

SLM CORP
Form FWP
April 28, 2006

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**Debt Investor Presentation
First Quarter ended March 31, 2006**

April 21, 2006

Forward Looking Statements

Forward Looking Statements - This report contains forward-looking statements and information that are based on management's current expectations as of the date of this document. When used in this report, the words "anticipate," "believe," "estimate," "intend" and "expect" and similar expressions are intended to identify forward looking statements. These forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause the actual results to be materially different from those reflected in such forward-looking statements. These factors include, among others, changes in the terms of student loans and the educational credit marketplace arising from the implementation of applicable laws and regulations and from changes in these laws and regulations, which may reduce the volume, average term and costs of yields on student loans under the Federal Family Education Loan Program (FFELP) or result in loans being originated or refinanced under non-FFELP programs or may affect the terms upon which banks and others agree to sell FFELP loans to SLM Corporation, more commonly known as Sallie Mae, and its subsidiaries (collectively, "the Company"). In addition, a larger than expected increase in third party consolidations of our FFELP loans could materially adversely affect our results of operations. The Company could also be affected by changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; incorrect estimates or assumptions by management in connection with the preparation of our consolidated financial statements; changes in the composition of our Managed FFELP and Private Education Loan portfolios; a significant decrease in our common stock price, which may result in counterparties terminating equity forward positions with us, which, in turn, could have a materially dilutive effect on our common stock; changes in the general interest rate environment and in the securitization markets for education loans, which may increase the costs or limit the availability of financings necessary to initiate, purchase or carry education loans; losses from loan defaults; changes in prepayment rates and credit spreads; and changes in the demand for debt management services and new laws or changes in existing laws that govern debt management services.

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Disclosures

Non-GAAP Financial Measures The following presentation includes non-GAAP performance measures. A presentation of the most comparable GAAP financial measures and a reconciliation of the non-GAAP performance measures to the most directly comparable GAAP financial measures are included in the our most recent quarterly earnings release, quarterly earnings report on Form 10-Q and annual report on Form 10-K, which are available on our website at (<http://www2.salliemae.com/investors/stockholderinfo/earningsinfo>) and (<http://www2.salliemae.com/investors/stockholderinfo/secfilings>) and on the SEC's website (<http://www.sec.gov>).

U.S. Government Guaranteed Student Loans The following presentation contains references to U.S. Government guaranteed student loans. All such references are to loans made in compliance with the Federal Family Education Loan Program (FFELP), under Title IV of the Higher Education Act, to finance educational costs. As more fully described in our most recent quarterly earnings release, quarterly earnings report on Form 10-Q and annual report on Form 10-K, available on our website at (<http://www2.salliemae.com/investors/stockholderinfo/earningsinfo>) and (<http://www2.salliemae.com/investors/stockholderinfo>) and on the SEC's website (<http://www.sec.gov>), the federal guarantee of FFELP loans is conditioned on loans being originated, disbursed and serviced in accordance with U.S. Department of Education regulations. In addition, unless a loan default results from the borrower's death, disability or bankruptcy, the federal government guarantees only 98 percent of the principal balance (97 percent on loans disbursed after July 1, 2006) plus accrued interest and the holder of the loan generally must absorb the two percent (three percent after July 1, 2006) not guaranteed as a loss on the loan (Risk Sharing). FFELP loans serviced by a servicer that has an Exceptional Performer designation from the U.S. Department of Education are not subject to Risk Sharing and receive 100% reimbursement on default claims (99 percent reimbursement on default claims filed after July 1, 2006).

Additional Information - The following presentation contains certain information about the Company that management believes is important to investors, but should be read in conjunction with other material information about the Company, including, but not limited to, the operational, market and interest rate, political and regulatory, liquidity, credit, and consolidation loan refinancing risks that the Company faces. For a discussion of the risks described above as well as additional information about the Company you should refer to our most recent quarterly earnings release, quarterly report on Form 10-Q and annual report on Form 10-K, available on our website at (<http://www2.salliemae.com/investors/stockholderinfo/earningsinfo>) and (<http://www2.salliemae.com/investors/stockholderinfo/secfilings>) and on the SEC's website (<http://www.sec.gov>). For a discussion of the specific characteristics of any specific security, you should refer to the pricing supplement, prospectus supplement and/or prospectus applicable to that security.

Non-GAAP Core Earnings Performance Measures

Used by SLM's management in developing financial plans, tracking results, establishing corporate performance targets and determining incentive compensation

Used by equity investors, credit rating agencies and debt capital providers to measure the company's business performance

Treat securitizations as long-term financings, and exclude from core earnings (i) gains on sales from securitizations, (ii) derivatives mark-to-market adjustments, (iii) floor income, and (iv) amortization of acquired intangibles

Reflect only current period adjustments to GAAP earnings and are not a substitute for reported results under GAAP

May not be comparable to similarly titled measures reported by other companies

Note: Both a description of SLM's core earnings treatment and a full reconciliation to the GAAP income statement is contained in the supplemental earnings disclosure to the company's quarterly earnings releases and most recent Form 10-K.

SLM Corporation Overview

SLM Corporation

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#1 originator, servicer and collector of student loans in the vital and growing U.S. education lending market

Fully independent private sector company, traded on the NYSE with a market capitalization of \$21 billion(1)

\$127 billion managed student loan portfolio, 86% of which is U.S. Government guaranteed(1)

Profitable every year in existence, since 1972

Issued \$10 billion of A2/A/A+ corporate debt and \$27 billion of predominantly Aaa/AAA/AAA asset-backed securities during 2005

Scored a perfect 10 out of 10 for corporate governance in a recent evaluation by *Governance Metrics International*

(1) As of March 31, 2006.

A Brief Corporate History

SLM Corporate Debt Ratings

| | Moody's | S&P | Fitch |
|------------|---------|--------|--------|
| Long-Term | A2 | A | A+ |
| Short-Term | P-1 | A-1 | F1+ |
| Outlook | Stable | Stable | Stable |

Managed Loan Portfolio
(as of March 31, 2006)

| Loan Type | \$B | % |
|-------------------|----------|------|
| FFELP Loans | \$ 109.0 | 86% |
| Private Education | 17.9 | 14% |
| Total Portfolio | \$ 126.9 | 100% |

- 1965 Congress creates the Guaranteed Student Loan Program (1)
- 1972 Congress establishes, as a GSE, the Student Loan Marketing Association or Sallie Mae
- 1995 Sallie Mae completes its first AAA-rated guaranteed student loan securitization
- 1997 Privatization of Sallie Mae approved by Congress, SLM Corporation holding company created
- 2000 SLM Corporation issues single-A rated unsecured corporate debt
- 2004 GSE dissolved... SLM Corporation becomes a fully independent, private sector corporation

(1) Currently known as the Federal Family Education Loan Program (FFELP).

Pre- and Post-GSE Wind-Down

| Pre- and Post GSE Wind-Down - | Pre- Wind-Down 1999 | Post- Wind-Down 2005 |
|--|--------------------------------|---------------------------------|
| Moodys/S&P/Fitch Senior Debt Rating | A3/A+/A | A2/A/A+ |
| Market Share of Federal Student Loan Originations(1) | 15% | 27% |
| % of Loans Funded by the GSE | 63% | 0% |
| Wtd. Average Life to Call of Managed Liabilities | 2.0 yrs | 5.6 yrs |
| Wtd. Average US\$ LIBOR Debt Issuance Costs(2) | L + 20 bp | L + 18 bp |
| Core Earnings Net Income | \$405 mil | \$1.1B(3) |
| Core Earnings Student Loan Spread | 1.78% | 1.76%(3) |
| Core Earnings Fee & Other Income as a % of Revenue | 9% | 30%(3) |
| Total Managed Assets | \$64B | \$139B |
| Shareholders Equity | \$0.8B | \$3.8B |
| Tangible Equity/Total Managed Assets | 1.2% | 1.9% |

(1) SLM Preferred Channel market share based on federal fiscal year 1999 and 2005 total FFELP and FDLP net commitment figures. Source: U.S. Department of Education.

(2) Weighted average cost of US\$ LIBOR issuance for the period, including amortized issuance costs. 1999 figure includes 30 b.p. federal offset fee on GSE loans.

(3) Adjusted for items disclosed separately, as described in the Company's first quarter 2006 earnings release.

What Makes SLM Unique

Limited Credit Risk

86% of student loans carried a U.S. government guarantee as of March 31, 2006

Total student loan losses were only 0.12% of managed student loans for the full year 2005

Limited Exposure to Interest Rate and Economic Cycles

Interest rate sensitivities of floating rate assets closely matched with floating rate liabilities

Growth and earnings not historically tied to interest rate or economic cycles

Conservative Risk-Adjusted Leverage

Tangible equity covered loan losses by 16x at year end 2005 vs. a median of 12x for Aa U.S. Banks

Pre-tax income covered loan losses by 12x in 2005 vs. a median of only 5x for Aa U.S. banks

Frequent Issuer with Stable Spreads

Frequent issuer, with active secondary markets made in both its corporate bonds and ABS

Issues AAA ABS or A corporate, 1 to 30 years, floating or fixed, US\$, Euro and other

Highly stable spreads

Note: All figures as of December 31, 2005 unless otherwise noted. Aa bank comparisons based on full year 2005 median ratios for Citigroup, Bank of America, JPMorgan Chase, Wachovia and Wells Fargo. Source: SNL Securities database and SEC filings.

The U.S. Student Loan Market

Sources of Funding for Higher Education

Sources of Funding for College Attendance
Academic Year 2005-2006 (\$billions)

Total Cost - \$222 Billion

[CHART]

Source: Based on estimates by Octameron Associates, Don't Miss Out, 29th Edition; College Board, 2005 Trends in Student Aid ; and Sallie Mae. Includes tuition, room, board, transportation and miscellaneous costs for two and four year college degree granting programs.

Trends in Higher Education Spending

**Student Enrollment Projections
Degree Granting Institutions**

[CHART]

**Average Cost of College Attendance
Cumulative % Increase**

[CHART]

Source: National Center for Education Statistics, U.S. Census Bureau and The College Board. Average per student cost of attendance in current dollars, including tuition, fees and on-campus room and board.

Higher Education's Return on Investment

Income and employment are strongly correlated to educational attainment

Relationship between Higher Education, Income and Employment

[CHART]

Source: Postsecondary Education Opportunity, U.S. Census Bureau. Unemployment data as of 2003. Average annual income figures for 2004. Represents average earnings for a full time, year-round worker over age 25.

Education and Unemployment Over Time

The relationship between education and unemployment has remained relatively constant over time

**Historical U.S. Unemployment Rate for
College Graduates versus the Overall U.S. Population**

[CHART]

Source: Bureau of Labor Statistics.

The Federal Family Education Loan Program or FFELP

The Federal Family Education Loan Program (FFELP)

Provides banks and others an explicit U.S. government guarantee on student loans

Loan pricing, terms and maximum borrowing limits set by Congress

Made to undergraduate students, graduate students and their parents

Floating or fixed rate loans, with 10 to 30 year maturities and payments deferred until after graduation

Borrower outstandings typically range from \$5,000 to \$25,000, although balances can exceed \$100,000 for graduate students

U.S. government interest subsidies assure FFELP lenders a yield on newly originated FFELP loans based on daily reset U.S. commercial paper rates

Growth in FFELP Loan Originations

Stable, Long-Term Growth

In 2005, more borrowers took out more FFELP loans with higher loan balances than ever before

Total federal student loan originations, including both FFELP and FDLP loans(1), increased by 9% in 2005, following a 13% increase in 2004

The U.S. Department of Education is projecting 8% average annual growth in federal student loan volume through 2012, without consideration for pending increases in FFELP loan limits

**Growth in Federal Education Loan
Originations FY 1999 - 2007E**

[CHART]

(1) Source: U.S. Department of Education. Based on net commitments, fiscal year ended September 30. Includes both FFELP and FDLP loans.

The Private Education Loan Market

Private Education Loans

Consumer loans made to students and parents specifically to fund the cost of undergraduate, graduate and other forms of post-secondary education

Typically used to bridge the funding gap between grants, aid and FFELP loans, and the increasing cost of higher education

Supplement U.S. Government guaranteed student loans, but not guaranteed by the U.S. Government

Typically offered with floating interest rates, with loan margins set based on the credit quality of the borrower

Generally 5 to 15 years in maturity, with terms similar to those offered under the guaranteed student loan program

Typically non-dischargeable in bankruptcy

Private Education Loan Market Demand

Private education loans help bridge the gap between funding available through government-sponsored programs and the rapidly increasing cost of education

**Cost of College AY 1995-1996
Based on a Four-Year Term**

[CHART]

**Cost of College AY 2005-2006
Based on a Four-Year Term**

[CHART]

Source: College Board. Cost of college includes tuition, fees, room and board, transportation and other expenses for degree granting institutions. FFELP loan limits as of year ended December 31, 2005. FFELP loan limits increase to \$19,000 on July 1, 2007.

Private Education Loan Market Growth

As a result of strong demand for alternative sources of funding for higher education, private education loan originations have experienced consistent growth

Private Education Loan Market

Growth in Non-Federal Student Loan Originations (1)

[CHART]

(1) Source: Estimates by The College Board, Trends in Student Aid , and Sallie Mae. Figures for academic years ended June 30.

Higher Education Act

Reauthorization

Higher Education Act Reauthorization

New student loan legislation effective July 1, 2006 is not expected to have a material impact on SLM's business

Changes include

Modest increase in FFELP loan borrowing limits effective July 1, 2007

Eligibility of graduate students for PLUS Loans

Borrower rates fixed at 6.8% for Stafford and 8.5% for PLUS loans; loans' effective yield to lenders remains the same

Lender reinsurance reduced from 100% to 99% for servicers designated as Exceptional Performers and 98% to 97% for all others

Lenders required to rebate floor income on new loans, recycling of 9.5% loans ended, in-school and Super 2-Step consolidation loans eliminated

New student loan provisions are expected to be in place through the next Reauthorization, currently set for the year 2012

Political Change and SLM Earnings Growth

Past legislation, no matter how radical, has not had a long-term impact on SLM's earnings

**Impact of Changes in Student Loan Legislation
on SLM Net Income**

[CHART]

(1) Based on SLM Corporation core earnings net income 1996-2005, core net income 1993-1995 and GAAP net income for earlier periods. 2004 figure adjusted for costs associated with the wind-down of the GSE and other items disclosed separately.

(2) Permitted FFELP loan yield spread subsequent to 1995 represents an estimated weighted average of in-school and repayment yields on FFELP loans.

SLM Business Fundamentals

SLM's Loan Origination Model

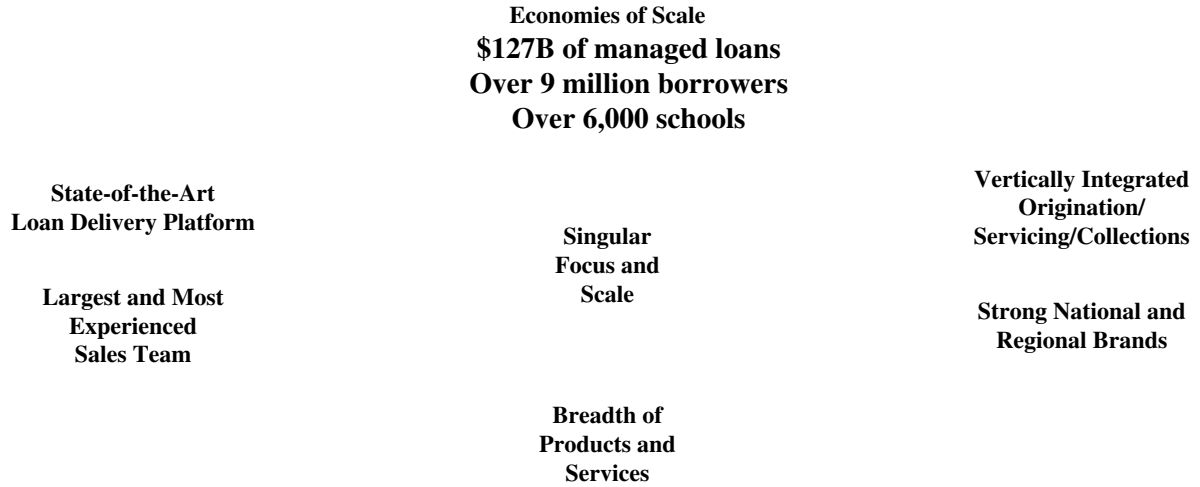
Sallie Mae originates student loans primarily through schools' financial aid offices, and services and collects those loans throughout their life cycle

Sallie Mae's Primary Loan Origination Model



SLM's Competitive Advantage

SLM has a distinct competitive advantage in all facets of the education loan market



Note: Figures as of first quarter ended March 31, 2006.

Federal Student Loan Market Share

**Federal Student Loan Originations
(FFY 2004-2005)**

| Rank | Lender | 2005 Market Share | 1999 Market Share |
|-------------|-----------------|----------------------------------|----------------------------------|
| 1 | Sallie Mae | 27% | 15% |
| 2 | Federal Govt | 22% | 32% |
| 3 | Citibank | 5% | 6% |
| 4 | Bank of America | 4% | 5% |
| 5 | Wells Fargo | 4% | |

**SLM Historical Market Share of
Federal Student Loan Originations**

[CHART]

(1) SLM Preferred Channel market share based on federal fiscal year 1999 and 2005 total FFELP and FDLP net commitment figures. All figures for federal fiscal year ended September 30. Source: U.S. Department of Education and SLSA Servicing Volume Survey.

SLM's Private Education Loan Business

**SLM's Private Education
Loan Portfolio
as of December 31, 2005(1)**

[CHART]

Private Education Loan Attributes(2) -

High average FICO scores

~ 50% of loans with co-borrowers, typically parents

Higher education loans non-dischargeable in bankruptcy

Graduate students 34% of higher education loans

Integrated underwriting, servicing and collections

Risk-based pricing

Managed net charge-offs represented 1.89% of loans in repayment

(1) Based on gross loans outstanding, before provision.

(2) All figures for the year ended December 31, 2005.

Debt Management, Guarantor Servicing and Other Income

Fee & Other Income

Debt Management & Collections Operations

17% of operating revenue (1)

Variable cost, low overhead business

Consistent, recurring earnings stream

Guarantor Servicing

4% of operating revenue (1)

29% share of the FFELP guarantor servicing market, with 9 of 36 guarantors as customers

Consistent, recurring earnings stream

Other Fee Income

9% of operating revenue (1)

Late fees, third party servicing fees and other

Fee & Other Income Growth

2001 - 2005 (2)

[CHART]

(1) Year ended December 31, 2005. Operating revenue as a percentage of net interest income before provision plus other operating revenue.

(2) Years 2002 - 2005 operating revenue and fee and other income adjusted for items disclosed separately in the Company's quarterly earnings releases.

**Historically Stable
and Predictable Earnings**

Extremely Low Loan Losses

SLM's net charge-offs represented 0.12% of managed student loans for the full year 2005, compared to the 2005 median of 0.83% for Aa banks and 4.20% for highly rated finance companies (1)(2)

[CHART]

(1) Managed FFELP and Private Education Loan net charge-offs as a percentage of average managed FFELP and Private Education Loan assets. Managed Private Education Loan net charge-offs as a percentage of average managed Private Education Loans in repayment was 1.89% for the year ended December 31, 2005.

(2) U.S. Aa banks include Citicorp, JP Morgan Chase, Bank of America, Wells Fargo and Wachovia. Non-bank financials include American Express, CIT, Countrywide, MBNA and Capital One. MBNA data as of September 30, 2005, all others as of December 31, 2005. Source: SNL Securities database and SEC filings.

Private Education Loan Portfolio Trends

Private Education Loan portfolio performance trends are very stable, in part as a result of sound underwriting, pricing, servicing and default management practices

Private Education Loan Spread vs. Net Charge-Offs (1)

[CHART]

(1) Represents Managed Private Education Loan spread, before provision, and net charge-offs as a percentage of average Managed Private Education Loans in repayment.

Limited Interest Rate Risk

SLM's Interest Rate and Currency Hedging Philosophy

Fund floating rate assets with floating rate liabilities of comparable duration

Convert newly issued debt to US\$ floating rates at the time of issue with interest rate swaps, currency swaps and interest rate caps

Manage a limited amount of basis risk only, primarily between CP and LIBOR

Monetize floor income using floor contracts

Stable Net Interest Margin

Extremely low loan losses and match funding of interest rate sensitivities of floating rate assets and floating rate liabilities make SLM's net interest margin highly stable

[CHART]

Low Operating Expenses

Unmatched Operating Efficiency -

SLM's operating expenses stood at only 38% of operating revenue in 2005(1), following three years of steady improvement

SLM's operating efficiency ratio far outdistanced that of its peers from 2001 through 2005 (1)(2)

**SLM vs. Aa Banks and
Specialty Finance Companies
Operating Efficiency Ratio (1)(2)**

[CHART]

(1) SLM figures based on operating expense as a percentage of net interest income after provision plus fee and other income, adjusted for items disclosed separately in the Company's quarterly earnings releases.

(2) Based on ratio of operating expenses as a percentage of operating revenue for Citibank, Bank of America, Wells Fargo, Wachovia and JP Morgan and for specialty finance companies American Express, CIT, Countrywide, MBNA and Capital One. MBNA data as of September 30, 2005, all other as of December 30, 2005.

Source: SNL Securities database and SEC filings.

Highly Predictable Earnings

Highly Predictable Earnings -

SLM has generated highly consistent earnings and cash flow since its inception in 1973

Steady growth in the student loan market, the guaranteed nature of SLM's assets and strict asset and liability management policy protect SLM from economic and interest rate cycles

**SLM Net Income(1) through
Interest Rate and Economic Cycles
1990 - 2005**

[CHART]

(1) Core earnings net income 1996-2005, core net income 1993-1995 and GAAP net income for earlier years. 2004 core earnings net income adjusted for costs associated with the wind-down of the GSE and other items disclosed separately in the Company's quarterly earnings releases.

Highly Stable Earnings

Highly Stable Core Earnings -

Between 2001 and 2005, SLM's core earnings ROA displayed less than 1/3 the average volatility of leading Aa banks and 1/5 the average of highly rated finance companies(1)

SLM's earnings have not in the past been subject to the significant operating risks trading losses, loan write-offs, restructuring charges or litigation expenses experienced by others

**Return on Assets (1)
SLM vs. Highly Rated Finance Cos
(Indexed to 2001 = 100)**

[CHART]

**Return on Assets (1)
SLM vs. Selected Aa Banks
(Indexed to 2001 = 100)**

[CHART]

(1) SLM ROA based on core earnings net income and average managed assets. Comparative ROA based on GAAP net income and total assets. Volatility calculation based on standard deviation of ROA. MBNA data as of September 30, 2005, all others as of December 31, 2005. Source: Bloomberg and SLM.

Strong Risk-Adjusted Capitalization

Strong Risk-Adjusted Capitalization

SLM's leverage compares extremely favorably to Aa banks and other non-bank financials when measured relative to actual loss experience

| | 2003 | SLM Corp 2004 | 2005 | 2005 Medians for Aa U.S. Banks / Investment Grade Finance Cos.(4) |
|---|------|------------------|------|--|
| <u>Not a risk adjusted capital ratio</u> | | | | |
| Tangible Equity/Managed Assets(1) | 2.0% | 1.6% | 1.9% | 4.9% / 7.3% |
| Tangible Equity/Net Charge-Offs(2) | 19x | 15x | 16x | 12x / 6x |
| Pre-Tax Income/Net Charge-Offs(3) | 13x | 12x | 12x | 5x / 2x |
| Risk adjusted ratios | | | | |

(1) GAAP tangible stockholders' equity as a percentage of total managed assets.

(2) Average GAAP tangible equity including preferred stock to net charge-offs. SLM figures based on total managed loans.

(3) SLM ratios based on core earnings pre-tax income, adjusted for items disclosed separately in the Company's quarterly earnings releases.

(4) 2005 medians for major Aa rated banks Citicorp, Wells Fargo, Bank of America, Wachovia and JP Morgan, and investment grade specialty finance companies American Express, CIT, Countrywide, MBNA and Capital One. MBNA data as of September 30, 2005, all others as of December 31, 2005. Managed assets and managed net charge-offs used when available. Source: SNL Securities database and SEC filings.

Funding Diversity and Liquidity

Funding Sources

At year end 2005, ABS represented 69% and unsecured corporate debt 31% of SLM's \$136 billion of total managed debt outstanding

[CHART]

Note: Totals may not add due to rounding.

SLM Corporate Debt and ABS Issuance

SLM has issued \$138 billion of long-term, non-GSE corporate debt and asset-backed securities over the past three years, across a broad range of maturities

New Issuance Volume

| | 2003 | 2004 | 2005 | YTD 1Q 2006 |
|---|--------|--------|--------|----------------|
| Corporate Debt Issuance (1) | \$ 15B | \$ 15B | \$ 10B | \$ 1.7 |
| Term Asset-Backed Securities Issuance (1) | \$ 31B | \$ 30B | \$ 27B | \$ 8.2 |
| Total Term Debt Issuance | \$ 46B | \$ 45B | \$ 37B | \$ 9.8 |
| Range of Maturities in Years | 1 - 40 | 1 - 30 | 1 - 30 | |
| Average Life to Call in Years | 5.6 | 5.8 | 6.5 | |
| Average Cost of Funds vs. US\$ LIBOR (2) | +31 bp | +25 bp | +18 bp | |

(1) Excludes issuance under SLM's \$5.5 billion corporate commercial paper and \$5 billion asset-backed commercial paper programs.

(2) Swapped equivalent spread, including amortized issuance costs. Includes SLM corporate debt and term asset-backed securities only.

Funding Diversity

During 2005, SLM issued 38 term ABS and corporate debt securities in eight different currencies to more than 500 institutional investors around the globe

SLM 2005 Total Managed Debt Issuance
by Currency, Investor Geography and Issue Type

**By
Currency**

[CHART]

**By Investor
Geography**

[CHART]

**By Issue
Type**

[CHART]

Excess Liquidity

At December 31, 2005, SLM maintained significant excess liquidity

Enough unused liquidity in cash, investments and committed credit lines to repay 18 months debt maturities

Enough additional liquidity in its readily saleable, unencumbered FFELP loan portfolio to repay 8 years debt maturities

Short term debt represented only 3% of total managed debt

Cash & investments plus committed credit lines covered short-term debt and CMLTD by 379%

| Sources of Liquidity (\$ billions) - | Total Dec 31, 2005 | Available Dec 31, 2005 |
|--------------------------------------|-----------------------|---------------------------|
| <u>Sources of Primary Liquidity:</u> | | |
| Unrestricted Cash & Investments | \$ 3.9 | \$ 3.9 |
| CP and Bank Lines | 5.5 | 5.5 |
| Asset-Backed Commercial Paper | 5.0 | 0.0 |
| Total Sources of Primary Liquidity | 14.4 | 9.4 |
| <u>Stand-by Liquidity:</u> | | |
| Unencumbered FFELP Loans | 24.5 | 24.5 |
| Total Primary and Stand-by Liquidity | \$ 38.9 | \$ 34.0 |

Dealers in SLM Corporate Debt and ABS

SLM utilizes a broad base of dealers globally, promoting liquidity in its corporate bonds and ABS

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SLM Corporate Debt Program

SLM Corporate Debt Issuance Volume**SLM Corporate Term Debt Issuance Volume (\$ billions) (1)**

| Issuance Type | 2003 | | 2004 | | 2005 | | YTD 1Q 2006 | |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------------|------------|
| US\$ Global and Medium Term Notes(1) | \$ | 9.1 | \$ | 6.4 | \$ | 4.5 | \$ | 1.1 |
| Foreign Currency Denominated(2) | | 0.6 | | 4.2 | | 4.0 | | 0.4 |
| Extendible Notes | | 1.7 | | 2.5 | | 1.0 | | 0.0 |
| Retail Note Program | | 1.1 | | 1.8 | | 0.8 | | 0.2 |
| Convertible Debentures | | 2.0 | | 0.0 | | 0.0 | | 0.0 |
| Total Corporate Debt Issuance | \$ | 14.5 | \$ | 14.8 | \$ | 10.3 | \$ | 1.7 |

(1) Excludes structured and retail note issuance. Also excludes average outstandings under SLM's commercial paper program, representing \$331 million for the quarter ended March 31, 2006 and \$345 million for the full year 2005.

(2) US\$ equivalents.

Representative SLM Corporate Benchmark Debt Issues

Representative US\$ & EUR Benchmark Corporate Debt Issues

| Issue | Issue Date | Issue Size (mil) | Rating | Coupon | Maturity |
|----------------|------------|------------------|---------|--------|----------|
| USD - | | | | | |
| SLM Corp | Feb '03 | \$ 800 | A2/A/A+ | 3.625% | Mar '08 |
| SLM Corp | Nov '03 | \$ 1,000 | A2/A/A+ | 4.000% | Jan '09 |
| SLM Corp | Jul '05 | \$ 2,000 | A2/A/A+ | L+14 | Jul '09 |
| SLM Corp | Jul '05 | \$ 1,250 | A2/A/A+ | 4.500% | Jul '10 |
| SLM Corp | Mar '06 | \$ 1,000 | A2/A/A+ | L+20 | Mar '11 |
| SLM Corp | Apr '06 | \$ 750 | A2/A/A+ | 5.450% | Apr '11 |
| SLM Corp | Apr '04 | \$ 1,000 | A2/A/A+ | 5.375% | May '14 |
| SLM Corp | Jul '03 | \$ 750 | A2/A/A+ | 5.625% | Aug '33 |
| Euros - | | | | | |
| SLM Corp | Jul '03 | 500 | A2/A/A+ | 3.250% | Jul '08 |
| SLM Corp | Jun '05 | 300 | A2/A/A+ | L+15 | Jun '09 |
| SLM Corp | Apr '04 | 750 | A2/A/A+ | L+35 | Apr '11 |
| SLM Corp | Sep '05 | 750 | A2/A/A+ | 3.125% | Sep '12 |
| SLM Corp | Mar '04 | 1,250 | A2/A/A+ | 4.750% | Mar '14 |

Consistent Credit Spread Performance

SLM trades at spreads comparable to those of the leading Aa U.S. banks

**SLM Corp 10 Year Bond Spreads vs.
Leading Aa Banks and Finance Companies**

[CHART]

Source: Various dealers. As of April 17, 2006. SLM Corp 10 yr spread for 4/02 thru 8/02 estimated based on 5 yr issue spreads. Initial SLM 10 yr benchmark issued 8/02. Aa bank index includes Citigroup, Wells Fargo, Bank of America, Wachovia and JPMorganChase. Non-bank index includes American Express, CIT, Capital One, Household Finance prior to its acquisition by HSBC in 2003 and MBNA prior to its acquisition by Bank of America in 2005.

SLM Corporation ABS Program

SLM ABS Issuance Volume

SLM ABS Term Issuance Volume (\$ billions) (1)

| | 2003 | | 2004 | | 2005 | | YTD 1Q 2006 | |
|-----------------------------|-----------|-------------|-----------|-------------|-----------|-------------|----------------|-------------|
| Non-Consolidation FFELP ABS | \$ | 5.8 | \$ | 10.1 | \$ | 6.6 | \$ | 5.1 |
| Consolidation FFELP ABS | | 21.0 | | 17.4 | | 17.1 | | 3.1 |
| Private Credit ABS | | 3.8 | | 2.8 | | 3.4 | | 2.2(2) |
| Total ABS Issuance | \$ | 30.6 | \$ | 30.3 | \$ | 27.0 | \$ | 10.4 |

(1) Excludes outstandings under SLM's asset-backed commercial paper program.

(2) SLM Private Credit Trust 2006-A priced March 31, 2006. Closed April 6, 2006, subsequent to quarter end.

SLM Asset-Backed Securities Structures

Recent SLM new issue ABS Structures

| | Non-Consolidation FFELP | | | | | Consolidation FFELP | | | | | Private Education Loans | | | | | |
|------------------------|---|------------|--------------|----------------|----------------|---|--------------|----------------|----------------|------------|--|----------------|----------------|------------|--------------|----------------|
| Issue | \$2.6B SLM Trust 2006-3 | | | | | \$2.6B SLM Trust 2006-4 | | | | | \$2.2B SLM Trust 2006-A | | | | | |
| Pricing Date | March 2, 2006 | | | | | April 12, 2006 | | | | | March 31, 2006 | | | | | |
| Collateral | US Govt. Guaranteed FFELP Stafford and Plus Loans | | | | | US Govt. Guaranteed FFELP Consolidation Loans | | | | | Non-Guaranteed Private Education Loans | | | | | |
| Initial Pricing CPR(1) | 12% | | | | | CLR Ramp (0%-8% over 10 yrs) | | | | | 4% | | | | | |
| | Moody s | Amt | AL(1) | Pricing | Moody s | Amt | AL(1) | Pricing | Moody s | Amt | AL(1) | Pricing | Moody s | Amt | AL(1) | Pricing |
| Tranching | A-1 | Aaa | \$ 687 | 1.0 | L -2 | A-1 | Aaa | \$ 120 | 1.0 | L -3 | A-1 | Aaa | \$ 434 | 3.0 | L+2 | |
| | A-2 | Aaa | \$ 825 | 3.0 | L+0 | A-2 | Aaa | \$ 470 | 3.0 | L+0 | A-2 | Aaa | \$ 207 | 5.0 | L+8 | |
| | A-3 | Aaa | \$ 335 | 5.0 | L+4 | A-3 | Aaa | \$ 150 | 5.0 | L+4 | A-3 | Aaa | \$ 355 | 7.0 | L+14 | |
| | A-4 | Aaa | \$ 483 | 7.0 | L+8 | A-4 | Aaa | \$ 392 | 7.1 | L+8 | A-4 | Aaa | \$ 373 | 9.9 | L+19 | |
| | A-5 | Aaa | \$ 162 | 8.4 | L+10 | A-5 | Aaa | \$ 327 | 9.4 | L+10 | A-5 | Aaa | \$ 700 | 14.2 | L+29 | |
| | B | Aa1 | \$ 77 | 8.4 | L+20 | A-6 | Aaa | 873 | 15.0 | E+15 | B | Aa1 | \$ 73 | 11.0 | L+30 | |
| | | | | | | B | Aa1 | \$ 78 | 12.2 | L+20 | C | A3 | \$ 101 | 9.9 | L+50 | |

(1) Estimated based on a variety of assumptions concerning loan repayment behavior, as more fully described in the related prospectus, which may be obtained at <http://www2.salliemae.com/investors/debtasset/slmltrusts/>. Actual average life may vary significantly from estimates.

2005 ABS Issuer Rankings

2005 US\$ ABS Issuance by Issuer (1)

(in equivalent US\$ billions)

| RANK | ISSUER | PROCEEDS | MARKET SHARE(2) |
|------|-----------------|----------|-----------------|
| 1 | Sallie Mae | \$ 27.0 | 6.1% |
| 2 | Ford Motor | \$ 16.7 | 3.7% |
| 3 | JP Morgan Chase | \$ 16.5 | 3.7% |
| 4 | Capital One | \$ 14.6 | 3.3% |
| 5 | Citigroup | \$ 13.8 | 3.1% |
| 6 | MBNA | \$ 10.0 | 2.2% |
| 7 | General Motors | \$ 10.0 | 2.2% |
| 8 | Honda Motors | \$ 7.7 | 1.7% |
| 9 | Morgan Stanley | \$ 7.1 | 1.6% |
| 10 | GE | \$ 7.1 | 1.6% |
| | Total | \$ 445.4 | 100.0% |

2005 Public/144A Student Loan ABS
Issuance by Issuer

(in equivalent US\$ billions)

| RANK | ISSUER | PROCEEDS | MARKET SHARE |
|------|--------------------|----------|--------------|
| 1 | Sallie Mae | \$ 27.0 | 42.2% |
| 2 | Nelnet, Inc. | \$ 6.5 | 10.2% |
| 3 | Student Loan Corp | \$ 4.3 | 6.8% |
| 4 | Brazos Group | \$ 3.7 | 5.8% |
| 5 | First Marblehead | \$ 3.2 | 5.1% |
| 6 | College Loan Corp | \$ 2.7 | 4.2% |
| 7 | Collegiate Funding | \$ 2.7 | 4.2% |
| 8 | Access Group, Inc. | \$ 2.1 | 3.2% |
| 9 | Goal Financial | \$ 2.0 | 3.1% |
| 10 | Wachovia | \$ 1.8 | 2.8% |
| | Total | \$ 64.0 | 100.0% |

(1) Rankings exclude home equity ABS issuance.

(2) Market share as a % of total ABS, excluding home equity ABS.

SLM U.S. Government Guaranteed

Student Loan ABS

SLM FFELP ABS Issue Characteristics

Typical SLM FFELP ABS Transaction Features

U.S. Government guaranteed collateral

Issue size \$1.5B to \$3.0(+)**B**

Tranches denominated in US\$ or Euros

Aaa/AAA/AAA rated senior tranches make up 97% of issue structure

20% risk based capital weighting, in most countries

Floating rate tied to 3 mo. LIBOR, with occasional fixed rate issuance

Amortizing tranches, with 1 to 15(+) year average lives

Reset Rate Notes offer soft bullet maturities for selected issues

Serviced by SLM Corporation's subsidiary Sallie Mae, Inc., which is designated an Exceptional Performer by the U.S. Department of Education

SLM FFELP ABS Reset Rate Notes

SLM FFELP ABS Soft Bullet Fixed Rate, Euro and Sterling Structures -

Shorter term soft bullet US\$ fixed rate, Euro and Sterling tranches, backed by long-dated collateral

Remarketed at a date certain prior to the expected maturity date, typically 3, 5, 7 or 10 years from issuance

Successful remarketing or call provides for full repayment of outstanding reset rate notes on remarketing date

\$13.9 billion of reset rate notes issued to date

SLM Trust 2004-10 Reset Rate Note Structure

Class A Notes pay sequentially

A-4, A-5, A-6 and A-7 Reset Rate Note remarketing dates occur well in advance of expected amortization of underlying collateral

Amortization Illustration

[CHART]

SLM FFELP ABS Relative Value

SLM FFELP AAA ABS spreads track AAA prime credit card ABS, yet SLM FFELP ABS collateral is backed by an explicit U.S. government guarantee

**Historical 3 Year Triple-A Rated ABS
Secondary Spreads**

[CHART]

**Historical 7 Year Triple-A Rated ABS
Secondary Spreads**

[CHART]

Source: Merrill Lynch Research. As of April 10, 2006.

SLM AAA FFELP vs. US Agencies

Sallie Mae AAA FFELP ABS offers wider new issue spreads than U.S. agency debentures across all maturities

[CHART]

(1) Spreads as of April 17, 2006. US Agency spreads average of Fannie Mae and Freddie Mac LIBOR equivalent spreads. Source: Various dealers.

SLM AAA FFELP ABS Spread Performance vs. U.S. Agencies

**Historical Spread to LIBOR on SLM AAA FFELP ABS
vs. U.S. Agencies**

| | SLM | FNMA |
|----------------|-----------|------------|
| Current | 5 | -13 |
| Max | 12 | 6 |
| Min | 3 | -20 |
| Mean | 8 | -9 |
| Std Dev | 3 | 4 |

[CHART]

(1) 5-year unsecured Fannie Mae, rolling weekly average LIBOR equivalent pricing. Source: Various dealers.

**SLM Private Credit Student
Loan ABS Program**

SLM Private Credit ABS Issue Characteristics

Typical SLM Private Credit ABS Transaction Features

Issue size \$1.0B to \$2.0B

US\$ denominated

Student loan collateral not guaranteed by the U.S. Government

Aaa/AAA/AAA rated class A senior tranches, Aa3/A/AA rated Class B and A3/BBB/A rated class C subordinate tranches

Floating rate tied to 3 mo. LIBOR, with occasional fixed rate issuance

Typically amortizing tranches, with 1 to 15 year average lives

Serviced by SLM Corporation's subsidiary Sallie Mae, Inc.

SLM Private Credit Loan Programs

SLM Private Credit Loan Program Characteristics

| Loan Program | Description | Current Minimum FICO Score(1) | Underwriting Standards |
|--------------------------|---|-------------------------------|-------------------------------------|
| Signature Student Loans® | Undergraduate students | 640 | |
| Signature Student Loans® | Graduate students | 640 | |
| LAWLOANS® | Law school and graduates studying for the bar | 640 | FICO Basis (May 1998 Present) |
| MBA Loans® | Graduate business school | 640 | |
| MEDLOANS® | Medical students and graduates in residency | N/A | Judgmental |

(1) Minimum FICO score for standard programs. Prior to July 1, 2001 the minimum FICO score was 630. Minimum FICO score subject to exceptions, representing a limited percentage of the portfolio. Custom loan origination programs have been negotiated with certain schools where the FICO cut-off may be lower. In certain cases, Sallie Mae has recourse to the school for these custom program loans.

SLM Private Credit ABS Issuance

Prior to its most recent \$2.2 billion private credit ABS issue in March 2006, SLM had issued \$10.6 billion of private credit ABS

**SLM Managed Private Credit
Loans Outstanding(1)**

[CHART]

**SLM Private Credit
Cumulative ABS Issuance(1)**

[CHART]

(1) Gross outstandings for total managed portfolio, before deducting loan loss allowance and unamortized discount.

SLM Private Credit ABS Relative Value

Spreads on SLM Private Credit ABS tightened over the past two years, until widening recently relative to credit card ABS

**Historical 3 Year Triple-A Rated ABS
Secondary Spreads**

[CHART]

**Historical 7 Year Triple-A Rated ABS
Secondary Spreads**

[CHART]

Source: Merrill Lynch Research. As of April 10, 2006.

**SLM 2006-A Private Credit
Student Loan ABS**

SLM 2006-A Transaction Structure

| Class | Principal Balance (\$) | Principal Balance (%) | Ratings (M/S/F) | Index | WA Life to Call (4% CPR)(1) | Expected Principal Window | Maturity |
|--------------|-------------------------|-----------------------|-----------------|-------|-----------------------------|---------------------------|------------|
| A-1 | \$ 434,000,000 | 19.3% | Aaa/AAA/AAA | 3ml | 3.0 | 06/06-09/10 | 03/16/2020 |
| A-2 | \$ 207,000,000 | 9.2% | Aaa/AAA/AAA | 3ml | 5.0 | 09/10-12/11 | 12/15/2020 |
| A-3 | \$ 355,000,000 | 15.8% | Aaa/AAA/AAA | 3ml | 7.0 | 12/11-09/14 | 06/15/2022 |
| A-4 | \$ 373,267,000 | 16.6% | Aaa/AAA/AAA | 3ml | 9.9 | 09/14-09/17 | 12/15/2023 |
| A-5 | \$ 700,000,000 | 31.2% | Aaa/AAA/AAA | 3ml | 14.2 | 09/17-03/22 | 06/15/2039 |
| B | \$ 73,297,000 | 3.3% | Aa3/AA-/AA | 3ml | 11.7 | 03/13-06/21 | 06/15/2039 |
| C | \$ 101,488,000 | 4.5% | A3/A/A | 3ml | 10.6 | 06/13-06/20 | 06/15/2039 |
| Total | \$ 2,244,052,000 | | | | | | |

| Subordination | Initial(2) | Target(3) | Components |
|------------------------------------|---|-----------|-----------------------|
| Class A | 8.50% | 15.00% | Class B, Class C, O/C |
| Class B | 5.25% | 10.125% | Class C, O/C |
| Class C | 0.75% | 3.00% | O/C |
| Overcollateralization (O/C) | Builds from 0.50% to 2.00% of Initial Asset Balance | | |
| Reserve Account | 0.25% of Initial Pool Balance (non-declining) | | |
| Excess Spread | 3.74% per annum (4) | | |
| Other Enhancement | Two 15-year Prime/LIBOR Swaps 11.31% Cash Capitalization Account for liquidity (steps down over time)(3) | | |

(1) Estimated based on a variety of assumptions concerning loan repayment behavior, as more fully described in the prospectus, which may be obtained at <http://www2.salliemae.com/investors/debtasset/slmsltrusts/>. Actual average life and repayment characteristics may vary significantly from estimates.

(2) Percent of Initial Asset Balance.

(3) Percent of Current Asset Balance.

(4) Based on a variety of assumptions. Assumes all loans in repayment status.

SLM 2006-A Pool Characteristics

| Loan Program | % Co-Borrower as Obligor | Borrower Payment Status |
|---|--------------------------|-------------------------|
| [CHART] | [CHART] | [CHART] |
| Pool Weighted Original Average FICO Score | | 719 |
| Pool Weighted Current Average FICO Score | | 707 |
| Average Borrower Indebtedness | \$ | 12,121 |
| Weighted Average Remaining Term | | 203 months |

SLM 2006-A Collateral Pool FICO Distribution at Origination(1)

SLM 2006-A FICO Distribution at Origination (1)

[CHART]

(1) If there is a co-borrower, the co-borrower's FICO is used. Excludes loans underwritten without relying upon FICO scores or where no FICO scores are available, which represented 1.8% of the pool.

SLM Private Credit ABS Prepayment Analysis

Historical SLM Private Credit ABS CPRs

[CHART]

Additional Information

70

Additional Information Available at www.salliemae.com

[GRAPHIC]

SLM Core Earnings Revenue Mix

2005 Core Earnings Revenue Mix -

Net interest income from student loans made up 70% of net revenue in 2005

The remaining 30% of net revenue was derived primarily from fee generating businesses

Debt Management & Collections Operations, primarily related to student loans

Guarantor Servicing for student loans

Other sources, including late fees on student loans

[CHART]

Note: Figures as of year end December 31, 2005, before provisions for losses. Adjusted for items separately disclosed in the Company's quarterly earnings releases.

SLM Summary Financial Performance

Managed Student Loans Outstanding

[CHART]

Core Earnings - Net Income

[CHART]

(1) 2004 core earnings net income adjusted for costs associated with the wind-down of the GSE and other items disclosed separately in the Company's quarterly earnings releases.

Sallie Mae Offices

10,600 employees located across the United States*

[GRAPHIC]

* As of December 31, 2005. Does not include all locations or employees.

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