



**Barclays Capital 2009 Global Financial Services Conference  
September 16, 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 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 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.

# Overview

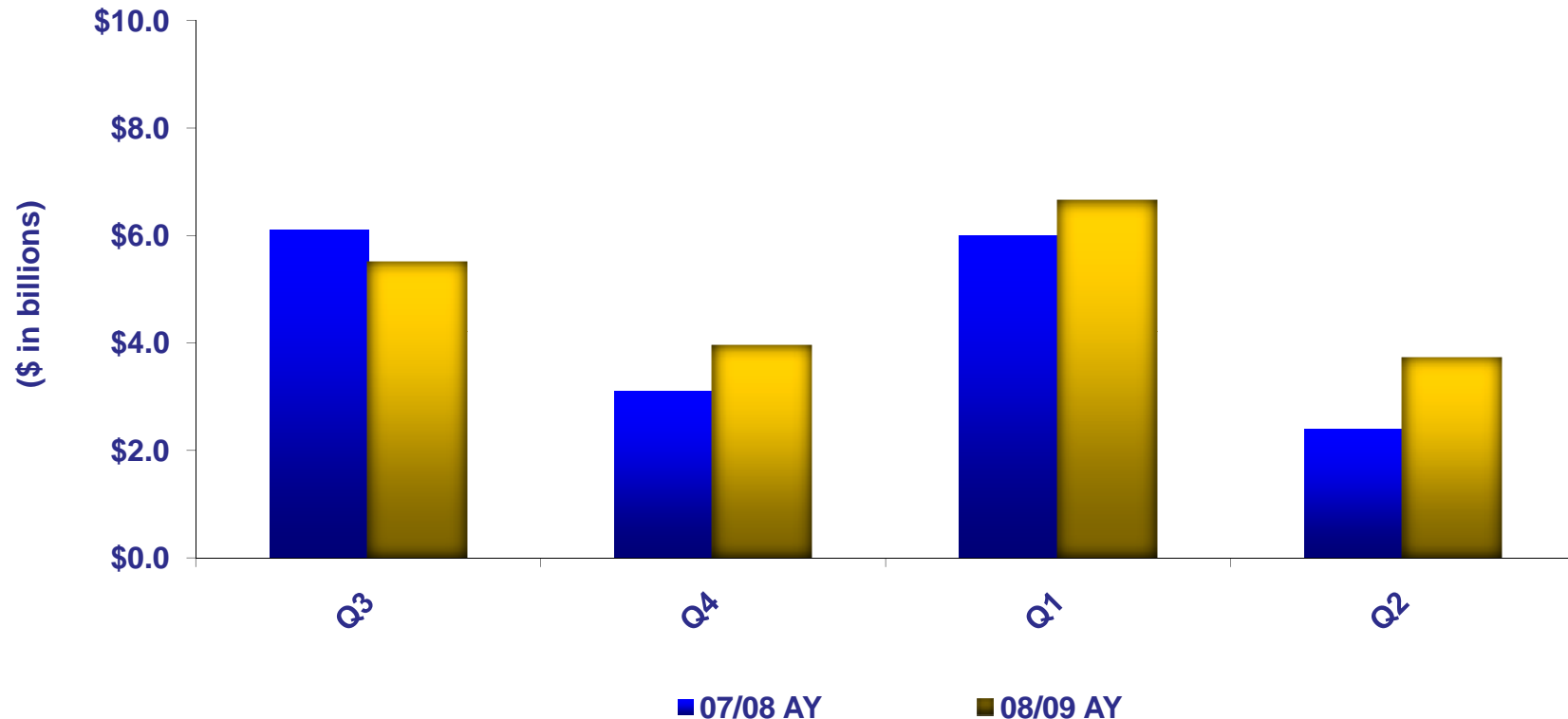
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The leading Saving, Planning and Paying for College Company

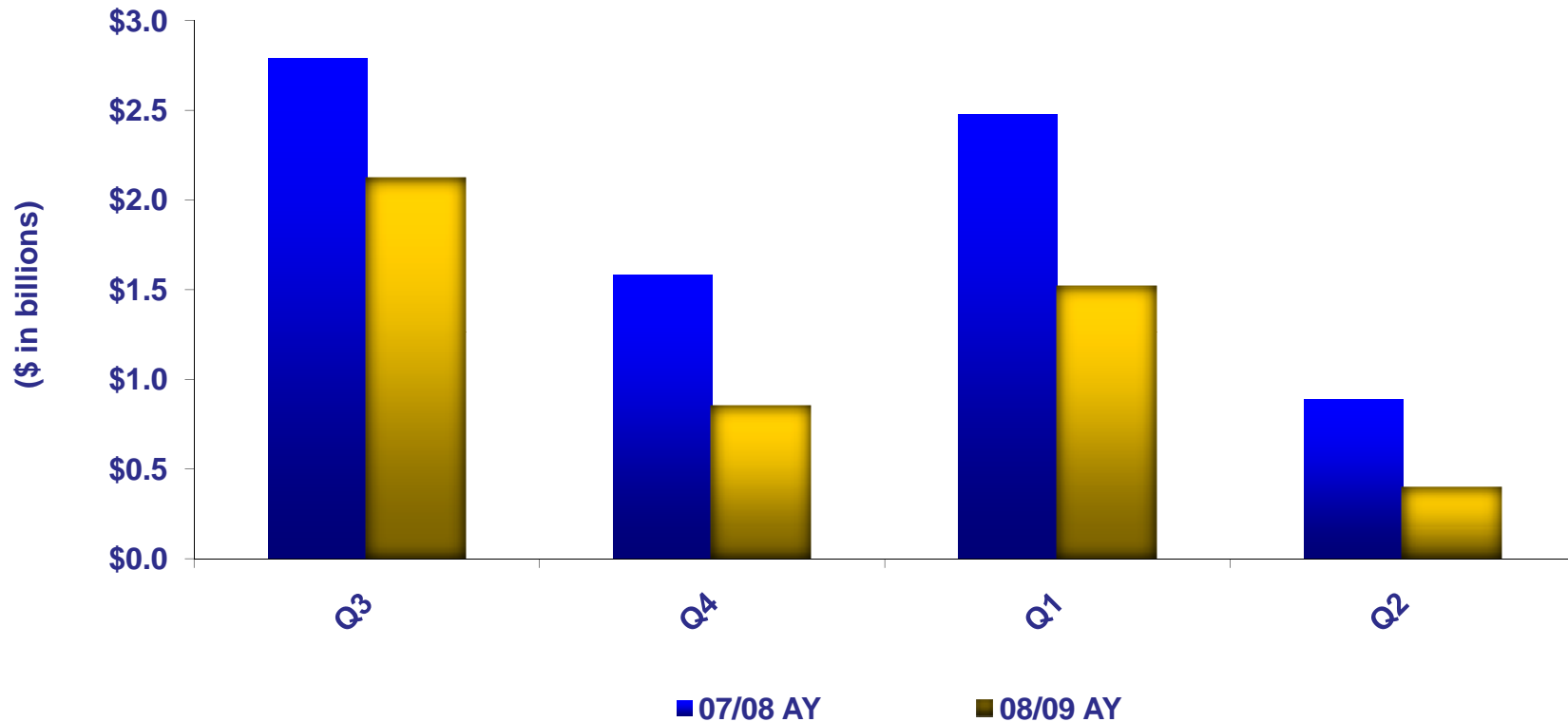
- Leading federal loan originator and private credit lender
- Awarded Department of Education Servicing Contract
- Education Investment Planner
- Top Ranked collector of student loans for the Dept. of Education
- 11 million customers saving for college
  - Loyalty programs
  - 529 Savings plans

# FFELP Loan Originations – Academic Year



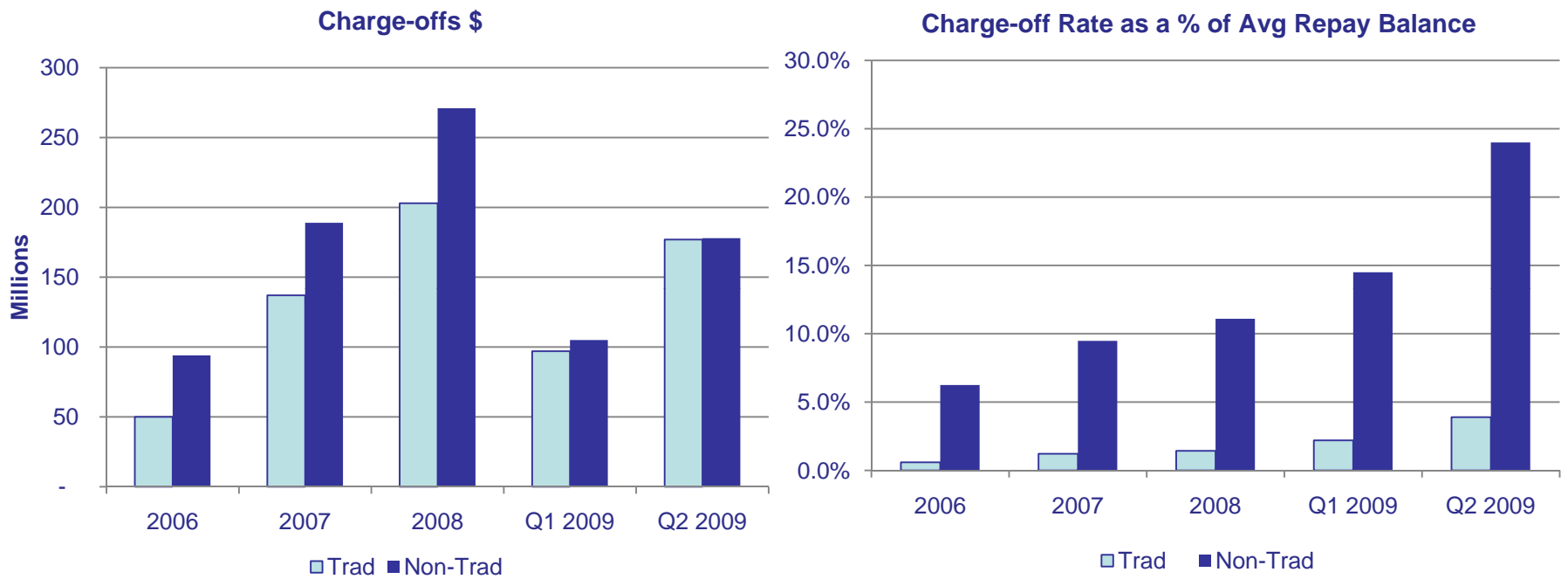
- Originated Nearly \$20 Billion of loans in the 08/09 Academic Year
- Estimated Federal Origination Market Share of 24%
- Originated \$2.7 Billion of loans for third-party servicing clients in the quarter
- Expect to put all loans in the third or fourth quarter and retain servicing

# Private Loan Originations - Academic Year



- Increases in Federal Student Loans and conservative consumer behavior dampened demand for private education loans.

# Charge-off Trends – Mix of Traditional vs. Non-Traditional



- Charge-offs driven by Non-Traditional loans
- Non-Traditional loans represent less than 13% of the Private Education Loan portfolio
- Higher quality loans entering repayment in 2009 and 2010

## Private Education Loan Portfolio Performance

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	<u>Q209</u>	<u>Q109</u>	<u>Q408</u>	<u>Q3 08</u>	<u>Q2 08</u>
Charge-offs - Traditional Portfolio <sup>(1)</sup>	3.9%	2.2%	1.7%	1.4%	1.4%
Charge-offs - Non-Traditional Portfolio <sup>(1)</sup>	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

<b><u>Traditional Loans with a Cosigner</u></b>	<b><u>Q209</u></b>	<b><u>Q109</u></b>	<b><u>Q408</u></b>	<b><u>Q308</u></b>	<b><u>Q208</u></b>
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 <sup>(1)</sup>	2.5%	1.5%	1.1%	1.0%	1.0%
Average FICO at Origination	739	739	738	738	738
<b><u>Traditional Loans without a Cosigner</u></b>	<b><u>Q209</u></b>	<b><u>Q109</u></b>	<b><u>Q408</u></b>	<b><u>Q308</u></b>	<b><u>Q208</u></b>
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 <sup>(1)</sup>	5.7%	3.4%	2.6%	2.4%	2.4%
Average FICO at Origination	700	700	701	701	700
<b><u>Non-Traditional Loans with a Cosigner</u></b>	<b><u>Q209</u></b>	<b><u>Q109</u></b>	<b><u>Q408</u></b>	<b><u>Q308</u></b>	<b><u>Q208</u></b>
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 <sup>(1)</sup>	14.0%	7.8%	6.5%	6.1%	6.3%
Average FICO at Origination	633	633	633	633	633
<b><u>Non-Traditional Loans without a Cosigner</u></b>	<b><u>Q209</u></b>	<b><u>Q109</u></b>	<b><u>Q408</u></b>	<b><u>Q308</u></b>	<b><u>Q208</u></b>
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 <sup>(1)</sup>	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

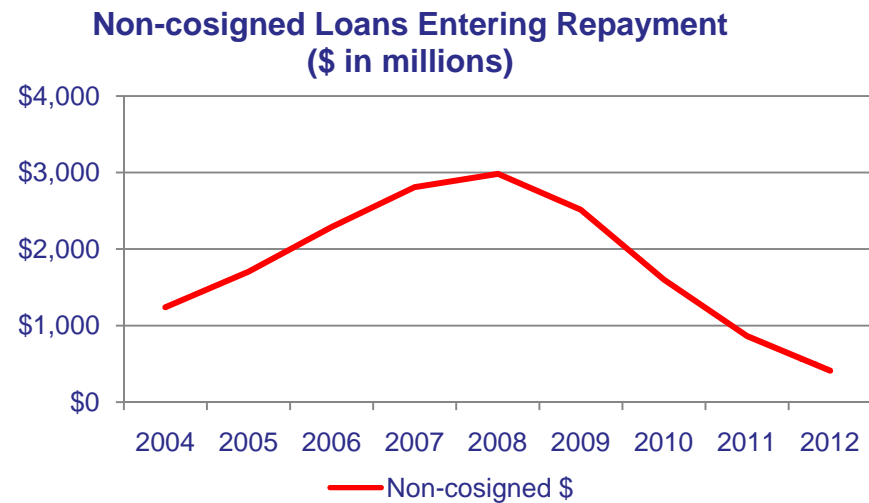
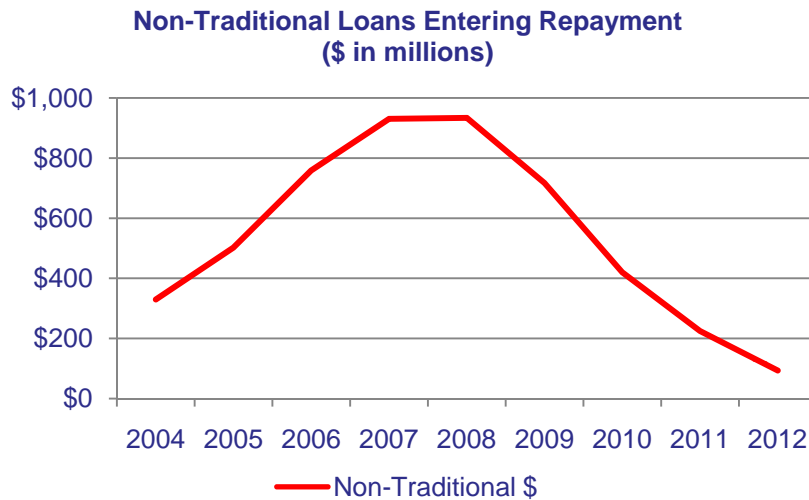
# Improving Portfolio Quality

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## 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

# Portfolio Quality Improving

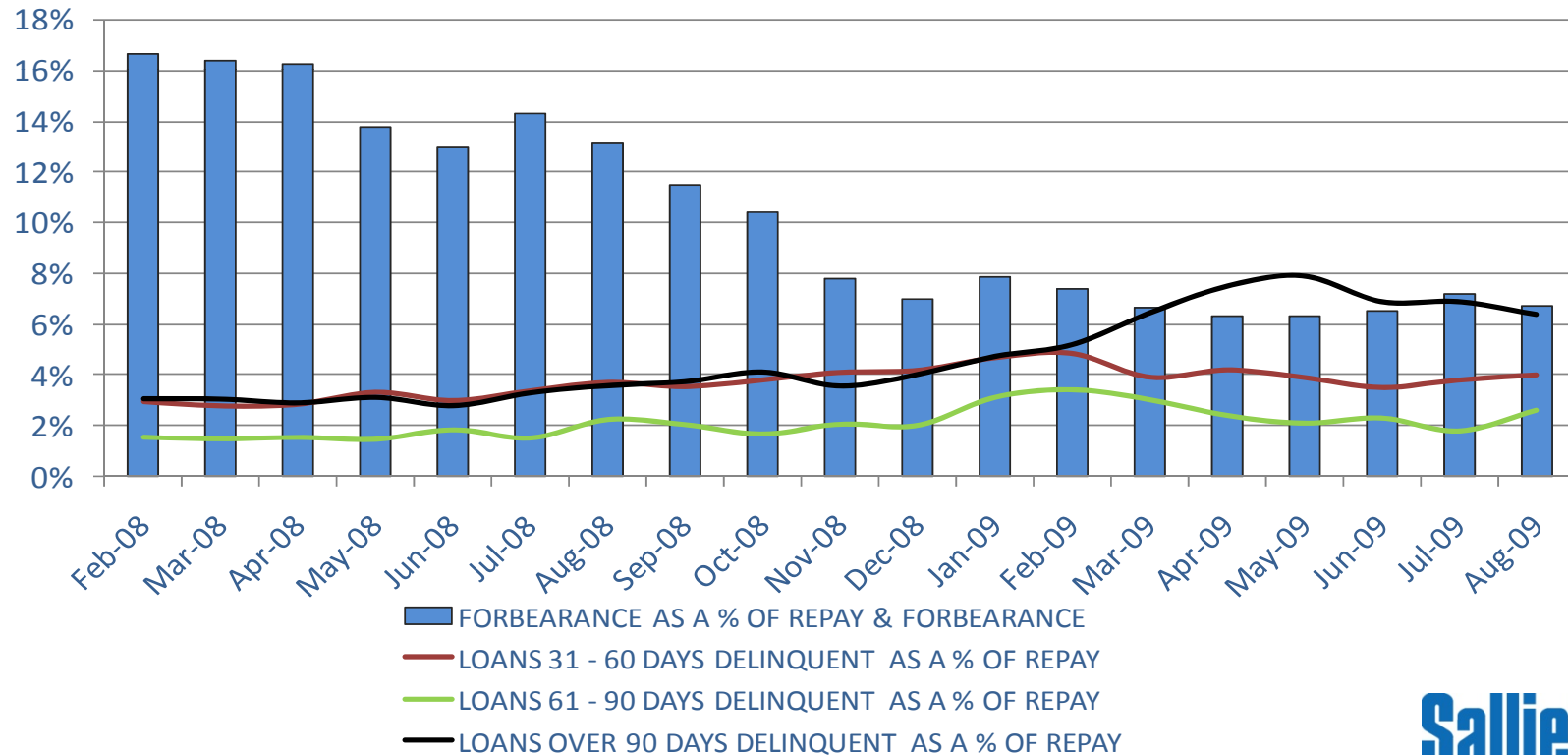


Amounts shown above represent the dollar amount of loans that will enter repayment

- Non-Traditional charge-off rate is 7x greater than Traditional
  - Amount of non-traditional loans entering repayment is declining
- 76% of Q209 loan originations had cosigners, up from 62% in Q208.
  - 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 is declining

# Private Education Loan Portfolio Performance

- Tightening of forbearance policies and the economic downturn have adversely impacted the performance of our managed private credit portfolio
- Early stage delinquency trends have improved, as the impact of forbearance tightening passed through the system. Recent uptick is seasonal.



# Portfolio Quality - Trends

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Holding default rates constant, an improved mix of business in the legacy portfolio will produce decreased loss rates year over year

	Default Rate (% of average repay)		Average Loans in Repayment Mix		
	<u>YTD 2009</u>		<u>2010</u>	<u>2011</u>	<u>2012</u>
Smart Option (a)	N/A	Smart Option	15%	26%	35%
Traditional	4.2%	Traditional	76%	67%	60%
Non-Traditional	<u>26.0%</u>	Non-Traditional	<u>9%</u>	<u>7%</u>	<u>5%</u>
Total	7.3%		100%	100%	100%

## Blended Default Rate Given Mix

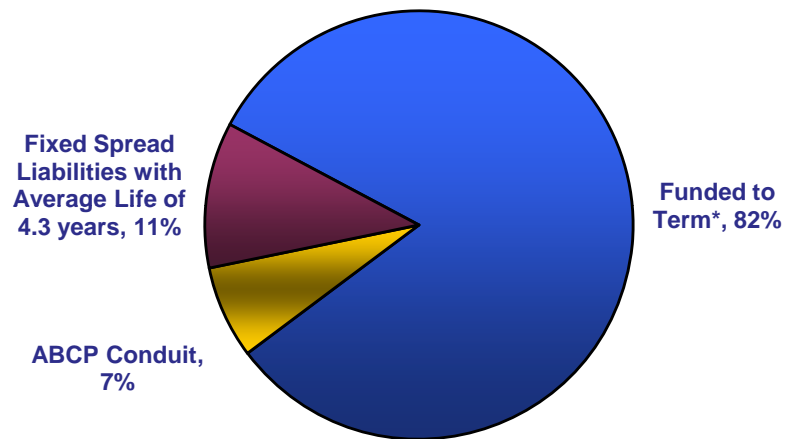
	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Portfolio	6.1%	5.5%	5.1%

(a) For the purpose of this presentation, Smart Option default rate baseline was assumed to be a 70/30 mix of Traditional A and Traditional B. Due to product design and accompanying underwriting strategies for the new product, actual defaults for Smart Option are likely to be lower than the traditional portfolio.

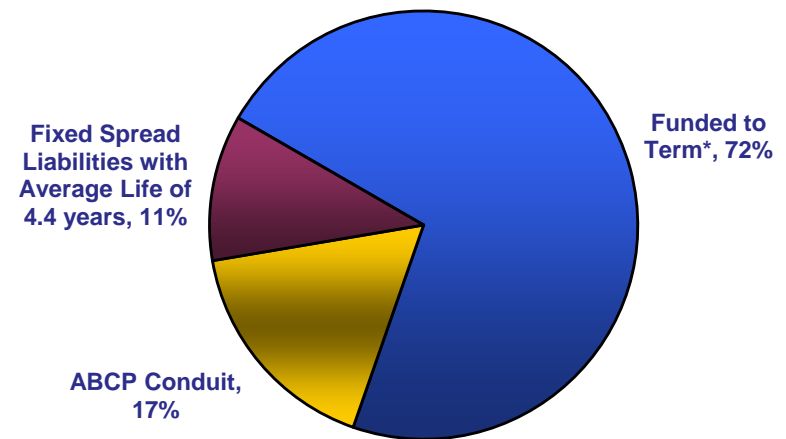


# High Percentage of Student Loans Funded to Term

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



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

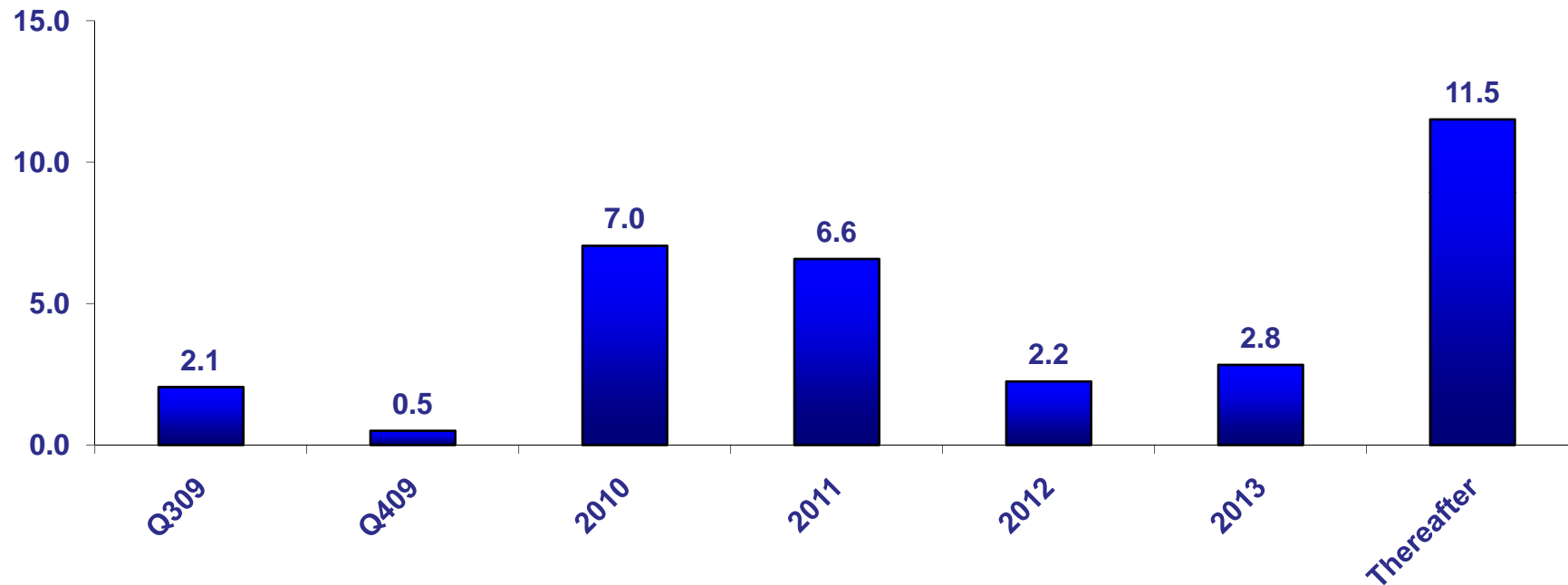


- **Employ conservative long-term funding model**

\* 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)



- Repurchased \$1.1 billion of debt in Q209
- Remaining unsecured debt maturities in 2009 total \$2.6 billion

Note: Does not include SLM Bank or Subsidiary funding

# Free Cash Flow

(\$ in billions)	July - Dec			Total
	2009	2010	2011	July '09 - Dec '11
<b>Beginning Cash</b>	<u>7.3</u>	<u>6.3</u>	<u>4.2</u>	<u>7.3</u>
<b>Sources</b>				
<b>ABS Trusts Servicing Cashflows</b>	0.4	0.7	0.6	1.7
<b>ABS Trusts Residual Cashflows</b>	0.6	1.6	1.5	3.7
<b>Loan Repayments</b>	1.1	1.5	1.5	4.1
<b>Other Cash Flow</b>	0.8	0.0	0.4	1.2
<b>Net New Financing Activity</b>	<u>3.3</u>	<u>-</u>	<u>-</u>	<u>3.3</u>
<b>Total Sources of Free Cash Flow</b>	<u>6.2</u>	<u>3.8</u>	<u>4.0</u>	<u>14.0</u>
<b>Uses</b>				
<b>Bank Cash</b>	(3.5)	-	-	(3.5)
<b>Debt Maturities</b>	<u>(3.7)</u>	<u>(5.9)</u>	<u>(6.6)</u>	<u>(16.2)</u>
<b>Ending Cash and Investments</b>	<u><u>6.3</u></u>	<u><u>4.2</u></u>	<u><u>1.6</u></u>	<u><u>1.6</u></u>

- Net New Financing activity includes 2009-C and 2009-D ABS transactions executed in July & Aug respectively and anticipated improved advance rate on assets to be funded in Straight A conduit.
- Sallie Mae Bank Cash is deducted in this analysis as it is generally not available to service SLM unsecured debt obligations.
- Future/planned funding activity is excluded from this analysis, as a result, the analysis is not intended as a forecast of period ending cash balances.

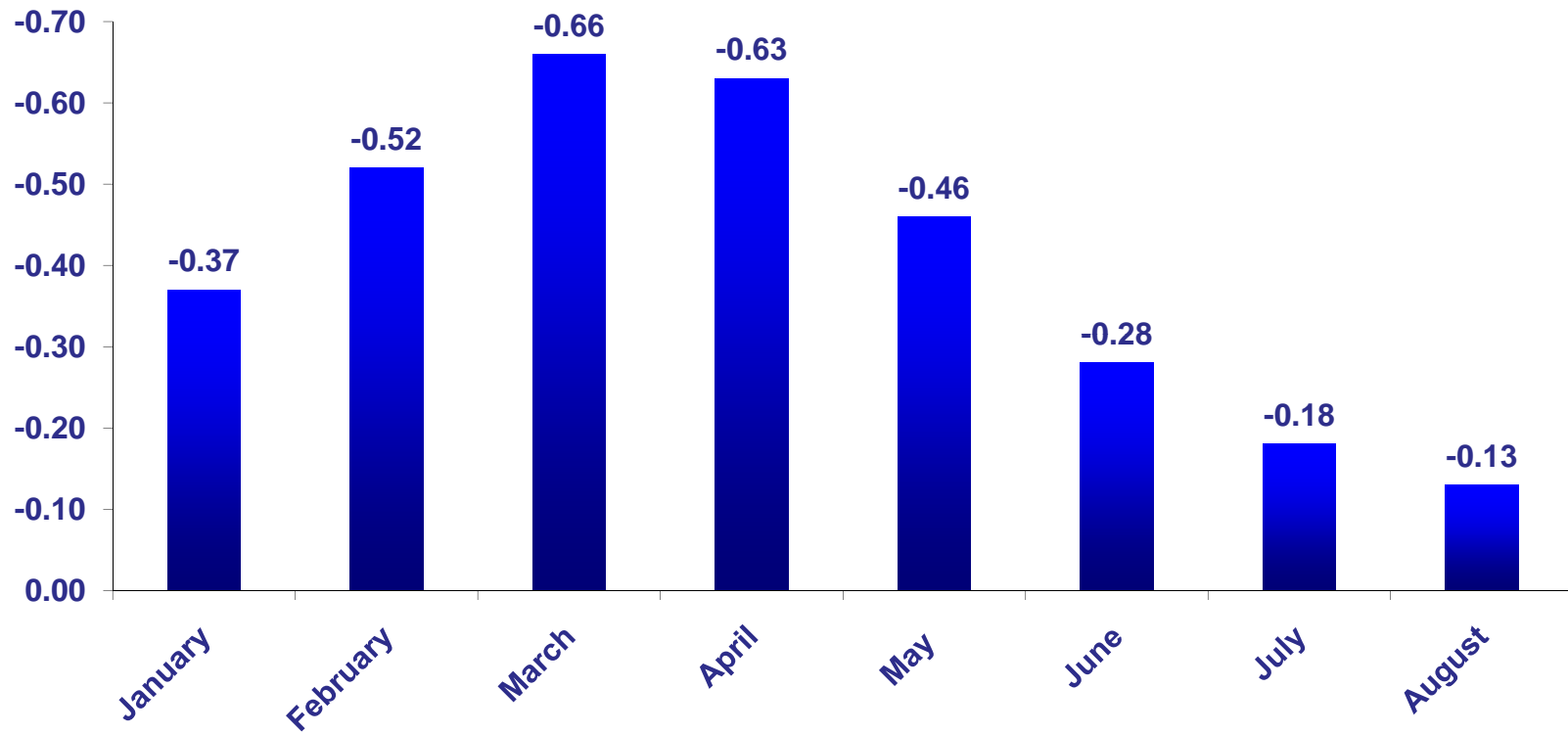
# Improving Cost Of Funds

Transaction: Private Credit	May 2009-B	July 2009-C	August 2009-D
Issuance Size:	\$2.593 B	\$1.027 B	\$1.680 B
Registration Type:	144A	144A	144A
Indicative Pricing:	L + 600 L + 366 to 30 mo call	Prime + 125 Prime-71 to 30 mo call	Prime + 25 Prime-55 to 48 mo call

- **Reduced and extended ABCP program**
  - Terminated and paid in full Private Credit facility
  - Term Extension of 1 year for \$22 billion FFELP facility
    - \$12.5 billion outstanding as of 6/30/09
- **DOE Straight A Funding conduit**
  - Program Launched on May 11, 2009
  - SLM funding \$12.4 billion as of 8/31/09

## Sharp Improvement in Student Loan Margin

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

# Future Business Opportunities

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- Lending
  - Private Credit
- Servicing
  - Department of Education
  - 529 Plans
  - Legacy Assets
- Collections
  - Federal Loans
  - Private Credit Student Loans
  - State and Federal Contracts
- Planning for College
  - Education Investment Planner
  - Upromise
- Retail Deposit Generation
- Continued Expense Reduction

# 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