



**KBW Diversified Financial Services Conference**  
**June 3, 2009**

# 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 presentation. Statements that are not historical facts, including financial projections, statements about our beliefs or expectations and statements that assume or are dependent upon future events, are forward-looking statements. Forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, the occurrence of any event, change or other circumstances that could give rise to our ability to cost-effectively refinance asset-backed financing facilities due April 2010, (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, such as any laws enacted to implement the Administration's 2010 budget proposals as they relate to the Federal Family Education Loan Program ("FFELP") 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 FFELP, may result in loans being originated or refinanced under non-FFELP programs, or may affect the terms upon which banks and others agree to sell FFELP loans to the Company. The Company could be affected by: various liquidity programs being implemented by the federal government; changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; incorrect estimates or assumptions by management in connection with the preparation of our consolidated financial statements; changes in the composition and performance of our Managed FFELP and Private Education Loan portfolios; changes in the general interest rate environment, including the rate relationships among relevant money-market instruments, and in the securitization markets for education loans, which may increase the costs or limit the availability of financings necessary to initiate, purchase or carry education loans; changes in projections of losses from loan defaults; changes in general economic conditions; changes in prepayment rates and credit spreads; and changes in the demand for debt management services and new laws or changes in existing laws that govern debt management services. All forward-looking statements contained in this Presentation are qualified by these cautionary statements and are made only as of the date of this 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.

## SLM Corporation

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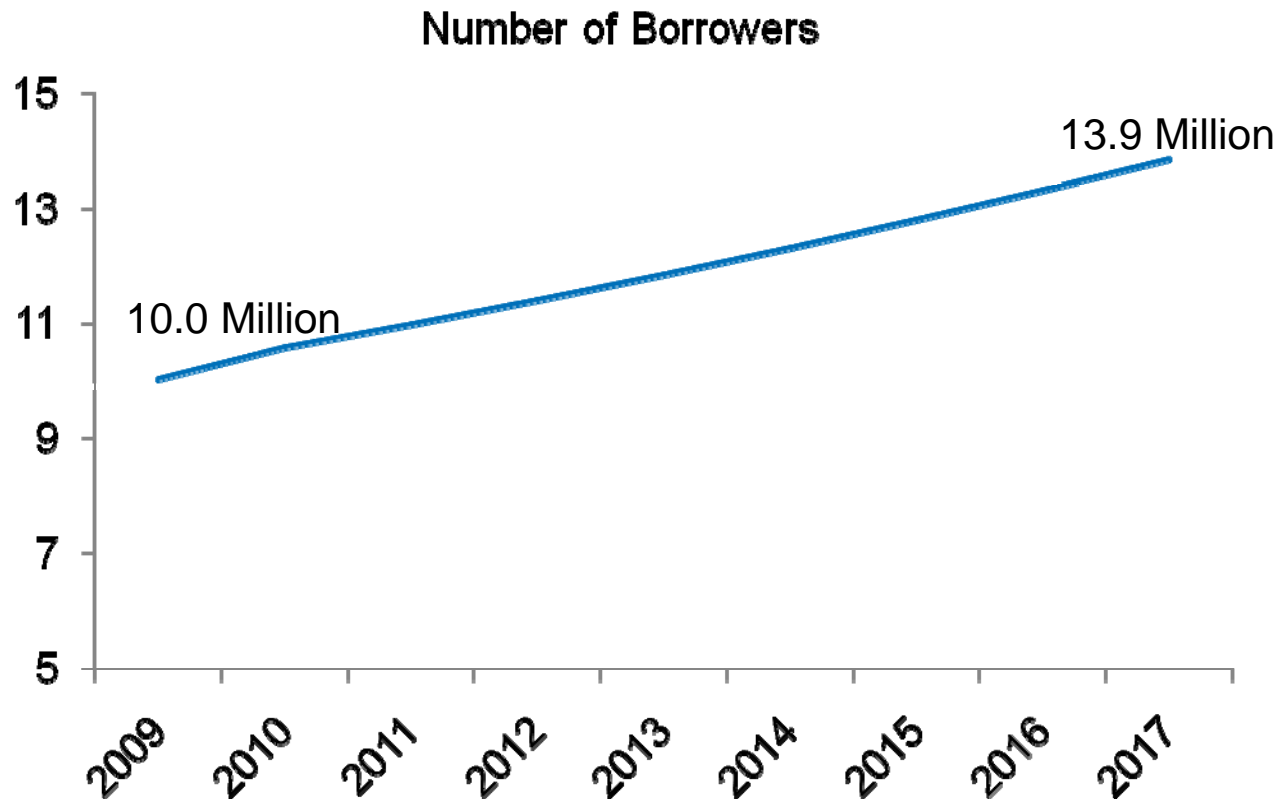
- America's #1 Saving, Planning & Paying for College Company
- #1 originator of student loans in the U.S.
- #1 servicer and collector of students loans in the U.S.
- 20 million Customers, 1 million 529 Customers
- \$185 billion managed student loan portfolio, 81% U.S. guaranteed<sup>(1)</sup>

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(1) As of March 31, 2009

## Steady & Visible Growth in Guaranteed Student Loans

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- 5% Annual Growth Projection

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Source: The President's Budget for Fiscal Year 2010, Total Student Loans, Net Commitments Academic Year

# Federal Student Loan Policy Alternatives

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## President's Budget Proposal

- 1) Convert all federal student loans to federal funding by July 2010
- 2) Use savings to substantially increase Pell Grants
- 3) Use private sector firms to originate and service

## Sallie Mae Modifications = President's Proposal

**PLUS**

- 4) Competition for Loan Origination and Service
- 5) Risk Sharing to Reduce Loan Defaults
- 6) No Transition Risk
  - Need to Avoid Rapid transition of 4,500 schools to DL system

# Servicing Advantage

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## Top Student Loan Servicers <sup>(1)(2)</sup> # of Borrowers

Sallie Mae	10.6 million
ACS	10.2
PHEAA	3.2
Nelnet	2.8
Great Lakes	2.6
Citibank	2.6
Wells	2.4

- Over 10 million borrowers will get a guaranteed student loan in 2009/10
- Top 5 Servicers Competing for the Department of Education Loan Servicing RFP
- SLM is Well Positioned

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(1) The President's Budget for Fiscal Year 2010, Total Student Loans, Net Commitments Academic Year

(2) Numbers based on 2009 SLSA Servicing Volume Survey and Sallie Mae estimates

## Private Education Loan Originations

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- Originated \$6.3 billion in 2008
- Average FICO score over 715 in 2008-2009
- 74% of New Loans had co-borrowers; 56% in prior year
- Term bank deposits Fund Private Credit Originations
- Deposits Average Maturity 30 Months

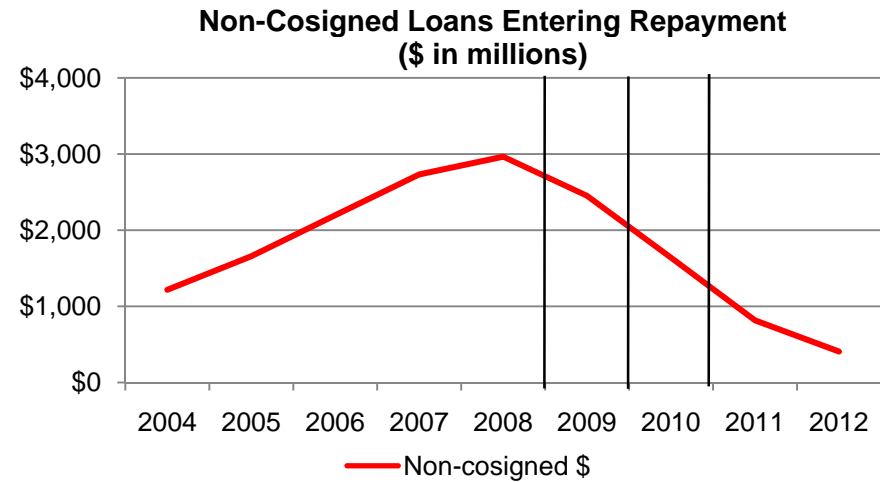
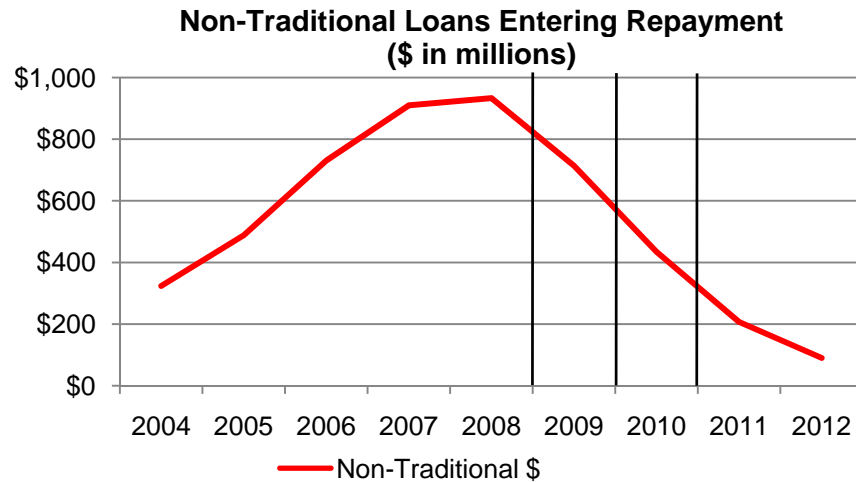
# SLM's New Private Education Loan Product

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## Smart Option Product

- Launched 3/23/09
- No Negative Amortization and Shortens Life from 9.5 to 5 years
- Expect a 90% Cosigned Rate
- Requires Interest Only Payment
- More Communication with Borrower during In-School Period
- Reduces Customer's total Finance Charges about 60%
- Develops Early Habit and Responsibility of Payment
- Limits Students' Ability to Accumulate Other Debt

# Portfolio Quality Improvement



- Non-Traditional charge-off rate is 7x greater than Traditional
- Cosigned loans charge off at half the rate of non-cosigned loans

## Capital Markets Developments

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- Completed \$5.1 billion FFELP ABS in April
- Reduced and extended ABCP program
  - Term Extension of 1 year for \$22 billion FFELP facility
  - Terminated and paid-in-full Private Credit facility
- Completed \$2.6 billion Private Credit ABS in May
  - TALF Eligible
  - Callable Structure
  - Multiple Investors
- DOE Straight A Funding conduit launched – May 11, 2009
  - SLM Allocated \$7.8 billion in initial 4 fundings

## Free Cash Flow Projection

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(\$ in billions)	Apr-Dec 2009	2010	2011	Total Apr 09-Dec 11
Beginning Cash	\$3.7	\$6.7	\$4.4	\$3.7
Total Free Cash Flow	7.2	4.8	5.0	17.0
Unsecured Debt Maturities	<u>(4.2)</u>	<u>(7.1)</u>	<u>(6.8)</u>	<u>(18.1)</u>
Ending Cash and Investments	\$6.7	\$4.4	\$2.6	\$2.6

- Student Loan Repayments are consistent and predictable
- Securitization trusts generate free cash flow through servicing fees
- Advance Rate Differential for Loans Leaving ABCP Facility

## Enterprise Value

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- Discounted cash flow valuation yields NPV of \$12 to \$15 per share
- Assumes unsecured debt is replaced by securitizing assets
- Funding assumptions based on actual transactions
- Assumes CP-LIBOR normalizes in 2010 and beyond, credit costs peak in 2009

## GAAP to “Core Earnings” Reconciliation

(\$ in thousands, except per share amounts)

	Quarters Ended			
	March 31, 2009		March 31, 2008	
	Dollars	Diluted EPS	Dollars	Diluted EPS
GAAP net loss attributable to SLM Corporation	\$ (21,386)	\$ (0.10)	\$ (103,804)	\$ (0.28)
Adjustment from GAAP to "Core Earnings"				
Net impact of securitization accounting	198,590		79,146	
Net impact of derivative accounting	(54,010)		363,368	
Net impact of Floor Income	(79,023)		5,577	
Net impact of acquired intangibles	9,664		15,329	
Total "Core Earnings" Adjustments before net tax effect	75,221		463,420	
Net tax effect	(39,951)		(171,302)	
Total "Core Earnings" Adjustments	35,270		292,118	
"Core Earnings" net income attributable to SLM Corporation	\$13,884	(\$0.03)	\$188,314	\$0.34
After tax non-recurring items				
Restructuring Expenses	\$3,007		\$13,027	
Acceleration of premium amortization expense on loans	-		51,777	
Total after tax non-recurring items	\$3,007	\$0.01	\$64,804	\$0.14