



2008 4th Quarter and Full Year Review
January 22, 2009

Forward-Looking Statements

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

FY08 and Q408 “Core Earnings” Summary

(\$ millions), except per share amounts	<u>2008</u>	<u>2007</u>	<u>Q408</u>	<u>Q407</u>
EPS (Reported)	\$0.89	\$1.23	\$0.08	(\$0.36)
Net Income (Loss)	\$526	\$560	\$65	(\$139)
Net Interest Income	\$2,419	\$2,555	\$553	\$612
Net Interest Margin	1.30%	1.49%	1.15%	1.32%
Loan Loss Provision	\$1,029	\$1,395	\$392	\$750
Asset-Backed Financing Facilities Fees	\$357	N.A.	\$83	N.A.
Fee Income	\$777	\$1,173	\$200	\$306
Operating Expenses	\$1,264	\$1,417	\$270	\$364
Tangible Capital Ratio	1.8%	2.0%		
Average Managed Student Loans	\$174,244	\$154,130	\$180,990	\$161,769
<u>EPS Breakdown</u>	<u>2008</u>	<u>2007</u>	<u>Q408</u>	<u>Q407</u>
Reported "Core Earnings"	\$0.89	\$1.23	\$0.08	(\$0.36)
Impacted by:				
Restructuring Charges	(\$0.12)	(\$0.03)	(\$0.01)	(\$0.03)
Purchased Paper Business	(\$0.43)	\$0.10	(\$0.05)	\$0.03
Non-Recurring Accounting Assumption Adjustments	\$0.05	(\$0.06)	-	-
Merger Related Fees	-	(\$0.08)	-	(\$0.02)

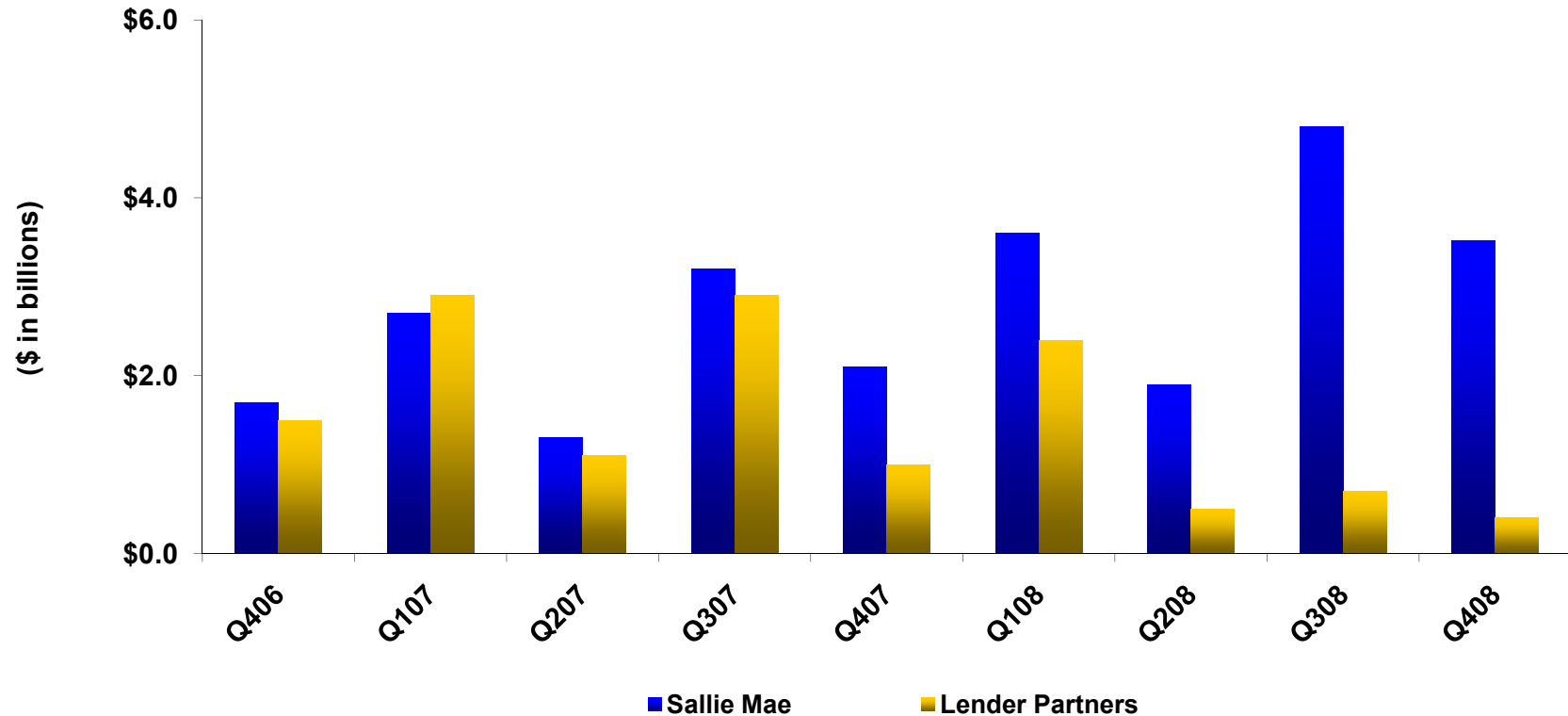
Lending Segment Earnings Detail

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

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

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

FFELP Loan Originations



- Sallie Mae FFELP originations increased 67% representing 90% of total FFELP originations
- Originated \$448 million of loans for third party servicing clients in the quarter

Liquidity Position Update

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

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

(2) Numbers may not add due to rounding

Liquidity Position Detail

(\$ in millions)	<u>Gross Principal</u>
Unencumbered FFELP Stafford & Other	\$3,706
Unencumbered FFELP Consolidation	<u>\$1,516</u>
Unencumbered Total FFELP loans	\$5,222
Unencumbered Private Education Loans	<u>\$17,205</u>
Total Unencumbered Loans	<u>\$22,427</u>
Unrestricted cash and liquid investments	<u>Available Capacity</u>
Cash and cash equivalents	\$4,070
U.S. Treasury-backed securities	-
Commercial paper (CP) and asset-backed CP	\$801
Certificates of Deposit	-
Other ⁽¹⁾	<u>\$133</u>
Total unrestricted cash and liquid investments ⁽²⁾	<u>\$5,004</u>

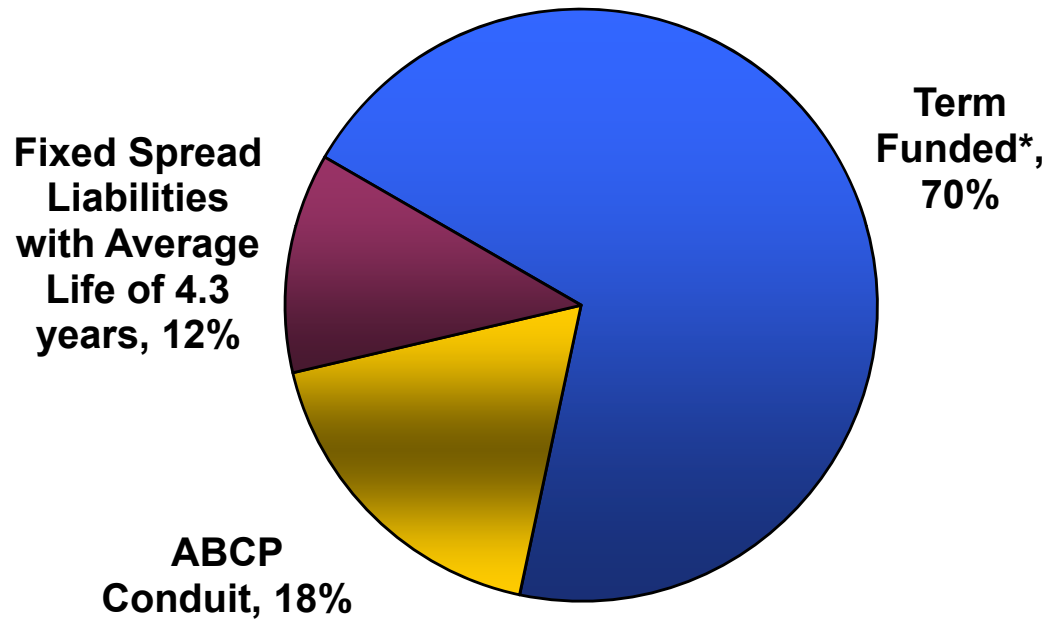
SLM has \$5.5 bn in unsecured revolving credit facilities. The Company has never drawn on these facilities. The facilities include a \$1.5 bn revolving credit facility maturing in October 2009, \$2.0 bn maturing in Oct. 2010 and \$2.0 bn maturing in Oct. 2011.

(1) Includes \$97 million due from The Reserve Primary Fund

(2) Includes \$1.6 billion of cash collateral pledged by derivative counterparties and held by the Company in Unrestricted cash

Funding Sources

\$180 Billion Managed Student Loan Portfolio

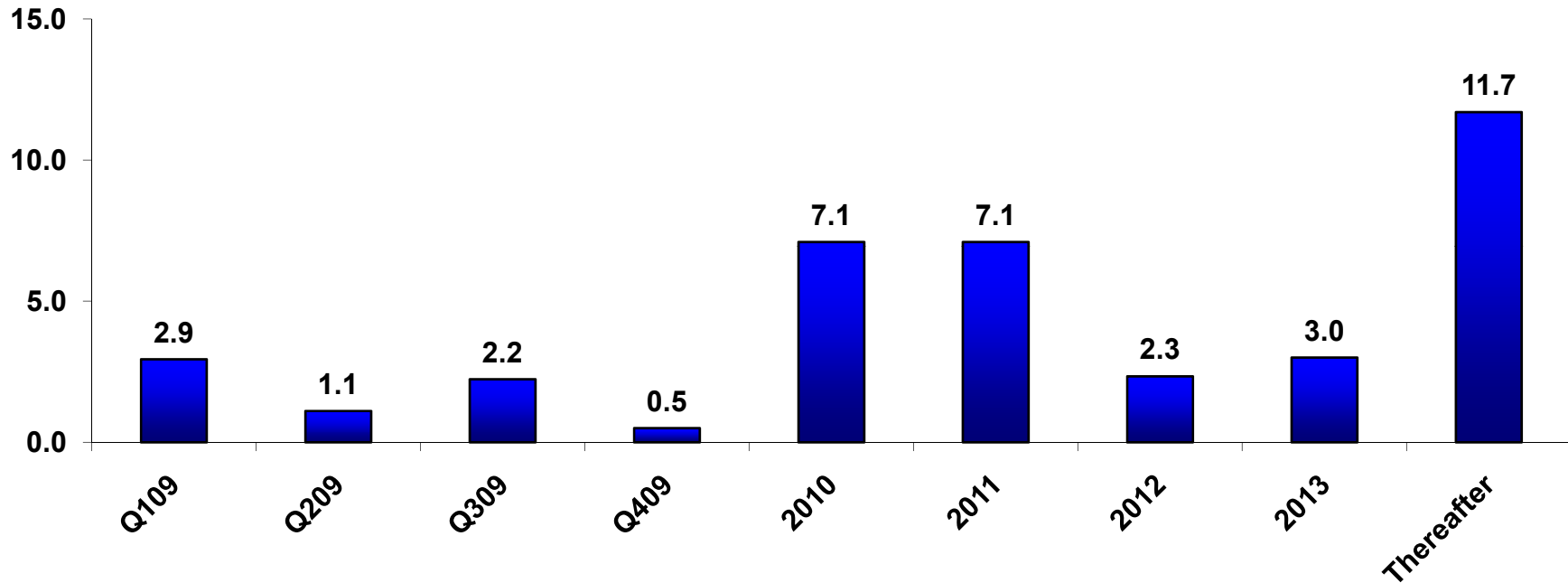


- Employ conservative long-term funding model

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

Unsecured Debt Maturities

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



- Bought back \$1.2 Bn of 2009 debt in 2008

Note: Does not include SLM Bank or Subsidiary funding

Private Education Loan Portfolio Performance

	<u>Q408</u>	<u>Q3 08</u>	<u>Q2 08</u>	<u>Q1 08</u>	<u>Q407</u>
Net Charge-offs - Traditional Portfolio ⁽¹⁾	2.5%	2.0%	2.0%	1.7%	1.5%
Net Charge-offs - Non-Traditional Portfolio ⁽¹⁾	16.1%	12.9%	15.0%	12.9%	11.9%
90+ Day Delinq as a % of Repay - Traditional Portfolio	2.6%	2.3%	1.6%	1.8%	1.7%
90+ Day Delinq as a % of Repay - Non-Traditional Portfolio	12.7%	11.9%	9.8%	10.7%	11.1%
Forb as a % of Forb & Repay - Traditional Portfolio	6.7%	11.0%	12.0%	15.5%	12.8%
Forb as a % of Forb & Repay - Non-Traditional Portfolio	9.0%	14.4%	18.5%	21.4%	21.4%
Allowance as a % of Loans in Repay - Traditional Portfolio	4.0%	3.9%	3.3%	3.7%	3.5%
Allowance as a % of Loans in Repay - Non-Traditional Portfolio	26.4%	29.8%	33.4%	36.6%	36.3%

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

Government Update

- **Extension of the Participation and Purchase Programs on identical terms for the 2009- 2010 academic year.**
- **Announced terms and conditions of the FFELP loan ABCP Conduit Program. The conduit has been named “Straight A funding”.**
- **Continued conversations with the Federal Reserve regarding the TALF program. Anticipating announcement of details in February.**

Loan Limits

Loan Limits For Dependent Students attending 4 Year Schools Including Sub and Unsub loans

	<u>07/08 AY</u>	<u>08/09 AY</u>	<u>%Change</u>	<i>Proposed</i> <u>09/10 AY</u>	<u>%Change</u>
Freshman	\$3,500	\$5,500	57%	\$7,500	36%
Sophomore	\$4,500	\$6,500	44%	\$8,500	31%
Junior	\$5,500	\$7,500	36%	\$9,500	27%
Senior	\$5,500	\$7,500	36%	\$9,500	27%
Aggregate Limit	\$23,000	\$31,000	35%	\$39,000	26%

Loan Limits For Independent Students Attending 4 Year Schools Including Sub and Unsub loans

	<u>07/08 AY</u>	<u>08/09 AY</u>	<u>%Change</u>	<u>09/10 AY</u>	<u>%Change</u>
Freshman	\$7,500	\$9,500	27%	\$11,500	21%
Sophomore	\$8,500	\$10,500	24%	\$12,500	19%
Junior	\$10,500	\$12,500	19%	\$14,500	16%
Senior	\$10,500	\$12,500	19%	\$14,500	16%
Aggregate Limit	\$46,000	\$57,500	25%	\$65,500	14%
Graduate	No Limit*	No Limit*	∞	No Limit*	∞

A student whose parents cannot borrow under the PLUS program is deemed to be an independent student

*Graduate students have limited Stafford eligibility, but can borrow up to the full cost of attendance with PLUS

GAAP to “Core Earnings” EPS Reconciliation

(\$ in thousands, except per share amounts)

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