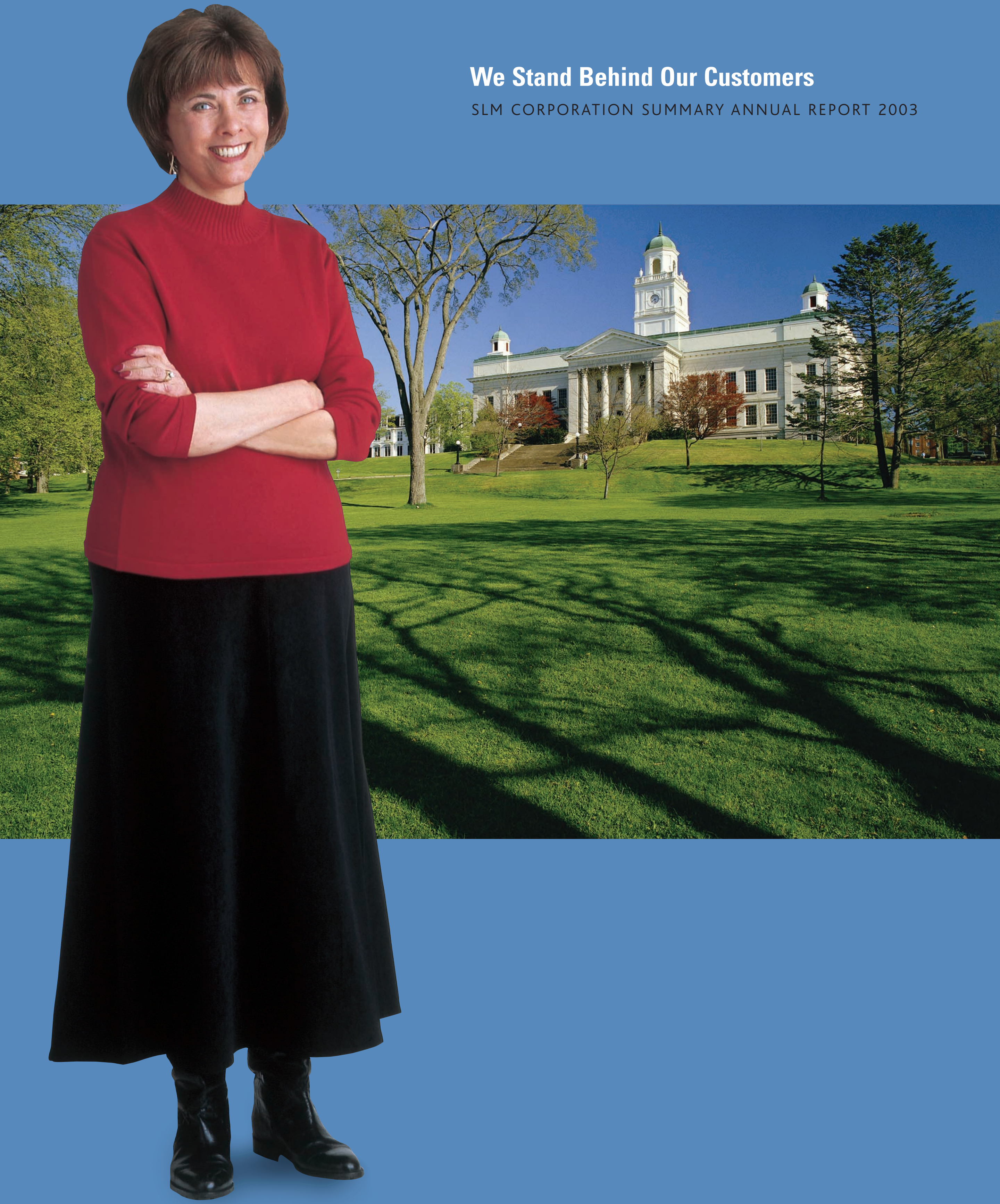
SallieMae

Nobody lends you more support.®

We Stand Behind Our Customers

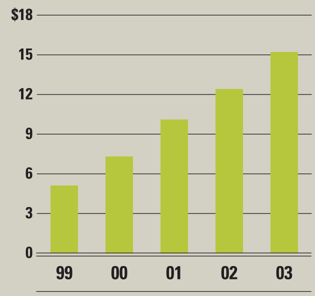
SLM CORPORATION SUMMARY ANNUAL REPORT 2003



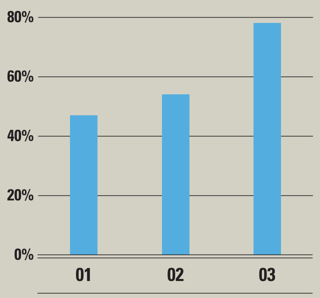
Financial Highlights

Managed Student Loans
(in billions)

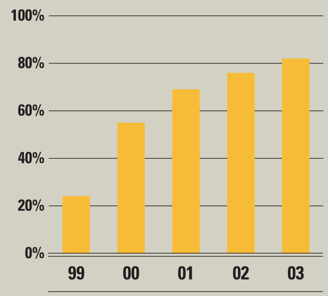
Preferred Channel Originations
(in billions)



Percent of Loans Funded Outside of the GSE



Fee Income as a Percent of Operating Expenses



We Stand Behind Our Customers

In preparing this year's *Annual Report,* we asked ourselves the following question: What does it mean to be the nation's leading provider of education funding—to help millions of Americans access the dream of a college education?

For the answer, we turned to both our customers and our own Sallie Mae employees. In the pages that follow, they describe how Sallie Mae stands behind its customers, providing the tools and support to serve students and families across the country.

On the cover: Adrienne Weible of Sallie Mae's Northeast higher education sales team.

As the lucky person with the longest tenure at Sallie Mae, my perspective is shaped by more than three rewarding decades with this unique company. While no amount of experience provides a crystal ball into the future, I can say with great confidence that we are at perhaps our most important crossroads—full privatization and the opportunities it presents.

Edward A. Fox
CHAIRMAN OF THE BOARD

Nearly 31 years ago, Sallie Mae was conceived under government sponsorship to deliver on the promise of access to higher education for all Americans. Today, education finance is a thriving industry and Sallie Mae, near the finish line of privatization, is its leader.

No company is better positioned in the higher education marketplace to provide all of the financing and service needs of schools. No company is better equipped with a range of products to meet all the life stages of education credit. No company can match the training and dedication of our sales and service associates. And no company in our industry has the history and achievement of Sallie Mae.

As I look back over 2003, I see a year of great accomplishment and progress at Sallie Mae. Our financial accomplishments are highlighted in this report and in our 10-K, but in short, 2003 was our best loan delivery year to date—both in volume and in the service we delivered to customers. It also was Sallie Mae's best sales year, with our core brands growing at a remarkable rate. And, it was our best financing year. Indeed, we are closing in on full privatization, an achievement that fills me—the very first employee of Sallie Mae—with great pride.

In 2003, Sallie Mae's employees served our customers—schools, borrowers, lenders and guarantors—more effectively and efficiently, thereby helping more students pursue a college education.

Our employees are truly the Sallie Mae story. It is why we chose to highlight them in this year's annual report, along with the support that they provide to our valued customers. These individuals, often far from the spotlight, dedicate their energies and talents to serving our customers every day. And it is through the trusted relationships they build with our clients that not only Sallie Mae succeeds, but students and families succeed as well. As this report makes clear—whether it is a school, a student, a government agency or a guarantor—we stand behind our customers.

Thank you for your continued confidence in Sallie Mae.

Edward A Fox

EDWARD A. FOX
CHAIRMAN OF THE BOARD

Dear Fellow Shareholders:

Whether you are a longtime owner or a recent investor, we thank you for your trust and confidence in Sallie Mae and its management team. You own a business with a 30-year record of performance, and an outlook that we see as even brighter than our past achievement.

Albert L. Lord
VICE CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

With several months of 2004 as perspective, it is now clear that 2003 was a very special year for the student loan business. Last year marked a confluence of three critical events: Sallie Mae again registered record earnings; American taxpayers recorded their first cash surplus from FFELP operations; and students enjoyed the lowest interest rates in the history of the student loan program! Our three principal constituents: students, shareholders and taxpayers, have cause to applaud.

Our 29 percent core cash EPS growth (net of non-recurring revenue) was produced by record loan originations and strong fee income growth, largely from debt management operations (collections of defaulted student loans). Our bedrock business, FFELP originations, grew 19 percent to $12 billion, with $80 billion in FFELP assets earning for us at year-end. Nonetheless, related revenues have fallen to about 60 percent of our total revenues, a proportion that illustrates the rapid diversification of our income stream. Private credit, guarantee and loan servicing, together with our collection businesses—all for the higher education industry—now produce about 40 percent of our revenue.

Our 2003 earnings growth was achieved even as we undertook massive balance sheet transformation. We issued $45 billion of debt in the private capital market, refinancing half of our liabilities, and found ourselves entering 2004 nearly 80 percent private. FFELP margins are now nearly 40 basis points narrower than during our GSE days (excluding the margin enhancement generated by our private credit portfolio). Compounding the privatization squeeze has been extensive consolidation of student loan assets at lower spreads: in 2003, our borrowers consolidated $8.6 billion in student loans. The cumulative negative impact on our revenue growth rate from these asset and liability conversions will peak this year. We expect the combination of the growth in our fee-based and private credit businesses, along with continued operating efficiencies, will help offset this squeeze and allow us to deliver on our 2004 EPS growth expectations.

Margin pressures notwithstanding, we will continue to push hard to accelerate our final privatization efforts. Led by Jack Remondi, our finance team delivered huge funding volume in 2003 at better-than-expected spreads. Our post-GSE market access and capital adequacy questions were clearly answered by that performance. As shareholders you have absorbed these refinancing costs as the price for earnings diversification and better control of our destiny. We believe that our new freedom will improve long-term results and produce valuations more closely related to the economics of the higher education marketplace that we serve.

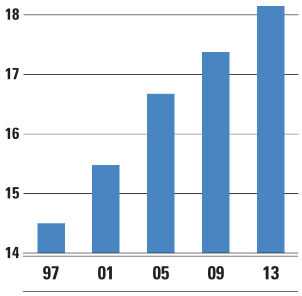
And we love the higher education market dynamics. Today, the average value of a bachelor's degree is about $1.5 million higher than a high school diploma, a differential that is growing as rapidly as today's tuition costs. The American economy places so high a value on education that its cost is each citizen's most rewarding investment. As involved Americans, we, too, fret about the sizeable financial obligations undertaken by some of our young adults. Yet it is clear: borrowing to attend college is a wiser choice than being debt free without an education.

After 20 years of no growth in America's college-age population, that group will grow 13 percent just in this decade. These new students will join and compete with the rapidly growing mid-career adult population returning to school. Growing demand has pushed prices upward and spawned particularly explosive growth in the for-profit sector of higher education, which provides much-needed seats and focused education to working and "transitioning" adults. We have worked closely with this segment of the market, which is fueling both our FFELP and private credit loan originations.

Today, our nearly 8,000 employees deliver service to schools and students. Our 300-person sales force connects us with as many as 1,500 schools per week. Campus presence combined with our products and delivery system make up our franchise. We are now the leading player in loan origination, loan servicing, guarantee servicing, and student loan collection. While we experience robust competition in each segment, we also see potential for ample share growth. This, combined with the market's expansion, underlies our long-term optimism.

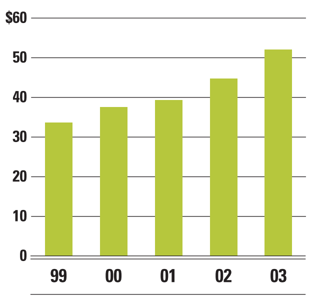
It is a rare shareholder conversation for us that omits discussion of

Projected Enrollment Trends
(in millions)



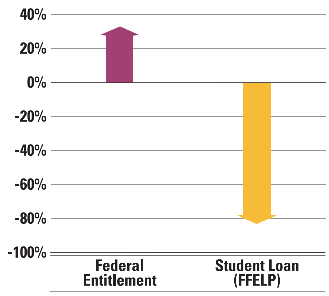
Source: U.S. Department of Education, "Projections of Education Statistics to 2013," Table 10, p. 57.

Federal Student Loan Originations
(in billions)



Source: U.S. Department of Education, "Federal Student Financial Assistance Programs Loan Value Updates."

Federal Entitlement Spending
(% change in constant $, 1991 to 2001)



Source: U.S. Department of Education, "Federal Student Loan Program Databook," FY1997–FY2000, Table 1 adjusted to constant dollars; Historical Tables, President's Budget FY2004.

Thomas J. Fitzpatrick
PRESIDENT AND
CHIEF OPERATING OFFICER

political risk. Yet, today we believe the FFELP success story makes this public/private partnership more stable than ever. The American taxpayer has underwritten the $210 billion FFELP loans outstanding today and as noted earlier, that investment actually returned cash to them in 2003. We are excited by that result and, as the program's largest participant, we feel quite proud of the achievement.

Sallie Mae foresees continued financial equilibrium for FFELP once Congress considers the structural flaw in the current consolidation loan program, which sets 30-year loan interest rates with rates appropriate for 90-day loans. This mismatched financing technique—lending long and borrowing short—virtually erased the thrift industry and cost taxpayers billions of dollars. Unless changed, today's consolidation program will transfer billions of taxpayer dollars from those who are seeking a college education to those who have already obtained their degrees.

We owe our shareholders a special thank you in this era of heightened corporate scrutiny and sensitivity. Your CEO, COO and Board of Directors are proponents and holders of long-term stock options as is every employee of Sallie Mae. These options in aggregate reward us with about a 10 percent share of Sallie Mae's value creation. We thank you for this generous level, and we promise to use the option authorization we seek from you this year prudently.

Last year, we increased our commitment to philanthropic activities with a one-time $40 million contribution to The Sallie Mae Fund. With assets of about $90 million, the Fund supports strategic K-12 and higher education projects in the nation's capital and throughout the country. On behalf of the Fund's beneficiaries, we thank you for your support.

We close this letter with recognition of our employees. Thanks to their attention to the needs of financial aid officers, and to their high quality service to our 7 million loan customers, we have concluded another year of solid performance and continuous improvement.

Albert L Lord

ALBERT L. LORD
VICE CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

Thomas J. Fitzpatrick

THOMAS J. FITZPATRICK
PRESIDENT AND
CHIEF OPERATING OFFICER

Sallie Mae at a Glance

LOAN PRODUCTS

FEDERAL LOANS
- Stafford Loans
- PLUS Loans
- Consolidation Loans

STAFFORD & PRIVATE LOAN PACKAGES
- Signature Student Loans
- MBA LOANS
- LAWLOANS
- MEDLOANS

PRIVATE LOANS
- Career Training Loans
- K-12 Family Education Loans

LOAN DELIVERY

LOAN ORIGINATION AND DELIVERY
- OpenNet
  - E-Signature
- CollegeServ

GUARANTOR SERVICES

LOAN SERVICING

SCHOOL SUPPORT

FINANCIAL AID OFFICE SUPPORT
- Online School Portal
- Online Award Letters
- Financial Aid Support Services

BUSINESS OFFICE SUITE
- Tuition Payment Plans
- One-time Payment Solutions
- Campus Collections
- Receivables Management
- Outsourced Solutions
- E-Commerce
  - Registration
  - Bookstore
  - Tickets
  - Giving

CAMPUS CONSULTING SERVICES
- Noel-Levitz

CONSUMER SERVICES

EDUCATION
- CollegeAnswer.com
- ParentAnswer.com

LOAN SERVICING
- Sallie Mae Servicing

ONLINE ACCOUNT MANAGEMENT
- Account Access
- Payment
- Forms
- E-Signature

LIFETIME SERVICES
- TrueCareers.com
- SUCCESS by Sallie Mae

CORPORATE ENTITIES

LENDER BRANDS/ EDUCATION CREDIT

EDUCATION LOANS
- Sallie Mae Education Trust
- Nellie Mae Corporation
- Student Loan Funding Resources LLC
- Academic Management Services Corporation
- Education One Group, Inc. (Bank One)
- Education First Marketing, LLC (Chase)

CAREER TRAINING, CONSUMER FINANCE
- SLM Financial Corporation

DEBT MANAGEMENT
- Student Assistance Corporation
- General Revenue Corporation
- Pioneer Credit Recovery, Inc.

SERVICE SUPPORT: Nearly 8,000 employees stand behind our customers.

As this chart shows, Sallie Mae is much more than a loan originator. In fact, Sallie Mae and its subsidiaries participate in every stage of the student loan life cycle, from origination, to delivery of funds, to servicing, to debt management and beyond.

Adrienne Weible
ACCOUNT EXECUTIVE FOR THE NORTHEAST

"Our number one goal is to help school customers," explains Adrienne Weible of Sallie Mae's higher education sales team. "When we get clients the answer they need, they are able to focus on the important work at hand: helping students and families with their higher education goals."

HigherEd Sales

Providing electronic solutions is not new to Sallie Mae, but the challenge never grows old for us. From sales to servicing, we are constantly looking for ways to tap the power of technology to make the loan process easier for students, families and schools.

Daniel Pinch
ASSOCIATE VICE PRESIDENT
OF STUDENT ADMINISTRATIVE SERVICES
AT EMERSON COLLEGE

Sallie Mae's commitment to higher education is just one of the reasons Daniel Pinch, associate vice president of Student Administrative Services at Emerson College, has referred to his school as a "poster child" for Sallie Mae.

Located in Boston, Emerson College is internationally acclaimed for its communications and arts specialization. Between its undergraduate and graduate programs, the student enrollment is 4,000. Many of these students require several funding sources—Stafford, PLUS and private loans—to meet the prerequisites of attending school at Emerson. Total annual costs, including tuition, fees and room and board, are more than $30,000. When the one-time direct lending school began its transition to the Federal Family Education Loan Program (FFELP) in 1998, it did so in part because Sallie Mae offers broader, more competitive financing options for students. Quality service also played a role in its decision.

Says Adrienne Weible, Sallie Mae account executive for the Northeast: "At the time, Emerson was looking for more customized support. They also wanted additional funding choices for their borrowers. We were able to meet their request, and provide a breadth of products and services, including an alternative loan program."

Sallie Mae's emphasis on technology also brought and continues to bring additional value to the school.

"There is an ongoing effort at Emerson to make everything electronic—to provide 24x7 access for our students," says Emerson's Pinch. "Sallie Mae has allowed us to do just that. From servicing our entire loan volume, to providing online bill payment with the Net.Pay℠ product, to creating processes that enable students to apply for loans online, Sallie Mae is there all the way."

Janice Morse
COLLEGESERV REPRESENTATIVE

Located in our Texas, Florida, Indiana and Arizona centers, CollegeServ provides "on-the-spot" service and support to schools throughout the country. Says Janice Morse, a CollegeServ representative in Killeen, Texas: "Accountability and responsiveness to a school's needs and the needs of students are at the forefront of what we do every day."

CollegeServ

CollegeServ represents a central "hub" of Sallie Mae. Here, 200 representatives with extensive knowledge of the student loan process provide school customers across the country with the information and support they need to manage the delivery of education loans to a financial aid office.

Catherine Thomas
DIRECTOR OF FINANCIAL AID
UNIVERSITY OF SOUTHERN CALIFORNIA

Janice Morse is something of a modern-day Sherlock Holmes.

As a service coordinator for CollegeServ in Killeen, Texas, Janice says she relies heavily on "investigative skills" and her ability to ask the kind of probing questions that ultimately deliver effective service resolutions for school customers.

"Customer service means being a good listener," says Janice. "Sallie Mae's ability to really listen to what financial aid administrators are saying sets us apart. A school, big or small, knows we are there for them. When an issue comes up, we find an answer. And we continue to be proactive, looking for ways to create an even better customer experience for the school and, ultimately, the students."

University of Southern California (USC) is a prime example. The university, which has 31,000 students who attend multiple campuses, has seen its lending volume skyrocket in recent years. More than $45 million in Federal Family Education Loan Program (FFELP) volume was disbursed to USC students by Sallie Mae on just one day in January 2004. Despite this significant volume, Sallie Mae's single point-of-contact approach ensured service and response standards were at their highest throughout the process.

"We depend on Sallie Mae as a business partner, not simply a lender/servicer," says Catherine Thomas, USC's director of financial aid.

"USC is known as a high-touch, high-tech school, and Sallie Mae has a like-minded philosophy," she adds. "And that's made all the difference for us and our students."

Sudip Patnaik
MANAGING DIRECTOR OF
LOAN DELIVERY PRODUCTS

As of March 1, 2004, Sallie Mae had launched OpenNet℠ at 367 schools, with nearly $750 million in student loans successfully guaranteed. At Louisiana State University, OpenNet went "live" March 1, 2004. Spearheading the implementation of OpenNet at LSU and other major schools is Sallie Mae's Sudip Patnaik.

Leaving his native country of India behind in 1984, Sudip Patnaik signed on for a position with Sallie Mae in its IT department. Little did he know his decision would evolve into a lifelong career. Today, as managing director of loan delivery products, Sudip says he has found a "permanent home" with the nation's leading student loan provider.

Mary Parker
FINANCIAL AID DIRECTOR
LOUISIANA STATE UNIVERSITY

When school customers consider you their trusted advisor, you know you're doing something right. For Sudip Patnaik, it's all in a day's work.

Last fall, Sudip delivered a presentation to financial aid officials at Louisiana State University (LSU). The subject: OpenNet, Sallie Mae's Web-based platform for exchanging student loan file data with any lender, guarantor or servicer. For LSU, the idea of converting its systems was not part of the school's strategic plan.

"Sudip wowed everyone in attendance," says Mary Parker, LSU's newly appointed financial aid director. "More importantly, the transition process since then has been nothing short of remarkable. Having previously dealt with implementing other systems, what Sallie Mae has accomplished for us is by far a step above. They have set the standard.

"LSU is embarking on a National Flagship Agenda to bring new levels of excellence to the school," adds Parker. "OpenNet is an excellent companion piece to that plan, creating greater efficiencies for the school and, most important, better service for students."

Successfully carrying out a project on the scale of OpenNet means communication between Sallie Mae and a school is critical. To ensure LSU was informed at every step of the process, a team of IT and servicing representatives maintained constant contact with LSU officials. The end result? A flawless execution, says LSU's Parker.

Sudip sums it up this way: "Finding a competitive edge in this industry means building and delivering products that schools are *compelled* to move to. OpenNet is that product."

Ted Sparks
VICE PRESIDENT OF USA FUNDS SERVICES

Guarantor servicing represents one of Sallie Mae's first entries into fee-based business, and continues to serve as a key growth driver for the company. With the support of USA Funds Services, USA Funds' new loan guarantee volume (not including consolidation loans) increased 19 percent in 2003, reaching nearly $10 billion.

USA Funds Services

It was 1961 when USA Funds guaranteed its first student loan to a college student named Ronald Evans. Forty-two years later, USA Funds continues to fulfill higher education dreams for young people like Evans. In 2003, the Indianapolis-based guarantor delivered record levels of service to higher education, with loan guarantee volume reaching $16.7 billion. Default prevention efforts were equally impressive, with nearly $10.9 billion in potential loan defaults averted.

Carl Dalstrom
PRESIDENT AND CEO OF USA FUNDS

Key to this success is USA Funds' relationship with Sallie Mae. Working together, each company strengthens the other's ability to better serve thousands of schools and millions of students and families. Sallie Mae has the technological know-how, along with a proven track record of operational and technical expertise, to deliver and collect education loans. For USA Funds, these core competencies enhance the guarantor's own product and service offerings, such as its financial-literacy program, *USA Funds Life Skills,* and an early awareness program for middle-school students called *USA Funds Unlock the Future.*

"We view the role of a guarantor not solely as an administrator of student loans but as a catalyst for college access that works in partnership with educational institutions, state and federal governments, financial-service organizations and, of course, families to make higher education a reality for more Americans," says Carl Dalstrom, president and CEO of USA Funds.

Ted Sparks, vice president of USA Funds Services, echoes those sentiments, adding: "Historically, USA Funds was the investor and builder of the guarantor servicing capabilities that exist within Sallie Mae today. Our charge at Sallie Mae is to build on that foundation and provide best-in-class advantages for USA Funds to distinguish itself in the marketplace."

The ultimate benefactors, of course, are students and schools. Says Dalstrom of USA Funds:

"The Sallie Mae/USA Funds relationship makes for a compelling combination for our customers. It also permits us to concentrate efforts on our nonprofit mission to deliver distinctive programs that help students prepare for higher education, access college and successfully complete their studies."

Joan Ludwick
CEO, PIONEER CREDIT RECOVERY

Industry collection efforts have lowered the cost of student loan defaults in the Federal Family Education Loan Program (FFELP) by $1 billion since 1991. Contributing to that performance is Pioneer Credit Recovery and its CEO, Joan Ludwick.

Pioneer Credit Recovery

In 1997, Joan Ludwick started work as an analyst at Pioneer Credit Recovery, Inc. The company had 30 employees. Six years later, the once-fledgling business has grown to 750 employees, and is considered a national leader in federal contract collections. Joan grew with the company, as well, becoming its chief executive officer in 2004.

Lawannah Howell
ASSISTANT CONTRACTING OFFICER'S REPRESENTATIVE FOR THE U.S. DEPARTMENT OF EDUCATION

Collections is a revolving door, says Lawannah Howell, a 25-year veteran of the U.S. Department of Education. "If payments on defaulted loans are not recovered, future generations of students ultimately will pay the price," she says.

Joan Ludwick, CEO of Pioneer Credit Recovery, agrees. "Collection work affects many, many stakeholders. The amount of dollars that we have helped return to the Department of Education has an impact on everyone from borrowers to taxpayers. In collecting these 'lost' dollars, we are helping to ensure that programs are available for future students to secure loans for their education."

For the past six years, Pioneer has served as one of the top collection agencies for the U.S. Department of Education, totaling more than $155 million in gross collections in 2003. The reason for the success is simple, says Ludwick. "We truly care about the end customer. Both the Department and Pioneer strive for the same goals, helping borrowers meet their student loan obligations and putting dollars back in taxpayers' pockets by collecting outstanding federal debt."

And that goal is critical. Effective counseling programs not only spare borrowers the serious repercussions that follow default, but also protect the integrity of the entire student loan program, as well as the interests of schools and American taxpayers.

The Department's Howell gives kudos to Pioneer for its collection efforts. "Pioneer stands out. They are indeed a consistent top performer," she says.

Adds Pioneer's Ludwick: "Our approach is about treating consumers with respect. We work *with* borrowers, not *against* them. The idea is to counsel, provide options and get them into the right program that fits their needs. When this happens, everyone wins."

Consolidated Balance Sheets

(Dollars and shares in thousands, except per share amounts)	DECEMBER 31, 2003	2002
ASSETS		
Federally insured student loans (net of allowance for losses of $23,787 and $36,325, respectively)	$29,216,914	$37,172,120
Federally insured student loans in trust (net of allowance for losses of $19,710)	16,354,805	—
Private credit student loans (net of allowance for losses of $168,212 and $194,359, respectively)	4,475,510	5,167,555
Academic facilities financings and other loans	1,030,907	1,202,045
Investments	5,268,179	4,231,501
Cash and cash equivalents	1,652,470	486,692
Restricted cash	1,080,702	271,610
Retained interest in securitized receivables	2,475,836	2,145,523
Goodwill and acquired intangible assets	592,112	586,127
Other assets	2,463,216	1,911,832
Total assets	$64,610,651	$53,175,005
LIABILITIES		
Short-term borrowings	$18,735,385	$25,618,955
Borrowings collateralized by loans in trust	16,597,396	—
Long-term notes	23,210,778	22,242,115
Other liabilities	3,437,046	3,315,985
Total liabilities	61,980,605	51,177,055
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Preferred stock, Series A, par value $.20 per share, 20,000 shares authorized: 3,300 and 3,300 shares issued, respectively, at stated value of $50 per share	165,000	165,000
Common stock, par value $.20 per share, 1,125,000 shares authorized: 472,643 and 624,552 shares issued, respectively	94,529	124,910
Additional paid-in-capital	1,553,240	1,102,574
Accumulated other comprehensive income (net of tax of $229,181 and $319,178, respectively)	425,621	592,760
Retained earnings	941,284	2,718,226
Stockholders' equity before treasury stock	3,179,674	4,703,470
Common stock held in treasury at cost: 24,965 and 166,812 shares, respectively	549,628	2,705,520
Total stockholders' equity	2,630,046	1,997,950
Total liabilities and stockholders' equity	$64,610,651	$53,175,005

The financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K filed with the Securities and Exchange Commission.

Consolidated Statements of Income

(Dollars and shares in thousands, except per share amounts)	YEARS ENDED DECEMBER 31, 2003	2002	2001
Interest income:			
Federally insured student loans	$1,813,368	$2,111,463	$2,463,789
Private credit student loans	307,477	338,591	324,276
Academic facilities financings and other loans	76,740	96,025	125,540
Investments	150,690	87,889	344,373
Total interest income	2,348,275	2,633,968	3,257,978
Interest expense	1,021,906	1,209,501	2,132,071
Net interest income	1,326,369	1,424,467	1,125,907
Less: provision for losses	147,480	116,624	65,991
Net interest income after provision for losses	1,178,889	1,307,843	1,059,916
Other income:			
Gains on student loan securitizations	744,289	337,924	75,199
Servicing and securitization revenue	666,409	838,609	754,837
Derivative market value adjustment	(237,815)	(1,082,100)	(1,005,533)
Guarantor servicing fees	128,189	106,172	112,160
Debt management fees	258,544	185,881	120,923
Other	252,335	218,842	207,540
Total other income	1,811,951	605,328	265,126
Operating expenses	807,871	689,772	707,654
Income before income taxes, minority interest in net earnings of subsidiary and cumulative effect of accounting change	2,182,969	1,223,399	617,388
Income taxes	779,380	431,403	223,322
Minority interest in net earnings of subsidiary	—	—	10,070
Income before cumulative effect of accounting change	1,403,589	791,996	383,996
Cumulative effect of accounting change	129,971	—	—
NET INCOME	1,533,560	791,996	383,996
Preferred stock dividends	11,501	11,501	11,501
Net income attributable to common stock	$1,522,059	$ 780,495	$ 372,495
Basic earnings per common share:			
Before cumulative effect of accounting change	$ 3.08	$ 1.69	$ .78
Cumulative effect of accounting change	.29	—	—
BASIC EARNINGS PER COMMON SHARE, AFTER CUMULATIVE EFFECT OF ACCOUNTING CHANGE	$ 3.37	$ 1.69	$ .78
Average common shares outstanding	452,037	462,294	477,233
Diluted earnings per common share:			
Before cumulative effect of accounting change	$ 3.01	$ 1.64	$ .76
Cumulative effect of accounting change	.28	—	—
DILUTED EARNINGS PER COMMON SHARE, AFTER CUMULATIVE EFFECT OF ACCOUNTING CHANGE	$ 3.29	$ 1.64	$ .76
Average common and common equivalent shares outstanding	463,335	474,520	490,199
DIVIDENDS PER COMMON SHARE	$ .59	$ .28	$ .24

The financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-K filed with the Securities and Exchange Commission.

Pro Forma “Core Cash”[1] Consolidated Statements of Income

	YEARS ENDED DECEMBER 31,		
(Dollars in thousands)	2003	2002	2001
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
Managed interest income:			
Managed federally insured student loans	$2,666,416	$2,864,215	$4,000,347
Managed private credit student loans	426,456	346,237	324,276
Academic facilities financings and other loans	76,740	96,025	125,540
Investments	163,208	87,577	342,979
Total managed interest income	3,332,820	3,394,054	4,793,142
Managed interest expense	1,680,873	2,035,274	3,521,985
Net managed interest income	1,651,947	1,358,780	1,271,157
Less: provision for losses	130,138	130,869	89,145
Net managed interest income after provision for losses	1,521,809	1,227,911	1,182,012
Other income:			
Guarantor servicing fees	128,189	106,172	112,160
Debt management fees	258,544	185,881	120,923
Other	257,322	210,739	222,095
Total other income	644,055	502,792	455,178
Operating expenses	780,961	663,487	660,555
Income before income taxes and minority interest in net earnings of subsidiary	1,384,903	1,067,216	976,635
Income taxes	459,021	376,893	342,553
Minority interest in net earnings of subsidiary	—	—	10,070
“CORE CASH” NET INCOME	925,882	690,323	624,012
Preferred stock dividends	11,501	11,501	11,501
“Core cash” net income attributable to common stock	$ 914,381	$ 678,822	$ 612,511

Reconciliation of GAAP Net Income to “Core Cash”[1] Net Income

	YEARS ENDED DECEMBER 31,		
(Dollars in thousands)	2003	2002	2001
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
GAAP NET INCOME	$1,533,560	$ 791,996	$ 383,996
“Core cash” adjustments:			
Net impact of securitization accounting	(306,789)	(282,226)	(79,987)
Net impact of derivative accounting	(502,339)	199,994	460,545
Net impact of floor income	(22,897)	(92,280)	(84,442)
Amortization of acquired intangibles and other	33,959	18,329	63,131
Total “core cash” adjustments before income taxes and cumulative effect of accounting change	(798,066)	(156,183)	359,247
Net tax effect [2]	320,359	54,510	(119,231)
Total “core cash” adjustments before cumulative effect of accounting change	(477,707)	(101,673)	240,016
Cumulative effect of accounting change	(129,971)	—	—
Total “core cash” adjustments	(607,678)	(101,673)	240,016
“CORE CASH” NET INCOME	$ 925,882	$ 690,323	$ 624,012

[1] Please see the definition of “core cash” under Selected Financial Data on page 19.

[2] Such tax effect is generally based upon the Company’s marginal tax rate for the respective period. The net tax effect excludes the impact of disallowed losses on equity forward contracts and income tax expense attributed to the residual interests in the securitized loans.

The financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Form 10-K filed with the Securities and Exchange Commission.

Selected Financial Data 1999 – 2003

The following table sets forth selected financial and other operating information of the Company. The selected financial data in the following table should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's Form 10-K to the Securities and Exchange Commission.

(Dollars in millions, except per share amounts)	2003	2002	2001	2000	1999
OPERATING DATA:					
Net interest income	$ 1,326	$ 1,425	$ 1,126	$ 642	$ 694
Net income	1,534	792	384	465	501
Basic earnings per common share, before cumulative effect of accounting change	3.08	1.69	.78	.95	1.04
Basic earnings per common share, after cumulative effect of accounting change	3.37	1.69	.78	.95	1.04
Diluted earnings per common share, before cumulative effect of accounting change	3.01	1.64	.76	.92	1.02
Diluted earnings per common share, after cumulative effect of accounting change	3.29	1.64	.76	.92	1.02
Dividends per common share	.59	.28	.24	.22	.20
Return on common stockholders' equity	66%	46%	30%	49%	78%
Net interest margin	2.54	2.92	2.33	1.52	1.85
Return on assets	2.91	1.60	.78	1.06	1.28
Dividend payout ratio	18	17	32	24	20
Average equity/average assets	4.19	3.44	2.66	2.34	1.59
BALANCE SHEET DATA:					
Student loans, net	$50,048	$42,339	$41,001	$37,647	$33,809
Total assets	64,611	53,175	52,874	48,792	44,025
Total borrowings	58,543	47,861	48,350	45,375	41,988
Stockholders' equity	2,630	1,998	1,672	1,415	841
Book value per common share	5.51	4.00	3.23	2.54	1.43
OTHER DATA:					
Off-balance sheet securitized student loans, net	$38,742	$35,785	$30,725	$29,868	$19,467
PRO-FORMA "CORE CASH"[(1)] RESULTS (UNAUDITED):					
Net interest income	$ 1,652	$ 1,359	$ 1,271	$ 1,039	$ 927
Net income	926	690	624	492	405
Diluted earnings per common share	1.97	1.43	1.25	.98	.83
Net interest margin	1.80%	1.68%	1.62%	1.53%	1.68%
Return on assets	1.00	.84	.78	.71	.71

[(1)] 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 the Company refers to as "core cash" measures. While "core cash" measures are not a substitute for reported results under GAAP, the Company relies on "core cash" measures in operating its business because the Company believes the "core cash" measures provide additional information on operational and performance indicators that are most closely assessed by management.

The Company reports pro forma "core cash" measures, which are the primary financial performance measure used by management not only in developing the financial plans and tracking results, but also in establishing corporate performance targets and determining incentive compensation. Management also relies on several other non-GAAP performance measures related to "core cash" measures to evaluate the Company's performance. The Company's "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 calculations follows.

***Securitization:** Under GAAP, certain securitization transactions are accounted for as sales of assets. Under "core cash"measures, the Company presents 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 by 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.*

***Floor Income:** The timing and amount (if any) of floor income earned is uncertain and in excess of expected spreads and, therefore, the Company excludes such income when it is not economically hedged from "core cash" measures. The Company employs derivatives, primarily floor income contracts and futures, to economically hedge floor income. 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, the Company reverses the fair value adjustments on the floor income contracts and includes the amortization of net premiums received in income. Since the Company excludes floor income that is not economically hedged, it also excludes net settlements on derivative contracts, the amortization of certain derivative gains and losses and gains and losses on sales of securities that were economically hedging floor income.*

***Derivative Accounting:** "Core cash" measures exclude the periodic unrealized gains and losses caused by the one-sided mark-to-market derivative valuations prescribed by GAAP's Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), 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.*

The Company also excludes the gain or loss on equity forward contracts including the gain recorded upon the adoption of Statement of Financial Accounting Standard No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," that was recorded as a "cumulative effect of accounting change."

***Other items:** "Core cash" measures exclude certain transactions that are not considered part of the Company's core business including the amortization of acquired intangibles, as well as gains and losses on certain sales of securities.*

SLM Corporation Officers and Directors

Left to Right: A. Alexander Porter Jr., Wolfgang Schoellkopf, Ronald F. Hunt, Diane Suitt Gilleland, Earl A. Goode, Albert L. Lord, Edward A. Fox, Thomas J. Fitzpatrick, Steven L. Shapiro, Ann Torre Grant, Charles L. Daley, Benjamin J. Lambert III, Barry L. Williams, William M. Diefenderfer III. Not pictured: Barry A. Munitz.

SLM Corporation Board of Directors

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Chairman

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Vice Chairman & CEO

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Lead Independent Director

Charles L. Daley
Director, Executive Vice President & Secretary
TEB Associates, Inc.

William M. Diefenderfer III*
Vice Chairman & Co-founder
enumerate Solutions, Inc.

Thomas J. Fitzpatrick
President & COO

Diane Suitt Gilleland
Visiting Associate Professor in Higher Education
University of Arkansas, Little Rock

Earl A. Goode
Chairman
Indiana Sports Corporation

Ann Torre Grant
Strategic & Financial Consultant

Ronald F. Hunt*
Attorney

Benjamin J. Lambert III
Senator
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Barry A. Munitz
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Managing Director
Lykos Capital Management, LLC

Steven L. Shapiro
Certified Public Accountant & Personal Financial Specialist
Alloy, Silverstein, Shapiro, Adams, Mulford, Cicalese, Wilson & Co.

Barry L. Williams
President
Williams Pacific Ventures, Inc.

** Also serves as Director on the Student Loan Marketing Association's (GSE) Board.*

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The Channing Bete Company

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Kenneth A. Shaw
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Syracuse University

Sara Martinez Tucker†
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Hispanic Scholarship Fund

Randolph H. Waterfield Jr.
Certified Public Accountant & Accounting Consultant

Pat Williams
Senior Fellow
Center for the Rocky Mountain West
University of Montana

† Presidential appointees

Sallie Mae Executive Management

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Vice Chairman & CEO

Thomas J. Fitzpatrick
President & COO

C.E. Andrews
Executive Vice President, Accounting & Risk Management

Marianne M. Keler
Executive Vice President & General Counsel

Robert R. Levine
Executive Vice President, Servicing

June M. McCormack
Executive Vice President, Guarantor Services & Sales Marketing

John F. Remondi
Executive Vice President, Finance

John F. Whorley Jr.
Executive Vice President, Debt Management Operations

Price Range of Common Stock

SLM Corporation common stock trades on the New York Stock Exchange under the symbol SLM. The following table sets forth the high and low sale prices for the Company's common stock for each full quarterly period in the two most recent fiscal years:

Common Stock Prices

		1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
2003	High	$37.72	$42.92	$42.42	$40.11
	Low	33.73	36.32	37.88	35.70
2002	High	$33.08	$33.28	$33.02	$35.65
	Low	25.67	30.10	26.58	30.87

The Company paid regular quarterly dividends of $.07 per share on the common stock for the first three quarters of 2002, $.08 for the fourth quarter of 2002 and the first quarter of 2003 and $.17 for the last three quarters of 2003 and for the first quarter of 2004.

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 in June 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.

SLM Corporation Annual Meeting

The annual meeting of shareholders will be held on Thursday, May 13, 2004, at 11:00 a.m. EDT, at the Sallie Mae headquarters office, 11600 Sallie Mae Drive, Reston, VA 20193.

The Company's 2003 Form 10-K, as filed with the Securities and Exchange Commission, has been mailed to shareholders of record as of March 15, 2004, together with this *Annual Report*. Shareholders also may obtain without charge a copy of the Company's 2003 Form 10-K by writing to the Investor Relations department or by visiting our Web site at www.salliemae.com. The Form 10-K includes, among other things, the following items:

- Management's discussion and analysis of financial condition and results of operations.
- Financial statements and the related notes, including consolidated, audited balance sheets as of December 31, 2003 and 2002, and consolidated, audited statements of income, changes in stockholders' equity and cash flows, for the fiscal years ended December 31, 2001–2003.
- A description of the Company's business.

Corporate Information

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