

# SLM CORPORATION

## 3<sup>rd</sup> Quarter Review

# 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 affect 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 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; 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. The preparation of our consolidated financial statements also requires management to make certain estimates and assumptions including estimates and assumptions about future events. These estimates or assumptions may prove to be incorrect. 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.

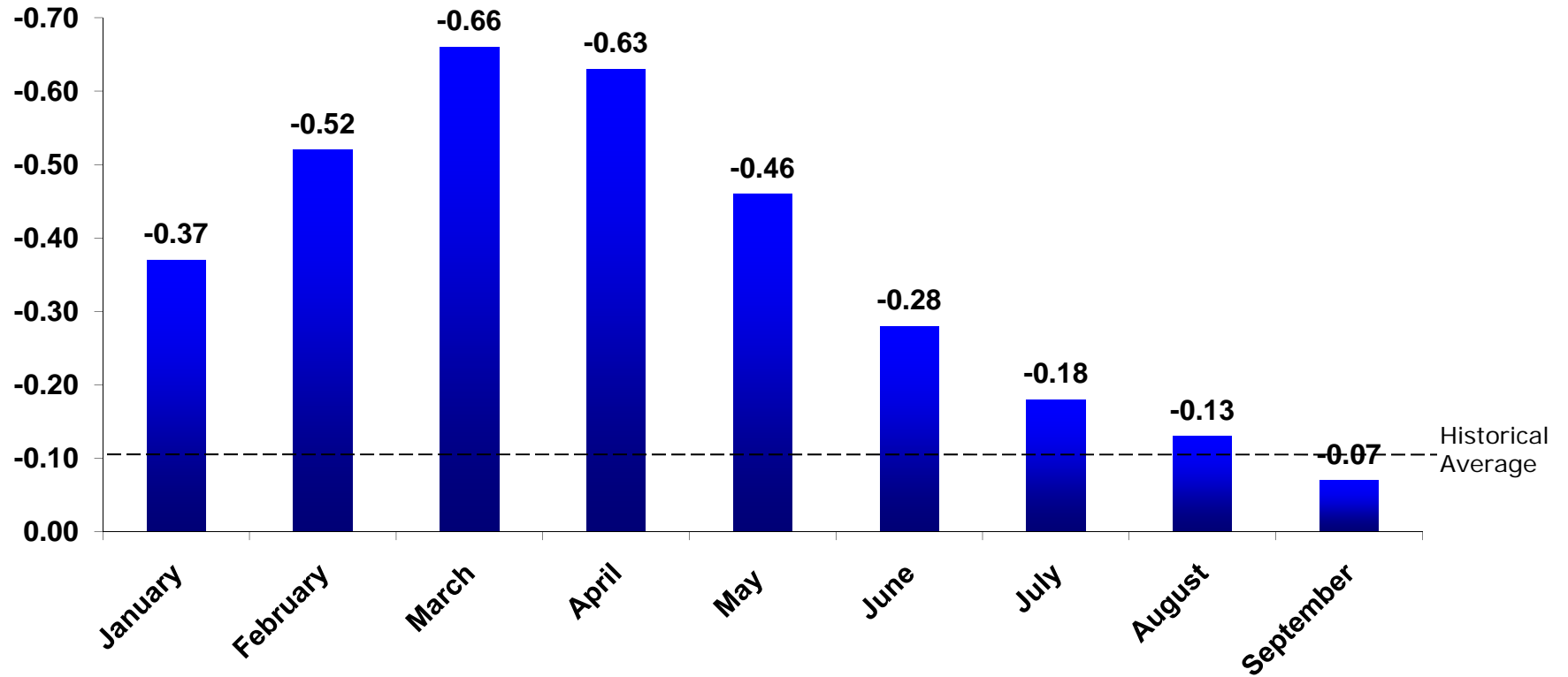
# Q309 “CORE EARNINGS” SUMMARY

(\$ millions), except per share amounts	<u>Q309</u>	<u>Q209</u>	<u>Q308</u>
EPS (Reported)	\$0.26	\$0.31	\$0.19
Economic Floor Income EPS not reported in "Core Earnings"	\$0.05	\$0.17	-
Net Income	\$164	\$170	\$117
Net Interest Income	\$690	\$457	\$712
Net Interest Margin	1.32%	0.91%	1.52%
Loan Loss Provision	\$448	\$402	\$263
Fee and Other Income - Excluding Debt Repurchase Gains	\$257	\$201	\$48
Debt Repurchase Gains	\$74	\$325	\$16
Operating Expenses	\$309	\$305	\$316
Tangible Capital Ratio	1.7%	1.7%	2.0%
Average Managed Student Loans	\$191,459	\$188,490	\$175,470

# Q309 “CORE EARNINGS” SUMMARY

<u>EPS Breakdown</u>	<u>Q309</u>	<u>Q209</u>	<u>Q308</u>
Reported "Core Earnings"	\$0.26	\$0.31	\$0.19
Non-Recurring:			
Gains on Debt Repurchases	\$0.10	\$0.44	\$0.02
Induced Conversion of Series C Preferred Stock	(\$0.04)	-	-
Cumulative accounting change of premium amortization expense on loans	\$0.07	-	\$0.16
Also impacted by:			
Restructuring Charges	(\$0.01)	(\$0.01)	(\$0.02)
Purchased Paper Business	(\$0.03)	(\$0.03)	(\$0.31)
CP-LIBOR Impact	(\$0.01)	(\$0.13)	-
Participation Program Interest Rate Lag	(\$0.01)	(\$0.02)	-
Economic Floor Income not included in "Core Earnings"	(\$0.05)	(\$0.17)	-

# CP/LIBOR SPREAD

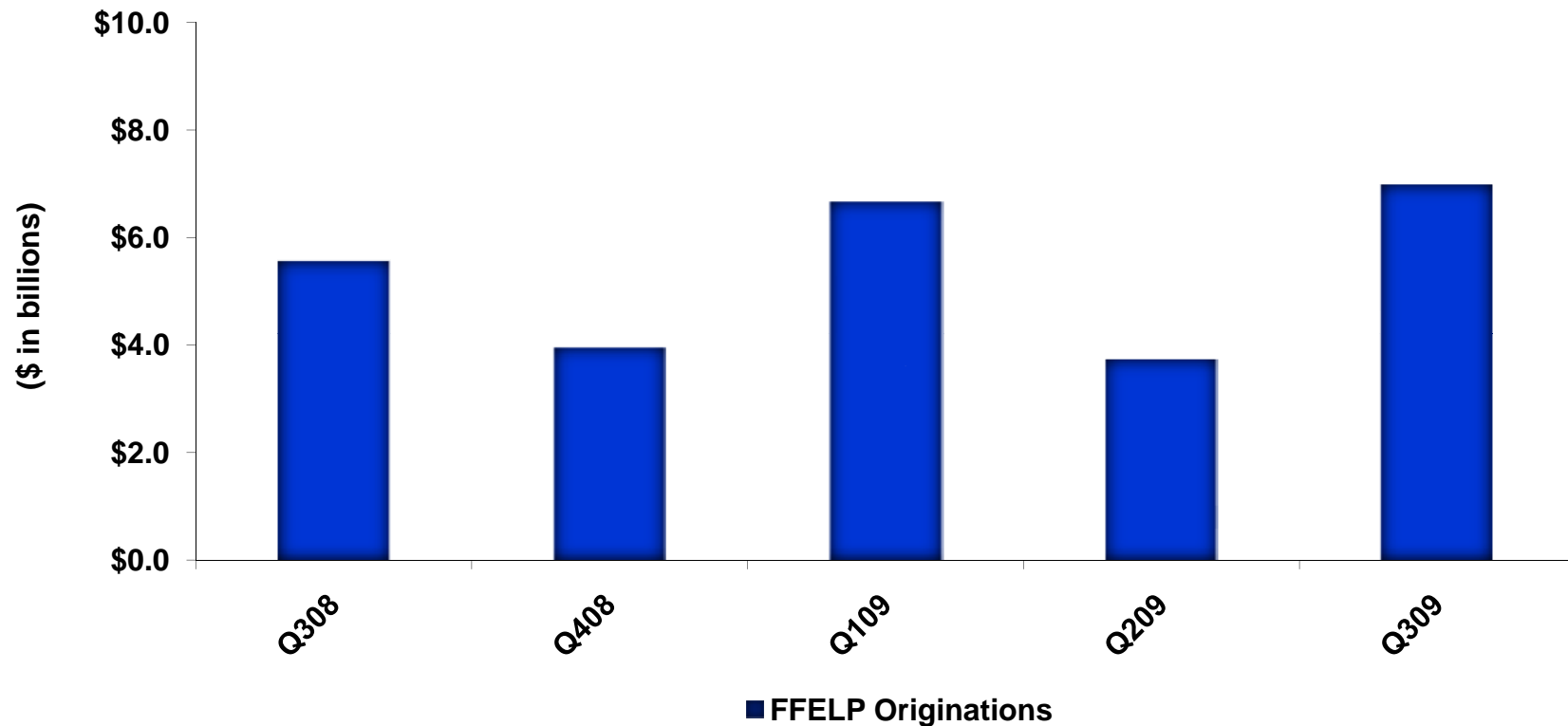


- CP-LIBOR – still volatile but reverting to long-term mean

# LENDING SEGMENT EARNINGS DETAIL

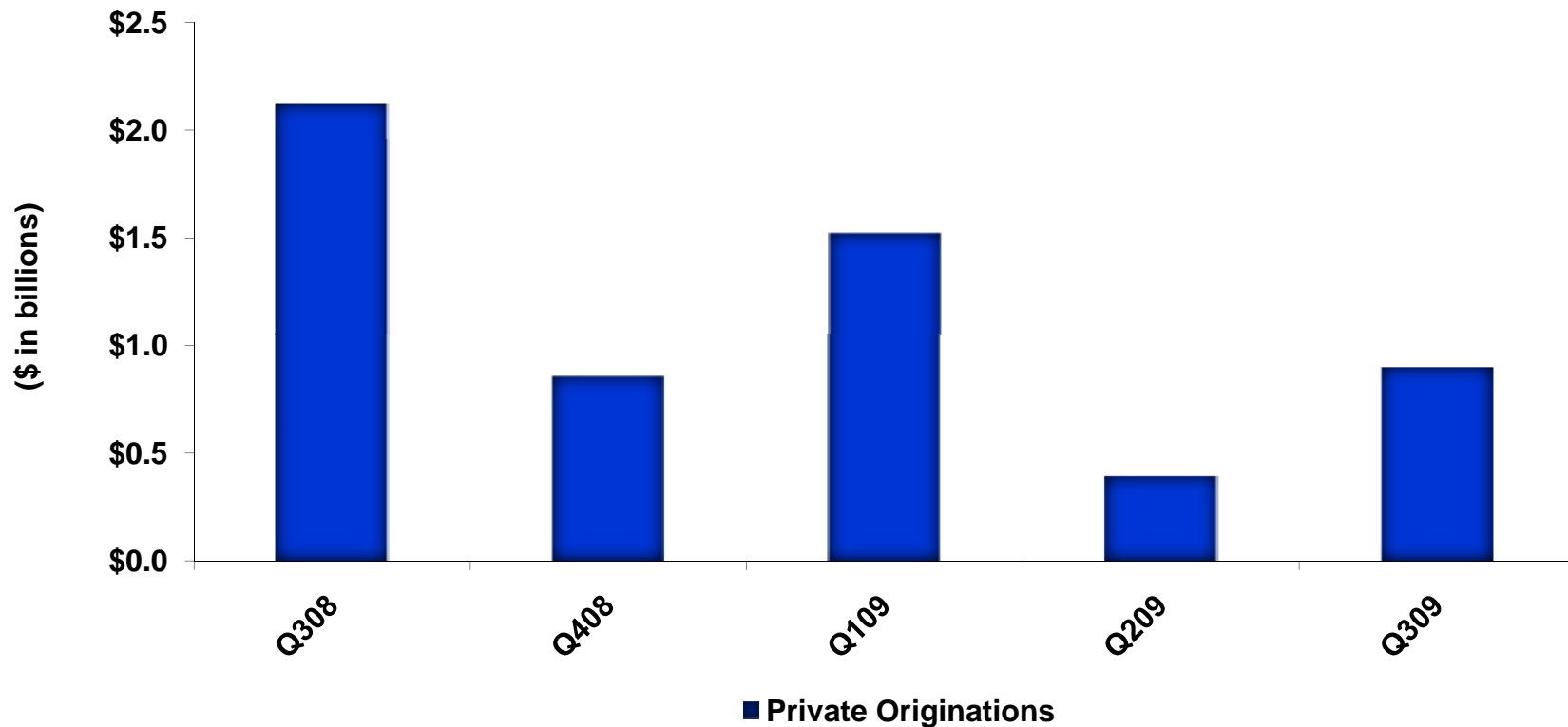
(\$ millions)	<u>Q309</u>	<u>Q308</u>	<u>% Change</u>
<b>FFELP Originations</b>	<b>\$6,940</b>	<b>\$5,534</b>	<b>25%</b>
<b>Private Originations</b>	<b>\$893</b>	<b>\$2,117</b>	<b>-58%</b>
<b>Total Originations</b>	<b>\$7,833</b>	<b>\$7,651</b>	<b>2%</b>
<b>Average Managed Student Loans</b>	<b>\$191,459</b>	<b>\$175,470</b>	<b>9%</b>
<b>Net Student Loan Spread</b>	<b>1.56%</b>	<b>1.90%</b>	<b>-</b>
<b>Economic Floor Income not included in Net Student Loan Spread</b>	<b>0.07%</b>	<b>-</b>	<b>-</b>
<b>Operating Expenses</b>	<b>\$154</b>	<b>\$142</b>	<b>8%</b>
<b>OpEx Annualized as a % Average Managed Student Loans</b>	<b>0.32%</b>	<b>0.32%</b>	<b>-</b>
<b>FFELP Third-Party Serviced Loans Originated</b>	<b>\$727</b>	<b>\$999</b>	<b>-27%</b>

# FFELP LOAN ORIGINATIONS



- Originated Nearly \$7 billion of loans in the quarter a 25% increase over the prior year
- Originated \$727 million of loans for third-party servicing clients in the quarter
- Sold approximately \$840 million of loans to ED in the third quarter of 2009
- Sold approximately \$17.6 billion of loans to ED in October 2009

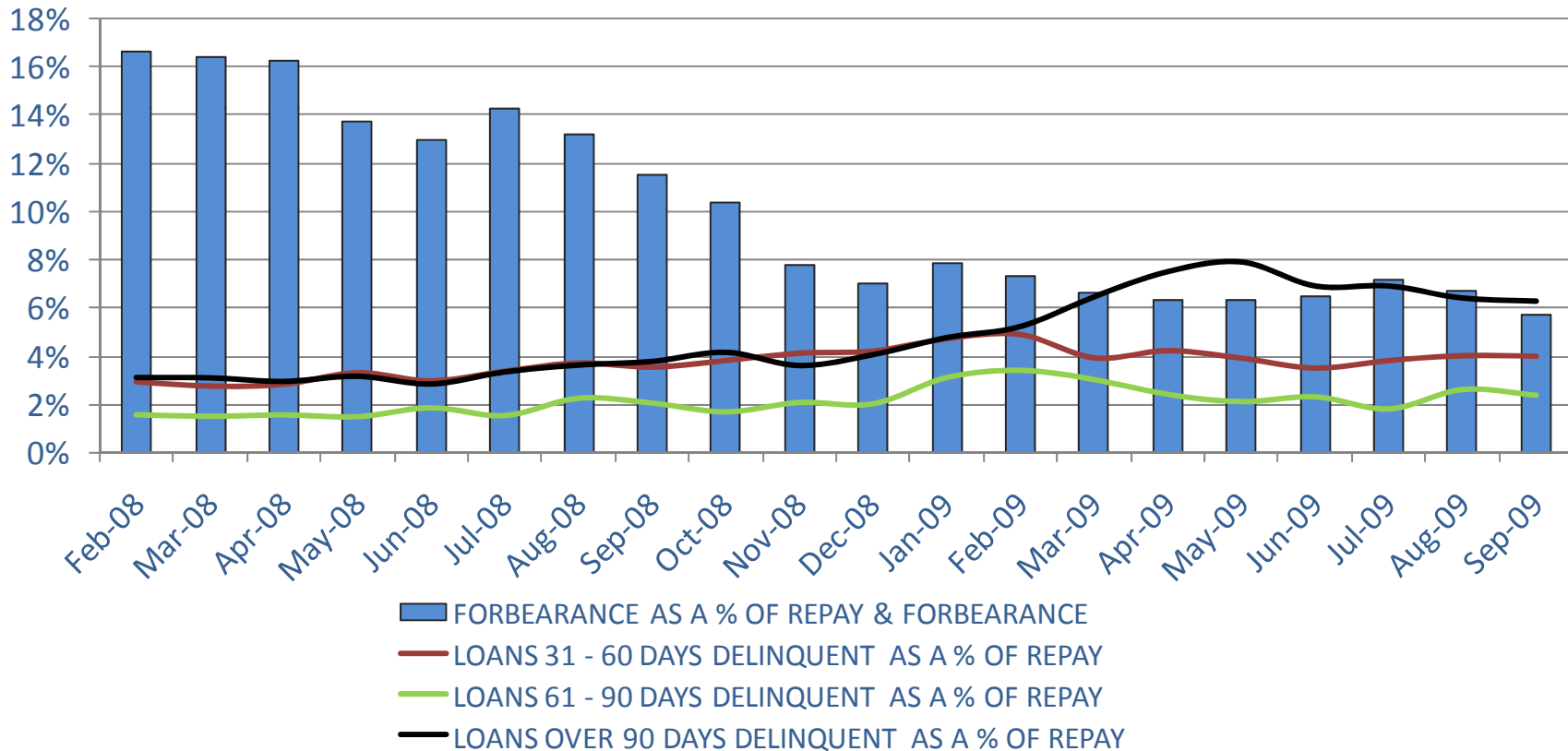
# PRIVATE EDUCATION LOAN ORIGINATIONS



- 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.

# PRIVATE EDUCATION LOAN PORTFOLIO PERFORMANCE

- Tightening of 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 tightening passed through the system.



# PRIVATE EDUCATION LOAN PORTFOLIO PERFORMANCE

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	<u>Q309</u>	<u>Q209</u>	<u>Q109</u>	<u>Q408</u>	<u>Q308</u>
<b>Charge-offs - Traditional Portfolio <sup>(1)</sup></b>	<b>5.1%</b>	<b>3.9%</b>	<b>2.2%</b>	<b>1.7%</b>	<b>1.4%</b>
<b>Charge-offs - Non-Traditional Portfolio <sup>(1)</sup></b>	<b>28.5%</b>	<b>24.0%</b>	<b>14.5%</b>	<b>12.3%</b>	<b>10.0%</b>
<b>90+ Day Delinq as a % of Repay - Traditional Portfolio</b>	<b>4.6%</b>	<b>4.8%</b>	<b>4.3%</b>	<b>2.6%</b>	<b>2.3%</b>
<b>90+ Day Delinq as a % of Repay - Non-Traditional Portfolio</b>	<b>17.8%</b>	<b>20.6%</b>	<b>19.1%</b>	<b>12.7%</b>	<b>11.9%</b>
<b>Forb as a % of Forb &amp; Repay - Traditional Portfolio</b>	<b>5.4%</b>	<b>6.1%</b>	<b>6.3%</b>	<b>6.7%</b>	<b>11.0%</b>
<b>Forb as a % of Forb &amp; Repay - Non-Traditional Portfolio</b>	<b>8.1%</b>	<b>8.9%</b>	<b>8.5%</b>	<b>9.0%</b>	<b>14.4%</b>
<b>Allowance as a % of Loans in Repay - Traditional Portfolio</b>	<b>5.3%</b>	<b>5.1%</b>	<b>5.4%</b>	<b>4.8%</b>	<b>4.7%</b>
<b>Allowance as a % of Loans in Repay - Non-Traditional Portfolio</b>	<b>32.9%</b>	<b>32.7%</b>	<b>32.2%</b>	<b>31.8%</b>	<b>35.0%</b>

(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>Q309</u></b>	<b><u>Q209</u></b>	<b><u>Q109</u></b>	<b><u>Q408</u></b>	<b><u>Q308</u></b>
Outstanding Balance as a % of Total	53%	52%	52%	51%	50%
90+ Delinquency as a % of Repayment	3.6%	3.8%	3.2%	1.9%	1.7%
Forbearance as a % of Repayment & Forbearance	5.1%	5.8%	6.0%	6.4%	10.6%
Charge-Offs as a % of Repayment <sup>(1)</sup>	3.4%	2.5%	1.5%	1.1%	1.0%
Average FICO at Origination	740	739	739	738	738
<b><u>Traditional Loans without a Cosigner</u></b>	<b><u>Q309</u></b>	<b><u>Q209</u></b>	<b><u>Q109</u></b>	<b><u>Q408</u></b>	<b><u>Q308</u></b>
Outstanding Balance as a % of Total	35%	35%	35%	35%	36%
90+ Delinquency as a % of Repayment	5.9%	6.1%	5.6%	3.3%	2.9%
Forbearance as a % of Repayment & Forbearance	5.7%	6.4%	6.6%	6.9%	11.5%
Charge-Offs as a % of Repayment <sup>(1)</sup>	7.7%	5.7%	3.4%	2.6%	2.4%
Average FICO at Origination	700	700	700	701	701
<b><u>Non-Traditional Loans with a Cosigner</u></b>	<b><u>Q309</u></b>	<b><u>Q209</u></b>	<b><u>Q109</u></b>	<b><u>Q408</u></b>	<b><u>Q308</u></b>
Outstanding Balance as a % of Total	3%	4%	4%	4%	4%
90+ Delinquency as a % of Repayment	14.8%	15.9%	13.8%	9.1%	7.9%
Forbearance as a % of Repayment & Forbearance	9.1%	10.0%	9.9%	10.0%	15.1%
Charge-Offs as a % of Repayment <sup>(1)</sup>	17.8%	14.0%	7.8%	6.5%	6.1%
Average FICO at Origination	633	633	633	633	633
<b><u>Non-Traditional Loans without a Cosigner</u></b>	<b><u>Q309</u></b>	<b><u>Q209</u></b>	<b><u>Q109</u></b>	<b><u>Q408</u></b>	<b><u>Q308</u></b>
Outstanding Balance as a % of Total	9%	9%	10%	10%	11%
90+ Delinquency as a % of Repayment	19.0%	22.4%	20.8%	13.7%	13.1%
Forbearance as a % of Repayment & Forbearance	7.6%	8.5%	8.0%	8.7%	14.1%
Charge-Offs as a % of Repayment <sup>(1)</sup>	31.8%	27.4%	16.3%	13.8%	11.2%
Average FICO at Origination	619	618	618	618	618

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

# CAPITAL MARKETS SUMMARY

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- Realized gains of \$74 million on debt repurchases in Q309
- Bank ABCP facility reduced to \$9.4 billion outstanding
- Completed \$1.1 billion TALF Eligible Private Credit ABS – July 14, 2009
- Completed \$1.7 billion TALF Eligible Private Credit ABS – August 13, 2009
- Funded \$14.2 billion through DOE Straight A Funding conduit as of September 30, 2009

# LIQUIDITY POSITION DETAIL

(\$ in billions)	<u>9/30/2009</u>	<u>6/30/2009</u>	<u>3/31/2009</u>
<b><u>Sources of Primary Liquidity:</u></b>			
ED Purchase and Participation Program	Unlimited	Unlimited	Unlimited
Unrestricted Cash & Liquid Investments	\$6.2	\$7.3	\$3.7
Unused Commercial Paper and Bank Lines of Credit	3.5	3.5	5.2
2008 FFELP ABCP Facilities	<u>1.0</u>	<u>2.3</u>	<u>0.1</u>
Total Sources of Primary Liquidity	10.7	13.1	9.0
<b><u>Stand-by Liquidity:</u></b>			
Unencumbered FFELP Loans, net	<u>2.7</u>	<u>3.2</u>	<u>5.1</u>
Total Primary and Stand-by Liquidity	<u>\$13.4</u>	<u>\$16.3</u>	<u>\$14.1</u>

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.

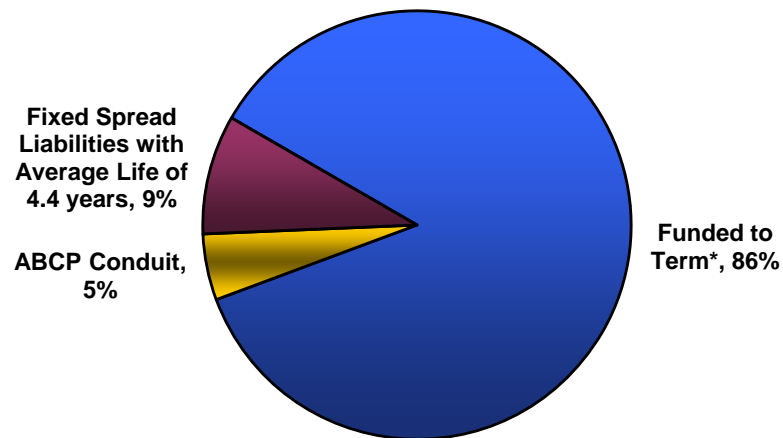
# LIQUIDITY POSITION DETAIL

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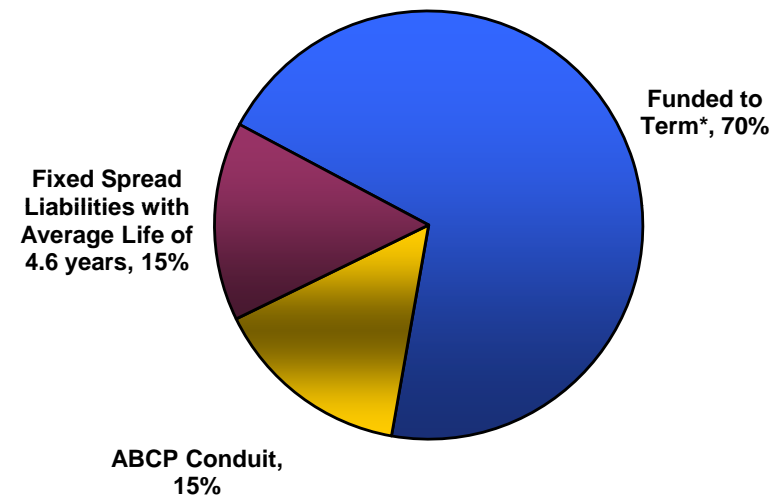
<b>(\$ in millions)</b>	<b><u>Net Principal</u></b>
<b>Unencumbered FFELP Stafford &amp; Other</b>	<b>\$2,111</b>
<b>Unencumbered FFELP Consolidation</b>	<b><u>\$549</u></b>
<b>Unencumbered Total FFELP loans</b>	<b>\$2,660</b>
<b>Unencumbered Private Education Loans</b>	<b><u>\$13,294</u></b>
<b>Total Unencumbered Loans, net</b>	<b><u>\$15,954</u></b>

# HIGH PERCENTAGE OF STUDENT LOANS FUNDED TO TERM

**\$192 Billion Managed Student Loan Portfolio as of September 30, 2009**



**\$178 Billion Managed Student Loan Portfolio as of September 30, 2008**

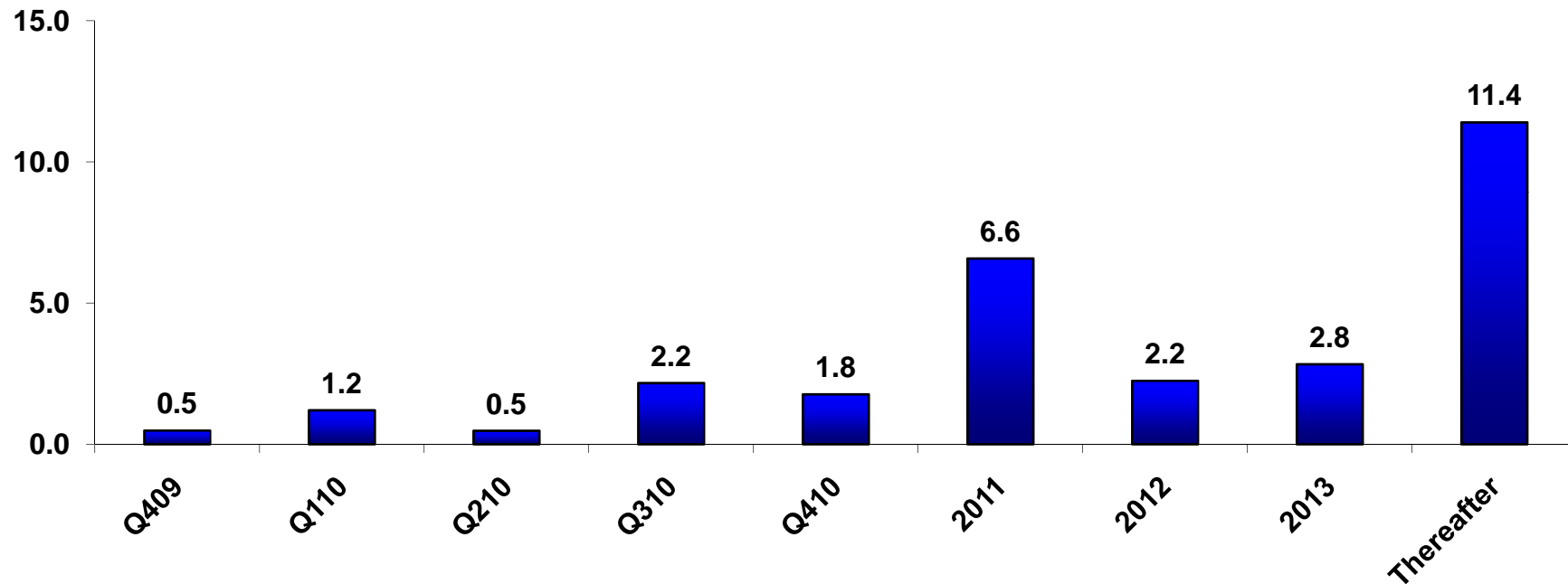


- **Employ conservative long-term funding model**

\* Funded to Term includes 19% or \$37.0 billion and 2% or \$3.6 billion of advances outstanding under the ED Purchase and Participation Program and Straight A Funding Facility as of September 30, 2009 and September 30, 2008, respectively.

# UNSECURED DEBT MATURITIES

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



- Repurchased \$2.7 billion of debt in 2009
- Remaining unsecured debt maturities in 2009 total \$483 million

Note: Does not include Sallie Mae Bank or Subsidiary funding

# GAAP TO CORE EARNINGS RECONCILIATION

(\$ in thousands, except per share amounts)

	Quarters Ended			
	September 30, 2009		September 30, 2008	
	Dollars	Diluted EPS	Dollars	Diluted EPS
GAAP net income (loss) attributable to SLM Corporation	\$ 159,110	\$ 0.25	\$ (158,541)	\$ (0.40)
Adjustment from GAAP to "Core Earnings"				
Net impact of securitization accounting	(27,885)		148,121	
Net impact of derivative accounting	36,598		205,991	
Net impact of Floor Income	8,020		42,721	
Net impact of acquired intangibles	9,815		50,391	
Total "Core Earnings" Adjustments before net tax effect	26,548		447,224	
Net tax effect	(21,716)		(171,701)	
Total "Core Earnings" Adjustments	4,832		275,523	
"Core Earnings" net income attributable to SLM Corporation	\$163,942	\$0.26	\$116,982	\$0.19
After tax non-recurring items				
Restructuring Expenses	\$2,263		\$6,620	
Other reorganization-related asset impairments	-		\$226	
De-acceleration of premium amortization expense on loans	(34,627)		(74,138)	
Total after tax non-recurring items	(\$32,364)	(\$0.07)	(\$67,292)	(\$0.14)