



**Lehman Brothers Global Financial Services Conference**  
**September 10, 2008**

# 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 February 2009, which closed in the first quarter of 2008 (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 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 Federal Family Education Loan Program ("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 FFELP and Private Education 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 the Presentation are qualified by these cautionary statements and are made only as of the date this Presentation is filed. 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

# Sallie Mae - Leading Player in Student Aid Delivery

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- **Number One Loan Originator**
- **Number One Servicer of Student Loans**
- **Number One Collector of Student Loans**
- **More Than 10 Million Student and Parent Customers**
- **Relationships with Over 6,000 Schools**

# Funding Achievements

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- **New FFELP Financed through Department of Education to 09/30/09**
- **Demonstrated Market Access in 2008 Difficult Environment**
  - \$18.5 Bn in Term FFELP Financing
  - \$2.5 Bn in 10 Year Unsecured Notes
  - \$34 Bn ABCP Facility
- **Reduced Exposure to Short-Term Funding**
  - Reduced ABCP Facility by \$6 Bn
  - Anticipate Usage of \$17 Bn by 12/31/08
  - 67% of Managed Loans Funded for Life
  - 17% Funded with 4.5 Year Average Life
- **Free Cash Flow Exceeds Debt Service Requirements**

# Funding Plan September '08 through December '09

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<u>Sources</u>	<u>YTD 2008</u>	<u>Sep '08 - Dec '09</u>
Free Cash Flow	\$4.5 Bn	\$8.5 Bn
Term ABS	\$18.5 Bn	\$18 - \$24 Bn
Unsecured Debt Issuance	\$2.5 Bn	\$2 - \$5 Bn
Increased Bank Deposits	-	\$3 - \$6 Bn

## Uses

- Reduce 2008 ABCP Facility by More than \$10 Bn
- Fund Private Lending Growth of \$10 Bn

# Asset Quality

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## FFELP

- Represents 82% of Managed Loans
- Explicit Government Guaranty Minimizes Loss Exposure to 5-6 bps per yr
- Portfolio Performance is Predictable and Stable

## Private Credit

- Loan Performance Remains Strong
- 2008 Charge-offs Running Well Below Plan
- Managed Reserves Cover 2.3x of Net Charge-offs
- Improving Credit Underwriting and Collection Capabilities

# Growth Strategy

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## FFELP

- **Originate FFELP Loans to All Students at All Schools**
  - **DOE Liquidity Programs Make this Possible**
  - **Current Market Conditions will Require us to Put Loans**

## Private Credit

- **Eliminated Unprofitable Programs (Non Traditional)**
- **Repriced New Loans**
- **Constrict Volume to Match Funding Capability**

# Growth Strategy (cont.)

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## Purchased Paper Business

- Aggressively Address Collection Practices to Improve Performance
- Maximize Return on Existing Portfolio
- Explore Sale as Market Conditions Permit

## Core Earnings Operating Expenses

- Implemented Cost Reduction Program
- On Pace to Achieve Targets
- Expect \$1.3 Bn in 2008
- Lower in 2009

# Summary

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- **Leading Player in Student Aid Delivery**
- **Leading and Significant Scale and Cost Advantage**
- **Part of the Solution**
- **Profitable Despite Difficult Environment**

## **Core Earnings**

<b>2008</b>	<b>\$1.60</b>
<b>2009</b>	<b>\$2.08 – \$2.24</b>