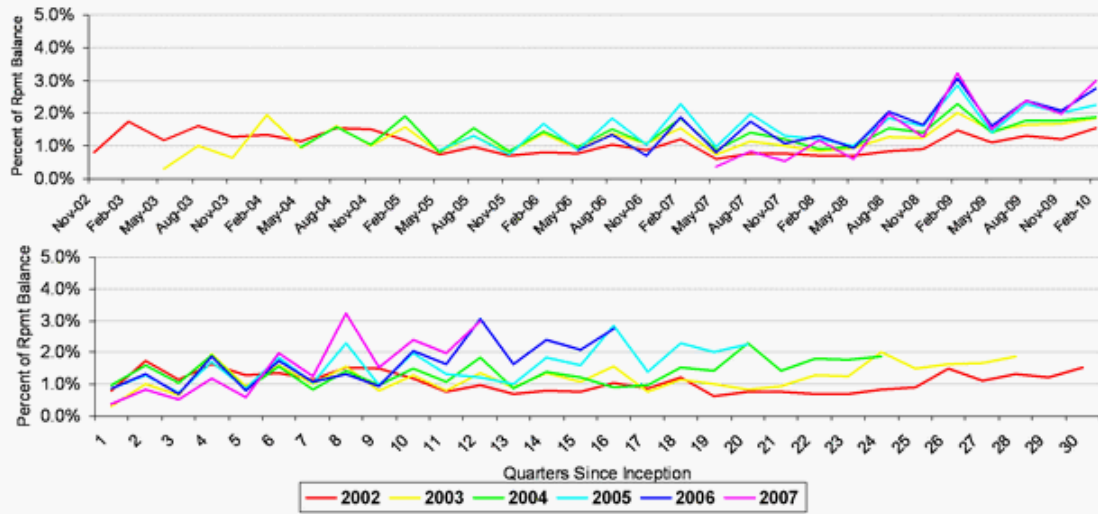
- ▶ Early delinquencies increased as forbearance policies tightened and have recently declined



# PRIVATE CREDIT ABS TRUSTS -

## 61-90 DAY DELINQUENCIES

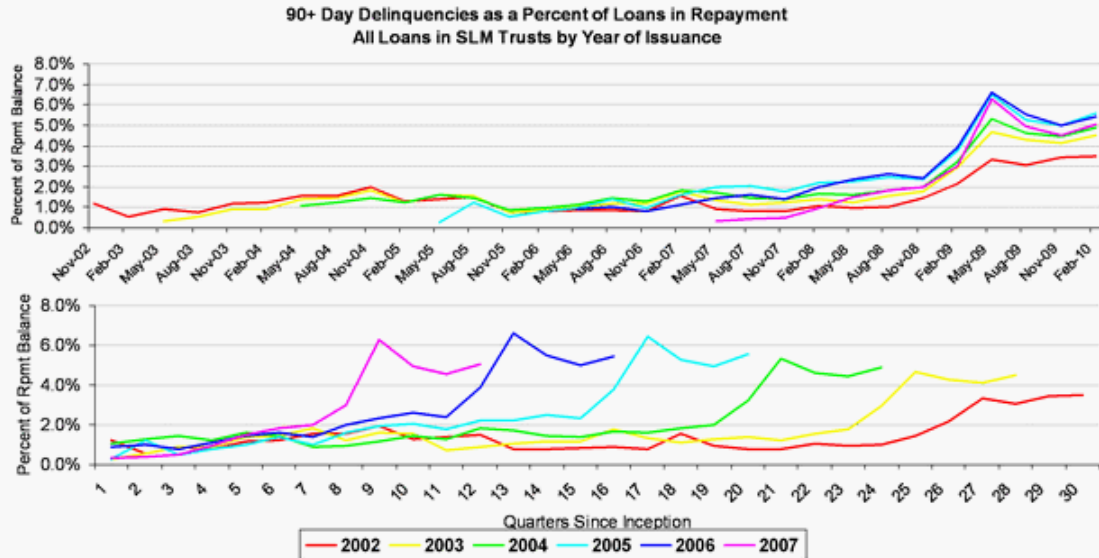
61-90 Day Delinquencies as a Percent of Loans in Repayment  
All Loans in SLM Trusts by Year of Issuance



# PRIVATE CREDIT ABS TRUSTS -

## 90+ DAY DELINQUENCIES

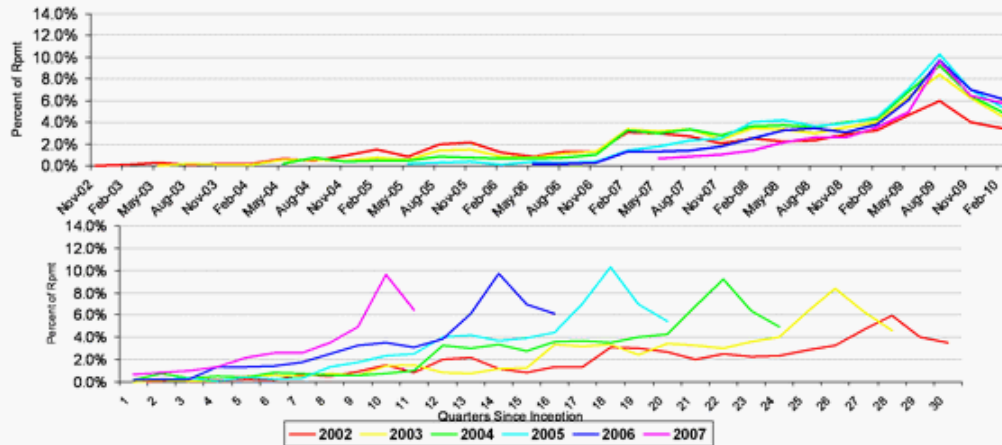
- ▶ As expected, later stage delinquency has increased due to tightening of Forbearance and the current economic environment



# 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

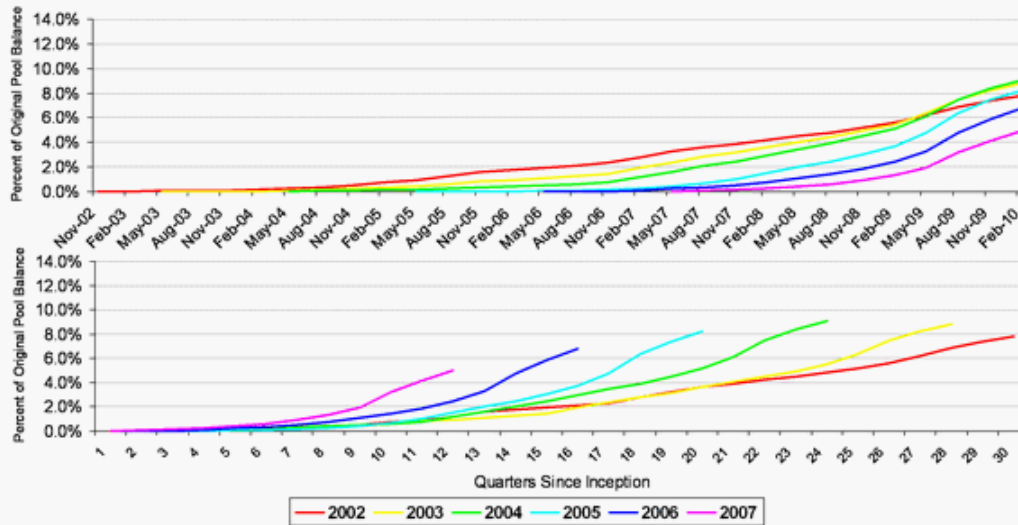
Annualized Gross Charge-Offs as a Percent of Loans in Repayment  
All Loans in SLM Trusts by Year of Issuance



(1) For SLM Private Credit Student Loan Trusts issued prior to 2005-8, 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 2005-8 as if the servicer had never exercised its repurchase option.

# 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**



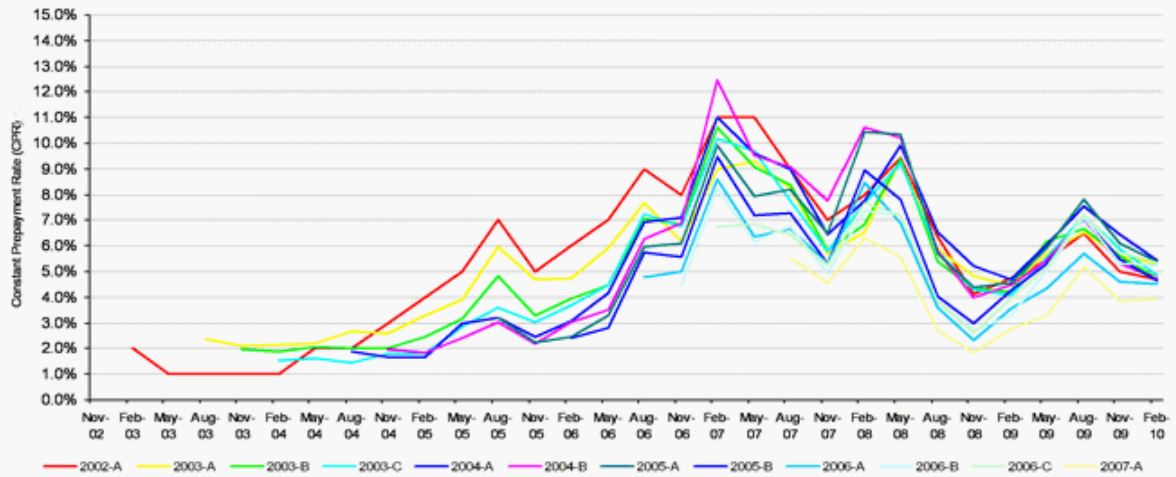
(1) For SLM Private Credit Student Loan Trusts issued prior to 2005-B, the servicer has the option, but not the obligation, to repurchase loans that (i) become 180+ days delinquent and/or (ii) have a borrower who filed for bankruptcy or died. Prior to November 1, 2008, the servicer exercised this repurchase 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**



## SLM APPENDIX





# GAAP TO CORE EARNINGS RECONCILIATION

(\$ in thousands, except per share amounts)	Quarters Ended			
	March 31, 2010		March 31, 2009	
	Dollars	Diluted EPS	Dollars	Diluted EPS
<b>GAAP net income (loss) attributable to SLM Corporation</b>	\$ 240,140	\$ 0.45	\$ (21,386)	\$ (0.10)
<b>Adjustment from GAAP to "Core Earnings"</b>				
<b>Net impact of securitization accounting</b>	-		198,590	
<b>Net impact of derivative accounting</b>	(120,107)		(54,010)	
<b>Net impact of Floor Income</b>	48,886		(79,023)	
<b>Net impact of acquired intangibles</b>	9,712		9,623	
<b>Total "Core Earnings" Adjustments before net tax effect</b>	(61,509)		75,180	
<b>Net tax effect</b>	33,143		(39,910)	
<b>Total "Core Earnings" Adjustments</b>	(28,366)		35,270	
<b>"Core Earnings" net income attributable to SLM Corporation</b>	\$211,774	\$0.39	\$13,884	(\$0.03)

# ADDITIONAL INFORMATION AVAILABLE AT [WWW.SALLIEMAE.COM](http://WWW.SALLIEMAE.COM)



## DEBT INVESTOR RELATIONS CONTACT INFORMATION

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