

# SLM CORPORATION

## 4Q 2009 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; changes in the terms of student loans and the educational credit marketplace (including changes resulting from new laws, such as any laws enacted to implement the Administration's current budget proposals as they relate to the Federal Family Education Loan Program ("FFELP") and from the implementation of applicable laws and regulations) which, among other things, may change the volume, average term and yields on student loans under the FFELP, may result in loans being originated or refinanced under non-FFELP programs, or may affect the terms upon which banks and others agree to sell FFELP loans to the Company. The Company could be affected by: 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; changes in the demand for debt management services; and new laws or changes in existing laws. 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 \$194.2 billion in assets including \$26.3 billion for third parties and \$19.2 billion for the Department of Education (ED)
- ▶ Fully independent private sector company with scale and a broad franchise, traded on the NYSE
- ▶ \$176.4 billion managed student loan portfolio, 80% of which is U.S. government guaranteed
- ▶ At quarter end, 94% of managed student loans were funded with term liabilities

As of December 31, 2009

# 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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- ▶ Managed student loans outstanding decreased to \$176 billion in Q4
  - Originated \$4.5 billion in federal student loans, a 14% increase over prior year period
  - Sold approximately \$18.5 B to ED
  - Launched new private education loan product in Q2 and originated \$381 million private education loans in Q4
- ▶ Student loan legislation, ECASLA, passed by Congress in May 2008
  - ED Loan Purchase Commitment Program
    - At 12/31/2009, \$9.0 billion of loans funded under this program
  - ED Conduit – Straight A Funding launched May 11, 2009
    - Funding \$14.6 billion at 12/31/09
- ▶ Completed \$5.9 billion FFELP ABS and \$7.5 billion Private Credit ABS YTD\*
- ▶ “Core Earnings” net income for Q4 was \$249 million including non-recurring items: a loss on the sale of GRP, impairments to remaining portfolio of purchased paper, restructuring charges, a loss on the conversion of mandatory preferred stock, and debt repurchasing gains
- ▶ “Core Earnings” operating expenses for FY 2009 totaled \$1,180 million representing a 4% decrease from 2008
- ▶ Upromise manages \$23 billion in 529 college savings plans with 11 million members enrolled in the member rewards programs

\*Activity through December 31, 2009.

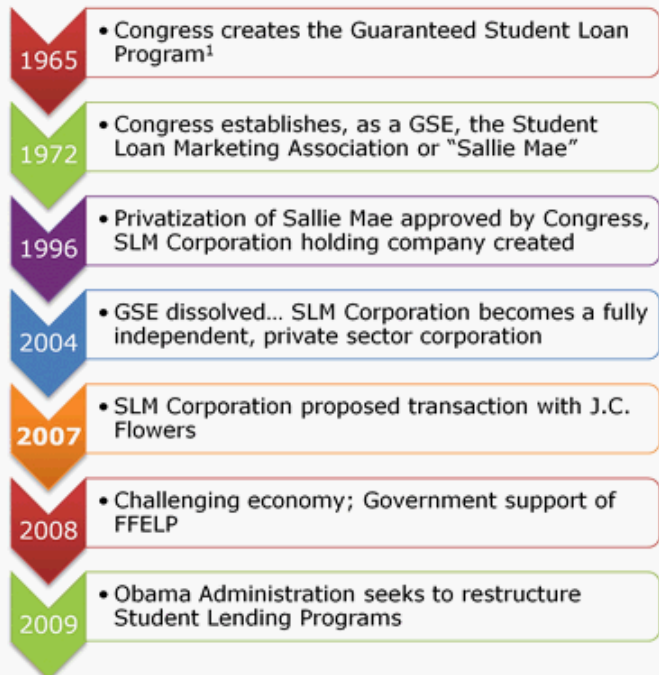
# A BRIEF CORPORATE HISTORY

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 of 2/25/2010

Managed Loan Portfolio		
Loan Type	\$B	%
FFELP Loans	\$141.4	80%
Private Education	35.1	20%
Total Portfolio	\$ 176.5	100%

As of 12/31/2009



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

## Q409 “CORE EARNINGS” SUMMARY

(\$ millions), except per share amounts	2009	2008	Q409	Q408
EPS (Reported)	\$0.96	\$0.89	\$0.41	\$0.08
Economic Floor Income EPS not included in "Core Earnings"	\$0.43	\$0.12	\$0.03	\$0.01
Net Income	\$597	\$526	\$249	\$65
Net Interest Income	\$2,261	\$2,419	\$686	\$553
Net Interest Margin	1.14%	1.30%	1.41%	1.15%
Loan Loss Provision	\$1,564	\$1,029	\$365	\$392
Fee and Other Income - Excluding Debt Repurchase Gains	\$1,135	\$905	\$430	\$210
Debt Repurchase Gains	\$536	\$64	\$73	\$27
Operating Expenses	\$1,180	\$1,228	\$293	\$260
Tangible Capital Ratio	2.0%	1.8%		
Average Managed Student Loans	\$186,105	\$174,244	\$179,241	\$180,990

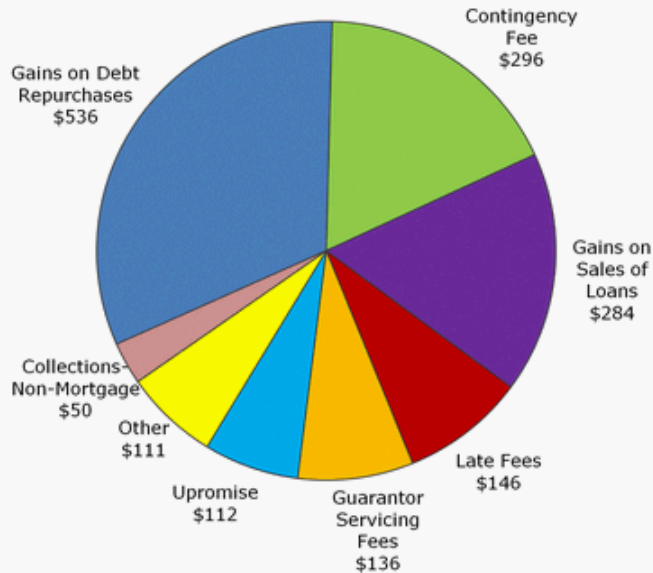


## Q409 "CORE EARNINGS" SUMMARY

EPS Breakdown	2009	2008	Q409	Q408
<b>Reported "Core Earnings"</b>	\$0.96	\$0.89	\$0.41	\$0.08
<b>Impacted by:</b>				
<b>Gains on Debt Repurchases</b>	\$0.72	\$0.09	\$0.09	\$0.04
<b>Induced Conversion of Series C Preferred Stock</b>	(\$0.11)	-	(\$0.06)	-
<b>Cumulative accounting change of premium amortization expense on loans</b>	\$0.07	\$0.05	-	-
<b>Restructuring Charges</b>	(\$0.02)	(\$0.12)	(\$0.01)	(\$0.01)
<b>Loss on GRP</b>	(\$0.33)	(\$0.30)	(\$0.19)	(\$0.05)
<b>Non-Mortgage Purchased Paper Impairments</b>	(\$0.11)	(\$0.15)	(\$0.07)	-
<b>CP-LIBOR Impact</b>	(\$0.32)	(\$0.06)	\$0.01	(\$0.06)
<b>Participation Program Interest Rate Lag</b>	(\$0.08)	(\$0.01)	\$0.00	(\$0.01)
<b>Economic Floor Income not included in "Core Earnings"</b>	(\$0.43)	(\$0.12)	(\$0.03)	(\$0.01)

## FEE INCOME & OTHER INCOME

**Year ended December 31, 2009**  
**\$1,671 Million**



- ▶ Initiated servicing under ED Servicing Contract
  - Currently 2 million accounts
- ▶ Collecting on behalf of the Dept of Education for close to ten years
  - Contingency Inventory of \$10 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)	2009	2008	Q409	Q408
<b>FFELP Originations</b>	<b>\$21,746</b>	<b>\$17,907</b>	<b>\$4,462</b>	<b>\$3,926</b>
<b>Private Originations</b>	<b>\$3,176</b>	<b>\$6,336</b>	<b>\$381</b>	<b>\$851</b>
<b>Total Originations</b>	<b>\$24,922</b>	<b>\$24,243</b>	<b>\$4,843</b>	<b>\$4,777</b>
<b>Average Managed Student Loans</b>	<b>\$186,105</b>	<b>\$174,244</b>	<b>\$179,241</b>	<b>\$180,990</b>
<b>Net Student Loan Spread - Total</b>	<b>1.39%</b>	<b>1.63%</b>	<b>1.63%</b>	<b>1.49%</b>
<b>Net Student Loan Spread - Private Education</b>	<b>4.54%</b>	<b>5.09%</b>	<b>4.55%</b>	<b>4.74%</b>
<b>Net Student Loan Spread - FFELP</b>	<b>0.63%</b>	<b>0.83%</b>	<b>0.89%</b>	<b>0.73%</b>
<b>Economic Floor Income not included in Net Student Loan Spread</b>	<b>0.18%</b>	<b>0.05%</b>	<b>0.05%</b>	<b>0.02%</b>
<b>Operating Expenses</b>	<b>\$581</b>	<b>\$583</b>	<b>\$151</b>	<b>\$123</b>
<b>OpEx Annualized as a % Average Managed Student Loans</b>	<b>0.31%</b>	<b>0.33%</b>	<b>0.33%</b>	<b>0.27%</b>

## DEPT. OF EDUCATION / GOVERNMENT PROGRAMS

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- ▶ Kennedy-Miller Legislation – Signed by President 05/07/08
  - ECASLA - Broad authority to purchase loans from 10/01/03 – 07/01/09
  - ECASLA Extension – Signed by President 10/07/08
    - Extended purchase authority for 2009 – 2010 Academic Year
- ▶ Loan Purchase Commitment Program - 5/21/08
  - Eligible collateral – certain 2008 - 2009 FFELP loans
  - Funded at CP +50 bps
  - Par put + \$75/per loan fee and origination fee rebate
  - Program replicated to cover 2009 – 2010 originations 11/08/08
- ▶ ED Additional Loan Purchase Actions -11/20/08
  - Program term 12/08 – 1/09, eligible collateral - certain 2007 – 2008 FFELP loans
  - Purchase price of 97 – servicing released - program total of \$6.5 B
- ▶ Straight A Conduit Program Launched - Announced 11/08/08, Launched 5/11/09
  - Collateral originated 10/03 – 9/09 eligible
  - Program term – 5 yrs
  - 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
  - Eligible collateral – AAA rated Card, Auto, Small Business and Student Loan securities
    - Includes Consolidation and Private Credit student loans originated post 5/1/07
  - Fed to provide funding, rates and haircuts to be determined
  - Program Term – Initially 1 year (extended to 3/31/10 for Student Loans) with 3 – 5 yrs of financing

# FEDERAL STUDENT LOAN POLICY ALTERNATIVES

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- ▶ President's Budget Proposal and House Legislation
    - Convert all federal student loans to federal funding by July 2010
    - Use savings to substantially increase Pell Grants, other education initiatives, & deficit reductions
    - Use limited number of private sector firms to service loans
- 
- ▶ Industry/Community Proposed Modifications = President's Proposal above
- PLUS**
- ▶ Choice and competition on campus for loan originations systems and service
    - Lenders compete with each other and Direct Lending to originate loans
    - Schools choose among lenders and servicers, including non-profits
    - Originating lenders have opportunity to service loans under federal pricing standards
    - All loans have same terms and conditions
    - Use established ECASLA mechanism to move privately-originated loans onto federal balance sheet
  - ▶ Ensures continuation of borrower assistance and advocacy on all loans through Guarantors
  - ▶ Powerful incentives for default aversion via risk share
    - All servicers retain 3% risk sharing
    - SLM performance historically superior to Direct Loan program performance across all school types
  - ▶ Low implementation risk
    - Avoids potential transition risk for 4,000 schools moving to the DL system over a short period of time

## POLITICAL DEVELOPMENTS

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- ▶ Congressional Budget Office (CBO) Scores the “Community Proposal” as generating substantial savings
  - Confirms mandatory savings (\$87 B) which is equivalent to the Administration’s proposal, H.R. 3221.
  - Debate is on best origination and default management strategy for the government and what cost, if any, is worth:
    - Eliminating the risk associated with converting thousands of schools to Direct Lending July 2010
    - Reducing defaults while protecting students from credit deterioration and minimizing expense to ED
    - Reducing the risk associated with Federal ownership of \$1 trillion in student loan assets
    - Preserving choice and competition in student lending, and,
    - Protecting existing jobs.

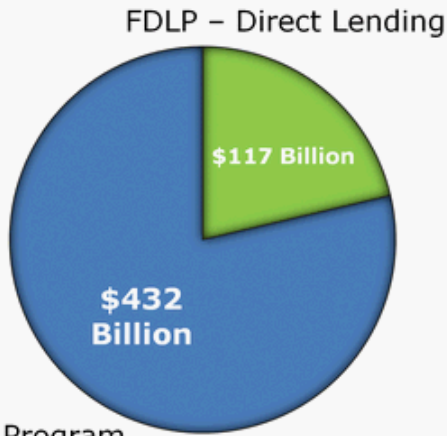
## POLITICAL DEVELOPMENTS

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- ▶ House of Representatives passed legislation (H.R. 3221) which ends private sector role in loan originations, but there are many steps remaining in the process
  - H.R. 3221 passed the House of Representatives as freestanding (non-reconciliation) legislation
  - Senate leadership has indicated an intent to move student loan measures only through the budget reconciliation process.
  - If the Senate pursues the reconciliation process, the House will have to pass a reconciliation bill in order to conference with Senate reconciliation bill.
  
- ▶ The Senate has introduced no language and has taken no action.
  - No hearings or legislative mark-ups yet scheduled
  - Health care debate dictating timing and process
  - New Chair on Senate HELP Committee – Tom Harkin, Iowa

# FEDERAL STUDENT LOAN MARKET

- ▶ Outstanding Government Student Loan Market Distribution 2/28/09



- ▶ Top 10 Holders of FFELP Loans FFYE 9/30/08

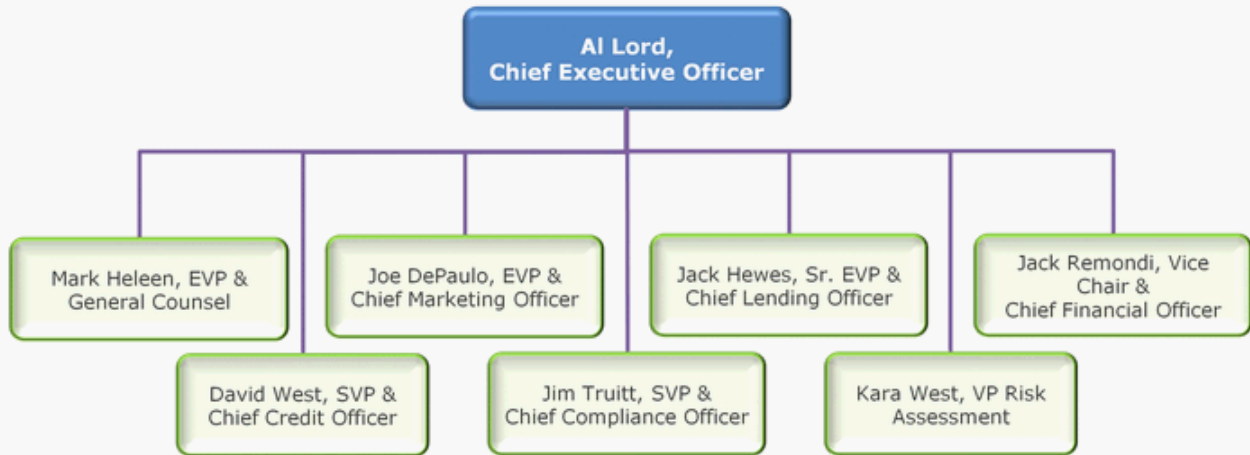
Lender Name	Outstanding (\$ in Billions)	% Total
Sallie Mae	\$141	35%
Citibank /Student Loan Corp	31	8%
Wells Fargo/Wachovia	27	7%
NELNET	26	6%
Brazos Group	14	3%
PA Higher Ed Asst Auth (PHEAA)	12	3%
JPMorgan Chase Bank	12	3%
Student Loan Xpress	11	3%
College Loan Corp	10	2%
Goal financial	7	2%
<b>Top 10 Holders</b>	<b>291</b>	<b>72%</b>
Remaining holders	115	28%

Source: US Department of Education Report 2/28/09



# OFFICE OF THE CHIEF EXECUTIVE OFFICER

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# THE U.S. STUDENT LOAN MARKET

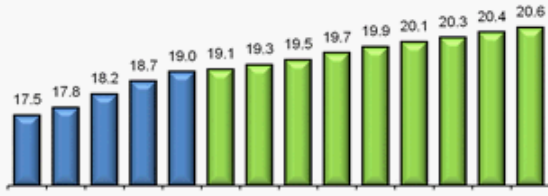
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# FAVORABLE STUDENT LOAN MARKET TRENDS

Enrollment Growth + Rising Tuitions + Education Value = Increasing Loan

**Higher Education Enrollment (millions)**



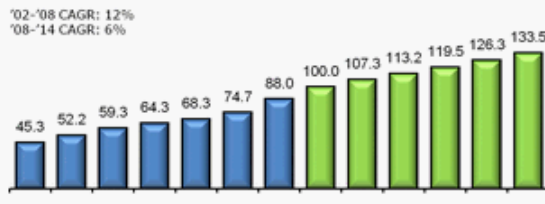
Source: National Center for Education Statistics  
 Note: Total enrollment in all degree-granting institutions; middle alternative projections for 2019 onward

**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

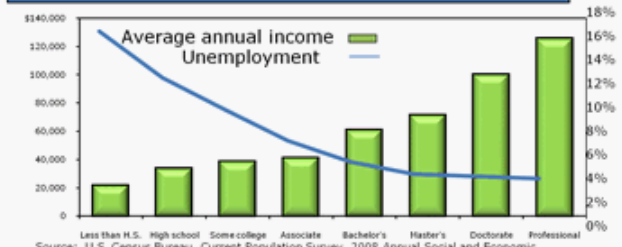
**Federal Student Loan Origination Volume (\$bn)**



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

Source: President's 2010 Budget. Gross commitments by fiscal year  
 Note: Excludes consolidation volume

**Relationship Between Higher Education, Income and Unemployment**



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 12/31/2009

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

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

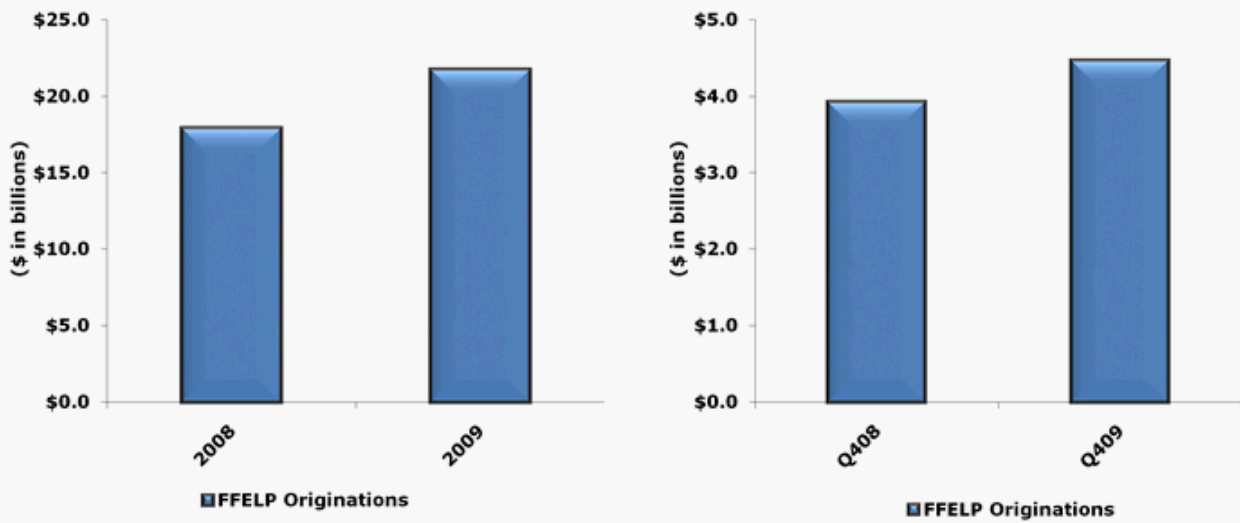
## FFELP STUDENT LOAN MARKET SHARE

FFELP Loan Originations (Gross Commitments) \$ in Billions			
Rank	Lender	2008	Mkt Share 2008
1	Sallie Mae	\$19.6	31%
2	Wells Fargo	\$9.1	14%
3	Citibank	\$6.2	10%
4	Bank of America	\$4.3	7%
5	JP Morgan Chase	\$3.4	5%
6	US Bank	\$2.3	4%
7	PNC Bank	\$2.2	3%
8	EdAmerica	\$1.6	3%
9	SunTrust Bank	\$1.1	2%
10	Access Group	\$1.1	2%
<b>Top 10 Totals</b>		<b>\$50.8</b>	<b>80%</b>
<b>Total Market</b>		<b>\$63.2</b>	<b>100%</b>

Notes: Wells Fargo includes Wachovia volumes, Bank of America includes Fleet and LaSalle Bank volumes, JP Morgan Chase includes Bank One volumes, PNC Bank includes National City Bank volumes

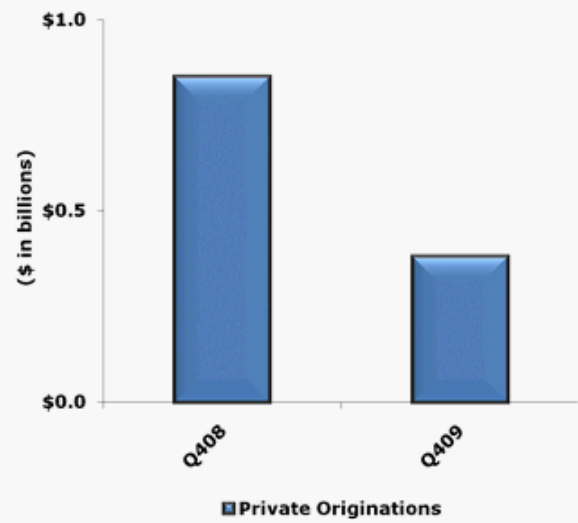
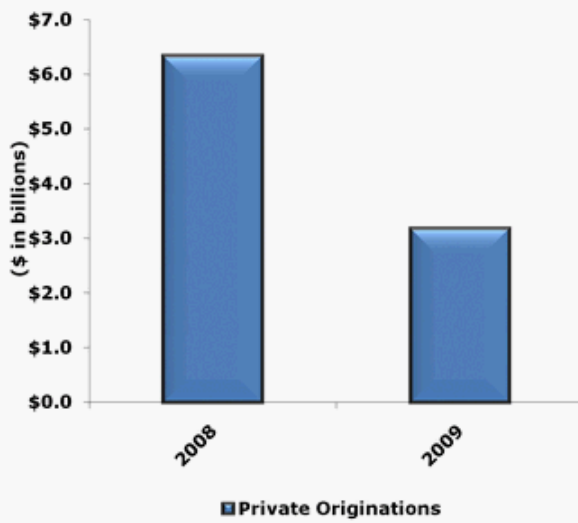
Source: <http://www.fp.ed.gov>

# SLM FFELP LOAN ORIGINATIONS



- ▶ Originated over \$4.4 billion of loans in Q4, a 14% increase over the prior year
- ▶ Originated over \$21.7 billion of loans in 2009, a 21% increase over the prior year
- ▶ Sold approximately \$17.6 billion of loans to ED in the Q4 of 2009
- ▶ Sold approximately \$18.5 billion of loans to ED in 2009

# SLM PRIVATE EDUCATION LOAN ORIGINATIONS



- ▶ Private Education Loans declined as a result of a continued tightening of our underwriting criteria, an increase in guaranteed student loan limits and a shift of students attending lower cost educational institutions in the current economic environment



## 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 Q4 2009
  - 20% of SLM's managed student loan portfolio
  - Risk-based pricing
  - Approximately 57% 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 December 31, 2009.

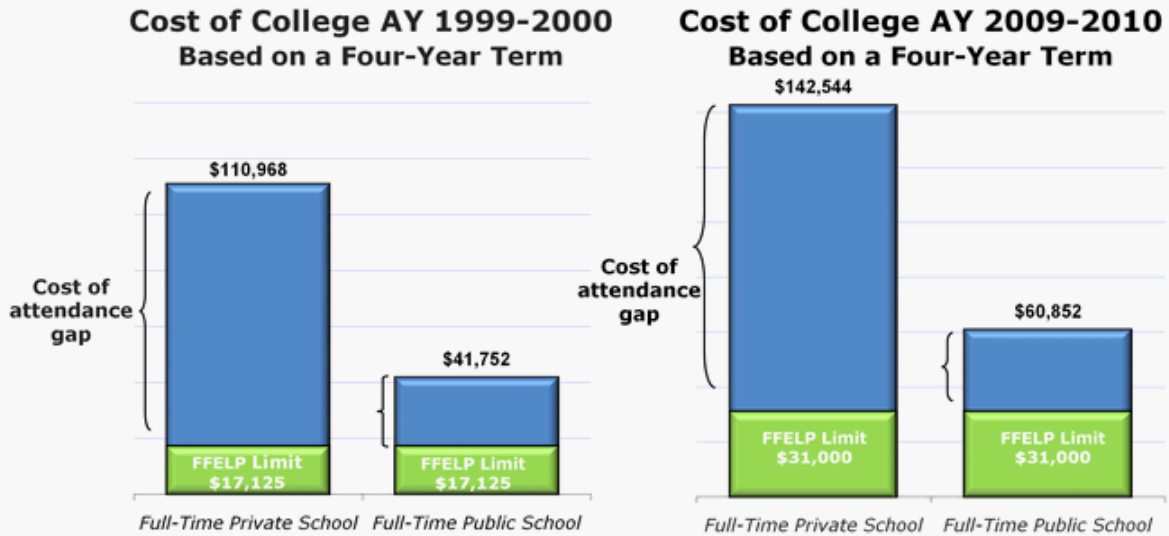
## SLM's NEW PRIVATE EDUCATION LOAN PRODUCT

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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 on new loans 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 DEMAND

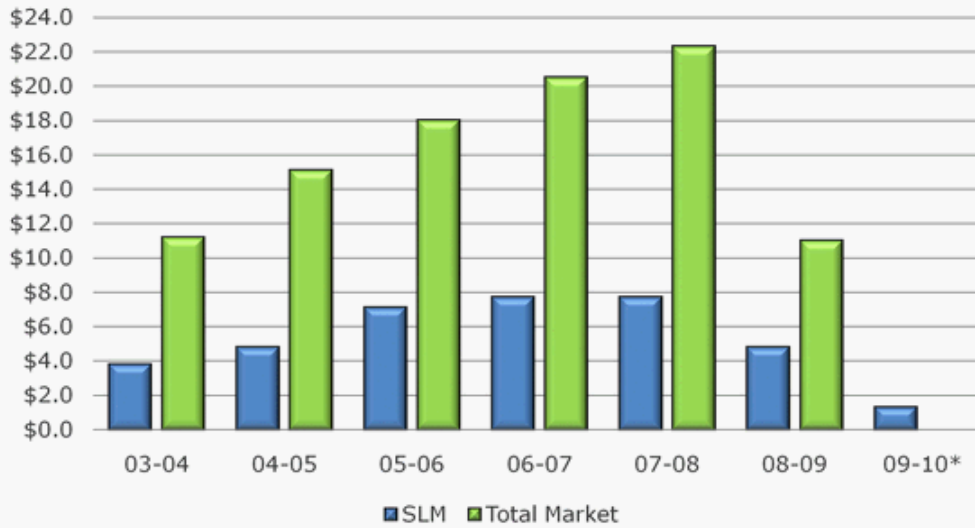
- ▶ Private education loans help bridge the gap between funding available through government-sponsored programs and the increasing cost of education



# PRIVATE CREDIT ORIGINATIONS

- ▶ 2008-09 academic year market share estimated at 44%

SLM vs. Industry Originations



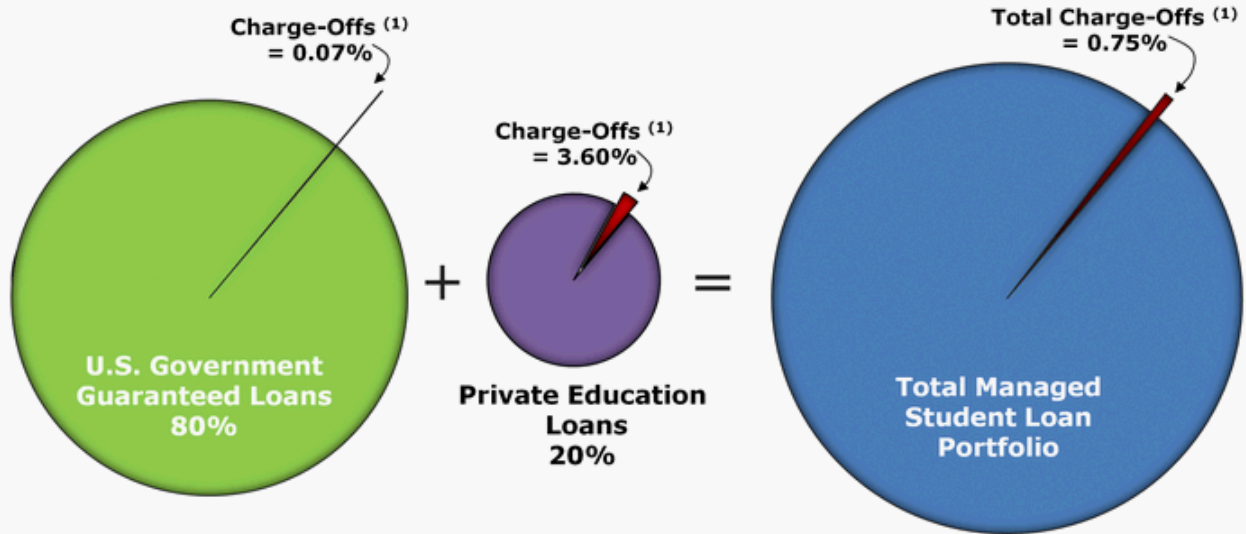
Source: College Board, Trends in Higher Education Series (2009). 2008-2009 industry data is preliminary. Data reported by academic year, SLM quarterly data converted to academic year basis.  
\*3Q & 4Q 2009 data only

# CREDIT QUALITY

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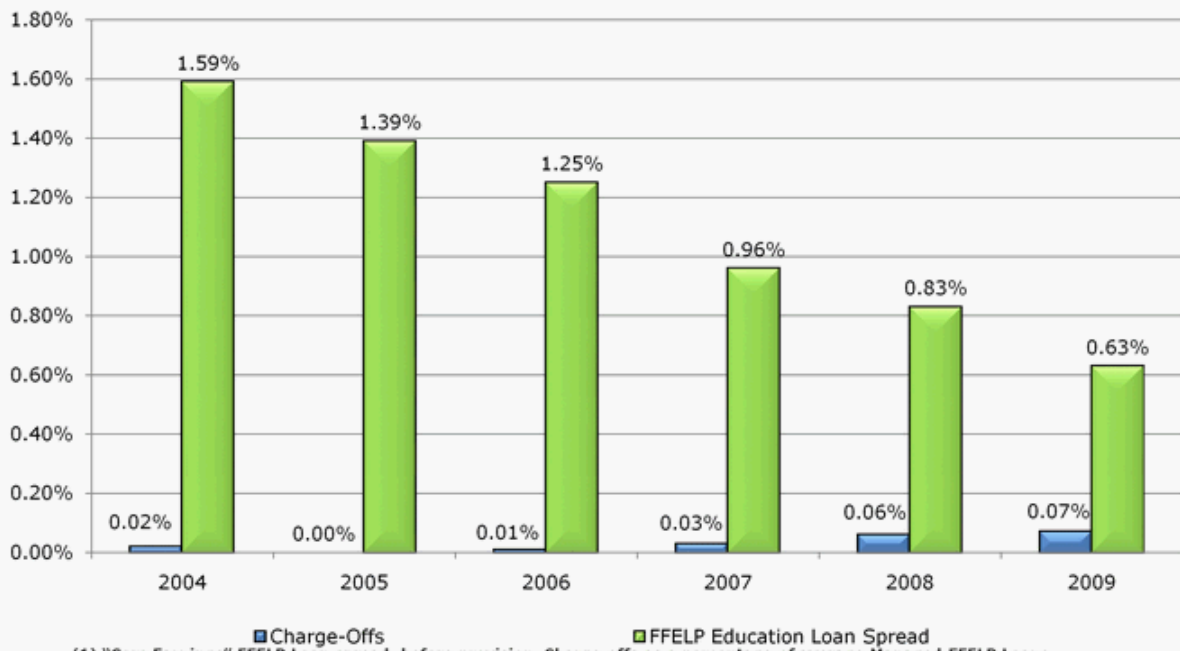
# LOAN LOSSES



(1) All data as of December 31, 2009. Managed FFELP charge-offs as a percentage of average managed FFELP assets. Managed Private Education Loan charge-offs as a percentage of average managed Private Education Loan assets. Total charge-offs as a percentage of average managed FFELP and Private Education Loan assets. Managed Private Education Loan charge-offs represented 5.1% of managed Private Education Loans in repayment for the 12 months ended December 31, 2009.

# FFELP EDUCATION LOAN PORTFOLIO

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

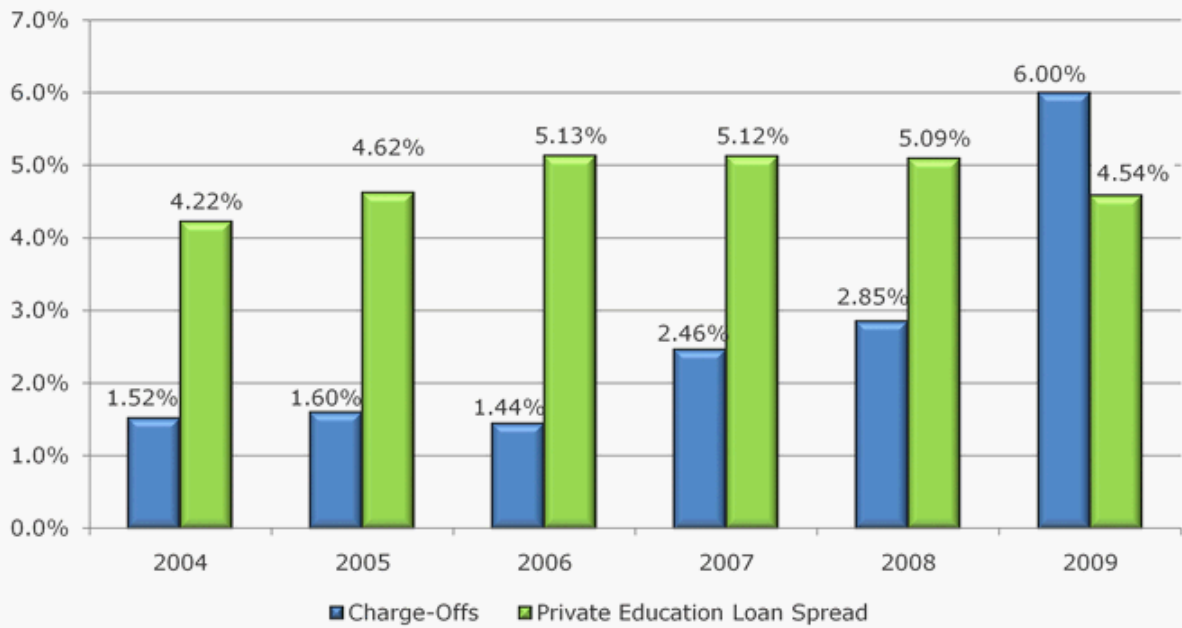


(1) "Core Earnings" FFELP Loan spread, before provision. Charge-offs as a percentage of average Managed FFELP Loans .



# PRIVATE EDUCATION LOAN PORTFOLIO

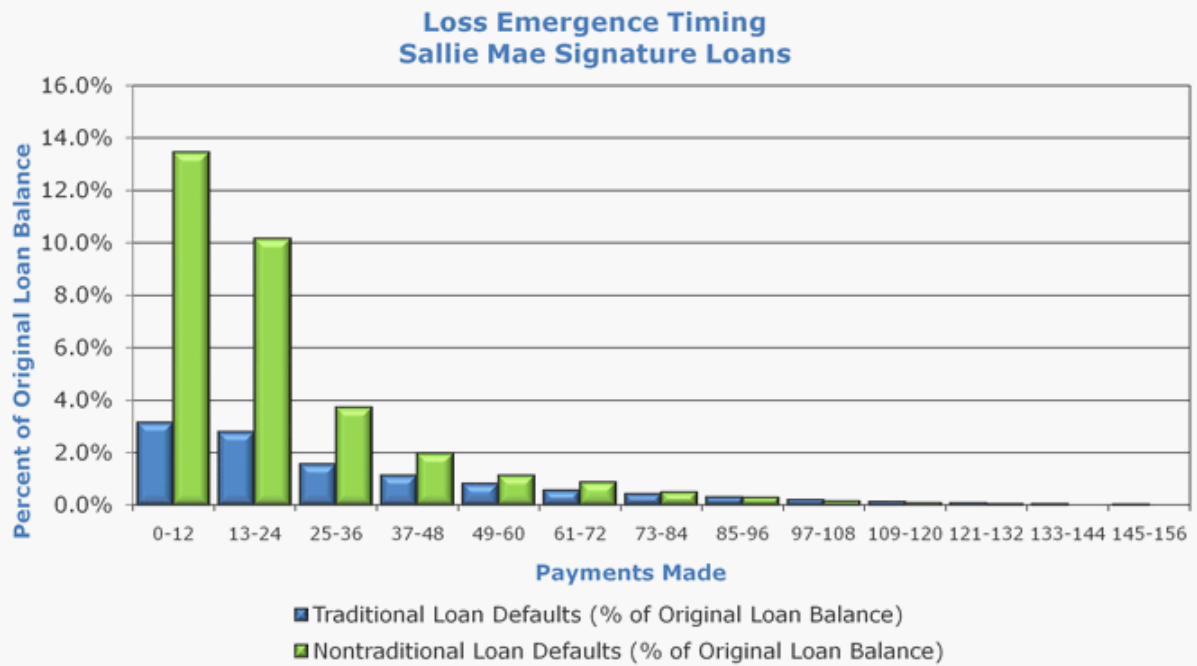
"Core Earnings" Private Education Loan Spread vs. Charge-Offs <sup>(1)</sup>



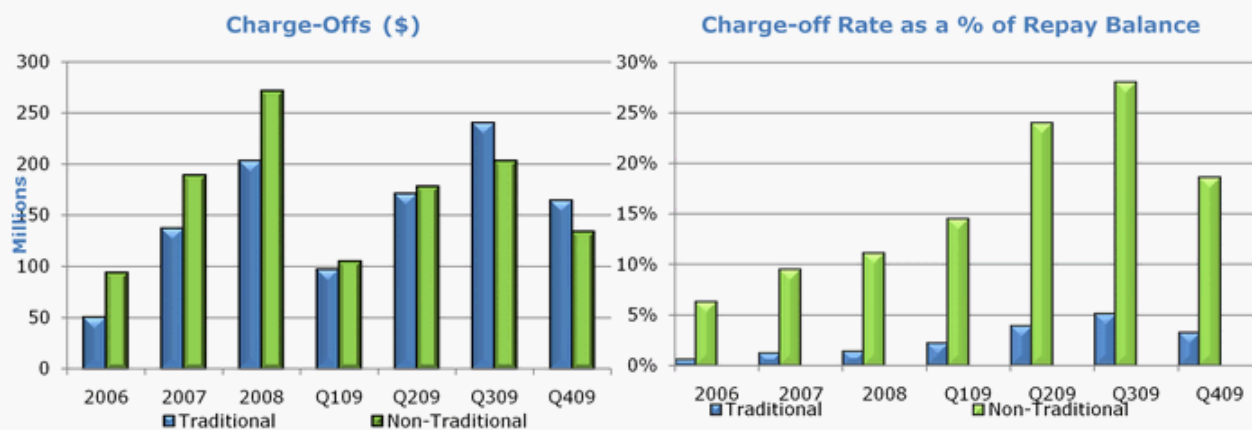
(1) "Core Earnings" Private Education Loan spread, before provision. Charge-offs as a percentage of average Managed Private Education Loans in repayment.

# SLM PRIVATE CREDIT DEFAULT EMERGENCE PROFILE

## PAYMENTS MADE



## CHARGE-OFF TRENDS – MIX OF TRADITIONAL VS. NON-TRADITIONAL



- Charge-offs driven by Non-Traditional loans
- Non-Traditional loans represent 12% of the Private Education Loan portfolio
- Higher quality loans are entering repayment in 2009 and 2010

## MANAGED PRIVATE EDUCATION LOAN PORTFOLIO PERFORMANCE

- ▶ Non-traditional loans represent only 12% of the Private Education loan portfolio but account for 45% of charge-offs

	Q409	Q309	Q209	Q109	Q408
<b>Charge-offs - Traditional Portfolio <sup>(1)</sup></b>	<b>3.2%</b>	<b>5.1%</b>	<b>3.9%</b>	<b>2.2%</b>	<b>1.7%</b>
<b>Charge-offs - Non-Traditional Portfolio <sup>(1)</sup></b>	<b>18.6%</b>	<b>28.5%</b>	<b>24.0%</b>	<b>14.5%</b>	<b>12.3%</b>
<b>90+ Day Delinq as a % of Repay - Traditional Portfolio</b>	<b>4.6%</b>	<b>4.6%</b>	<b>4.8%</b>	<b>4.3%</b>	<b>2.6%</b>
<b>90+ Day Delinq as a % of Repay - Non-Traditional Portfolio</b>	<b>17.5%</b>	<b>17.8%</b>	<b>20.6%</b>	<b>19.1%</b>	<b>12.7%</b>
<b>Forb as a % of Forb &amp; Repay - Traditional Portfolio</b>	<b>5.3%</b>	<b>5.4%</b>	<b>6.1%</b>	<b>6.3%</b>	<b>6.7%</b>
<b>Forb as a % of Forb &amp; Repay - Non-Traditional Portfolio</b>	<b>7.1%</b>	<b>8.1%</b>	<b>8.9%</b>	<b>8.5%</b>	<b>9.0%</b>
<b>Allowance as a % of Loans in Repay - Traditional Portfolio</b>	<b>4.9%</b>	<b>5.3%</b>	<b>5.1%</b>	<b>5.4%</b>	<b>4.8%</b>
<b>Allowance as a % of Loans in Repay - Non-Traditional Portfolio</b>	<b>31.3%</b>	<b>32.9%</b>	<b>32.7%</b>	<b>32.2%</b>	<b>31.8%</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>Q409</b>	<b>Q309</b>	<b>Q209</b>	<b>Q109</b>	<b>Q408</b>
Outstanding Balance as a % of Total	54%	53%	52%	52%	51%
90+ Delinquency as a % of Repayment	3.5%	3.6%	3.8%	3.2%	1.9%
Forbearance as a % of Repayment & Forbearance	4.9%	5.1%	5.8%	6.0%	6.4%
Charge-Offs as a % of Repayment <sup>(1)</sup>	2.4%	3.4%	2.5%	1.5%	1.1%
Average FICO at Origination	740	740	739	739	738
<b>Traditional Loans without a Cosigner</b>	<b>Q409</b>	<b>Q309</b>	<b>Q209</b>	<b>Q109</b>	<b>Q408</b>
Outstanding Balance as a % of Total	34%	35%	35%	35%	35%
90+ Delinquency as a % of Repayment	6.0%	5.9%	6.1%	5.6%	3.3%
Forbearance as a % of Repayment & Forbearance	5.6%	5.7%	6.4%	6.6%	6.9%
Charge-Offs as a % of Repayment <sup>(1)</sup>	5.2%	7.7%	5.7%	3.4%	2.6%
Average FICO at Origination	700	700	700	700	701
<b>Non-Traditional Loans with a Cosigner</b>	<b>Q409</b>	<b>Q309</b>	<b>Q209</b>	<b>Q109</b>	<b>Q408</b>
Outstanding Balance as a % of Total	3%	3%	4%	4%	4%
90+ Delinquency as a % of Repayment	14.7%	14.8%	15.9%	13.8%	9.1%
Forbearance as a % of Repayment & Forbearance	8.1%	9.1%	10.0%	9.9%	10.0%
Charge-Offs as a % of Repayment <sup>(1)</sup>	13.0%	17.8%	14.0%	7.8%	6.5%
Average FICO at Origination	633	633	633	633	633
<b>Non-Traditional Loans without a Cosigner</b>	<b>Q409</b>	<b>Q309</b>	<b>Q209</b>	<b>Q109</b>	<b>Q408</b>
Outstanding Balance as a % of Total	9%	9%	9%	10%	10%
90+ Delinquency as a % of Repayment	18.5%	19.0%	22.4%	20.8%	13.7%
Forbearance as a % of Repayment & Forbearance	6.7%	7.6%	8.5%	8.0%	8.7%
Charge-Offs as a % of Repayment <sup>(1)</sup>	20.8%	31.8%	27.4%	16.3%	13.8%
Average FICO at Origination	619	619	618	618	618

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

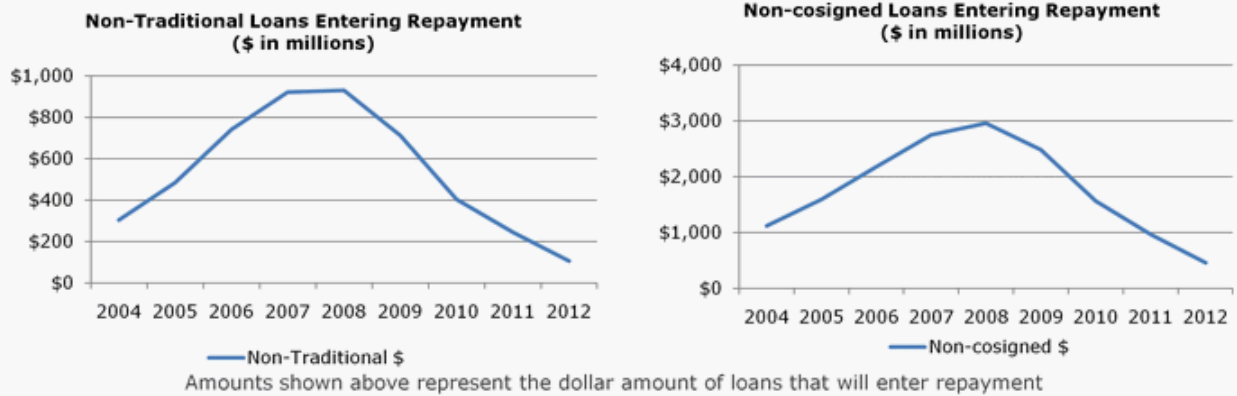
## IMPROVING PORTFOLIO QUALITY

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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	89%	63%	720
2010	90%	60%	717
2011	91%	65%	719
2012	93%	69%	723

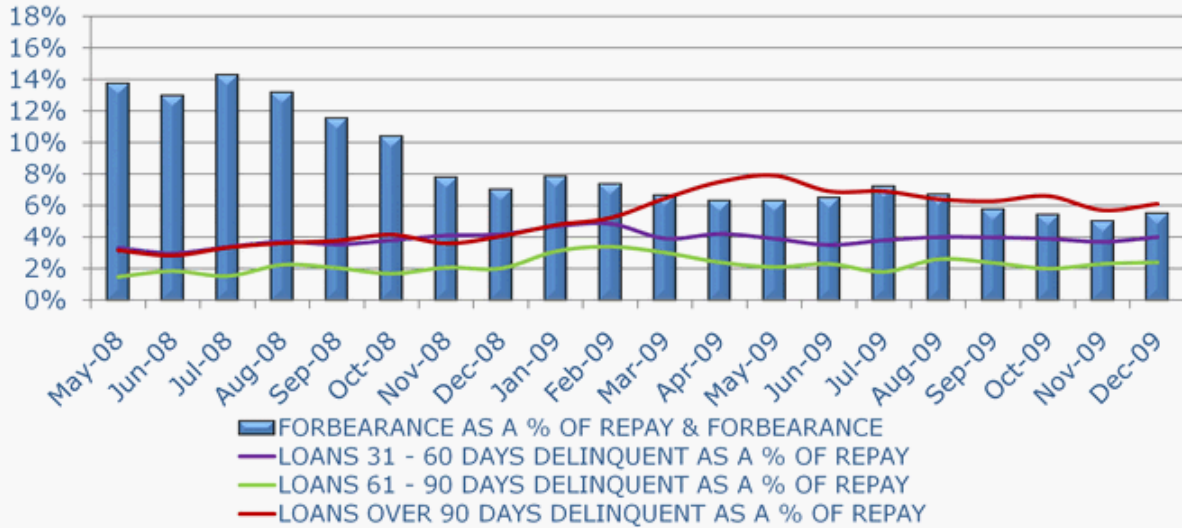
## PORTFOLIO QUALITY IMPROVING



- ▶ Non-Traditional charge-off rate is 4x to 5x greater than Traditional
  - Amount of non-traditional loans entering repayment have begun to decline
- ▶ 88% of Q409 loan originations had cosigners, up from 74% in Q408.
  - The aggregate portfolio is migrating to a higher cosigner percentage
- ▶ 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

## 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
- ▶ Delinquency trends have improved, as the impact of forbearance changes passed through the system.





# SERVICING: A COMPETITIVE ADVANTAGE

SLM Corporation



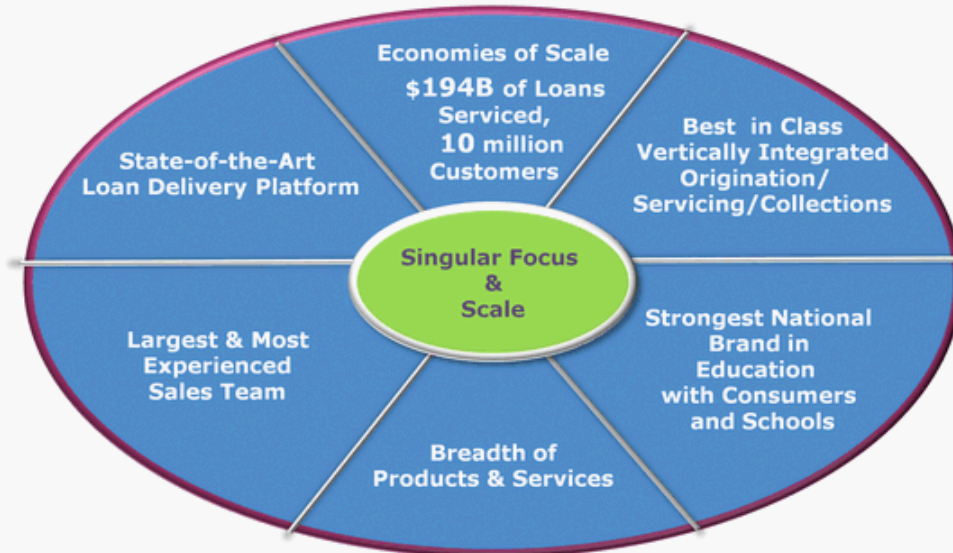
## SLM SERVICING

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- ▶ #1 servicer and collector of student loans in the U.S. currently servicing \$194.2 billion in assets including \$26.3 billion for third parties
- ▶ 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 (4.5 M loans, \$19 B) serviced under ED contract
- ▶ Servicing on new Direct Loans expected to begin in August 2010

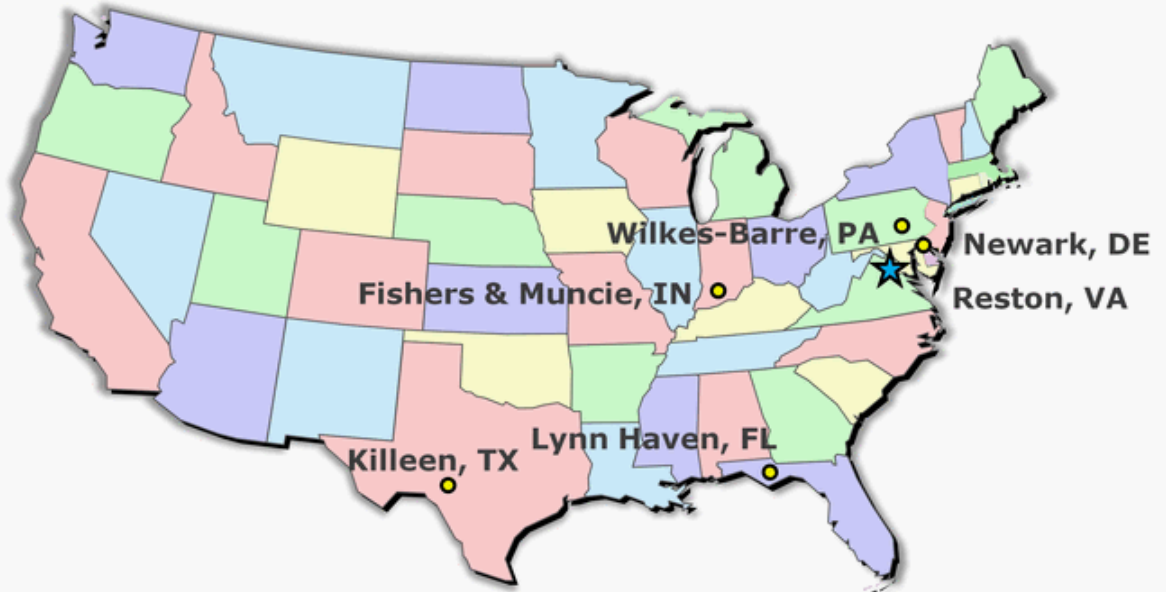
## SLM's COMPETITIVE ADVANTAGE

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



Note: Figures as December 31, 2009.

# OPERATIONS LOCATIONS



★ Corporate Headquarters

# FUNDING DIVERSITY AND LIQUIDITY

SLM Corporation



## 2009 CAPITAL MARKETS SUMMARY

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- ▶ Realized gains of \$536 million on \$3.45 billion of debt repurchases in 2009
- ▶ Debt repurchase activities continued into 2010
  - Closed on tender offer in early January
  - Repurchased \$0.8 billion at a gain of \$45 million
- ▶ Issued \$7.5 billion of Private Credit ABS
- ▶ Issued \$5.9 billion of FFELP ABS
- ▶ Funded \$14.6 billion of FFELP loans through DOE Straight A Funding conduit
- ▶ Entered into a new \$10 billion multiyear ABCP facility on January 15, 2010 at a significantly lower cost
  - ABCP facility outstandings of \$8.8 billion
- ▶ Entered into an agreement with the Federal Home Loan Bank in Des Moines (FHLB) to provide funding backed by eligible collateral including FFELP loans

## RECENT ABS TRANSACTIONS

<b>Transaction: FFELP Consolidation</b>	<b>April 2009-I</b>	<b>May 2009-1</b>	<b>May 2009-2</b>	<b>Nov 2009-3</b>
Issuance Size:	\$1.027 B	\$2.179 B	\$1.845 B	\$ .839 B
Registration Type:	144A	Public	Public	144A
Indicative Pricing:	3 mo. L + 280	3 mo. L + 225	3 mo. L + 225	1 mo. L + 75
<b>Transaction: Private Credit</b>	<b>TALF-Eligible May 2009-B</b>	<b>TALF-Eligible July 2009-C</b>	<b>TALF-Eligible Aug 2009-D</b>	<b>TALF-Eligible Nov 2009- CT</b>
Issuance Size:	\$2.593 B	\$1.027 B	\$1.680 B	\$ .589 B
Registration Type:	144A	144A	144A	144A
Indicative Pricing:	1 mo. L + 600 1 mo. L + 366 to 30 mo call	Prime + 125 Prime-71 to 30 mo call	Prime + 25 Prime-55 to 48 mo call	1 mo. L + 185 Prime - 90

## LIQUIDITY POSITION DETAIL

(\$ in billions)	12/31/2009	9/30/2009	12/31/2008
<b>Sources of Primary Liquidity:</b>			
<b>ED Purchase and Participation Program</b>	<b>Unlimited</b>	<b>Unlimited</b>	<b>Unlimited</b>
<b>Unrestricted Cash &amp; Liquid Investments</b>	<b>\$7.4</b>	<b>\$6.2</b>	<b>\$5.0</b>
<b>Unused Lines of Credit*</b>	<b>3.5</b>	<b>3.5</b>	<b>5.2</b>
<b>2008 FFELP ABCP Facilities</b>	<b>1.7</b>	<b>1.0</b>	<b>0.8</b>
<b>2008 Private ABCP Facilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>
<b>Total Sources of Primary Liquidity</b>	<b>\$12.5</b>	<b>\$10.7</b>	<b>\$11.3</b>

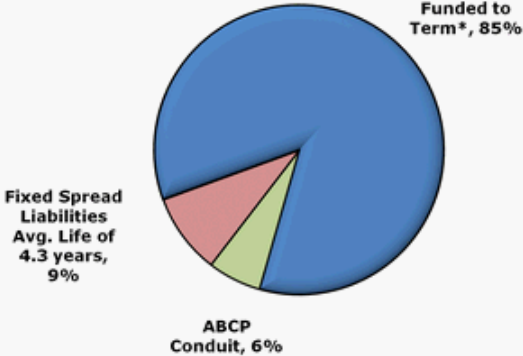
\*SLM has \$3.5 billion in unsecured revolving credit facilities. The Company has never drawn on these facilities. \$1.9 billion of our unsecured revolving facilities matures in October 2010 and \$1.6 billion matures in October 2011.

Note: Numbers may not add due to rounding

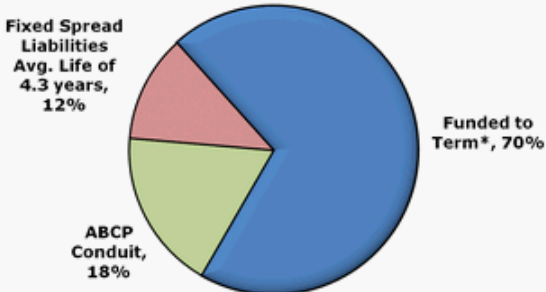


# HIGH PERCENTAGE OF STUDENT LOANS FUNDED TO TERM

**\$176 Billion Managed Student Loan Portfolio as of December 31, 2009**



**\$180 Billion Managed Student Loan Portfolio as of December 31, 2008**

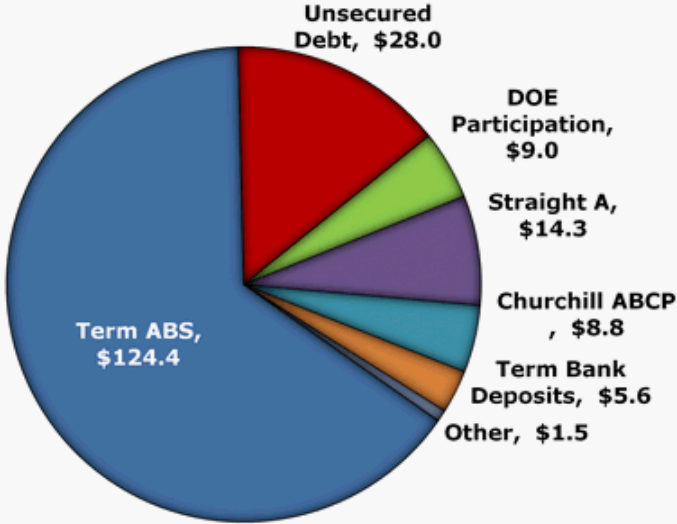


**Employ conservative long-term funding model**

\* Funded to Term includes 13% or \$23.6 billion and 4% or \$7.6 billion of advances outstanding under the ED Purchase and Participation Program and Straight A Funding Facility as of December 31, 2009 and December 31, 2008, respectively.

# FUNDING DISTRIBUTION

At December 31, 2009, total managed debt borrowing was \$191.6 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)	Q409	Q309	Q209	Q109	2008	2007	2006
Corporate Debt Issuance	\$0.0	\$0.0	\$0.0	\$0.0	\$2.5	\$1.6	\$12
Term ABS Issuance <sup>(1)</sup>	1.4	2.8	7.6	1.5	19	26	34
<b>Total Term Debt Issuance</b>	<b>1.4</b>	<b>2.8</b>	<b>7.6</b>	<b>1.5</b>	<b>21</b>	<b>28</b>	<b>45</b>
ED Participation Program <sup>(2)</sup>	9.0	5.6	3.7	6.2	7.4	-	-
Straight - A Funding	0.3	3.2	11.1	-	-	-	-
ABS Tranches	3	2	4	4	40	58	92
Ave Life to Call in Years	5.4	2.75	5.7	7.5	5.1	7.2	7.2
Ave Cost of Funds vs. US\$ LIBOR <sup>(3)</sup>	+121 bp	+228 bp	+295 bp	+575 bp	+155 bp	+21 bp	+19 bp

(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)	Q409	Q309	Q209	Q109	2008	2007	2006
Non-Consolidation FFELP ABS	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$18.5	\$ 9.1	\$ 5.1
Consolidation FFELP ABS	0.8	0.0	5.1	0.0	0.0	15.0	22.9
Private Credit ABS	0.6	2.8	2.6	1.5	0.0	2.2	5.7
<b>Total ABS Issuance</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>	<b>\$33.7</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 (\$ billions)

Issuance Type	Q409	Q309	Q209	Q109	2008	2007	2006
US\$ Global & Medium Term Notes	\$0.0	\$0.0	\$0.0	\$0.0	\$2.5	\$1.4	\$5.8
Foreign Currency Denominated <sup>(1)</sup>	0.0	0.0	0.0	0.0	0.0	0.2	3.9
Extendible Notes	0.0	0.0	0.0	0.0	0.0	0.0	1.5
Retail Note Program	0.0	0.0	0.0	0.0	0.0	0.0	0.5
<b>Total Corporate Debt Issuance</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$2.5</b>	<b>\$1.6</b>	<b>\$ 11.7</b>

## SLM Corporate Term Debt Repurchases(\$ millions)

Denomination	Q409	Q309	Q209	Q109	2008	2007	2006
USD <sup>(2)</sup>	\$390	\$1,397	\$325	\$59	\$1,794	\$0	\$0
Foreign Currency Denominated <sup>(2)</sup>	352	37	805	86	116	0	0
<b>Total</b>	<b>\$742</b>	<b>\$1,434</b>	<b>\$1,129</b>	<b>\$145</b>	<b>\$1,910</b>	<b>\$0</b>	<b>\$0</b>
<b>Accounting Gain Generated</b>	<b>\$73</b>	<b>\$74</b>	<b>\$327</b>	<b>\$63</b>	<b>\$69</b>	<b>\$0</b>	<b>\$0</b>

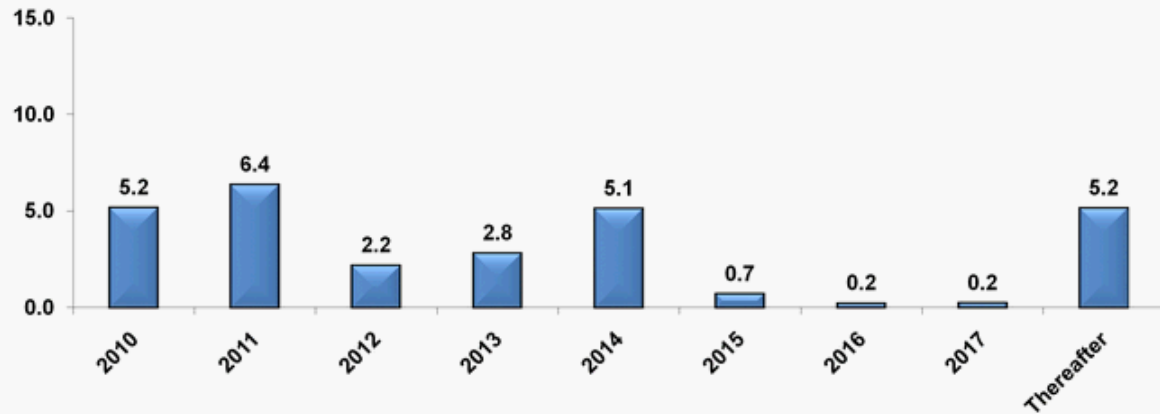
Note: Total may not foot due to rounding.

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

(2) Face value amounts repurchased.

# UNSECURED DEBT MATURITIES

As of December 31, 2009  
(par value, \$ in billions)



- ▶ Repurchased \$3.4 billion of debt in 2009
- ▶ \$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)	12/31/09	9/30/09	6/30/09	3/31/09	12/31/08
FFELP Stafford and Plus Loans, net	\$1.6	\$ 2.1	\$ 2.7	\$ 4.5	\$ 3.8
FFELP Consolidation Loans, net	0.5	0.6	0.5	0.6	1.6
Private Education Loans, net	12.5	13.3	16.0	14.1	15.7
Other Loans	0.4	0.5	0.5	0.7	0.7
Available Cash & Investments	8.1	6.3	7.4	3.7	5.1
Retained Interests	1.8	1.8	1.8	1.9	2.2
Other Assets	5.2	6.4	6.5	5.7	5.8
<b>Total Unencumbered Tangible Assets</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>\$33.6</b>	<b>\$ 35.1</b>	<b>\$ 38.8</b>	<b>\$ 38.2</b>	<b>\$ 40.2</b>

Net Assets in Secured Financing Facilities	12/31/09	9/30/09	6/30/09	3/31/09	12/31/08
Off-Balance Sheet ABS (Non-GAAP)*	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.8	\$ 0.9
On-Balance Sheet ABS (GAAP)**	14.5	14.7	13.0	16.7	15.6
<b>Total</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.

## 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
- 25.4% Total Risk-based Capital at December 31, 2009

▶ **Deposit taking activities**

- Strong cash position used to fund Private Credit originations
- Deposits totaled \$6.3 billion at December 31, 2009
  - \$ 5.8 billion Brokered Deposits
  - \$494 million Affiliate Deposits
- Brokered Deposit portfolio has a weighted average maturity of 29 months
- Total deposits decreased by 4.9% in Q409



## SALLIE MAE BANK – CAPITAL & DEPOSITS

Bank Deposits ( \$in millions)						
	Dec 09	Sep 09	Jun 09	Mar 09	Dec 08	Dec 07
Brokered CDs	\$5,632	\$5,891	\$6,100	\$3,281	\$2,256	\$254
Brokered MMDAs	\$204	\$221	\$264	\$ -	\$ -	\$ -
Other Deposits*	\$494	\$543	\$420	\$433	\$458	\$431
<b>Total Deposits</b>	<b>\$6,331</b>	<b>\$6,655</b>	<b>\$6,784</b>	<b>\$3,714</b>	<b>\$2,714</b>	<b>\$685</b>

\*Primarily affiliate demand deposit accounts with no stated maturities

Regulatory Capital Ratios						
Ratio	Dec 09	Sep 09	Jun 09	Mar 09	Dec 08	Dec 07
Tier 1 Leverage	15.0%	14.2%	17.9%	24.5%	40.7%	23.2%
Tier 1 Risk Based	24.6%	24.2%	26.2%	29.6%	45.9%	24.4%
Total Risk Based	25.4%	25.1%	26.9%	30.2%	46.3%	24.4%

# RISK-ADJUSTED CAPITALIZATION

SLM Corporation



## CAPITALIZATION

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### SLM Corp

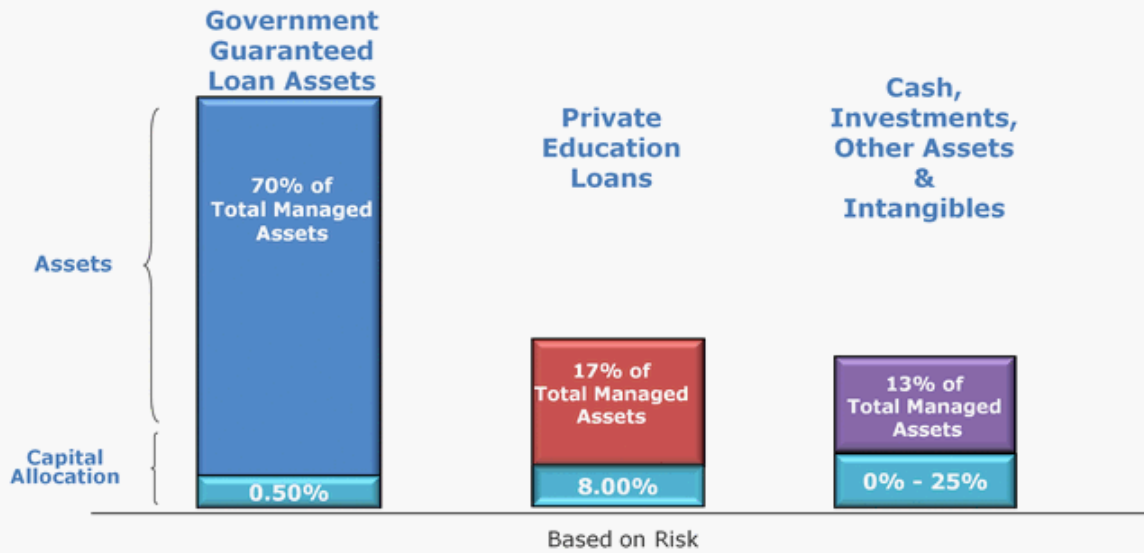
	2009	2008	2007	2006
Tangible Equity/Managed Assets <sup>(1)</sup>	2.0%	1.8%	2.0%	1.8%
<b>Tangible Equity/Charge-Offs<sup>(2)</sup></b>	<b>3x</b>	<b>7x</b>	<b>9X</b>	<b>18x</b>

(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 December 31, 2009

# 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
- ▶ Serviced by Sallie Mae, Inc.

## Unique Characteristics of FFELP Loan ABS

- ▶ Explicit U.S. government guarantee of underlying collateral insulates bondholders from virtually any loss of principal (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

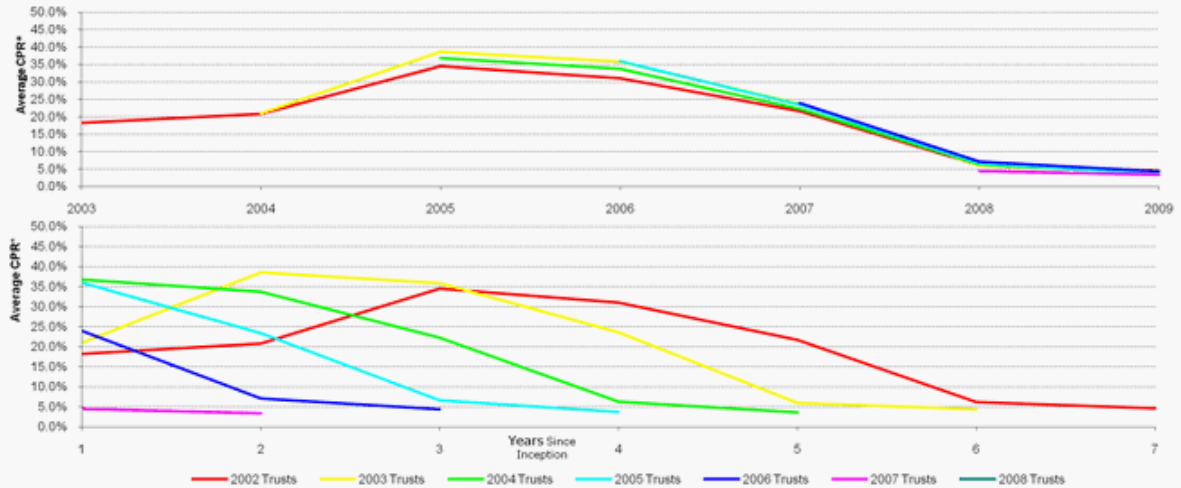
(1) Principal and accrued interest on underlying FFELP loan collateral carry a guarantee of either 98% or 97%. Guarantee is dependent on meeting the servicing requirements of the U.S. Department of Education.

# 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



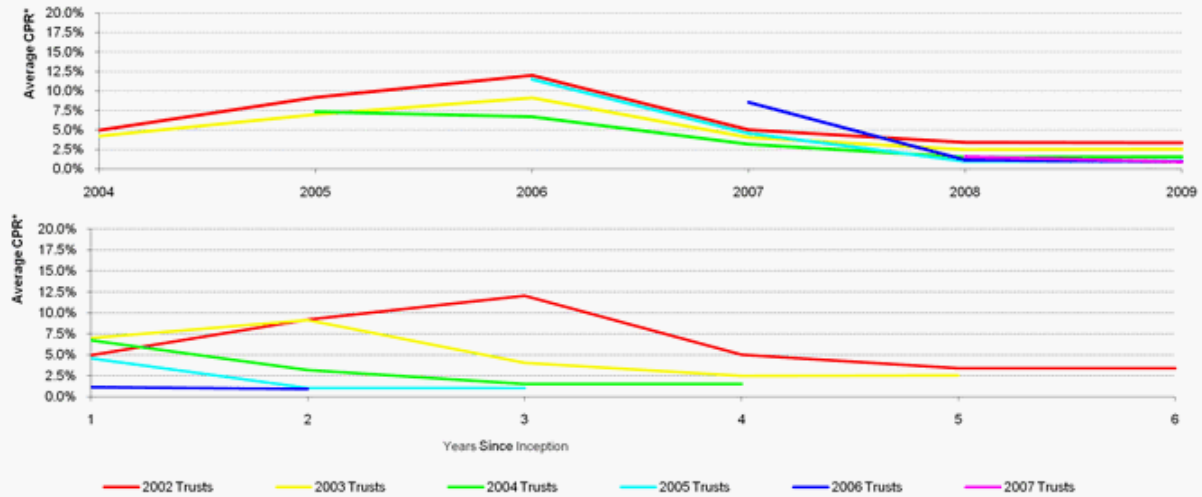
• Average CPR is the simple (non-weighted) average of four Quarterly CPR calculations for years ended December 31, 2009. Quarterly CPR assumes School and Grace loans are not scheduled to make payments. Deferment, Forbearance and Repayment loans are scheduled to make payments.

# SLM CONSOLIDATION ABS TRUSTS

## PREPAYMENT ANALYSIS

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

Historical Consolidation ABS CPRs



\* Average CPR is the simple (non-weighted) average of four Quarterly CPR calculations for years ended December 31, 2009. 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, not the company's FFELP collections operations
- ▶ Managed by individuals with prior experience managing collections operations for consumer loan assets
- ▶ Over the past 18 months, private credit collections resources have been significantly increased and collections technology and practices enhanced
  - Multi-variable analysis has enabled prioritization of collection efforts on higher risk borrowers
  - Forbearance 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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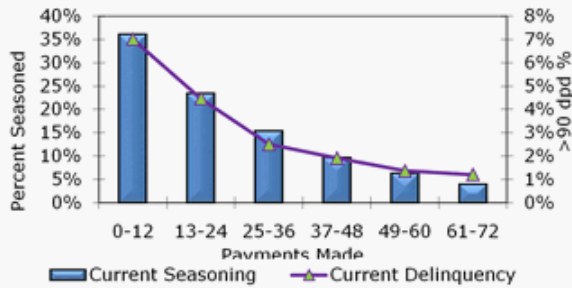
- ▶ A collections tool used to provide borrowers time to improve their ability to repay
  - Between graduation and start of first job
  - Economic hardship
- ▶ Provides borrower with time to obtain employment and income to support their obligations
- ▶ Applied most frequently in the first two years of 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

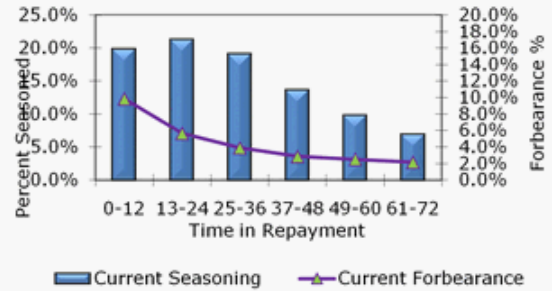
## DELINQUENCY AND FORBEARANCE SEASONING TRENDS

- ▶ 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

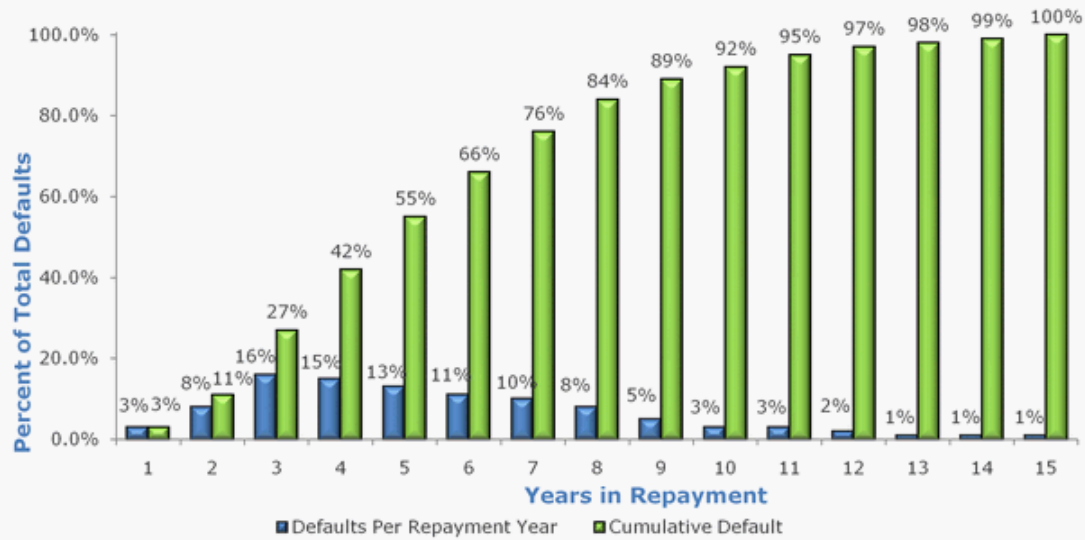


**Note:** Based on historical data through December 31, 2009. Does not include data for 2009 trusts which have not had time to become 90 days delinquent

# 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**

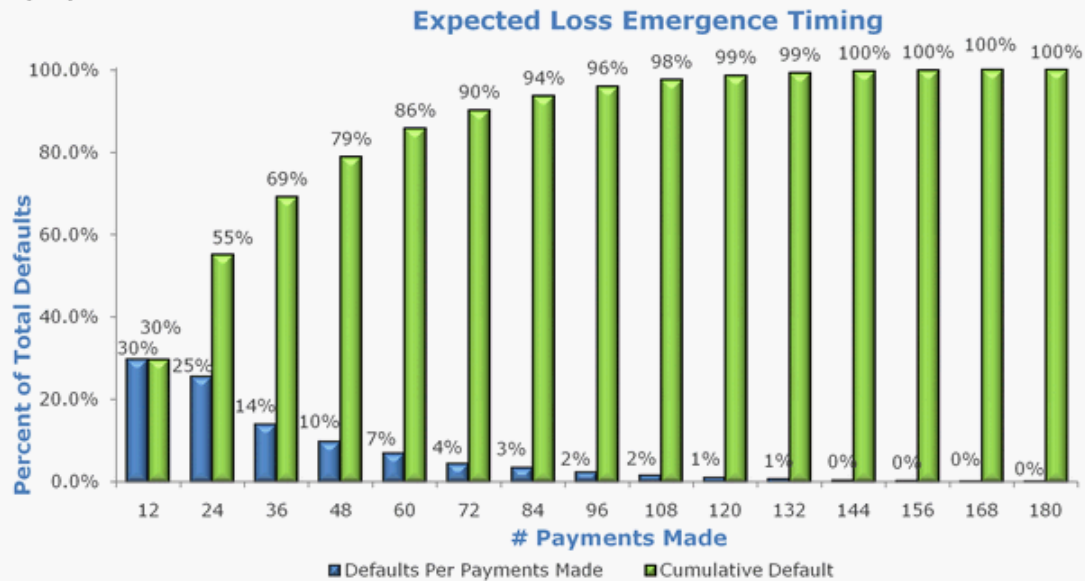


Based on assumptions in effect as of December 31, 2009

# PRIVATE CREDIT TRUST

## DEFAULT EMERGENCE BY PAYMENTS MADE

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

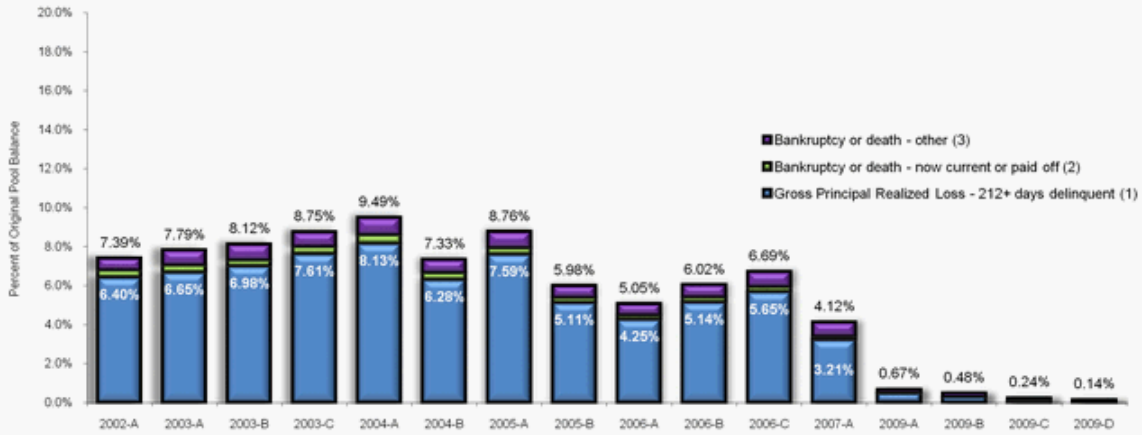


Based on assumptions in effect as of December 31, 2009  
Excludes months in forbearance. Includes months of delinquency prior to chargeoff

# 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.

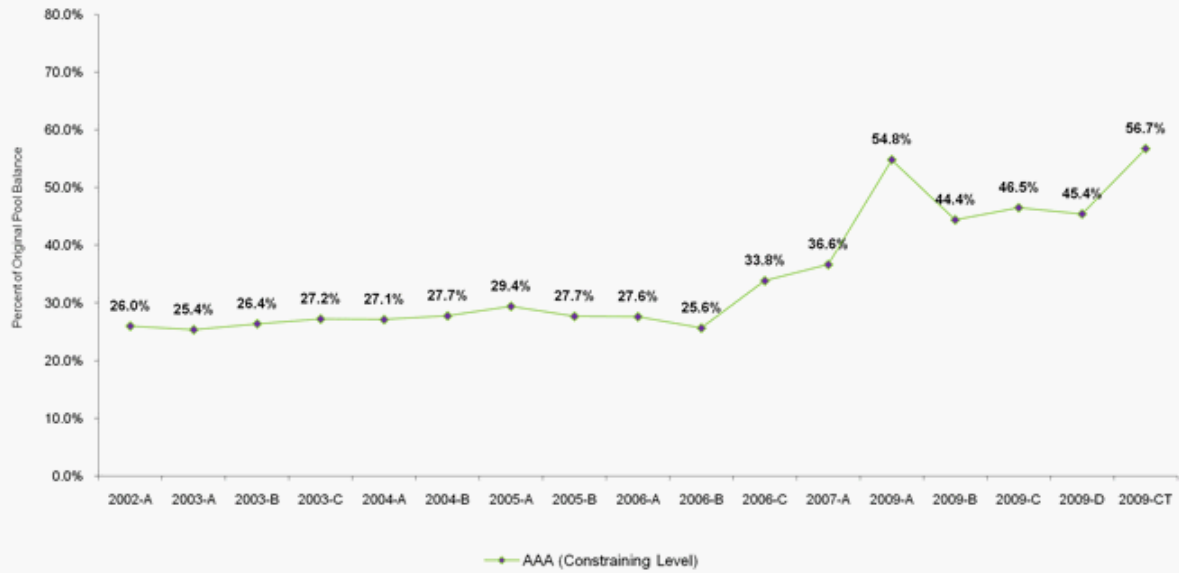
- (1) Charge-offs per the servicer's portfolio definition which is generally 212+ days delinquent. Includes loans for which a borrower has filed bankruptcy which have subsequently become 212+ days delinquent.
- (2) Charge-offs due to a borrower's bankruptcy filing for which the loan is now current or 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 November 30, 2009

# SLM PRIVATE CREDIT GROSS DEFAULTS

## CONSTRAINING RATING AGENCY STRESS LEVELS AT ISSUANCE

Constraining Rating Agency Stress Levels at Issuance for 'AAA'

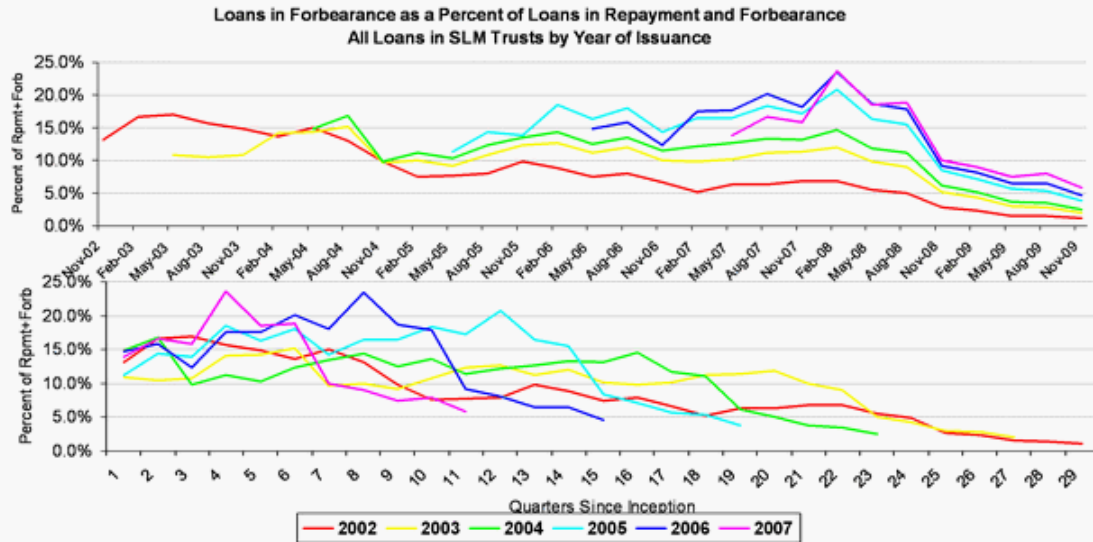


As of December 31, 2009



# PRIVATE CREDIT ABS TRUSTS FORBEARANCE

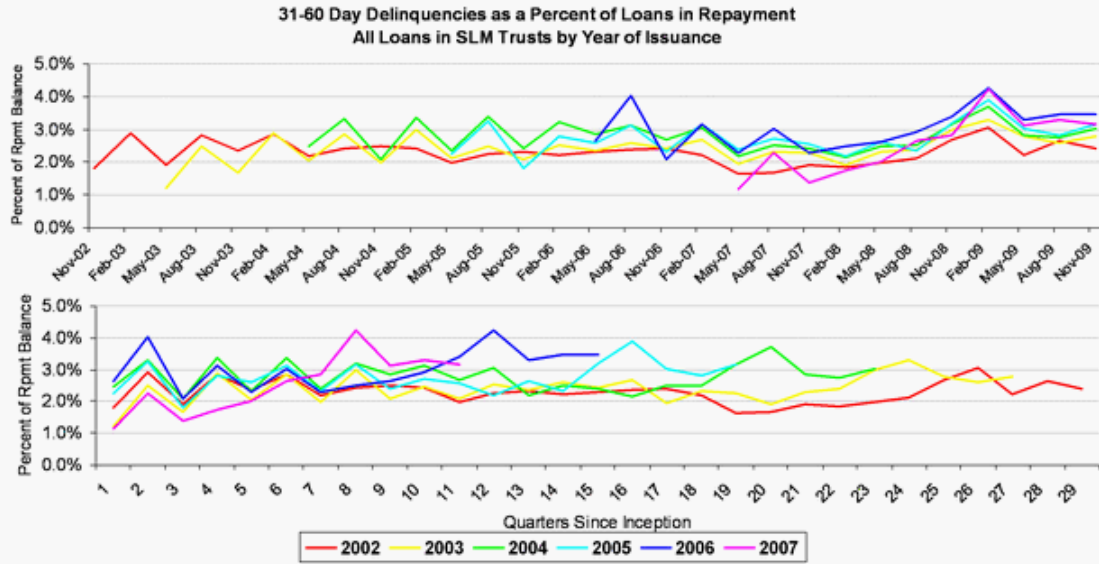
- ▶ Forbearance usage is typically highest when loans enter repayment, and declines as loans season
- ▶ Use of forbearance as a collection tool peaked in early 2008, and has since declined, as a result of changes in the forbearance strategy
- ▶ The decline in forbearance has resulted in increased delinquency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



# PRIVATE CREDIT ABS TRUSTS –

## 31-60 DAY DELINQUENCIES

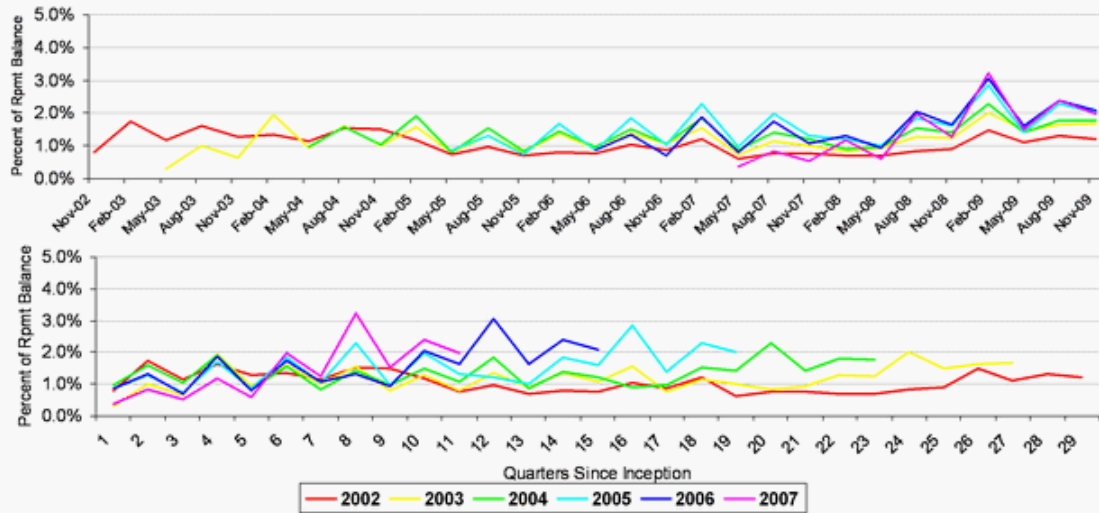
- ▶ Early delinquencies increased as forbearance policies tightened and have recently declined



# PRIVATE CREDIT ABS TRUSTS -

## 61-90 DAY DELINQUENCIES

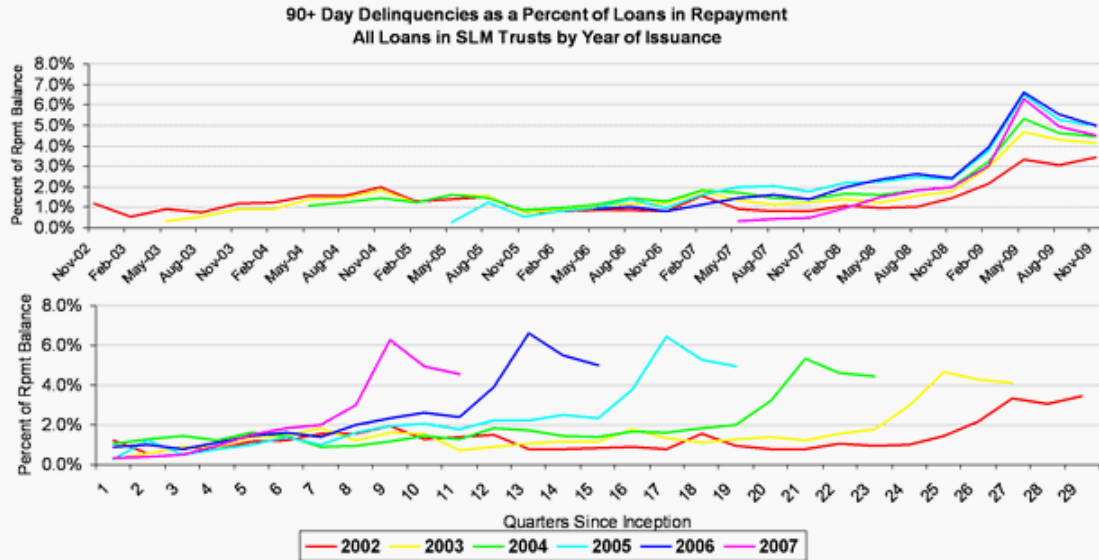
61-90 Day Delinquencies as a Percent of Loans in Repayment  
All Loans in SLM Trusts by Year of Issuance



# PRIVATE CREDIT ABS TRUSTS -

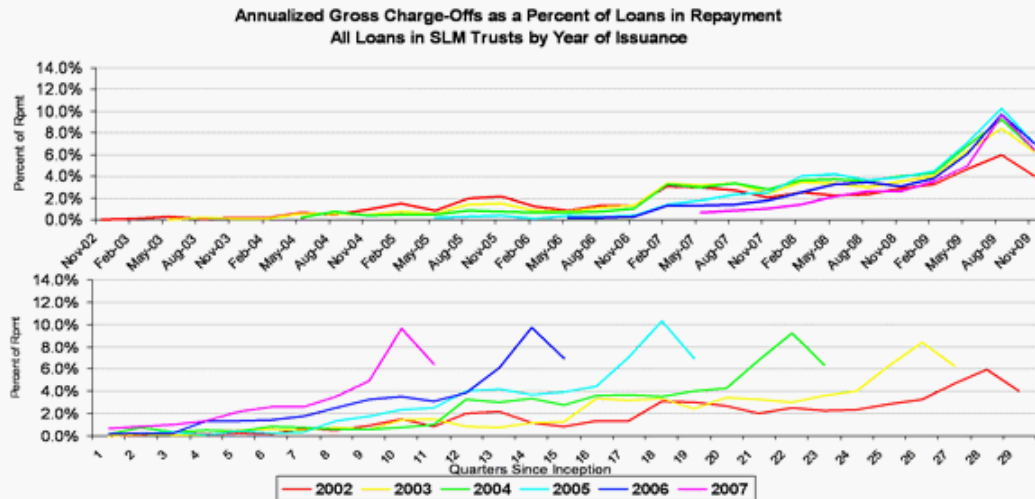
## 90+ DAY DELINQUENCIES

As expected, later stage delinquency increased during the first half of 2009 due to tightening of forbearance, before declining to current levels



# PRIVATE CREDIT ABS TRUSTS - ANNUALIZED GROSS CHARGE-OFFS

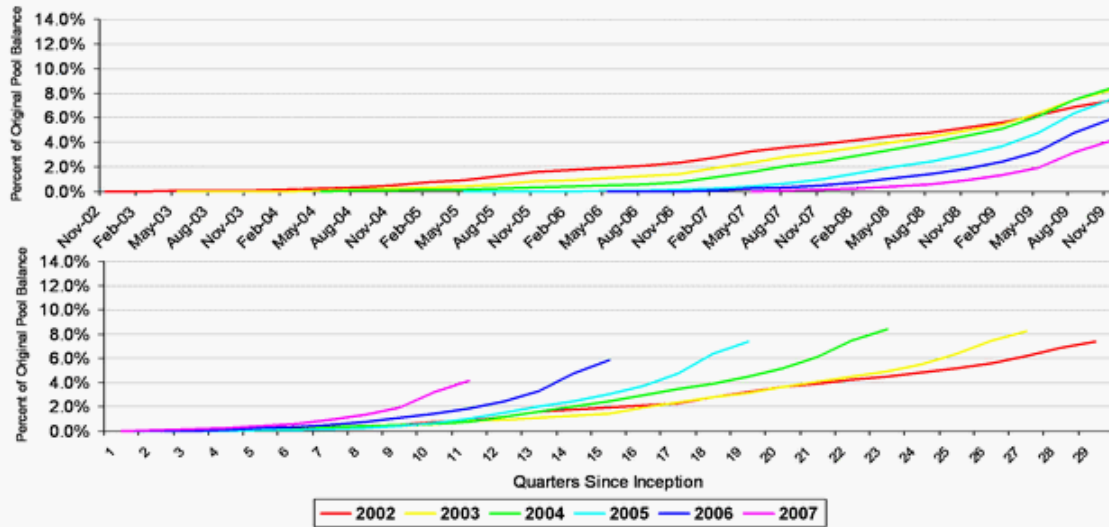
- ▶ Charge-off levels first increased in 2007 and have remained elevated through the economic downturn
- ▶ As is typical, more recent Trusts with a greater percentage of borrowers first entering repayment continue to exhibit higher charge-offs



(1) For SLM Private Credit Student Loan Trusts issued prior to 2005-8, 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**



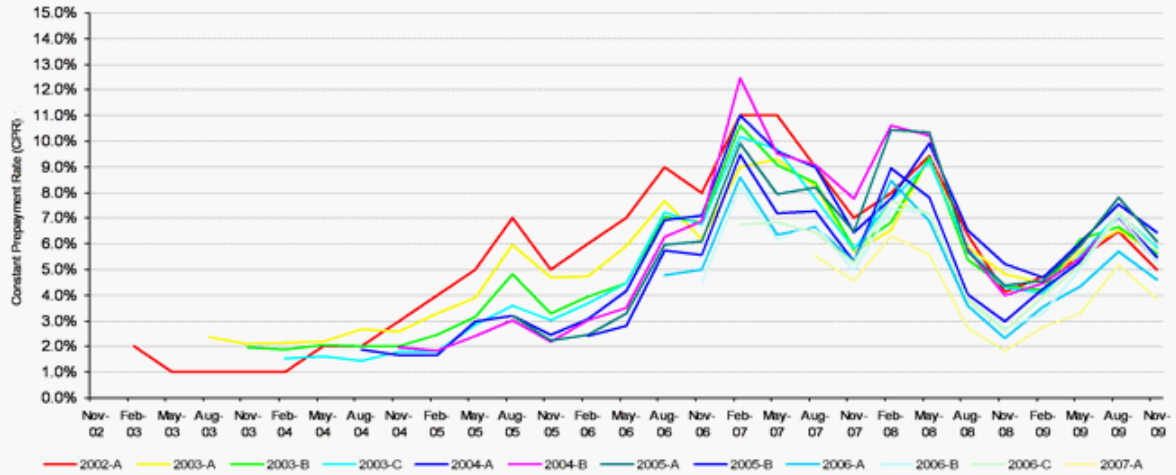
(1) For SLM Private Credit Student Loan Trusts issued prior to 2005-8, the servicer has the option, but not the obligation, to repurchase loans that (i) become 180+ days delinquent and/or (ii) have a borrower who filed for bankruptcy or died. Prior to November 1, 2008, the servicer exercised this repurchase 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.

# 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**



# APPENDIX





# GAAP TO CORE EARNINGS RECONCILIATION

(\$ in thousands, except per share amounts)

	December 31, 2009			
	Year Ended		Quarter Ended	
	Dollars	Diluted EPS	Dollars	Diluted EPS
GAAP net income (loss) attributable to SLM Corporation	\$ 324,138	\$ 0.38	\$ 309,134	\$ 0.52
Adjustment from GAAP to "Core Earnings"				
Net impact of securitization accounting	200,660		4,094	
Net impact of derivative accounting	306,101		(171,068)	
Net impact of Floor Income	(128,803)		32,222	
Net impact of acquired intangibles	75,960		46,784	
Total "Core Earnings" Adjustments before net tax effect	453,918		(87,968)	
Net tax effect	(181,003)		27,617	
Total "Core Earnings" Adjustments	272,915		(60,351)	
"Core Earnings" net income attributable to SLM Corporation	\$597,053	\$0.96	\$248,783	\$0.41
After tax non-recurring items				
Restructuring Expenses	\$8,673		\$2,626	
Other reorganization-related asset impairments	306		84	
De-acceleration of premium amortization expense on loans	(34,627)		-	
Adjusted for dividends of convertible Series C Preferred Stock	-		14,688	
Total after tax non-recurring items	(\$25,648)	(\$0.05)	\$17,398	\$0.03

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



## **DEBT INVESTOR RELATIONS CONTACT INFORMATION**

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