



KBW Diversified Financials Conference

June 5, 2008

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 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 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 incurring substantial 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 and regulations and from the implementation of applicable laws and regulations) which, among other things, may reduce 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 also be affected by: 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 loan portfolios; changes in the general interest rate environment 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 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.

Disclosures

Non-GAAP Financial Measures - The following presentation includes non-GAAP performance measures. A presentation of the most comparable GAAP financial measures and a reconciliation of the non-GAAP performance measures to the most directly comparable GAAP financial measures are included in our most recent quarterly earnings release, quarterly earnings report on Form 10-Q and annual report on Form 10-K, which are available on our website at (<http://www.salliemae.com/about/investors/stockholderinfo/earningsinfo>) and (<http://www.salliemae.com/about/investors/stockholderinfo/secfilings>) and on the SEC's website (<http://www.sec.gov>).

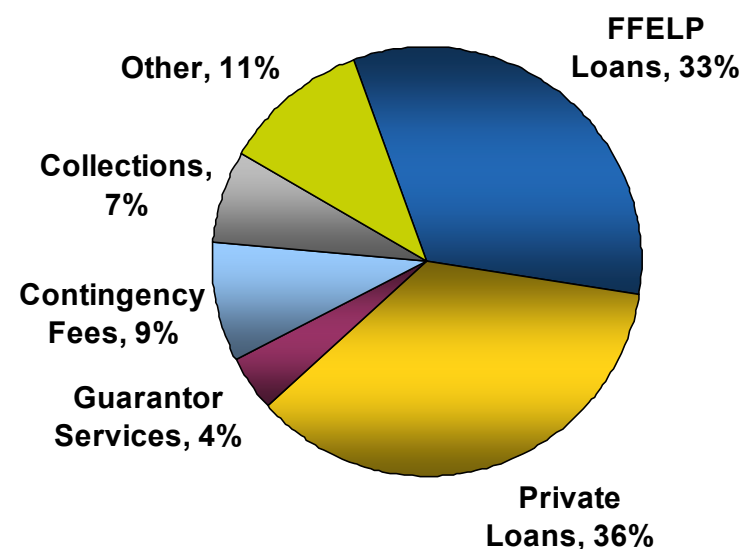
U.S. Government Guaranteed Student Loans – The following presentation contains references to U.S. Government guaranteed student loans. All such references are to loans made in compliance with the Federal Family Education Loan Program (“FFELP”), under Title IV of the Higher Education Act, to finance educational costs. As more fully described in our most recent quarterly earnings release, quarterly earnings report on Form 10-Q and annual report on Form 10-K, available on our website at (<http://www.salliemae.com/about/investors/stockholderinfo/earningsinfo>) and (<http://www.salliemae.com/about/investors/stockholderinfo>) and on the SEC's website (<http://www.sec.gov>), the federal guarantee of FFELP loans is conditioned on loans being originated, disbursed and serviced in accordance with Department of Education regulations. In addition, unless a loan default results from the borrower's death, disability or bankruptcy, the federal government guarantees only 97 percent of the principal balance (95 percent on loans disbursed after October 1, 2012) plus accrued interest and the holder of the loan generally must absorb the three percent (five percent after October 1, 2012) not guaranteed as a loss on the loan (“Risk Sharing”).

Additional Information - The following presentation contains certain information about the Company that management believes is important to investors, but should be read in conjunction with other material information about the Company, including, but not limited to, the operational, market and interest rate, political and regulatory, liquidity, credit, and refinancing risks that the Company faces. For a discussion of the risks described above as well as additional information about the Company you should refer to our most recent quarterly earnings release, quarterly earnings report on Form 10-Q and annual report on Form 10-K, available on our website at (<http://www.salliemae.com/about/investors/stockholderinfo/earningsinfo>) and (<http://www.salliemae.com/about/investors/stockholderinfo/secfilings>) and on the SEC's website (<http://www.sec.gov>). For a discussion of the specific characteristics of any specific security, you should refer to the pricing supplement, prospectus supplement and/or prospectus applicable to that security.

SLM Overview

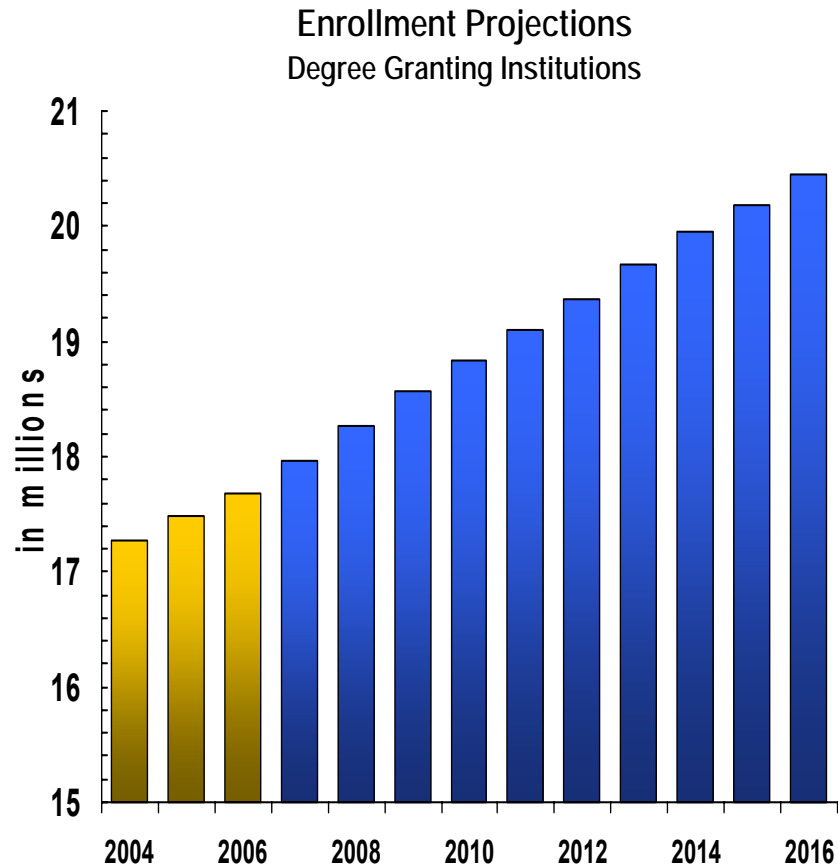
- Top originator, servicer and collector of student loans
- More than 10 million customers
- Relationships with over 6,000 schools
- Managed Loans exceed \$169 billion
- 82% of portfolio is US government guaranteed

2007 “Core Earnings” Sources of Income



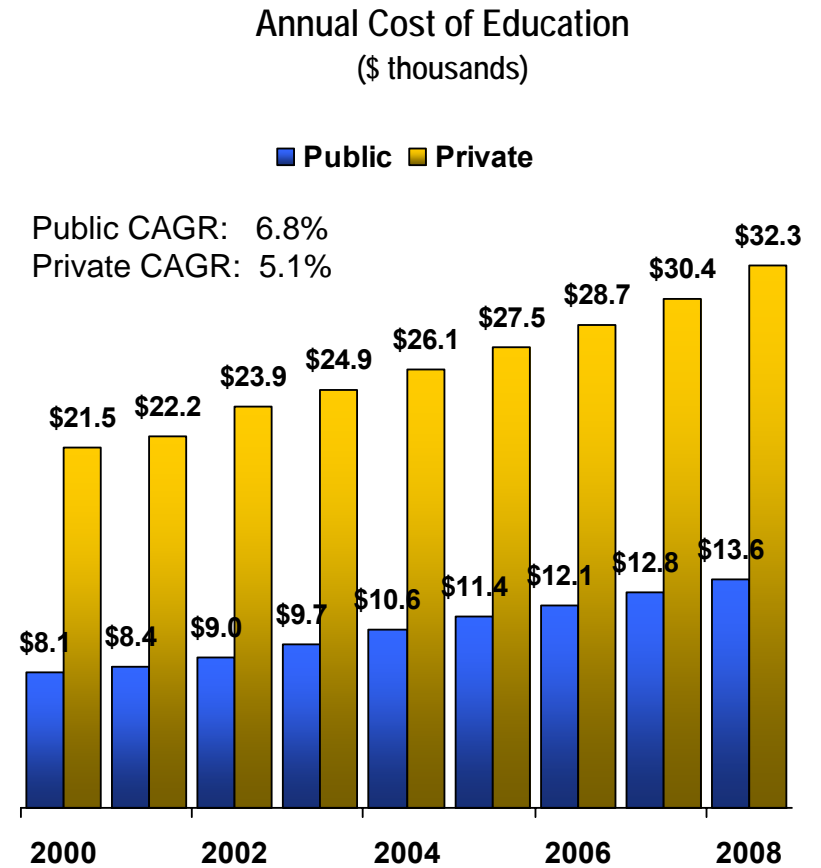
For the year ended December 31, 2007, after the impact of Interim ABCP Facility Fees, before Provision for Loan Losses.

Strong Industry Trends Drive Demand



Source: National Center for Education Statistics

Note: Total enrollment in all degree-granting institutions; middle alternative projections for 2006 onward



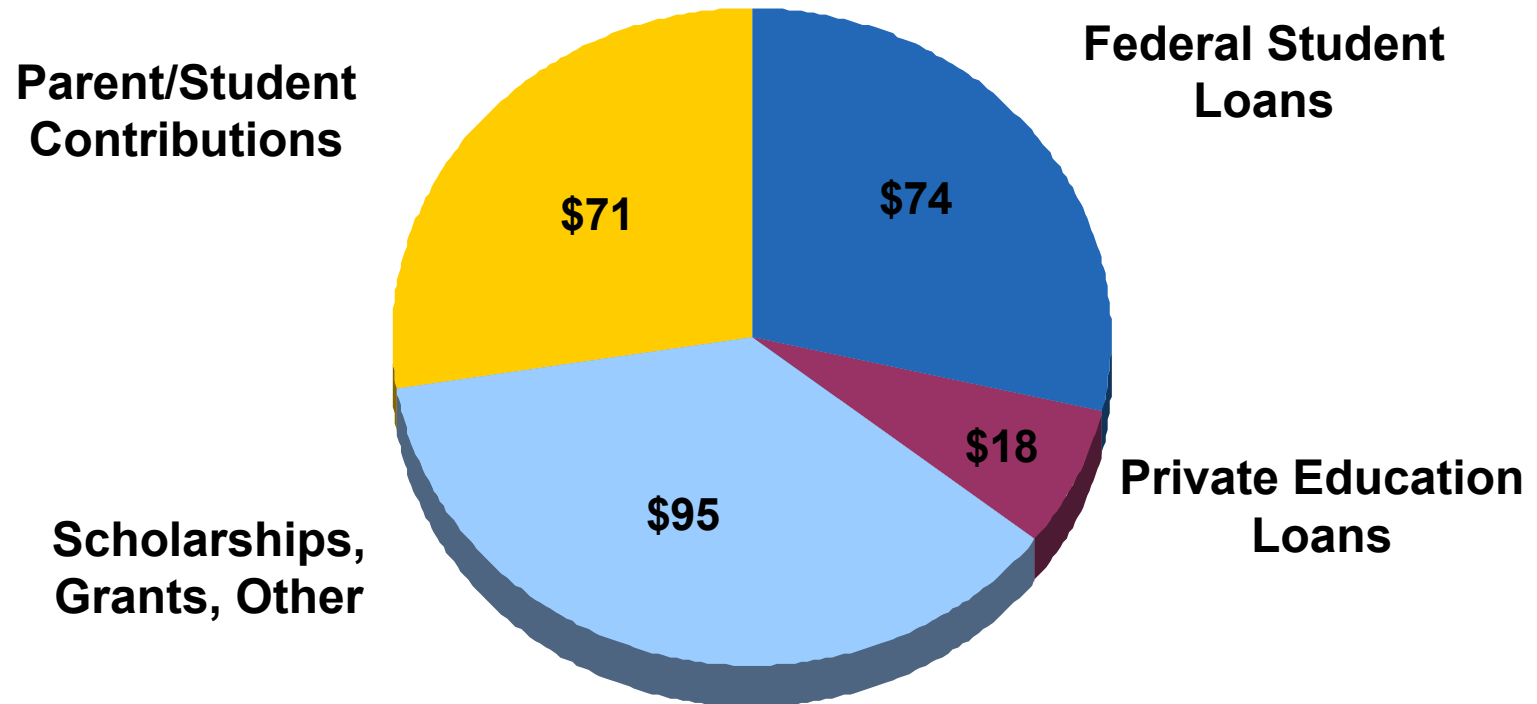
Source: College Board

Note: Academic years, average published tuition, fees, room and board charges at four-year institutions; enrollment-weighted

Sources of Funding for Higher Education in the U.S.

Sources of Funding for College Attendance

Total Cost - \$258 Billion



Source: Based on estimates by Octameron Associates, "Don't Miss Out," 32nd Edition; College Board, "2007 Trends in Student Aid"; and Sallie Mae. Includes tuition, room, board, transportation and miscellaneous costs for two and four year college degree granting programs.

The Ensuring Continued Access to Student Loans Act of 2008

- **Increased annual loan limit by \$2,000 per year**
- **Authorized ED to purchase FFELP loans**
- **ED granted authority to fund lenders of last resort**

For loans originated between 5/1/08 and 6/30/09:

- **ED to purchase participation interests in pools of FFELP loans at the rate of CP+50 through Sept '09**
- **FFELP loans can be “put” to ED at par plus accrued interest, lender origination fees, and an additional \$75 per loan through Sept '09**

Increased Loan Limits Drive 08 - 09 FFELP Volume

Loan Limits For Dependent Students attending 4 Year Schools Including Sub and Unsub loans

	<u>06/07 AY</u>	<u>07/08 AY</u>	<u>% Change</u>	<u>08/09 AY</u>	<u>% Change</u>
Freshman	\$2,625	\$3,500	33%	\$5,500	57%
Sophomore	\$3,500	\$4,500	29%	\$6,500	44%
Junior	\$5,500	\$5,500	0%	\$7,500	36%
Senior	\$5,500	\$5,500	0%	\$7,500	36%
Aggregate Limit	\$23,000	\$23,000	0%	\$31,500	37%

Loan Limits For Independent Students Attending 4 Year Schools Including Sub and Unsub loans

	<u>06/07 AY</u>	<u>07/08 AY</u>		<u>08/09 AY</u>	
Freshman	\$6,625	\$7,500	13%	\$9,500	27%
Sophomore	\$7,500	\$8,500	13%	\$10,500	24%
Junior	\$10,500	\$10,500	0%	\$12,500	19%
Senior	\$10,500	\$10,500	0%	\$12,500	19%
Aggregate Limit	\$46,000	\$46,000	0%	\$57,500	25%
Graduate	\$8,500	No Limit*	∞	No Limit*	∞

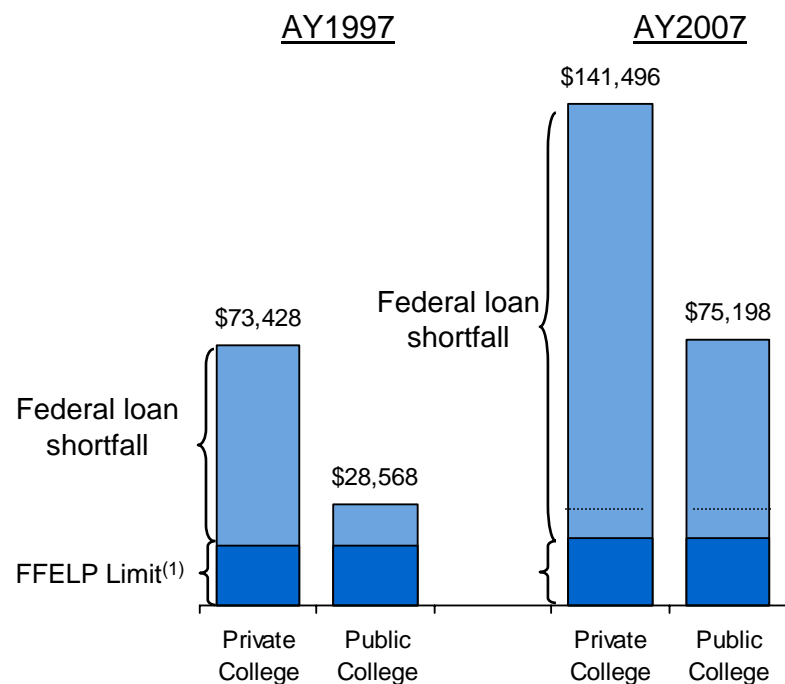
A student whose parents cannot borrow under the PLUS program is deemed to be an independent student

*Graduate students have limited Stafford eligibility, but can borrow up to the full cost of attendance with PLUS

Private Education Loan Market Growth

- Students and parents have increasingly turned to private credit loans to fund the gap between student aid, federal loans and the rising cost of education

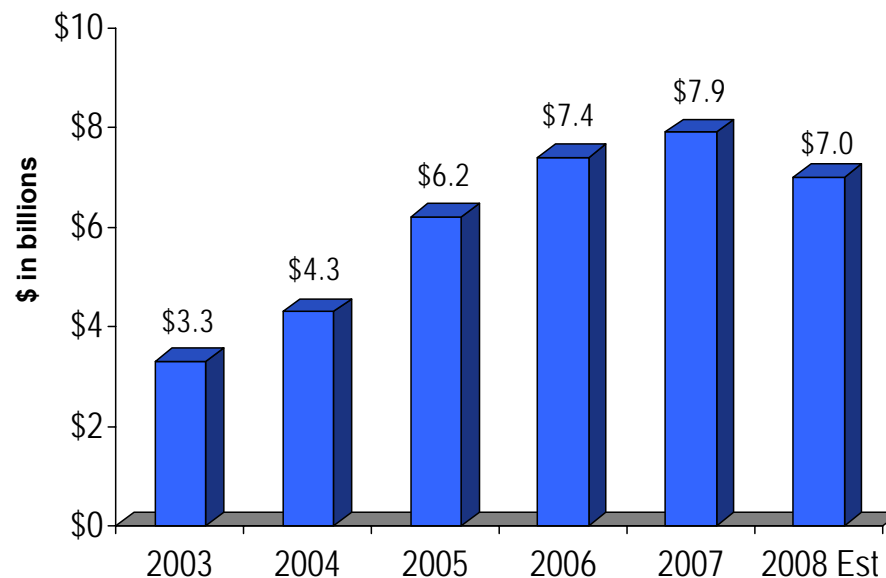
**Cost of College vs. FFELP Loan Limits
Academic Years 1997 vs. 2007**



Source: College Board. Cost of college includes tuition, fees, room and board, transportation and other expenses for four year degree granting institutions for academic years ended June 30, 1997 and 2007.

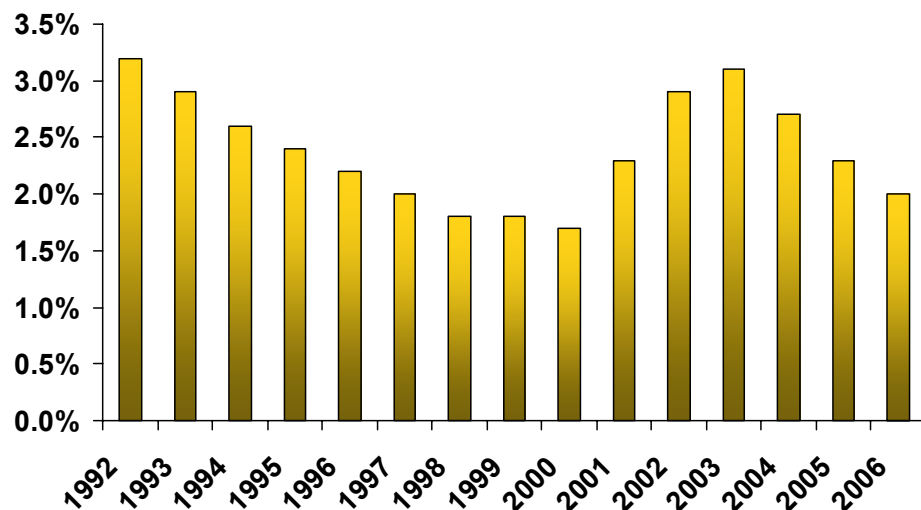
(1) FFELP loan limit for four consecutive years of college. Limits are increasing on July 1, 2008 from \$19,000 to \$27,000 for dependent students.

**SLM Preferred Channel
Private Education Loan Originations**

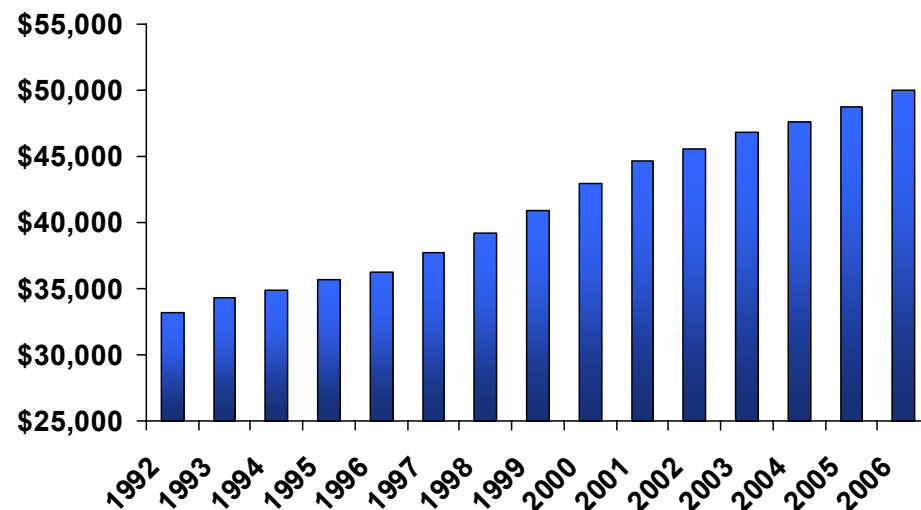


Value of Education Creates Exceptional Consumer Asset

Unemployment Rate For College Graduates



Earnings For College Graduates



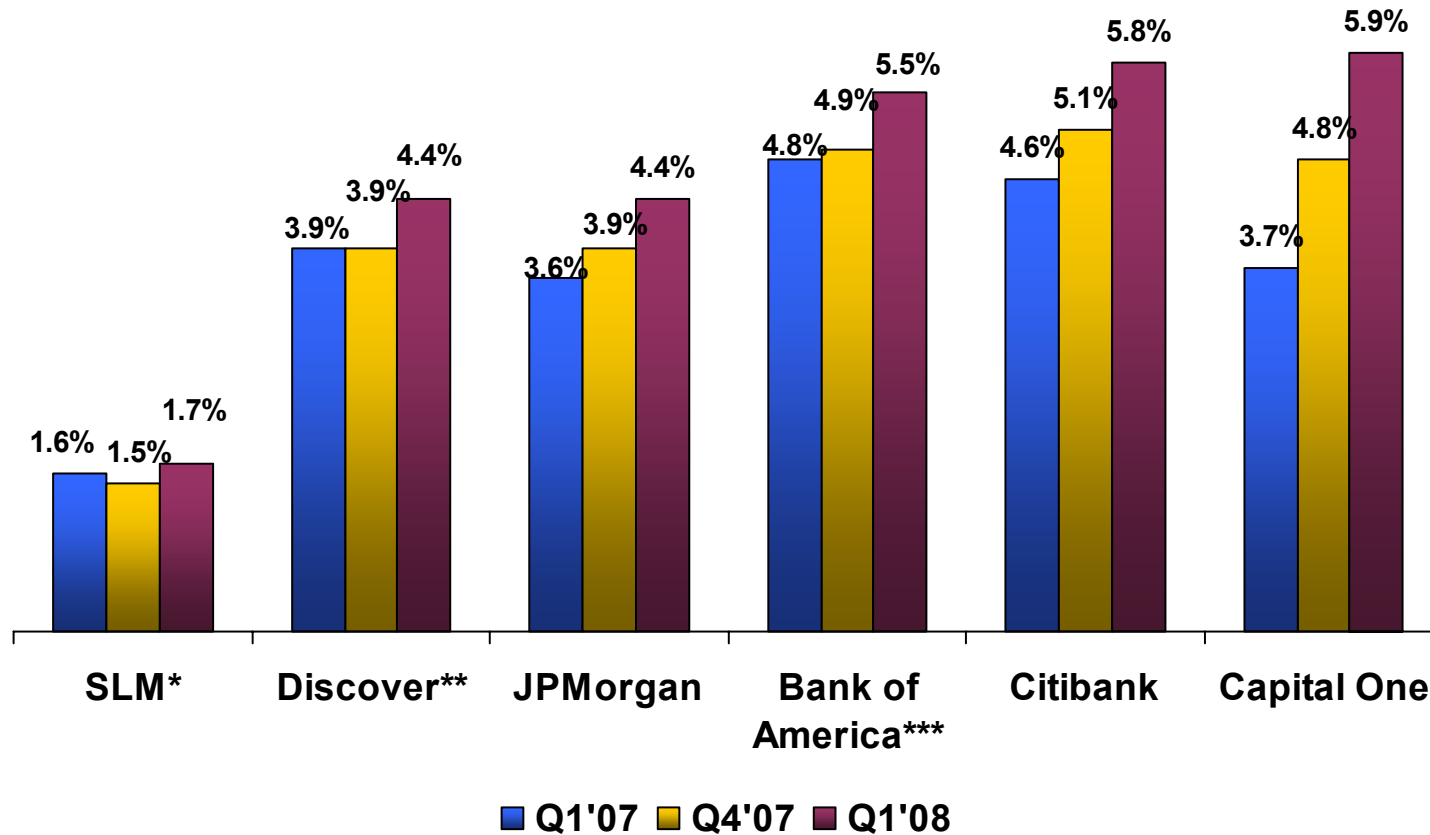
- Recessions have lower impact on employment levels of college grads
- 28% of US population holds a bachelors degree or higher

Traditional Portfolio – Strong Credit Quality

	<u>3/31/2008</u>	<u>12/31/2007</u>	<u>3/31/2007</u>
90 Days Delinq as a % of Repay & Forb	1.5%	1.5%	1.9%
Forb as a % of Repay & Forb	15.5%	12.8%	11.8%
Annualized Net C/O's as a % of Repay	1.7%	1.5%	1.6%

- **Coverage of annualized net charge-offs totaled 2.2 and 3.0 for Traditional and Non-Traditional loans at March 31, 2008**
- **Delinquencies and defaults are concentrated among Non-Traditional schools and borrowers**
- **Failure to graduate is major driver of defaults**

SLM Traditional Net Charge-off Rates versus Credit Cards



*Net charge-offs as a % of average loans in repayment (annualized)

**Fiscal year ends November 30

***US Consumer & Business Card

Forbearance – Effective Debt Management Tool

- **Provides borrower with sufficient time to establish a career**
- **Usage primarily occurs in first two years of repayment**
- **Majority of loans are in forbearance for less than 12 months**

Forbearance – Effective Debt Management Tool

Tracking by First Forbearance Occurrence Compared to All Loans Entering Repayment

	Status distribution 36 months after ending month in forbearance for the first time	Status distribution 36 months after entering repayment (all loans)
In-School/Grace/Deferment	8.6%	7.8%
Current	61.2%	62.7%
31-60 Days Delinquent	3.0%	1.9%
61-90 Days Delinquent	1.5%	0.9%
90+ Days Delinquent	2.6%	1.7%
Forbearance	7.9%	5.3%
Charged Off	7.7%	5.2%
Paid	<u>7.6%</u>	<u>14.7%</u>
	<u>100%</u>	<u>100%</u>

* Tracked 36 months after first month-end forbearance, or 36 months after repayment begin date

Funding Plan

Fund new FFELP loans through the new DOE liquidity program

Continue to regularly access the FFELP ABS market

Re-establish corporate unsecured debt program

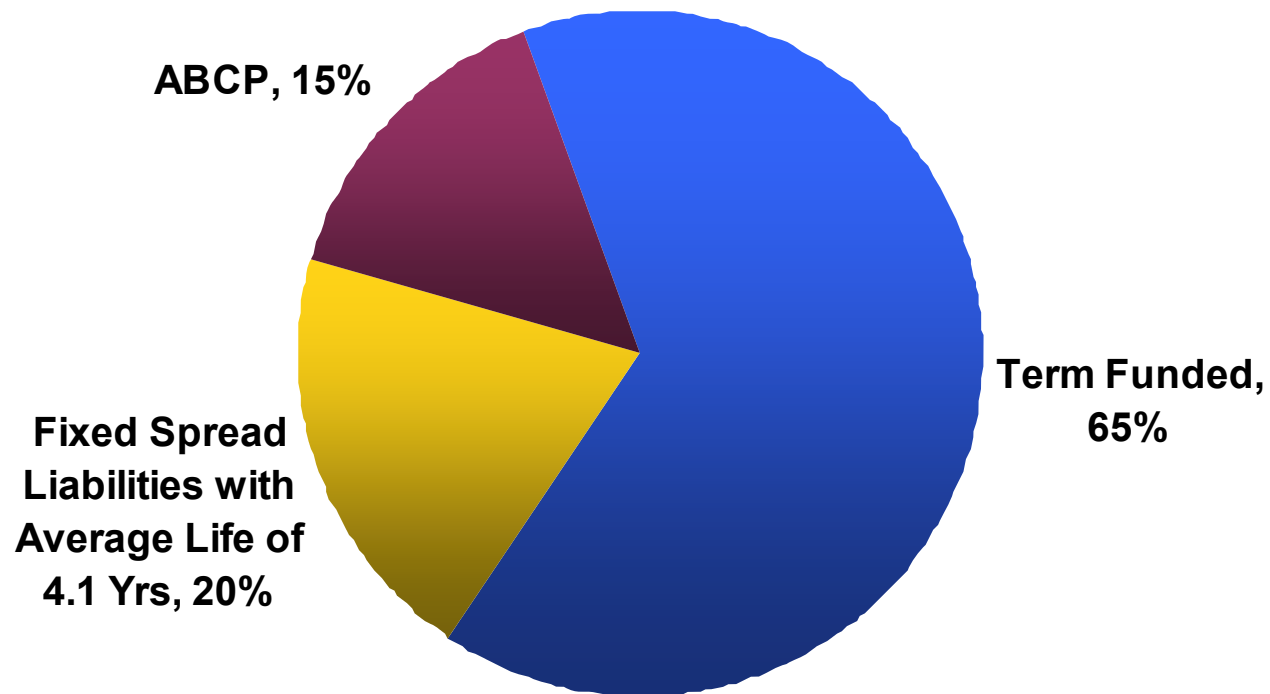
Re-establish private credit ABS program

Significantly reduce the size and cost of the existing ABCP facilities

Expand SLM Bank FDIC deposit funding base

Funding Sources

\$169 Billion Managed Student Loan Portfolio



Liquidity Position Update

At March 31, 2008, SLM maintained \$18.4B of primary liquidity

	<u>March 31, 2008</u>
<u>Sources of Primary Liquidity:</u>	
Unrestricted Cash & Liquid Investments	\$4.9B⁽¹⁾
Unused Bank Lines of Credit	6.5B
2008 ABCP Facilities	<u>6.9B</u>
Total Sources of Primary Liquidity	\$18.4B
<u>Stand-by Liquidity:</u>	
Unencumbered FFELP Loans	<u>19.2B</u>
Total Primary and Stand-by Liquidity⁽²⁾	\$37.5B

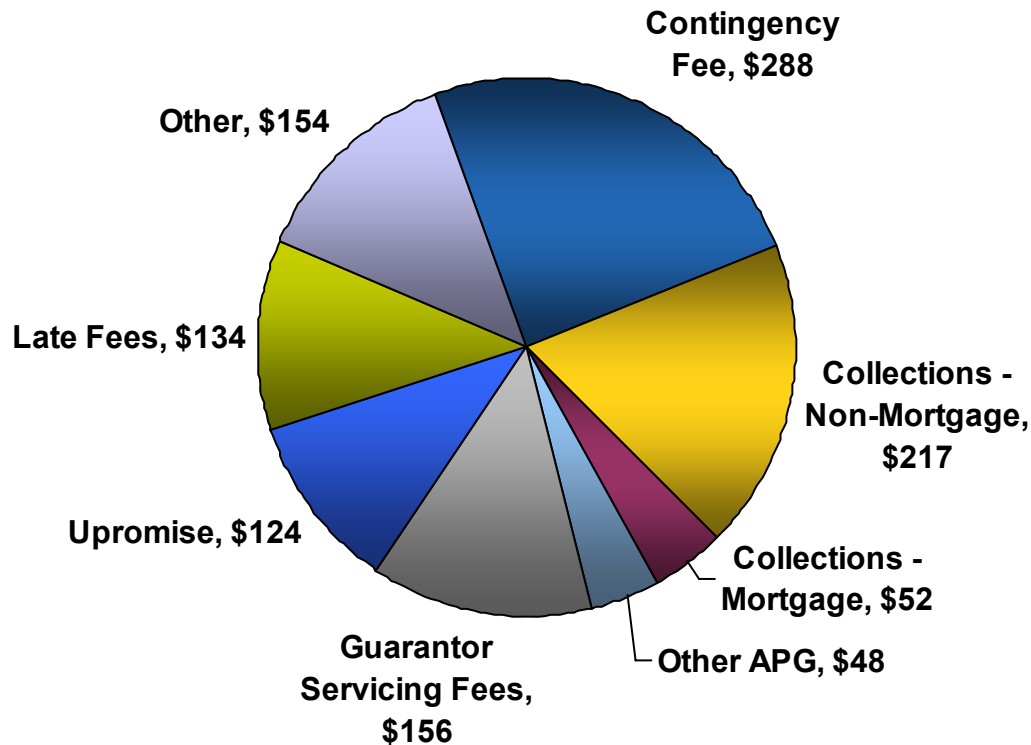
(1) Includes \$2.2B of cash collateral pledged by derivatives counterparties and held by the Company in unrestricted accounts.

(2) Total unencumbered assets equal \$50.8B and include \$13.9B private credit loans and \$17.7B other assets.

Note: Numbers may not add due to rounding.

Fee Income Streams

2007 Fee Based Revenue \$1,173 Million



- Diverse yet complimentary lines of business
- Contingency Inventory of \$10.3 Billion
- Collecting on behalf of the Dept of Education for close to ten years
- Upromise – largest private source of college funding contributions
- Guarantor Servicing for student loans

Long Term Objectives

Asset Quality

- **Grow high quality credit portfolio**

Productivity

- **Improve position as low cost student loan servicer**

Capitalization

- **Maintain sufficient risk adjusted capital to improve ratings**

Quality Earnings

- **Minimize short term funding needs in '09 and beyond**
- **Leverage servicing capabilities to generate high ROE business**

GAAP to “Core Earnings” EPS Reconciliation

(\$ in thousands, except per share amounts)

	Quarters Ended					
	March 31, 2008		December 31, 2007		March 31, 2007	
	Dollars	Diluted EPS	Dollars	Diluted EPS	Dollars	Diluted EPS
GAAP net income (loss)	\$ (103,804)	\$ (0.28)	\$ (1,635,258)	\$ (3.98)	\$ 116,153	\$ 0.26
Adjustment from GAAP to "Core Earnings"						
Net impact of securitization accounting	79,146		2,547		(421,485)	
Net impact of derivative accounting	363,368		1,396,683		331,724	
Net impact of Floor Income	5,577		49,844		39,021	
Net impact of acquired intangibles	15,329		53,452		23,906	
Total "Core Earnings" Adjustments before income taxes and minority interest in net earnings of subsidiaries	463,420		1,502,526		(26,834)	
Net tax effect	(171,302)		(5,837)		161,889	
Total "Core Earnings" Adjustments	292,118		1,496,689		135,055	
"Core Earnings" net income (loss)	188,314	0.34	(138,569)	(0.36)	251,208	0.57
"Core Earning" net income adjusted for non-recurring items						
Merger-related financing fees	-		7,833		-	
Merger-related professional fees and other costs	-		9,286		-	
Restructuring Expenses	13,110		14,178		-	
Acceleration of premium amortization expense on loans	52,106		-		-	
Total after tax non-recurring items	65,216	0.14	31,297	0.08	-	-
"Core Earnings" net income (loss)	\$ 253,530	\$ 0.48	\$ (107,272)	\$ (0.28)	\$ 251,208	\$ 0.57