

SLM CORPORATION
Supplemental Earnings Disclosure
March 31, 2004
(Dollars in millions, except earnings per share)

	Quarters ended		
	March 31, 2004	December 31, 2003	March 31, 2003
	(unaudited)	(unaudited)	(unaudited)
SELECTED FINANCIAL INFORMATION AND RATIOS —			
(GAAP Basis)			
Net income	\$ 291	\$ 264	\$ 417
Diluted earnings per common share*	\$.64	\$.57	\$.88
Return on assets	1.88%	1.88%	3.41%
NON-GAAP INFORMATION (See Explanation Below)			
“Core cash” net income	\$ 231	\$ 285	\$ 203
“Core cash” diluted earnings per common share*	\$.51	\$.62	\$.43
“Core cash” return on assets91%	1.15%	.97%
OTHER OPERATING STATISTICS			
Average on-balance sheet student loans	\$52,892	\$47,305	\$44,159
Average off-balance sheet student loans	37,786	39,908	35,228
Average Managed student loans	<u>\$90,678</u>	<u>\$87,213</u>	<u>\$79,387</u>
Ending on-balance sheet student loans, net	\$54,414	\$50,047	\$43,281
Ending off-balance sheet student loans, net	37,735	38,742	37,438
Ending Managed student loans, net	<u>\$92,149</u>	<u>\$88,789</u>	<u>\$80,719</u>
Ending Managed FFELP student loans, net	\$83,013	\$80,485	\$74,221
Ending Managed Private Credit Student Loans, net	9,136	8,304	6,498
Ending Managed student loans, net	<u>\$92,149</u>	<u>\$88,789</u>	<u>\$80,719</u>

* In May 2003, the Company announced a three-for-one stock split of the Company’s common stock to be effected in the form of a stock dividend. The additional shares were distributed on June 20, 2003 for all shareholders of record on June 6, 2003. All share and per share amounts presented have been retroactively restated for the stock split. Stockholders’ equity has been restated to give retroactive recognition to the stock split for all periods presented by reclassifying from additional paid-in capital to common stock the par value of the additional shares issued as a result of the stock split.

Non-GAAP “Core Cash” Earnings

In accordance with the Rules and Regulations of the SEC, we prepare financial statements in accordance with generally accepted accounting principles (“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.

We report pro forma “core cash” measures, which are the primary financial performance measures used by management not only in developing our financial plans and tracking results, but also in establishing corporate performance targets and determining incentive compensation. 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 earnings 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” and replaced by the interest income, provision for loan losses, and interest expense as they are earned or incurred on the securitized loans.
- 2) **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 below, these derivatives do not qualify as effective accounting hedges and therefore are marked-to-market through the derivative market value adjustment. 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. Since we exclude Floor Income that is not economically hedged, we also exclude net settlements on derivative contracts, primarily payments on Floor Income Contracts, and certain gains and losses on derivatives and financial instruments that were economically hedging Floor Income.
- 3) **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.
- 4) **Other items:** We exclude certain transactions that are not considered part of our core business, including amortization of acquired intangibles, as well as gains and losses on certain sales of securities.

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

	March 31, 2004	December 31, 2003	March 31, 2003
	<u>(unaudited)</u>	<u> </u>	<u>(unaudited)</u>
Assets			
Federally insured student loans (net of allowance for losses of \$20,592; \$26,283; and \$56,082, respectively)	\$26,174,672	\$29,222,268	\$36,304,633
Federally insured student loans in trust (net of allowance for losses of \$28,637; \$19,710; and \$2,322, respectively)	24,062,169	16,354,805	2,035,479
Private Credit Student Loans (net of allowance for losses of \$154,222; \$165,716; and \$174,177, respectively)	4,176,841	4,470,156	4,941,225
Academic facilities financings and other loans	1,104,226	1,030,907	1,139,617
Cash and investments	10,407,332	6,767,523	4,467,205
Restricted cash and investments	1,133,188	1,233,828	372,446
Retained Interest in securitized receivables	2,482,242	2,475,836	2,481,318
Goodwill and acquired intangible assets, net	589,078	592,112	579,365
Other assets	3,133,709	2,463,216	2,012,488
Total assets	<u>\$73,263,457</u>	<u>\$64,610,651</u>	<u>\$54,333,776</u>
Liabilities			
Short-term borrowings	\$16,176,387	\$18,735,385	\$23,825,598
Borrowings collateralized by loans in trust	24,595,289	16,597,396	2,021,450
Long-term notes	26,710,017	23,210,778	23,219,279
Other liabilities	3,044,113	3,437,046	3,023,193
Total liabilities	<u>70,525,806</u>	<u>61,980,605</u>	<u>52,089,520</u>
Commitments and contingencies*			
Stockholders' equity			
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: 476,442; 472,643; and 630,283 shares, respectively, issued	95,289	94,529	126,057
Additional paid-in capital	1,670,640	1,553,240	1,232,473
Accumulated other comprehensive income, net of tax	534,445	425,621	596,693
Retained earnings	1,153,100	941,284	3,094,050
Stockholders' equity before treasury stock	<u>3,618,474</u>	<u>3,179,674</u>	<u>5,214,273</u>
Common stock held in treasury at cost: 33,533; 24,965; and 175,680 shares, respectively	880,823	549,628	2,970,017
Total stockholders' equity	<u>2,737,651</u>	<u>2,630,046</u>	<u>2,244,256</u>
Total liabilities and stockholders' equity	<u>\$73,263,457</u>	<u>\$64,610,651</u>	<u>\$54,333,776</u>

* Commitments to purchase loans, lines of credit, letters of credit, and academic facilities financing letters of credit were \$36.1 billion, \$.9 billion, \$.6 billion, and \$45.5 million, respectively, at March 31, 2004.

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

	Quarters ended		
	March 31, 2004	December 31, 2003	March 31, 2003
	<u>(unaudited)</u>	<u>(unaudited)</u>	<u>(unaudited)</u>
Interest income:			
Federally insured student loans	\$468,967	\$446,187	\$467,482
Private Credit Student Loans	76,589	50,350	87,572
Academic facilities financings and other loans	18,376	18,194	20,206
Investments	43,457	41,191	28,261
Total interest income	<u>607,389</u>	<u>555,922</u>	<u>603,521</u>
Interest expense	<u>285,674</u>	<u>263,412</u>	<u>257,302</u>
Net interest income	321,715	292,510	346,219
Less: provision for losses	<u>39,818</u>	<u>26,791</u>	<u>42,545</u>
Net interest income after provision for losses	<u>281,897</u>	<u>265,719</u>	<u>303,674</u>
Other income:			
Gains on student loan securitizations	113,954	84,812	305,803
Servicing and securitization revenue	136,658	131,416	188,612
Derivative market value adjustment	(116,743)	(4,498)	(119,064)
Guarantor servicing fees	34,971	27,413	35,193
Debt management fees	79,928	68,780	58,813
Other	<u>58,955</u>	<u>92,079</u>	<u>49,575</u>
Total other income	<u>307,723</u>	<u>400,002</u>	<u>518,932</u>
Operating expenses	<u>208,877</u>	<u>254,434</u>	<u>179,365</u>
Income before income taxes	380,743	411,287	643,241
Income taxes	<u>89,278</u>	<u>146,858</u>	<u>226,692</u>
Net income	291,465	264,429	416,549
Preferred stock dividends	<u>2,886</u>	<u>2,876</u>	<u>2,875</u>
Net income attributable to common stock	<u>\$288,579</u>	<u>\$261,553</u>	<u>\$413,674</u>
Basic earnings per common share	<u>\$.65</u>	<u>\$.58</u>	<u>\$.91</u>
Average common shares outstanding	<u>442,664</u>	<u>448,770</u>	<u>456,581</u>
Diluted earnings per common share	<u>\$.64</u>	<u>\$.57</u>	<u>\$.88</u>
Average common and common equivalent shares outstanding	<u>451,747</u>	<u>458,022</u>	<u>469,696</u>
Dividends per common share	<u>\$.17</u>	<u>\$.17</u>	<u>\$.08</u>

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

	Quarters ended		
	March 31, 2004	December 31, 2003	March 31, 2003
	(unaudited)	(unaudited)	(unaudited)
Managed interest income:			
Managed federally insured student loans	\$687,222	\$746,263	\$643,947
Managed Private Credit Student Loans	113,658	98,769	98,396
Academic facilities financings and other loans	18,376	18,194	20,206
Investments	47,936	46,100	29,243
Total Managed interest income	867,192	909,326	791,792
Managed interest expense	433,765	427,145	419,342
Net Managed interest income	433,427	482,181	372,450
Less: provision for losses	44,968	26,565	31,606
Net Managed interest income after provision for losses	388,459	455,616	340,844
Other income:			
Guarantor servicing fees	34,971	27,413	35,193
Debt management fees	79,928	68,780	58,813
Other	59,336	96,171	53,206
Total other income	174,235	192,364	147,212
Operating expenses	202,149	247,712	172,737
Income before income taxes	360,545	400,268	315,319
Income taxes	129,491	115,618	112,029
“Core cash” net income	231,054	284,650	203,290
Preferred stock dividends	2,886	2,876	2,875
“Core cash” net income attributable to common stock	<u>\$228,168</u>	<u>\$281,774</u>	<u>\$200,415</u>
“Core cash” basic earnings per common share	<u>\$.52</u>	<u>\$.63</u>	<u>\$.44</u>
Average common shares outstanding	442,664	448,770	456,581
“Core cash” diluted earnings per common share	<u>\$.51</u>	<u>\$.62</u>	<u>\$.43</u>
Average common and common equivalent shares outstanding	451,747	458,022	469,696

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

	Quarters ended		
	March 31, 2004	December 31, 2003	March 31, 2003
	(unaudited)	(unaudited)	(unaudited)
GAAP net income	\$291,465	\$ 264,429	\$ 416,549
“Core cash” adjustments:			
Net impact of securitization accounting	11,089	143,901	(265,278)
Net impact of Floor Income	60,780	2,625	37,291
Net impact of derivative accounting	(99,490)	(166,663)	(114,811)
Amortization of acquired intangibles and other	7,423	9,118	14,876
Total “core cash” adjustments before income taxes	(20,198)	(11,019)	(327,922)
Net tax effect (A)	(40,213)	31,240	114,663
Total “core cash” adjustments	(60,411)	20,221	(213,259)
“Core cash” net income	<u>\$231,054</u>	<u>\$ 284,650</u>	<u>\$ 203,290</u>

(A) Such tax effect is generally based upon the Company’s marginal tax rate for the respective period. The net tax effect results primarily from the exclusion of the permanent income tax impact of the equity forward contracts.