

**SLM CORPORATION**  
**Supplemental Earnings Disclosure**  
**March 31, 2005**  
(Dollars in millions, except earnings per share)

	Quarters ended		
	March 31, 2005	December 31, 2004	March 31, 2004
	(unaudited)	(unaudited)	(unaudited)
<b>SELECTED FINANCIAL INFORMATION AND RATIOS—</b>			
<b>(GAAP Basis)</b>			
Net income . . . . .	\$ 223	\$ 650	\$ 291
Diluted earnings per common share <sup>(1)</sup> . . . . .	\$ .49	\$ 1.40	\$ .61
Return on assets . . . . .	1.18%	3.52%	1.88%
<b>NON-GAAP INFORMATION (See Explanation Below)<sup>(2)</sup></b>			
“Core cash” net income . . . . .	\$ 256	\$ 180	\$ 231
“Core cash” diluted earnings per common share <sup>(1)</sup> . . . . .	\$ .57	\$ .39	\$ .48
“Core cash” return on assets . . . . .	.86%	.60%	.90%
<b>OTHER OPERATING STATISTICS</b>			
Average on-balance sheet student loans . . . . .	\$ 67,661	\$ 61,284	\$52,892
Average off-balance sheet student loans . . . . .	41,892	42,852	37,786
Average Managed student loans . . . . .	\$109,553	\$104,136	\$90,678
Ending on-balance sheet student loans, net . . . . .	\$ 69,906	\$ 65,981	\$54,414
Ending off-balance sheet student loans, net . . . . .	41,793	41,457	37,735
Ending Managed student loans, net . . . . .	\$111,699	\$107,438	\$92,149
Ending Managed FFELP student loans, net . . . . .	\$ 99,181	\$ 95,956	\$83,013
Ending Managed Private Education Loans, net . . . . .	12,518	11,482	9,136
Ending Managed student loans, net . . . . .	\$111,699	\$107,438	\$92,149

<sup>(1)</sup> In December 2004, the Company adopted the Emerging Issues Task Force (“EITF”) Issue No. 04-8, “The Effect of Contingently Convertible Debt on Diluted Earnings per Share,” which requires the shares underlying contingently convertible debt instruments (“Co-Cos”) to be included in diluted earnings per share computations regardless of whether the market price trigger or the conversion price has been met, using the “if-converted” accounting method. Diluted earnings per common share amounts disclosed prior to December 2004 have been retroactively restated to give effect to the application of EITF No. 04-8 as it relates to the Company’s \$2 billion in Co-Cos issued in May 2003. The effect of the adoption of EITF No. 04-8 was to decrease diluted earnings per common share by the following amounts:

	Quarters ended		
	March 31, 2005	December 31, 2004	March 31, 2004
	(unaudited)	(unaudited)	(unaudited)
Impact on GAAP diluted earnings per common share due to the implementation of EITF No. 04-8 . . . . .	\$(.01)	\$(.08)	\$(.03)
Impact on “core cash” diluted earnings per common share due to the implementation of EITF No. 04-8 . . . . .	\$(.02)	\$(.02)	\$(.03)

## (2) **Non-GAAP “Core Cash” Earnings**

In accordance with the Rules and Regulations of the Securities and Exchange Commission, we prepare financial statements in accordance with generally accepted accounting principles in the United States (“GAAP”). In addition to evaluating the Company’s GAAP-based financial information, management, credit rating agencies, lenders and analysts also evaluate the Company on certain non-GAAP performance measures that we refer to as “core cash” measures. While “core cash” measures are not a substitute for reported results under GAAP, we rely on “core cash” measures in operating our business because we believe they provide additional information regarding the operational and performance indicators that are most closely assessed by management.

Our pro forma “core cash” measures are the primary financial performance measures used by management to evaluate performance and to allocate resources. Accordingly, financial information is reported to management on a “core cash” basis by reportable segment. Our “core cash” measures are used in developing our financial plans and tracking results, and also in establishing corporate performance targets and determining incentive compensation. Management believes this information provides additional insight into the financial performance of the Company’s core business activities. Our “core cash” measures are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. “Core cash” measures reflect only current period adjustments to GAAP as described below. Accordingly, the Company’s “core cash” measures presentation does not represent another comprehensive basis of accounting. A more detailed discussion of the differences between GAAP and “core cash” measures follows.

1) **Securitization:** Under GAAP, certain securitization transactions are accounted for as sales of assets. Under “core cash,” we present all securitization transactions as long-term non-recourse financings. The upfront “gains” on sale from securitization as well as ongoing “servicing and securitization revenue” presented in accordance with GAAP are excluded from “core cash” measures and replaced by the interest income, provision for loan losses, and interest expense as they are earned or incurred on the securitized loans. We also exclude transactions with our off-balance sheet trusts which would be considered intercompany on a Managed Basis.

2) **Derivative Accounting:** “Core cash” measures exclude the periodic unrealized gains and losses primarily caused by the one-sided, mark-to-market derivative valuations prescribed by Statement of Financial Accounting Standards (“SFAS”) No. 133, “Accounting for Derivative Instruments and Hedging Activities,” and recognize the economic effect of these hedges, which results in any cash paid or received being recognized ratably as an expense or revenue over the hedged item’s life. We also exclude the gain or loss on our equity forward contracts that are required to be accounted for in accordance with SFAS No. 133 as derivatives and are marked-to-market through earnings.

3) **Floor Income:** The timing and amount (if any) of Floor Income earned is uncertain and in excess of expected spreads and, therefore, we exclude such income when it is not economically hedged from “core cash” measures. We employ derivatives, primarily Floor Income Contracts and futures, to economically hedge Floor Income. As discussed in more detail above, these derivatives do not qualify as effective accounting hedges and therefore are marked-to-market through the “gains (losses) on derivatives and hedging activities, net” line on the income statement. For “core cash” measures, we reverse the fair value adjustments on the Floor Income Contracts and futures economically hedging Floor Income and include the amortization of net premiums received (net of Eurodollar futures contracts’ realized gains or losses) in income.

4) **Other items:** We exclude amortization of acquired intangibles.

**SLM CORPORATION**  
**Consolidated Balance Sheets**  
(In thousands, except per share amounts)

	March 31, 2005	December 31, 2004	March 31, 2004
	<u>(unaudited)</u>	<u></u>	<u>(unaudited)</u>
<b>Assets</b>			
Federally insured student loans (net of allowance for losses of \$6,849; \$7,778; and \$49,229, respectively) . . . . .	\$63,379,249	\$60,561,439	\$50,236,841
Private Education Loans (net of allowance for losses of \$190,880; \$171,886; and \$154,222, respectively) . . . . .	6,527,022	5,419,611	4,176,841
Academic facilities financings and other loans (net of allowance for losses of \$11,754; \$11,148; and \$10,179, respectively) . . . . .	1,094,712	1,047,745	1,104,226
Cash and investments . . . . .	3,235,034	6,974,465	10,294,692
Restricted cash and investments . . . . .	2,224,354	2,211,488	1,245,828
Retained Interest in off-balance sheet securitized loans . . . . .	2,246,329	2,316,388	2,482,242
Goodwill and acquired intangible assets, net . . . . .	1,014,986	1,066,142	589,078
Other assets . . . . .	4,075,267	4,496,248	3,133,709
Total assets . . . . .	<u>\$83,796,953</u>	<u>\$84,093,526</u>	<u>\$73,263,457</u>
<b>Liabilities</b>			
Short-term borrowings . . . . .	\$ 5,516,177	\$ 2,207,095	\$16,176,387
Long-term notes . . . . .	72,241,082	75,914,573	51,305,306
Other liabilities . . . . .	2,901,843	2,797,921	3,044,113
Total liabilities . . . . .	<u>80,659,102</u>	<u>80,919,589</u>	<u>70,525,806</u>
<b>Commitments and contingencies*</b>			
Minority interest in subsidiaries . . . . .	72,869	71,633	—
<b>Stockholders' equity</b>			
Preferred stock, par value \$.20 per share, 20,000 shares authorized: 3,300; 3,300; and 3,300 shares, respectively, issued at stated value of \$50 per share . . . . .	165,000	165,000	165,000
Common stock, par value \$.20 per share, 1,125,000 shares authorized: 484,917; 483,266; and 476,442 shares, respectively, issued . . . . .	96,984	96,654	95,289
Additional paid-in capital . . . . .	1,969,881	1,905,460	1,670,640
Accumulated other comprehensive income, net of tax . . . . .	374,574	440,672	534,445
Retained earnings . . . . .	2,662,316	2,521,740	1,153,100
Stockholders' equity before treasury stock . . . . .	5,268,755	5,129,526	3,618,474
Common stock held in treasury at cost: 62,936; 59,634; and 33,533 shares, respectively . . . . .	2,203,773	2,027,222	880,823
Total stockholders' equity . . . . .	<u>3,064,982</u>	<u>3,102,304</u>	<u>2,737,651</u>
Total liabilities and stockholders' equity . . . . .	<u>\$83,796,953</u>	<u>\$84,093,526</u>	<u>\$73,263,457</u>

\* Commitments to purchase loans and lines of credit were \$47.4 billion and \$.9 billion, respectively, at March 31, 2005.

**SLM CORPORATION**  
**Consolidated Statements of Income**  
(In thousands, except per share amounts)

	Quarters ended		
	March 31, 2005	December 31, 2004	March 31, 2004
	(unaudited)	(unaudited)	(unaudited)
Interest income:			
Federally insured student loans . . . . .	\$699,154	\$607,657	\$468,967
Private Education Loans . . . . .	129,616	98,946	76,589
Academic facilities financings and other loans . . . . .	20,153	19,575	18,376
Cash and investments . . . . .	62,049	75,094	43,457
Total interest income . . . . .	910,972	801,272	607,389
Interest expense . . . . .	564,212	469,238	285,674
Net interest income . . . . .	346,760	332,034	321,715
Less: provision for losses . . . . .	46,523	31,974	39,818
Net interest income after provision for losses . . . . .	300,237	300,060	281,897
Other income:			
Gains on student loan securitizations . . . . .	49,894	—	113,954
Servicing and securitization revenue . . . . .	142,961	141,637	136,658
Gains (losses) on derivatives and hedging activities, net . . . . .	(34,251)	506,637	(116,743)
Guarantor servicing fees . . . . .	32,540	28,522	34,971
Debt management fees and collections revenue . . . . .	120,635	109,922	79,928
Other . . . . .	62,319	55,127	58,955
Total other income . . . . .	374,098	841,845	307,723
Operating expenses:			
Loss on GSE debt extinguishment and defeasance . . . . .	—	117,858	—
Other operating expenses . . . . .	262,291	269,232	208,877
Total operating expenses . . . . .	262,291	387,090	208,877
Income before income taxes and minority interest in net earnings of subsidiaries . . . . .	412,044	754,815	380,743
Income taxes . . . . .	186,466	103,488	89,278
Income before minority interest in net earnings of subsidiaries . . . . .	225,578	651,327	291,465
Minority interest in net earnings of subsidiaries . . . . .	2,194	1,026	—
<b>Net income</b> . . . . .	223,384	650,301	291,465
Preferred stock dividends . . . . .	2,875	2,876	2,886
Net income attributable to common stock . . . . .	\$220,509	\$647,425	\$288,579
<b>Basic earnings per common share</b> . . . . .	\$ .52	\$ 1.52	\$ .65
Average common shares outstanding . . . . .	420,924	426,316	442,664
<b>Diluted earnings per common share</b> . . . . .	\$ .49	\$ 1.40	\$ .61
Average common and common equivalent shares outstanding . . . . .	463,014	468,232	482,060
Dividends per common share . . . . .	\$ .19	\$ .19	\$ .17

**SLM CORPORATION**  
**Pro-Forma “Core Cash”**  
**Consolidated Statements of Income**  
(In thousands, except per share amounts)

	Quarters ended		
	March 31, 2005	December 31, 2004	March 31, 2004
	(unaudited)	(unaudited)	(unaudited)
Managed interest income:			
Managed federally insured student loans . . . . .	\$1,090,917	\$ 965,088	\$687,222
Managed Private Education Loans . . . . .	227,307	186,964	113,658
Academic facilities financings and other loans . . . . .	20,153	19,575	18,376
Cash and investments . . . . .	79,133	90,222	47,936
Total Managed interest income . . . . .	1,417,510	1,261,849	867,192
Managed interest expense . . . . .	923,571	784,126	433,765
Net Managed interest income . . . . .	493,939	477,723	433,427
Less: provision for losses . . . . .	54,922	36,126	44,968
Net Managed interest income after provision for losses . . . . .	439,017	441,597	388,459
Other income:			
Guarantor servicing fees . . . . .	32,540	28,522	34,971
Debt management fees and collections revenue . . . . .	120,635	109,922	79,928
Other . . . . .	67,424	67,065	59,336
Total other income . . . . .	220,599	205,509	174,235
Operating expenses:			
Loss on GSE debt extinguishment and defeasance . . . . .	—	117,858	—
Other operating expenses . . . . .	249,297	254,806	202,149
Total operating expenses . . . . .	249,297	372,664	202,149
Income before income taxes and minority interest in net earnings of subsidiaries . . . . .	410,319	274,442	360,545
Income taxes . . . . .	151,818	93,108	129,491
Income before minority interest in net earnings of subsidiaries . .	258,501	181,334	231,054
Minority interest in net earnings of subsidiaries . . . . .	2,042	974	—
<b>“Core cash” net income . . . . .</b>	<b>256,459</b>	<b>180,360</b>	<b>231,054</b>
Preferred stock dividends . . . . .	2,875	2,876	2,886
“Core cash” net income attributable to common stock . . . . .	\$ 253,584	\$ 177,484	\$228,168
<b>“Core cash” basic earnings per common share . . . . .</b>	<b>\$ .60</b>	<b>\$ .42</b>	<b>\$ .52</b>
Average common shares outstanding . . . . .	420,924	426,316	442,664
<b>“Core cash” diluted earnings per common share . . . . .</b>	<b>\$ .57</b>	<b>\$ .39</b>	<b>\$ .48</b>
Average common and common equivalent shares outstanding . . .	463,014	468,232	482,060

**SLM CORPORATION**  
**Pro-Forma “Core Cash”**  
**Reconciliation of GAAP Net Income to “Core Cash” Net Income**  
(In thousands)

	Quarters ended		
	March 31, 2005	December 31, 2004	March 31, 2004
	(unaudited)	(unaudited)	(unaudited)
<b>GAAP net income</b> . . . . .	\$223,384	\$650,301	\$291,465
“Core cash” adjustments:			
Net impact of securitization accounting . . . . .	32,372	131,886	11,671
Net impact of derivative accounting . . . . .	(89,612)	(661,275)	(99,490)
Net impact of Floor Income . . . . .	42,433	34,672	60,780
Amortization of acquired intangibles . . . . .	13,082	14,344	6,841
Total “core cash” adjustments before income taxes and minority interest in net earnings of subsidiaries . . . . .	(1,725)	(480,373)	(20,198)
Net tax effect <sup>(A)</sup> . . . . .	34,648	10,380	(40,213)
Total “core cash” adjustments before minority interest in net earnings of subsidiaries . . . . .	32,923	(469,993)	(60,411)
Minority interest in net earnings of subsidiaries . . . . .	152	52	—
Total “core cash” adjustments . . . . .	33,075	(469,941)	(60,411)
<b>“Core cash” net income</b> . . . . .	<u>\$256,459</u>	<u>\$180,360</u>	<u>\$231,054</u>

<sup>(A)</sup> Such tax effect is based upon the Company’s “core cash” effective tax rate for the year. The net tax effect results primarily from the exclusion of the permanent income tax impact of the equity forward contracts.