SLM CORPORATION
Supplemental Earnings Disclosure
December 31, 2006
(Dollars in millions, except earnings per share)

SELECTED FINANCIAL INFORMATION AND RATIOS

GAAP Basis

<table>
<thead>
<tr>
<th></th>
<th>Quarters ended</th>
<th>Years ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 18</td>
<td>$ 263</td>
</tr>
<tr>
<td>Diluted earnings per common share</td>
<td>$ .02</td>
<td>$ .60</td>
</tr>
<tr>
<td>Return on assets</td>
<td>.07%</td>
<td>1.10%</td>
</tr>
</tbody>
</table>

“Core Earnings” Basis

<table>
<thead>
<tr>
<th></th>
<th>Quarters ended</th>
<th>Years ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>“Core Earnings” net income</td>
<td>$ 326</td>
<td>$ 321</td>
</tr>
<tr>
<td>“Core Earnings” diluted earnings per common share</td>
<td>$ .74</td>
<td>$ .73</td>
</tr>
<tr>
<td>“Core Earnings” return on assets</td>
<td>.84%</td>
<td>.86%</td>
</tr>
</tbody>
</table>

OTHER OPERATING STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>Quarters ended</th>
<th>Years ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>Average on-balance sheet student loans</td>
<td>$ 91,522</td>
<td>$ 84,241</td>
</tr>
<tr>
<td>Average off-balance sheet student loans</td>
<td>$ 47,252</td>
<td>48,226</td>
</tr>
<tr>
<td>Average Managed student loans</td>
<td>$138,774</td>
<td>$132,467</td>
</tr>
<tr>
<td>Ending on-balance sheet student loans, net</td>
<td>$ 95,920</td>
<td>$ 88,038</td>
</tr>
<tr>
<td>Ending off-balance sheet student loans, net</td>
<td>$ 46,172</td>
<td>48,897</td>
</tr>
<tr>
<td>Ending Managed student loans, net</td>
<td>$142,092</td>
<td>$136,935</td>
</tr>
<tr>
<td>Ending Managed FFELP Stafford and Other Student Loans, net</td>
<td>$ 39,869</td>
<td>$ 39,787</td>
</tr>
<tr>
<td>Ending Managed Consolidation Loans, net</td>
<td>$ 79,635</td>
<td>75,947</td>
</tr>
<tr>
<td>Ending Managed Private Education Loans, net</td>
<td>$ 22,588</td>
<td>21,201</td>
</tr>
<tr>
<td>Ending Managed student loans, net</td>
<td>$142,092</td>
<td>$136,935</td>
</tr>
</tbody>
</table>

(1) 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,” as it relates to the Company’s $2 billion in contingently convertible debt instruments ("Co-Cos") issued in May 2003. EITF No. 04-8 requires the shares underlying Co-Cos to be included in diluted earnings per common share computations regardless of whether the market price trigger or the conversion price has been met, using the “if-converted” method. The impact of Co-Cos to diluted earnings per common share is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Quarters ended</th>
<th>Years ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
<tr>
<td>Impact of Co-Cos on GAAP diluted earnings per common share</td>
<td>$ —(A)</td>
<td>$ —</td>
</tr>
<tr>
<td>Impact of Co-Cos on “Core Earnings” diluted earnings per common share</td>
<td>$(.01)</td>
<td>$(.01)</td>
</tr>
</tbody>
</table>

(A) There is no impact on diluted earnings per common share because the effect of the assumed conversion is antidilutive.
During the first quarter of 2006, the Company adopted the Financial Accounting Standards Board’s (“FASB’s”) Statement of Financial Accounting Standards (“SFAS”) No. 123(R), “Share-Based Payment,” which is a revision of SFAS No. 123, “Accounting for Stock-Based Compensation.” SFAS No. 123(R) requires all share based payments to employees to be recognized in the income statement based on their fair values. For the quarters ended December 31, 2006 and September 30, 2006, reported net income attributable to common stock included $9 million and $10 million, respectively, related to stock option compensation expense, net of related tax effects. The following table is a pro forma presentation of the Company’s results had SFAS No. 123(R) been in effect for all periods presented.

<table>
<thead>
<tr>
<th></th>
<th>Quarters ended</th>
<th>Years ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31,</td>
<td>December 31,</td>
</tr>
<tr>
<td></td>
<td>2006 (unaudited)</td>
<td>2006 (unaudited)</td>
</tr>
<tr>
<td></td>
<td>September 30,</td>
<td>December 31,</td>
</tr>
<tr>
<td></td>
<td>2006 (unaudited)</td>
<td>2005 (unaudited)</td>
</tr>
<tr>
<td>Pro forma GAAP diluted earnings per common share</td>
<td>$.02</td>
<td>$.60</td>
</tr>
<tr>
<td>Pro forma “Core Earnings” diluted earnings per common share</td>
<td>$.74</td>
<td>$.73</td>
</tr>
</tbody>
</table>

See explanation of “Core Earnings” performance measures under “Reconciliation of ‘Core Earnings’ Net Income to GAAP Net Income.”
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FFELP Stafford and Other Student Loans (net of allowance for losses of $8,701; $7,649; and $6,311, respectively)</td>
<td>$24,840,464</td>
<td>$22,613,604</td>
<td>$19,988,116</td>
</tr>
<tr>
<td>Consolidation Loans (net of allowance for losses of $11,614; $10,720; and $8,639, respectively)</td>
<td>61,324,008</td>
<td>57,201,754</td>
<td>54,858,676</td>
</tr>
<tr>
<td>Private Education Loans (net of allowance for losses of $308,346; $274,974; and $204,112, respectively)</td>
<td>9,755,289</td>
<td>8,222,400</td>
<td>7,756,770</td>
</tr>
<tr>
<td>Other loans (net of allowance for losses of $20,394; $18,327; and $16,180, respectively)</td>
<td>1,308,832</td>
<td>1,257,252</td>
<td>1,137,987</td>
</tr>
<tr>
<td>Cash and investments</td>
<td>5,184,673</td>
<td>4,399,196</td>
<td>4,867,654</td>
</tr>
<tr>
<td>Restricted cash and investments</td>
<td>3,423,326</td>
<td>3,806,978</td>
<td>3,300,102</td>
</tr>
<tr>
<td>Retained Interest in off-balance sheet securitized loans</td>
<td>3,341,591</td>
<td>3,613,376</td>
<td>2,406,222</td>
</tr>
<tr>
<td>Goodwill and acquired intangible assets</td>
<td>1,371,606</td>
<td>1,333,123</td>
<td>1,105,104</td>
</tr>
<tr>
<td>Other assets</td>
<td>5,585,943</td>
<td>4,605,014</td>
<td>3,918,053</td>
</tr>
<tr>
<td>Total assets</td>
<td>$116,135,732</td>
<td>$107,052,697</td>
<td>$99,338,684</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term borrowings</td>
<td>$3,528,263</td>
<td>$3,669,842</td>
<td>$3,809,655</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>104,558,531</td>
<td>94,816,563</td>
<td>88,119,090</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>3,679,781</td>
<td>4,053,931</td>
<td>3,609,332</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>111,766,575</td>
<td>102,540,336</td>
<td>95,538,077</td>
</tr>
</tbody>
</table>

| Commitments and contingencies              |                               |                               |                  |
|Minority interest in subsidiaries           | 9,115                         | 9,338                         | 9,182            |

| Stockholders’ equity                       |                               |                               |                  |
|Preferred stock, par value $.20 per share, 20,000 shares authorized; Series A: 3,300; 3,300; and 3,300 shares, respectively, issued at stated value of $50 per share; Series B: 4,000; 4,000; and 4,000 shares, respectively, issued at stated value of $100 per share | 565,000                        | 565,000                       | 565,000          |
|Common stock, par value $.20 per share, 1,125,000 shares authorized: 433,113; 431,590; and 426,484 shares, respectively, issued | 86,623                         | 86,318                         | 85,297           |
|Additional paid-in capital                 | 2,565,211                      | 2,490,851                      | 2,233,647        |
|Accumulated other comprehensive income, net of tax | 349,111                       | 460,527                        | 367,910          |
|Retained earnings                          | 1,834,718                      | 1,928,204                      | 1,111,743        |
|Stockholders’ equity before treasury stock | 5,400,663                      | 5,530,900                      | 4,363,597        |
|Common stock held in treasury at cost: 22,496; 22,229; and 13,347 shares, respectively | 1,040,621                      | 1,027,877                     | 572,172          |
|Total stockholders’ equity                 | 4,360,042                      | 4,503,023                      | 3,791,425        |
|Total liabilities and stockholders’ equity  | $116,135,732                   | $107,052,697                   | $99,338,684      |
### SLM CORPORATION

**Consolidated Statements of Income**

(In thousands, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFELP Stafford and Other Student Loans</td>
<td>$408,727</td>
<td>$364,621</td>
<td>$315,164</td>
<td>$1,408,938</td>
<td>$1,014,851</td>
</tr>
<tr>
<td>Consolidation Loans</td>
<td>966,840</td>
<td>916,091</td>
<td>760,338</td>
<td>3,545,857</td>
<td>2,500,008</td>
</tr>
<tr>
<td>Private Education Loans</td>
<td>291,425</td>
<td>254,747</td>
<td>203,992</td>
<td>1,021,221</td>
<td>633,884</td>
</tr>
<tr>
<td>Other loans</td>
<td>26,556</td>
<td>24,550</td>
<td>22,851</td>
<td>97,954</td>
<td>84,664</td>
</tr>
<tr>
<td>Cash and investments</td>
<td>141,155</td>
<td>141,083</td>
<td>89,921</td>
<td>503,002</td>
<td>276,756</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td>1,834,703</td>
<td>1,701,092</td>
<td>1,392,266</td>
<td>6,576,972</td>
<td>4,510,163</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>1,462,733</td>
<td>1,363,271</td>
<td>1,002,133</td>
<td>5,122,855</td>
<td>3,058,718</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>371,970</td>
<td>337,821</td>
<td>390,133</td>
<td>1,454,117</td>
<td>1,451,445</td>
</tr>
<tr>
<td>Less: provisions for losses</td>
<td>92,005</td>
<td>67,242</td>
<td>65,318</td>
<td>286,962</td>
<td>203,006</td>
</tr>
<tr>
<td><strong>Net interest income after provisions for losses</strong></td>
<td>279,965</td>
<td>270,579</td>
<td>324,815</td>
<td>1,167,155</td>
<td>1,248,439</td>
</tr>
<tr>
<td><strong>Other income:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains on student loan securitizations</td>
<td>—</td>
<td>201,132</td>
<td>240,651</td>
<td>902,417</td>
<td>552,546</td>
</tr>
<tr>
<td>Servicing and securitization revenue</td>
<td>184,686</td>
<td>187,082</td>
<td>80,032</td>
<td>553,541</td>
<td>356,730</td>
</tr>
<tr>
<td>Losses on securities, net</td>
<td>(24,458)</td>
<td>(13,427)</td>
<td>(6,979)</td>
<td>(49,357)</td>
<td>(63,955)</td>
</tr>
<tr>
<td>Gains (losses) on derivative and hedging activities, net</td>
<td>(244,521)</td>
<td>(130,855)</td>
<td>70,270</td>
<td>(339,396)</td>
<td>246,548</td>
</tr>
<tr>
<td>Guarantor servicing fees</td>
<td>33,089</td>
<td>38,848</td>
<td>21,555</td>
<td>132,100</td>
<td>115,477</td>
</tr>
<tr>
<td>Debt management fees</td>
<td>92,501</td>
<td>122,556</td>
<td>98,839</td>
<td>396,830</td>
<td>359,907</td>
</tr>
<tr>
<td>Collections revenue</td>
<td>57,878</td>
<td>57,913</td>
<td>48,304</td>
<td>239,829</td>
<td>166,840</td>
</tr>
<tr>
<td>Other</td>
<td>103,927</td>
<td>87,923</td>
<td>67,072</td>
<td>338,307</td>
<td>273,259</td>
</tr>
<tr>
<td><strong>Total other income</strong></td>
<td>203,102</td>
<td>551,172</td>
<td>619,744</td>
<td>2,174,271</td>
<td>2,007,352</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>352,747</td>
<td>353,494</td>
<td>296,663</td>
<td>1,346,152</td>
<td>1,138,328</td>
</tr>
<tr>
<td>Income before income taxes and minority interest in net earnings of subsidiaries</td>
<td>130,320</td>
<td>468,257</td>
<td>647,896</td>
<td>1,995,274</td>
<td>2,117,463</td>
</tr>
<tr>
<td>Income taxes</td>
<td>111,752</td>
<td>203,686</td>
<td>215,907</td>
<td>834,311</td>
<td>728,767</td>
</tr>
<tr>
<td>Income before minority interest in net earnings of subsidiaries</td>
<td>18,568</td>
<td>264,571</td>
<td>431,989</td>
<td>1,160,963</td>
<td>1,388,696</td>
</tr>
<tr>
<td>Minority interest in net earnings of subsidiaries</td>
<td>463</td>
<td>1,099</td>
<td>954</td>
<td>4,007</td>
<td>6,412</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>18,105</td>
<td>263,472</td>
<td>431,035</td>
<td>1,156,956</td>
<td>1,382,284</td>
</tr>
<tr>
<td>Preferred stock dividends</td>
<td>9,258</td>
<td>9,221</td>
<td>7,832</td>
<td>35,567</td>
<td>21,903</td>
</tr>
</tbody>
</table>

Net income attributable to common stock: $8,847 $254,251 $423,203 $1,121,389 $1,360,381

**Basic earnings per common share**:

- $0.02 $0.62 $1.02 $2.73 $3.25

Average common shares outstanding: 409,597 410,034 415,907 410,805 418,374

**Diluted earnings per common share**:

- $0.02 $0.60 $0.96 $2.63 $3.05

Average common and common equivalent shares outstanding: 418,357 449,841 457,406 451,170 460,260

Dividends per common share: $0.25 $0.25 $0.22 $0.97 $0.85
## SLM CORPORATION

### Segment and “Core Earnings”

### Consolidated Statements of Income

(In thousands)

<table>
<thead>
<tr>
<th>Segment and “Core Earnings” Adjustments</th>
<th>Total “Core Earnings”</th>
<th>Adjustments</th>
<th>Total GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending</td>
<td>DMO</td>
<td>Corporate and Other</td>
<td>(unaudited)</td>
</tr>
<tr>
<td><strong>Interest income:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFELP Stafford and Other</td>
<td>$ 700,961</td>
<td>$ —</td>
<td>$ 700,961</td>
</tr>
<tr>
<td>Consolidation Loans</td>
<td>1,305,744</td>
<td>$ —</td>
<td>1,305,744</td>
</tr>
<tr>
<td>Private Education Loans</td>
<td>620,092</td>
<td>$ —</td>
<td>620,092</td>
</tr>
<tr>
<td>Other loans</td>
<td>26,556</td>
<td>$ —</td>
<td>26,556</td>
</tr>
<tr>
<td>Cash and investments</td>
<td>197,161</td>
<td>2,225</td>
<td>199,386</td>
</tr>
<tr>
<td><strong>Total interest income:</strong></td>
<td>2,850,514</td>
<td>$ —</td>
<td>2,852,739</td>
</tr>
<tr>
<td><strong>Total interest expense:</strong></td>
<td>2,189,781</td>
<td>6,440</td>
<td>2,201,851</td>
</tr>
<tr>
<td><strong>Net interest income:</strong></td>
<td>660,733</td>
<td>(6,440)</td>
<td>650,888</td>
</tr>
<tr>
<td><strong>Less: provisions for losses:</strong></td>
<td>87,895</td>
<td>—</td>
<td>88,193</td>
</tr>
<tr>
<td><strong>Net interest income after provisions for losses:</strong></td>
<td>572,838</td>
<td>(6,440)</td>
<td>562,695</td>
</tr>
<tr>
<td><strong>Fee income:</strong></td>
<td>—</td>
<td>92,501</td>
<td>125,590</td>
</tr>
<tr>
<td>Collections revenue</td>
<td>—</td>
<td>57,473</td>
<td>57,473</td>
</tr>
<tr>
<td>Other income</td>
<td>40,034</td>
<td>59,690</td>
<td>99,724</td>
</tr>
<tr>
<td><strong>Total other income:</strong></td>
<td>40,034</td>
<td>149,974</td>
<td>282,787</td>
</tr>
<tr>
<td><strong>Operating expenses(1)</strong></td>
<td>164,289</td>
<td>91,833</td>
<td>327,689</td>
</tr>
<tr>
<td><strong>Income before income taxes and minority interest in net earnings of subsidiaries:</strong></td>
<td>448,583</td>
<td>51,701</td>
<td>517,793</td>
</tr>
<tr>
<td>Income tax expense(2)</td>
<td>165,976</td>
<td>19,178</td>
<td>191,583</td>
</tr>
<tr>
<td>Minority interest in net earnings of subsidiaries</td>
<td>—</td>
<td>463</td>
<td>463</td>
</tr>
<tr>
<td><strong>Net income:</strong></td>
<td>$ 282,607</td>
<td>$ 32,060</td>
<td>$ 325,747</td>
</tr>
</tbody>
</table>

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(1) Operating expenses for the Lending, DMO, and Corporate and Other business segments include $8 million, $3 million, and $3 million, respectively, of stock option compensation expense due to the implementation of SFAS No. 123(R) in the first quarter of 2006.

(2) Income taxes are based on a percentage of net income before tax for the individual reportable segment.
### Lending DMO

**Corporate and Other**

**Total "Core Earnings" Adjustments**

**Total**

**GAAP**

#### Quarter ended September 30, 2006

(unaudited)

<table>
<thead>
<tr>
<th>Lending</th>
<th>DMO</th>
<th>Corporate and Other</th>
<th>Total &quot;Core Earnings&quot; Adjustments</th>
<th>Total</th>
<th>GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFELP Stafford and Other Student Loans</td>
<td>$701,615</td>
<td>$ —</td>
<td>$ —</td>
<td>$701,615</td>
<td>$ (336,994)</td>
</tr>
<tr>
<td>Consolidation Loans</td>
<td>1,241,999</td>
<td>$ —</td>
<td>$ —</td>
<td>1,241,999</td>
<td>(325,908)</td>
</tr>
<tr>
<td>Private Education Loans</td>
<td>557,787</td>
<td>$ —</td>
<td>$ —</td>
<td>557,787</td>
<td>(303,040)</td>
</tr>
<tr>
<td>Other loans</td>
<td>24,550</td>
<td>$ —</td>
<td>$24,550</td>
<td>$24,550</td>
<td>$24,550</td>
</tr>
<tr>
<td>Cash and investments</td>
<td>206,837</td>
<td>$2,782</td>
<td>$209,619</td>
<td>(68,536)</td>
<td>141,083</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td>2,732,788</td>
<td>$2,782</td>
<td>2,735,570</td>
<td>(1,034,478)</td>
<td>1,701,092</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td>2,124,587</td>
<td>6,088</td>
<td>3,515</td>
<td>2,134,190</td>
<td>(770,919)</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>508,201</td>
<td>(6,088)</td>
<td>(730)</td>
<td>521,609</td>
<td>(251,030)</td>
</tr>
<tr>
<td>Less: provisions for losses</td>
<td>79,774</td>
<td>$ —</td>
<td>$3)</td>
<td>79,771</td>
<td>(12,529)</td>
</tr>
<tr>
<td>Fee income</td>
<td>$122,556</td>
<td>38,848</td>
<td>$161,404</td>
<td>$161,404</td>
<td></td>
</tr>
<tr>
<td>Collections revenue</td>
<td>—</td>
<td>57,744</td>
<td>—</td>
<td>57,744</td>
<td>169</td>
</tr>
<tr>
<td>Other income</td>
<td>46,074</td>
<td>40,988</td>
<td>87,062</td>
<td>244,793</td>
<td>331,855</td>
</tr>
<tr>
<td><strong>Total other income</strong></td>
<td>46,074</td>
<td>180,300</td>
<td>79,836</td>
<td>306,210</td>
<td>244,962</td>
</tr>
<tr>
<td>Operating expenses(1)</td>
<td>156,168</td>
<td>91,341</td>
<td>69,644</td>
<td>317,153</td>
<td>36,341</td>
</tr>
<tr>
<td>Income before income taxes and minority interest in net earnings of subsidiaries</td>
<td>418,333</td>
<td>82,871</td>
<td>9,462</td>
<td>510,666</td>
<td>(42,409)</td>
</tr>
<tr>
<td>Income tax expense(2)</td>
<td>154,783</td>
<td>30,662</td>
<td>3,502</td>
<td>188,947</td>
<td>14,739</td>
</tr>
<tr>
<td>Minority interest in net earnings of subsidiaries</td>
<td>—</td>
<td>1,099</td>
<td>—</td>
<td>1,099</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$263,550</td>
<td>$51,110</td>
<td>$5,960</td>
<td>$320,620</td>
<td>$ (57,148)</td>
</tr>
</tbody>
</table>

---

(1) Operating expenses for the Lending, DMO, and Corporate and Other business segments include $8 million, $4 million, and $4 million, respectively, of stock option compensation expense due to the implementation of SFAS No. 123(R) in the first quarter of 2006.

(2) Income taxes are based on a percentage of net income before tax for the individual reportable segment.
### Interest Income:

**FFELP Stafford and Other Student Loans**
- $619,987
- $—
- $—
- $619,987
- $(304,823)
- $315,164

**Consolidation Loans**
- $934,096
- $—
- $—
- $934,096
- $(173,758)
- $760,338

**Private Education Loans**
- $373,801
- $—
- $—
- $373,801
- $(169,809)
- $203,992

**Other Loans**
- $22,851
- $—
- $—
- $22,851
- $—
- $22,851

**Cash and Investments**
- $127,418
- $—
- $1,564
- $128,982
- $(39,061)
- $89,921

**Total Interest Income**
- $2,078,153
- $—
- $1,564
- $2,079,717
- $(687,451)
- $1,392,266

**Total Interest Expense**
- $1,506,852
- $5,531
- $1,455
- $1,513,838
- $(511,705)
- $1,002,133

**Net Interest Income**
- $571,301
- $(5,531)
- $109
- $565,879
- $(175,746)
- $390,133

**Less: Provisions for Losses**
- $69,243
- $—
- $(7)
- $69,236
- $(3,918)
- $65,318

### Fee Income:

**Collections Revenue**
- $—
- $98,839
- $21,555
- $120,394
- $—
- $120,394

**Other Income**
- $37,696
- $—
- $28,355
- $66,051
- $385,187
- $451,046

**Total Other Income**
- $37,696
- $146,951
- $49,910
- $234,557
- $385,187
- $619,744

**Operating Expenses**
- $138,778
- $83,920
- $55,895
- $278,593
- $18,070
- $296,663

### Income Before Income Taxes and Minority Interest in Net Earnings of Subsidiaries

**Income Before Income Taxes and Minority Interest in Net Earnings of Subsidiaries**
- $400,976
- $57,500
- $(5,869)
- $452,607
- $195,289
- $647,896

**Income Tax Expense**
- $148,362
- $21,275
- $(2,172)
- $167,465
- $48,442
- $215,907

**Minority Interest in Net Earnings of Subsidiaries**
- $—
- $954
- $—
- $954
- $—
- $954

**Net Income**
- $252,614
- $35,271
- $(3,697)
- $284,188
- $146,847
- $431,035

---

(1) Income taxes are based on a percentage of net income before tax for the individual reportable segment.

(2) In the first quarter of 2006, the Company changed its method for allocating certain Corporate and Other expenses to the other business segments. All periods presented have been updated to reflect the new allocation methodology.
Lending DMO Corporate and Other Total “Core Earnings” Adjustments Total GAAP

(unaudited)

<table>
<thead>
<tr>
<th>Interest income:</th>
<th>Lending</th>
<th>DMO</th>
<th>Corporate and Other</th>
<th>Total “Core Earnings”</th>
<th>Adjustments</th>
<th>Total GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFELP Stafford and Other Student Loans</td>
<td>2,771,236</td>
<td>$ —</td>
<td>$ —</td>
<td>$ 2,771,236</td>
<td>$(1,362,298)</td>
<td>$1,408,938</td>
</tr>
<tr>
<td>Consolidation Loans</td>
<td>4,690,060</td>
<td>—</td>
<td>—</td>
<td>4,690,060</td>
<td>(1,144,203)</td>
<td>3,545,857</td>
</tr>
<tr>
<td>Private Education Loans</td>
<td>2,092,068</td>
<td>—</td>
<td>—</td>
<td>2,092,068</td>
<td>(1,070,847)</td>
<td>1,021,221</td>
</tr>
<tr>
<td>Other loans</td>
<td>97,954</td>
<td>—</td>
<td>—</td>
<td>97,954</td>
<td>—</td>
<td>97,954</td>
</tr>
<tr>
<td>Cash and investments</td>
<td>704,336</td>
<td>—</td>
<td>6,989</td>
<td>711,325</td>
<td>(208,323)</td>
<td>503,002</td>
</tr>
<tr>
<td>Total interest income</td>
<td>10,355,654</td>
<td>—</td>
<td>6,989</td>
<td>10,362,643</td>
<td>(3,785,671)</td>
<td>6,576,972</td>
</tr>
<tr>
<td>Total interest expense</td>
<td>7,877,263</td>
<td>23,150</td>
<td>11,768</td>
<td>7,912,181</td>
<td>(2,789,326)</td>
<td>5,122,855</td>
</tr>
<tr>
<td>Net interest income</td>
<td>2,478,391</td>
<td>(23,150)</td>
<td>(4,779)</td>
<td>2,450,462</td>
<td>(996,345)</td>
<td>1,454,117</td>
</tr>
<tr>
<td>Less: provisions for losses</td>
<td>302,498</td>
<td>—</td>
<td>282</td>
<td>302,780</td>
<td>(15,818)</td>
<td>286,962</td>
</tr>
<tr>
<td>Fee income</td>
<td>—</td>
<td>396,830</td>
<td>132,100</td>
<td>528,930</td>
<td>—</td>
<td>528,930</td>
</tr>
<tr>
<td>Collections revenue</td>
<td>—</td>
<td>238,970</td>
<td>—</td>
<td>238,970</td>
<td>859</td>
<td>239,829</td>
</tr>
<tr>
<td>Other income</td>
<td>177,451</td>
<td>—</td>
<td>155,025</td>
<td>332,476</td>
<td>1,073,036</td>
<td>1,405,512</td>
</tr>
<tr>
<td>Total other income</td>
<td>177,451</td>
<td>635,800</td>
<td>287,125</td>
<td>1,100,376</td>
<td>1,073,895</td>
<td>2,174,271</td>
</tr>
<tr>
<td>Operating expenses(1)</td>
<td>645,057</td>
<td>357,797</td>
<td>249,958</td>
<td>1,252,812</td>
<td>93,340</td>
<td>1,346,152</td>
</tr>
<tr>
<td>Income before income taxes and minority</td>
<td>—</td>
<td>254,853</td>
<td>32,106</td>
<td>285,959</td>
<td>28</td>
<td>1,995,274</td>
</tr>
<tr>
<td>interest in net earnings of subsidiaries(1)</td>
<td>1,708,287</td>
<td>—</td>
<td>32,106</td>
<td>1,740,393</td>
<td>28</td>
<td>1,995,274</td>
</tr>
<tr>
<td>Income tax expense(2)</td>
<td>632,067</td>
<td>94,344</td>
<td>11,830</td>
<td>738,241</td>
<td>96,070</td>
<td>834,311</td>
</tr>
<tr>
<td>Minority interest in net earnings of</td>
<td>—</td>
<td>4,007</td>
<td>—</td>
<td>4,007</td>
<td>—</td>
<td>4,007</td>
</tr>
<tr>
<td>subsidiaries</td>
<td>1,076,220</td>
<td>$156,502</td>
<td>$ 20,276</td>
<td>1,252,998</td>
<td>$ (96,042)</td>
<td>$1,156,956</td>
</tr>
</tbody>
</table>

(1) Operating expenses for the Lending, DMO, and Corporate and Other business segments include $34 million, $12 million, and $17 million, respectively, of stock option compensation expense due to the implementation of SFAS No. 123(R) in the first quarter of 2006.

(2) Income taxes are based on a percentage of net income before tax for the individual reportable segment.
Interest income:

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Lending(2)</th>
<th>DMO(2)</th>
<th>Corporate and Other(2)</th>
<th>Total “Core Earnings”</th>
<th>Adjustments</th>
<th>Total GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFELP Stafford and Other Student Loans</td>
<td>$2,298,256</td>
<td>$ —</td>
<td>$ —</td>
<td>$2,298,256</td>
<td>$(1,283,405)</td>
<td>$1,014,851</td>
</tr>
<tr>
<td>Consolidation Loans</td>
<td>3,014,383</td>
<td>—</td>
<td>3,014,383</td>
<td>(514,375)</td>
<td>2,500,008</td>
<td></td>
</tr>
<tr>
<td>Private Education Loans</td>
<td>1,160,239</td>
<td>—</td>
<td>1,160,239</td>
<td>(526,355)</td>
<td>633,884</td>
<td></td>
</tr>
<tr>
<td>Other loans</td>
<td>84,664</td>
<td>—</td>
<td>84,664</td>
<td>—</td>
<td>84,664</td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>395,613</td>
<td>—</td>
<td>473,407</td>
<td>(123,591)</td>
<td>276,756</td>
<td></td>
</tr>
<tr>
<td>Total interest income</td>
<td>6,953,155</td>
<td>—</td>
<td>6,957,889</td>
<td>(2,447,726)</td>
<td>4,510,163</td>
<td></td>
</tr>
<tr>
<td>Total interest expense</td>
<td>4,797,271</td>
<td>19,176</td>
<td>4,822,445</td>
<td>(1,763,727)</td>
<td>3,058,718</td>
<td></td>
</tr>
<tr>
<td>Net interest income</td>
<td>2,155,884</td>
<td>(19,176)</td>
<td>2,135,444</td>
<td>(683,999)</td>
<td>1,451,445</td>
<td></td>
</tr>
<tr>
<td>Less: provisions for losses</td>
<td>138,026</td>
<td>—</td>
<td>177</td>
<td>64,803</td>
<td>203,006</td>
<td></td>
</tr>
<tr>
<td>Net interest income after provisions</td>
<td>2,017,858</td>
<td>(19,176)</td>
<td>1,997,241</td>
<td>(748,802)</td>
<td>1,248,439</td>
<td></td>
</tr>
<tr>
<td>Fee income</td>
<td>—</td>
<td>359,907</td>
<td>115,477</td>
<td>475,384</td>
<td>—</td>
<td>475,384</td>
</tr>
<tr>
<td>Collections revenue</td>
<td>—</td>
<td>166,648</td>
<td>—</td>
<td>166,648</td>
<td>192</td>
<td>166,840</td>
</tr>
<tr>
<td>Other income</td>
<td>109,700</td>
<td>1</td>
<td>126,086</td>
<td>1,129,341</td>
<td>1,365,128</td>
<td></td>
</tr>
<tr>
<td>Total other income</td>
<td>109,700</td>
<td>526,556</td>
<td>241,563</td>
<td>877,819</td>
<td>1,129,533</td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>547,405</td>
<td>287,050</td>
<td>235,430</td>
<td>1,069,885</td>
<td>68,443</td>
<td>1,138,328</td>
</tr>
<tr>
<td>Income before income taxes and minority interest in net earnings of subsidiaries</td>
<td>1,580,153</td>
<td>220,330</td>
<td>4,692</td>
<td>1,805,175</td>
<td>312,288</td>
<td>2,117,463</td>
</tr>
<tr>
<td>Income tax expense(1)</td>
<td>584,657</td>
<td>81,522</td>
<td>1,736</td>
<td>667,915</td>
<td>60,852</td>
<td>728,767</td>
</tr>
<tr>
<td>Minority interest in net earnings of subsidiaries</td>
<td>1,749</td>
<td>4,403</td>
<td>—</td>
<td>6,152</td>
<td>260</td>
<td>6,412</td>
</tr>
<tr>
<td>Net income</td>
<td>$ 993,747</td>
<td>$134,405</td>
<td>$ 2,956</td>
<td>$1,131,108</td>
<td>$ 251,176</td>
<td>$1,382,284</td>
</tr>
</tbody>
</table>

(1) Income taxes are based on a percentage of net income before tax for the individual reportable segment.
(2) In the first quarter of 2006, the Company changed its method for allocating certain Corporate and Other expenses to the other business segments. All periods presented have been updated to reflect the new allocation methodology.
## SLM CORPORATION

### Reconciliation of “Core Earnings” Net Income to GAAP Net Income

(In thousands, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>Quarters ended</th>
<th>Years ended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>“Core Earnings”</strong> net income (A)</td>
<td>$325,747</td>
<td>$320,620</td>
</tr>
<tr>
<td>“Core Earnings” adjustments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net impact of securitization accounting</td>
<td>(67,984)</td>
<td>159,468</td>
</tr>
<tr>
<td>Net impact of derivative accounting</td>
<td>(242,614)</td>
<td>(112,699)</td>
</tr>
<tr>
<td>Net impact of Floor Income</td>
<td>(51,762)</td>
<td>(52,781)</td>
</tr>
<tr>
<td>Net impact of acquired intangibles (B)</td>
<td>(25,113)</td>
<td>(36,397)</td>
</tr>
<tr>
<td>Total “Core Earnings” adjustments before income taxes and minority interest in net earnings of subsidiaries</td>
<td>(387,473)</td>
<td>(42,409)</td>
</tr>
<tr>
<td>Net tax effect (C)</td>
<td>79,831</td>
<td>(14,739)</td>
</tr>
<tr>
<td>Total “Core Earnings” adjustments before minority interest in net earnings of subsidiaries</td>
<td>(307,642)</td>
<td>(57,148)</td>
</tr>
<tr>
<td>Minority interest in net earnings of subsidiaries</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total “Core Earnings” adjustments</td>
<td>(307,642)</td>
<td>(57,148)</td>
</tr>
<tr>
<td><strong>GAAP net income</strong></td>
<td>$18,105</td>
<td>$263,472</td>
</tr>
<tr>
<td>GAAP diluted earnings per common share</td>
<td>$ .02</td>
<td>$ .60</td>
</tr>
</tbody>
</table>

(A) “Core Earnings” diluted earnings per common share $ .74 | $ .73 | $ .63 | $2.83 | $2.51 |

(B) Represents goodwill and intangible impairment and the amortization of acquired intangibles.

(C) Such tax effect is based upon the Company’s “Core Earnings” 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.

### “Core Earnings”

In accordance with the Rules and Regulations of the Securities and Exchange Commission (“SEC”), we prepare financial statements in accordance with generally accepted accounting principles in the United States of America (“GAAP”). In addition to evaluating the Company’s GAAP-based financial information, management evaluates the Company’s business segments on a basis that, as allowed under SFAS No. 131, “Disclosures about Segments of an Enterprise and Related Information,” differs from GAAP. We refer to management’s basis of evaluating our segment results as “Core Earnings” presentations for each business segment and we refer to this information in our presentations with credit rating agencies and lenders. While “Core Earnings” are not a substitute for reported results under GAAP, we rely on “Core Earnings” to manage each operating segment because we believe these measures provide additional information regarding the operational and performance indicators that are most closely assessed by management.
Our “Core Earnings” 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 Earnings” basis by reportable segment, as these are the measures used regularly by our chief operating decision maker. Our “Core Earnings” 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 Earnings” are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. “Core Earnings” reflect only current period adjustments to GAAP as described below. Accordingly, the Company’s “Core Earnings” presentation does not represent another comprehensive basis of accounting. A more detailed discussion of the differences between GAAP and “Core Earnings” follows.

Limitations of “Core Earnings”

While GAAP provides a uniform, comprehensive basis of accounting, for the reasons described above, management believes that “Core Earnings” are an important additional tool for providing a more complete understanding of the Company’s results of operations. Nevertheless, “Core Earnings” are subject to certain general and specific limitations that investors should carefully consider. For example, unlike financial accounting, there is no comprehensive, authoritative guidance for management reporting. Our “Core Earnings” are not defined terms within GAAP and may not be comparable to similarly titled measures reported by other companies. Unlike GAAP, “Core Earnings” reflect only current period adjustments to GAAP. Accordingly, the Company’s “Core Earnings” presentation does not represent a comprehensive basis of accounting. Investors, therefore, may not compare our Company’s performance with that of other financial services companies based upon “Core Earnings.” “Core Earnings” results are only meant to supplement GAAP results by providing additional information regarding the operational and performance indicators that are most closely used by management, the Company’s board of directors, rating agencies and lenders to assess performance.

Other limitations arise from the specific adjustments that management makes to GAAP results to derive “Core Earnings” results. For example, in reversing the unrealized gains and losses that result from SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities,” on derivatives that do not qualify for “hedge treatment,” as well as on derivatives that do qualify but are in part ineffective because they are not perfect hedges, we focus on the long-term economic effectiveness of those instruments relative to the underlying hedged item and isolate the effects of interest rate volatility, changing credit spreads and changes in our stock price on the fair value of such instruments during the period. Under GAAP, the effects of these factors on the fair value of the derivative instruments (but not on the underlying hedged item) tend to show more volatility in the short term. While our presentation of our results on a Managed Basis provides important information regarding the performance of our Managed portfolio, a limitation of this presentation is that we are presenting the ongoing spread income on loans that have been sold to a trust managed by us. While we believe that our Managed Basis presentation presents the economic substance of our Managed loan portfolio, it understates earnings volatility from securitization gains. Our “Core Earnings” results exclude certain Floor Income, which is real cash income, from our reported results and therefore may understate earnings in certain periods. Management’s financial planning and valuation of operating results, however, does not take into account Floor Income because of its inherent uncertainty, except when it is economically hedged through Floor Income Contracts.

Pre-Tax Differences between “Core Earnings” and GAAP

Our “Core Earnings” 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 Earnings” basis by reportable segment, as these are the measures used regularly by our chief operating decision maker. Our “Core Earnings” 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. “Core Earnings” reflect only current period adjustments to GAAP, as described in the more detailed discussion of the differences between GAAP and “Core Earnings” that follows, which includes further detail on each specific adjustment required to reconcile our “Core Earnings” segment presentation to our GAAP earnings.

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

2) **Derivative Accounting:** “Core Earnings” exclude periodic unrealized gains and losses arising primarily in our Lending business segment, and to a lesser degree in our Corporate and Other business segment, that are caused primarily by the one-sided mark-to-market derivative valuations prescribed by SFAS No. 133 on derivatives that do not qualify for “hedge treatment” under GAAP. Under “Core Earnings,” we recognize the economic effect of these hedges, which generally results in any cash paid or received being recognized ratably as an expense or revenue over the hedged item’s life. “Core Earnings” also exclude the gain or loss on equity forward contracts that under SFAS No. 133 are required to be accounted for as derivatives and marked-to-market through earnings.

3) **Floor Income:** The timing and amount (if any) of Floor Income earned in our Lending operating segment is uncertain and in excess of expected spreads. Therefore, we exclude such income from “Core Earnings” when it is not economically hedged. We employ derivatives, primarily Floor Income Contracts and futures, to economically hedge Floor Income. As discussed above in “Derivative Accounting,” these derivatives do not qualify as effective accounting hedges, and therefore, under GAAP, they are marked-to-market through the “gains (losses) on derivative and hedging activities, net” line on the income statement with no offsetting gain or loss recorded for the economically hedged items. For “Core Earnings,” 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 in income.

4) **Acquired Intangibles:** We exclude goodwill and intangible impairment and the amortization of acquired intangibles.