



2009 2nd Quarter Review
July 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 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.

Q209 “Core Earnings” Summary

(\$ millions), except per share amounts	<u>Q209</u>	<u>Q109</u>	<u>Q208</u>
EPS (Reported)	\$0.31	(\$0.03)	\$0.27
Economic Floor Income EPS not reported in "Core Earnings"	\$0.17	\$0.17	\$0.05
Net Income	\$170	\$14	\$156
Net Interest Income	\$457	\$429	\$587
Net Interest Margin	0.91%	0.89%	1.28%
Loan Loss Provision	\$402	\$349	\$192
Fee Income - Excluding Debt Repurchase Gains	\$201	\$175	\$221
Debt Repurchase Gains	\$325	\$64	\$21
Operating Expenses	\$305	\$292	\$333
Tangible Capital Ratio	1.7%	1.8%	2.1%
Average Managed Student Loans	\$188,490	\$185,239	\$171,923

Q209 “Core Earnings” Summary

<u>EPS Breakdown</u>	<u>Q209</u>	<u>Q109</u>	<u>Q208</u>
Reported "Core Earnings"	\$0.31	(\$0.03)	\$0.27
Impacted by:			
Restructuring Charges	(\$0.01)	(\$0.01)	(\$0.08)
Purchased Paper Business	(\$0.03)	(\$0.10)	(\$0.05)
CP-LIBOR Impact	(\$0.13)	(\$0.19)	-
Participation Program Interest Rate Lag	(\$0.02)	(\$0.05)	-
Gains on Debt Repurchases	\$0.44	\$0.09	\$0.03
Economic Floor Income not included in "Core Earnings"	(\$0.17)	(\$0.17)	(\$0.05)

CP LIBOR Offsets

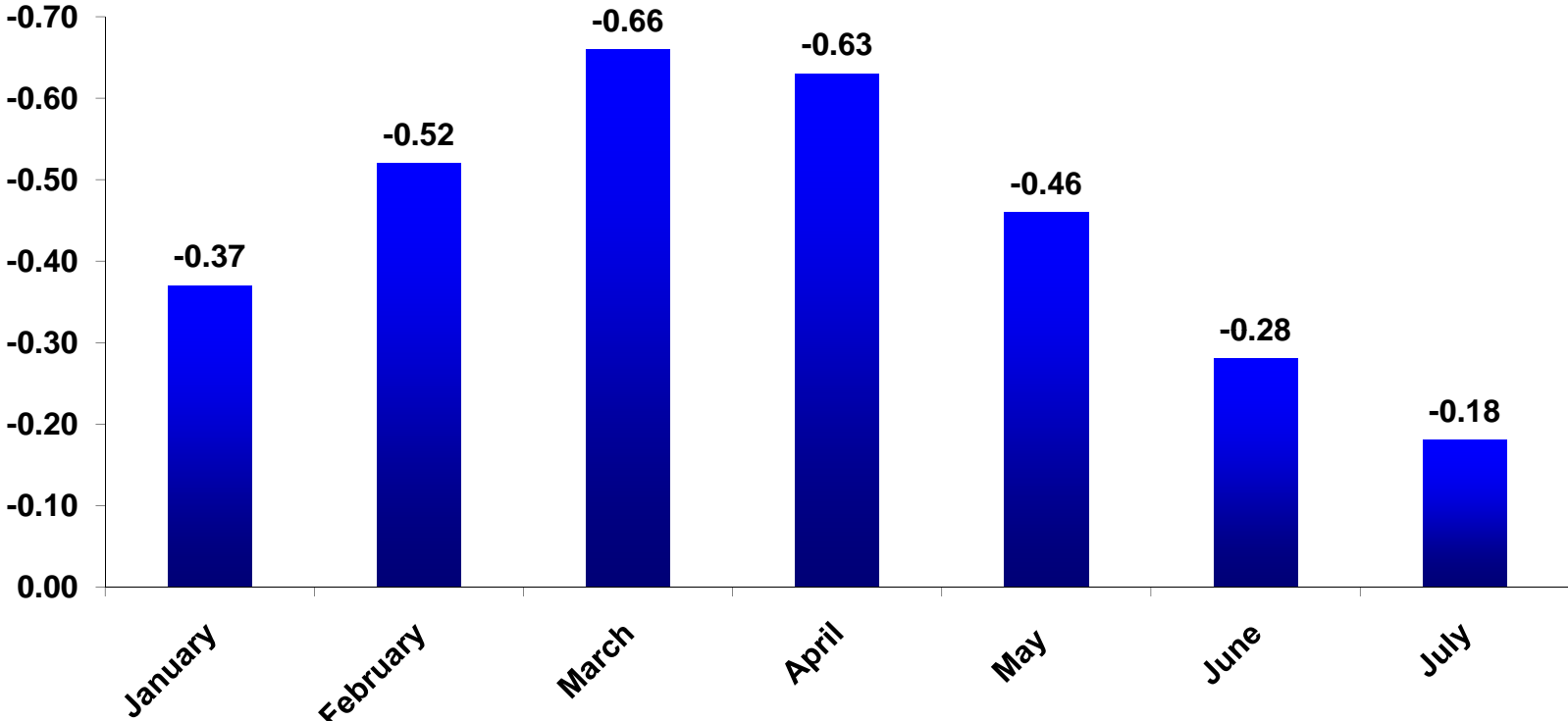
- In low interest rate environments Floor Income earned, but excluded from “Core Earnings”, is a natural offset to CP/LIBOR dislocation earnings drag
- During second quarter, economic floor income was earned on \$10.4 billion of annual reset rate loans and \$23.6 billion of fixed rate loans

Total Economic Floor Income not included in "Core Earnings" (\$ in millions)

	<u>1Q09</u>	<u>2Q09</u>	<u>2009 YTD</u>
Variable	\$67.1	\$71.1	\$138.2
Fixed	\$58.8	\$70.1	\$128.9
Total	<u>\$125.9</u>	<u>\$141.2</u>	<u>\$267.1</u>

* Annual reset rate loans reset on July 1, 2009 eliminating floor income in Q309

CP Yield – 3M LIBOR



- CP/LIBOR – still volatile but reverting to long-term mean

(1) July number as of July 20, 2009

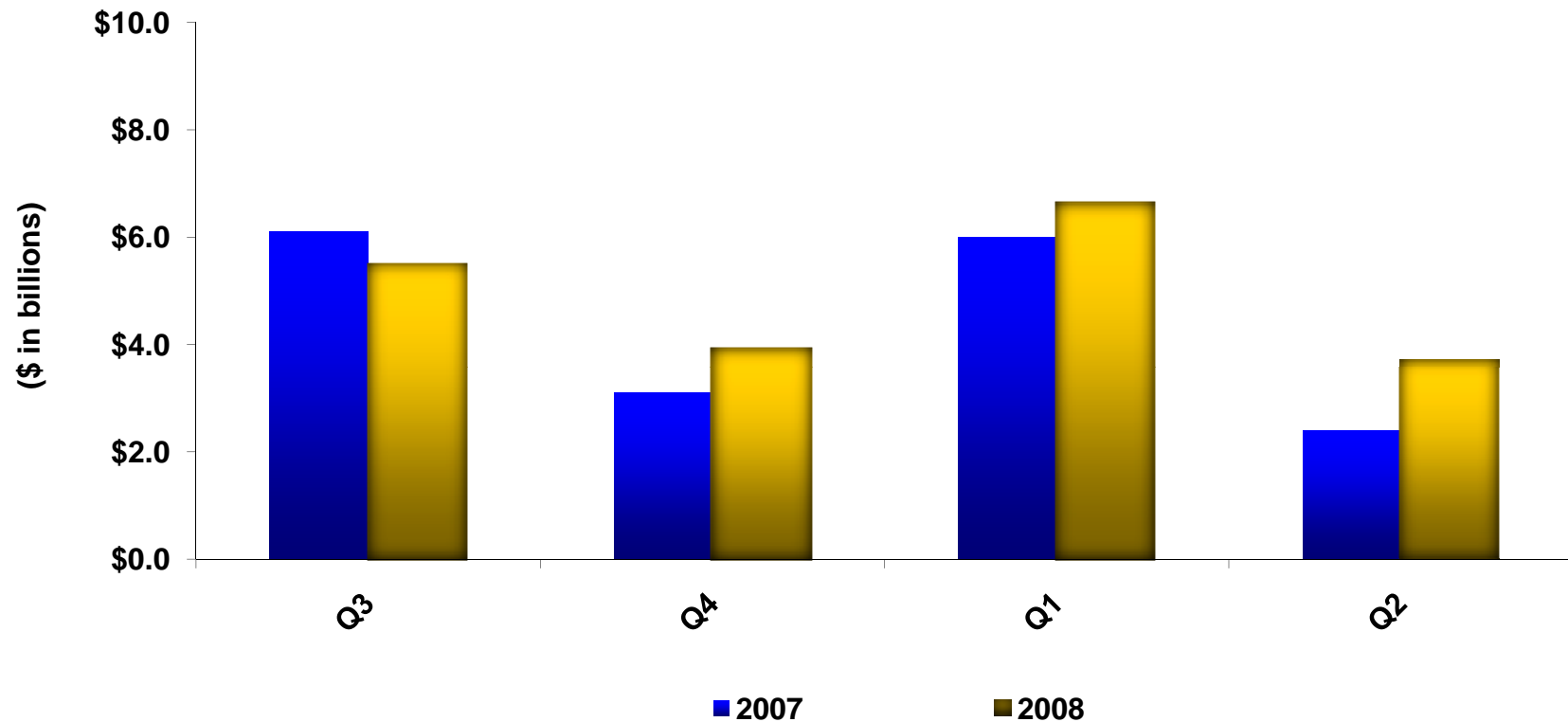
Lending Segment Earnings Detail

(\$ millions)	<u>Q209</u>	<u>Q208</u>	<u>% Change</u>
FFELP Originations	\$3,706	\$2,426	53%
Private Originations	\$387	\$891	-57%
Total Originations	\$4,093	\$3,317	23%
Net Student Loan Spread ⁽¹⁾	1.17%	1.65%	-
Student Loan Margin including Economic Floor Income not included in "Core Earnings"	1.47%	1.73%	-
Operating Expenses ⁽²⁾	\$141	\$151	-7%
OpEx Annualized as a % Average Managed Student Loans	0.30%	0.35%	-
FFELP Third-Party Serviced Loans Originated	\$264	\$476	-45%

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

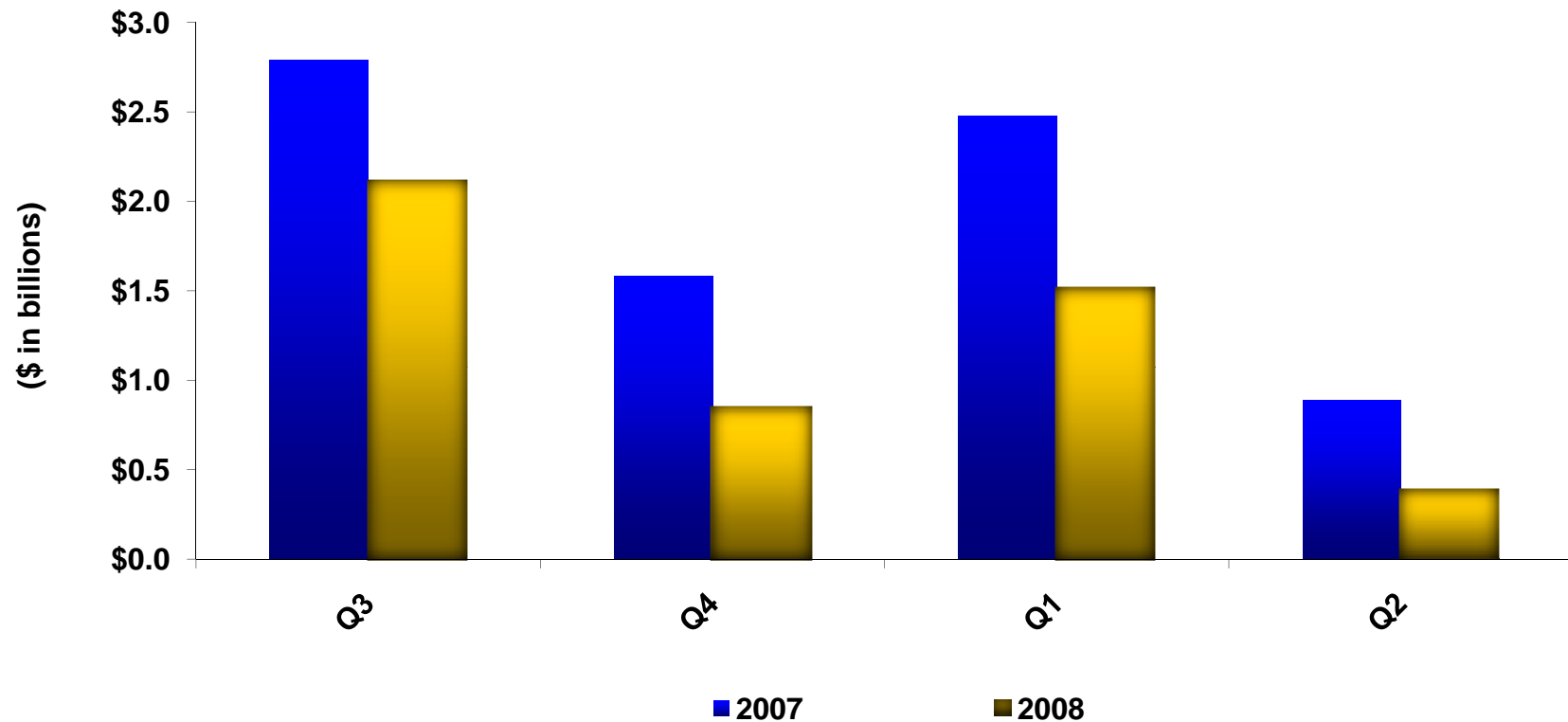
(2) Before re-organization-related asset impairments

FFELP Loan Originations – Academic Year



- Originated Nearly \$20 Billion of loans in the 08/09 Academic Year
- Estimated Federal Origination Market Share of 24%
- Originated \$2.7 Billion of loans for third-party servicing clients in the quarter
- Expect to put all loans in the third or fourth quarter and retain servicing

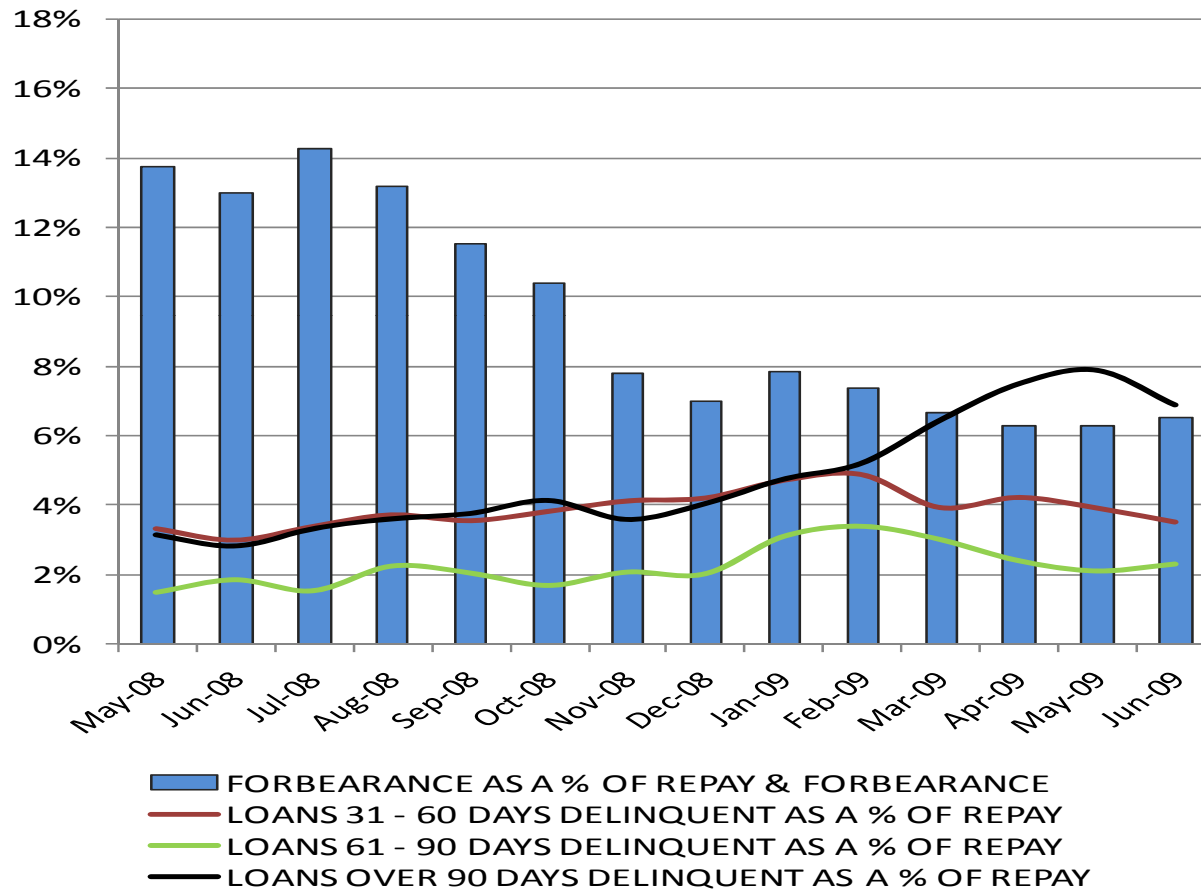
Private Loan Originations - Academic Year



- Originated Nearly \$5 Billion of loans in the 08/09 Academic Year
- Applications from higher credit borrowers up 5%
- SMART Option Loans introduced for disbursement beginning July 1

Private Education Loan Portfolio Performance

Delinquency trends are improving



Private Education Loan Portfolio Performance

	<u>Q209</u>	<u>Q109</u>	<u>Q408</u>	<u>Q3 08</u>	<u>Q2 08</u>
Charge-offs - Traditional Portfolio ⁽¹⁾	3.9%	2.2%	1.7%	1.4%	1.4%
Charge-offs - Non-Traditional Portfolio ⁽¹⁾	24.0%	14.5%	12.3%	10.0%	11.5%
90+ Day Delinq as a % of Repay - Traditional Portfolio	4.8%	4.3%	2.6%	2.3%	1.6%
90+ Day Delinq as a % of Repay - Non-Traditional Portfolio	20.6%	19.1%	12.7%	11.9%	9.8%
Forb as a % of Forb & Repay - Traditional Portfolio	6.1%	6.3%	6.7%	11.0%	12.0%
Forb as a % of Forb & Repay - Non-Traditional Portfolio	8.9%	8.5%	9.0%	14.4%	18.5%
Allowance as a % of Loans in Repay - Traditional Portfolio	5.1%	5.4%	4.8%	4.7%	4.0%
Allowance as a % of Loans in Repay - Non-Traditional Portfolio	32.7%	32.2%	31.8%	35.0%	38.0%

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

Private Education Loan Portfolio Performance

<u>Traditional Loans with a Cosigner</u>	Q209	Q109	Q408	Q308	Q208
Outstanding Balance as a % of Total	52%	52%	51%	50%	49%
90+ Delinquency as a % of Repayment	3.8%	3.2%	1.9%	1.7%	1.1%
Forbearance as a % of Repayment & Forbearance	5.8%	6.0%	6.4%	10.6%	11.7%
Charge-Offs as a % of Repayment ⁽¹⁾	2.5%	1.5%	1.1%	1.0%	1.0%
Average FICO at Origination	739	739	738	738	738
<u>Traditional Loans without a Cosigner</u>	Q209	Q109	Q408	Q308	Q208
Outstanding Balance as a % of Total	35%	35%	35%	36%	36%
90+ Delinquency as a % of Repayment	6.1%	5.6%	3.3%	2.9%	2.0%
Forbearance as a % of Repayment & Forbearance	6.4%	6.6%	6.9%	11.5%	12.3%
Charge-Offs as a % of Repayment ⁽¹⁾	5.7%	3.4%	2.6%	2.4%	2.4%
Average FICO at Origination	700	700	701	701	700
<u>Non-Traditional Loans with a Cosigner</u>	Q209	Q109	Q408	Q308	Q208
Outstanding Balance as a % of Total	4%	4%	4%	4%	4%
90+ Delinquency as a % of Repayment	15.9%	13.8%	9.1%	7.9%	6.3%
Forbearance as a % of Repayment & Forbearance	10.0%	9.9%	10.0%	15.1%	18.7%
Charge-Offs as a % of Repayment ⁽¹⁾	14.0%	7.8%	6.5%	6.1%	6.3%
Average FICO at Origination	633	633	633	633	633
<u>Non-Traditional Loans without a Cosigner</u>	Q209	Q109	Q408	Q308	Q208
Outstanding Balance as a % of Total	9%	10%	10%	11%	11%
90+ Delinquency as a % of Repayment	22.4%	20.8%	13.7%	13.1%	11.0%
Forbearance as a % of Repayment & Forbearance	8.5%	8.0%	8.7%	14.1%	18.6%
Charge-Offs as a % of Repayment ⁽¹⁾	27.4%	16.3%	13.8%	11.2%	13.3%
Average FICO at Origination	618	618	618	618	617

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

Improving Portfolio Quality

Characteristics of Loans Entering Repayment

<u>Year Entering Repayment</u>	<u>% Traditional</u>	<u>% Cosigned</u>	<u>Avg FICO Score at Origination</u>
2006	84%	51%	710
2007	85%	54%	712
2008	86%	55%	712
2009	88%	57%	715
2010	90%	61%	717

Servicing

- Over 2 million serviced accounts after ECASLA loans put to ED in 2009
- Contract expected to begin in the second half of August 2009 and span five years with one, five-year renewal option
- Servicing on new Direct Loans expected to begin in August 2010
- Continue to service loans put under ECASLA that are on our systems today

Capital Markets Summary

- Realized gains of \$325 million on debt repurchases in Q209
- Completed \$5.1 billion FFELP ABS
- Reduced and extended ABCP program
 - Term Extension of 1 year for \$22 billion FFELP facility
 - Terminated and paid-in-full Private Credit facility
 - Bank ABCP facility outstanding reduced to \$12.5 billion
 - \$2 billion FFELP facility paid in full
- Completed \$2.6 billion TALF Eligible Private Credit ABS – May 12, 2009
- Completed \$1.1 billion TALF Eligible Private Credit ABS – July 14, 2009
- DOE Straight A Funding conduit launched – May 11, 2009
 - SLM Allocated \$11.1 billion in initial 6 fundings through June 30, 2009

Liquidity Position Update

(\$ in billions)	<u>6/30/2009</u>	<u>3/31/2009</u>	<u>6/30/2008</u>
<u>Sources of Primary Liquidity:</u>			
ED Purchase and Participation Program	Unlimited	Unlimited	-
Unrestricted Cash & Liquid Investments	\$7.3	\$3.7	\$7.6
Unused Commercial Paper and Bank Lines of Credit	3.5	5.2	6.5
2008 FFELP ABCP Facilities	2.3	0.1	4.5
2008 Private ABCP Facilities	=	<u>0.0</u>	<u>0.9</u>
Total Sources of Primary Liquidity	13.1	9.0	19.5
<u>Stand-by Liquidity:</u>			
Unencumbered FFELP Loans	<u>3.1</u>	<u>5.0</u>	<u>14.1</u>
Total Primary and Stand-by Liquidity	<u>\$16.2</u>	<u>\$14.0</u>	<u>\$33.6</u>

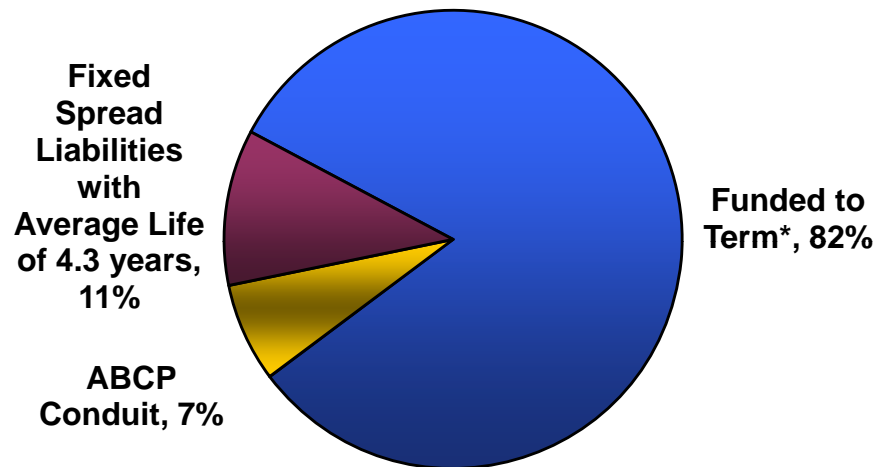
Liquidity Position Detail

(\$ in millions)	<u>Gross Principal</u>
Unencumbered FFELP Stafford & Other	\$2,648
Unencumbered FFELP Consolidation	<u>\$462</u>
Unencumbered Total FFELP loans	\$3,110
Unencumbered Private Education Loans	<u>\$17,392</u>
Total Unencumbered Loans, gross	<u>\$20,502</u>
Unrestricted cash and liquid investments	<u>Available Capacity</u>
Cash and cash equivalents	\$6,140
U.S. Treasury-backed securities	-
Commercial paper (CP) and asset-backed CP	\$1,050
Certificates of Deposit	-
Other	<u>\$152</u>
Total unrestricted cash and liquid investments	<u>\$7,342</u>

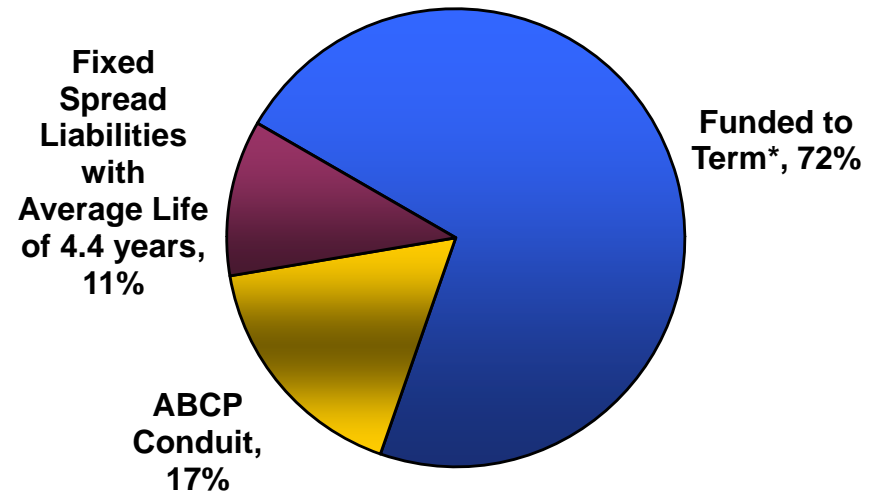
SLM has \$3.5 bn in unsecured revolving credit facilities. The Company has never drawn on these facilities. \$1.9 billion of our unsecured revolving facilities matures in October 2010 and \$1.6 billion matures in October 2011

Significant Liquidity Improvement

**\$188 Billion Managed Student Loan Portfolio
as of June 30, 2009**



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

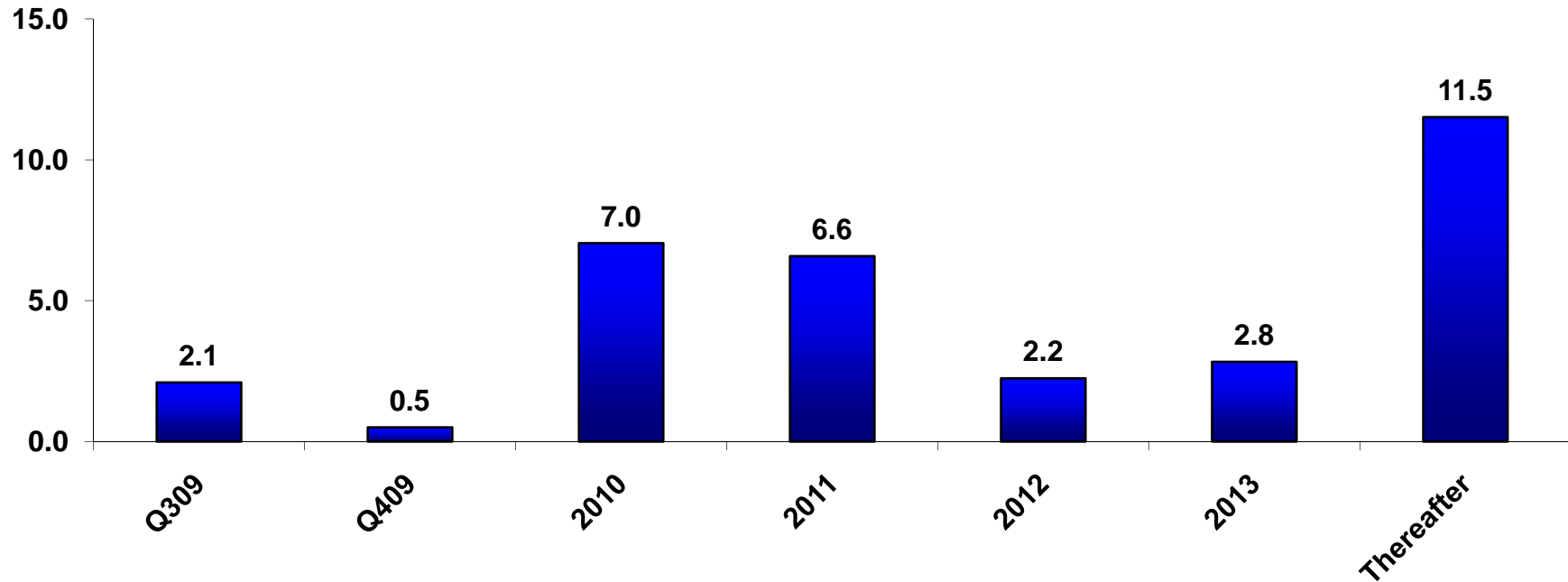


- **Employ conservative long-term funding model**

* Funded to Term includes 15% or \$28.4 billion and 7% or \$13.6 billion of advances outstanding under the ED Purchase and Participation Program and Straight A Funding Facility as of June 30, 2009 and March 31, 2009 respectively

Unsecured Debt Maturities

As of June 30, 2009
(par value, \$ in billions)



- Significant increase in access to term liquidity drove repurchase of \$1.1 bn in debt in quarter

Note: Does not include SLM Bank or Subsidiary funding

GAAP to “Core Earnings” Reconciliation

(\$ in thousands, except per share amounts)

	Quarters Ended			
	June 30, 2009		June 30, 2008	
	Dollars	Diluted EPS	Dollars	Diluted EPS
GAAP net income (loss) attributable to SLM Corporation	\$ (122,720)	\$ (0.32)	\$ 265,736	\$ 0.50
Adjustment from GAAP to "Core Earnings"				
Net impact of securitization accounting	25,861		246,506	
Net impact of derivative accounting	494,581		(450,609)	
Net impact of Floor Income	(90,022)		18,809	
Net impact of acquired intangibles	9,819		15,342	
Total "Core Earnings" Adjustments before net tax effect	440,239		(169,952)	
Net tax effect	(147,075)		59,858	
Total "Core Earnings" Adjustments	293,164		(110,094)	
"Core Earnings" net income attributable to SLM Corporation	\$170,444	\$0.31	\$155,642	\$0.27
After tax non-recurring items				
Restructuring Expenses	\$2,791		\$29,446	
Other reorganization-related asset impairments	222		3,779	
Total after tax non-recurring items	\$3,013	\$0.01	\$33,225	\$0.08