

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

SLM CORPORATION  
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	11600 Sallie Mae Drive Reston, Virginia 20193	52-2013874 (I.R.S. Employer Identification No.)
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(Address of Principal Executive Offices Including Zip Code)

SLM CORPORATION EMPLOYEE STOCK OPTION PLAN  
SLM CORPORATION MANAGEMENT INCENTIVE PLAN  
SLM CORPORATION BOARD OF DIRECTORS STOCK PLAN

(Full Title of the Plans)

Marianne M. Keler, Esq. General Counsel SLM CORPORATION 11600 Sallie Mae Drive Reston, Virginia 21093	Copies to: Ronald O. Mueller, Esq. Gibson, Dunn & Crutcher LLP 1050 Connecticut Avenue, N.W. Washington, D.C. 20036 (202) 955-8500
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(Name and Address of Agent For Service)

(703) 810-3000  
(Telephone Number, Including Area Code, of Agent For Service)

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered/(1)/	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price/(2)/	Amount of Registration Fee/(2)/
Common Stock, \$0.20 par value per share	18,467,200 shares	\$93.055	\$1,718,465,296	\$158,099

(1) Pursuant to Rule 416(c) under the Securities Act, there is also being registered such additional Common Stock that become available under the foregoing plans in connection with certain changes in the number of outstanding Common Stock because of events such as recapitalizations, stock dividends, stock splits and reverse stock splits, and any other securities with respect to which the outstanding Shares are converted or exchanged.

(2) Estimated solely for the purpose of calculating the registration fee. The registration fee has been calculated in accordance with Rule 457(h) under the Securities Act of 1933 based upon the average high and low prices for the Common Stock on July 2, 2002, which was \$93.055.

## INTRODUCTION

This Registration Statement on Form S-8 is filed by SLM Corporation, a Delaware corporation (the "Registrant" or the "Company") relating to 18,467,200 shares of the Company's Common Stock, par value \$.20 per share (the "Common Stock"), to be issued under the Company's Employee Stock Option Plan, Management Incentive Plan and Board of Directors Stock Plan.

### PART I

#### INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The information required in Part I of this Registration Statement is included in prospectuses for the Company's Employee Stock Option Plan, Management Incentive Plan and Board of Directors Stock Plan, which are not filed as part of this Registration Statement pursuant to the Note to Part I of Form S-8.

### PART II

#### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents previously filed with the Securities and Exchange Commission ("Commission") are hereby incorporated by reference into this Registration Statement:

1. The Company's most recent Annual Report, which on the date this Form S-8 is filed is the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed on March 28, 2002.
2. The Company's Quarterly Reports on Form 10-Q for its fiscal quarters ended after the end of the fiscal year covered by the Form 10-K referenced above, which on the date this Form S-8 is filed is the Company's Form 10-Q for the first quarter ended March 31, 2001, filed on May 15, 2001.
3. All other reports filed pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), since the end of the fiscal year covered by the Form 10-K referenced above, which on the date this Form S-8 is filed is the Company's Form 8-K, filed on February 19, 2002, and the Company's Form 8-K, filed on May 9, 2002.
4. The description of the Common Stock set forth under the caption "Description of Registrant's Securities to be Registered" in the Registrant's Registration Statement on Form 8-A dated August 7, 1997, together with any amendment or report filed with the Commission for the purpose of updating such description.

All reports and other documents that the Company subsequently files with the Commission pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act, prior to the filing of a post-effective amendment indicating that the Company has sold all of the securities offered under this Registration Statement or that deregisters the distribution of all such securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement from the date that the Company files such report or document. Any statement contained in this Registration Statement or any report or document incorporated into this Registration Statement by reference, however, shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained in a subsequently dated report or document that is also considered part of this Registration Statement, or in any amendment to this Registration Statement, is inconsistent with such prior statement. The Registrant's file number with the Commission is 001-13251.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Certain legal matters with respect to the validity of the Common Stock registered hereby have been passed upon for the Registrant by Marianne Keler, General Counsel of the Registrant. Ms. Keler is employed by the Registrant, in the past has received options to purchase shares of Common Stock under the Company's Management Incentive Plan, and is eligible to receive additional awards under this Plan from time to time in the future.

On May 9, 2002, we announced that we had appointed PricewaterhouseCoopers LLC to replace Arthur Andersen LLP as our independent auditors. Our consolidated balance sheets as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001 incorporated by reference in this registration statement have been audited by Andersen, as stated in their report dated January 16, 2002, which is incorporated by reference herein. After reasonable efforts, we have been unable to obtain Andersen's consent to the incorporation by reference into this registration statement of Andersen's report with respect to these financial statements. Under these circumstances, Rule 437a under the Securities Act permits us to file this registration statement without a written consent from Andersen. The absence of such consent may limit recovery by investors on certain claims. In particular, and without limitation, investors will not be able to assert claims against Andersen under Section 11 of the Securities Act. In addition, the ability of Andersen to satisfy any claims (including claims arising from Andersen's provision of auditing and other services to us) may be limited as a practical matter due to recent events regarding Andersen.

Item 6. Indemnification of Directors and Officers.

Article VIII of the Registrant's By-Laws provides for indemnification of the officers and directors of SLM Corporation to the fullest extent permitted by applicable law. Section 145 of the Delaware General Corporation Law provides, in relevant part, that a corporation organized under the laws of Delaware shall have the power, and in certain cases the obligation, to indemnify any person who was or is a party or is threatened to be made a party to

any suit or proceeding because such person is or was a director, officer, employee or agent of the corporation or is or was serving, at the request of the corporation, as a director, officer, employee or agent of another corporation, against all costs actually and reasonably incurred by him in connection with such suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal proceeding, he or she had no reason to believe his or her conduct was unlawful. Similar indemnity is permitted to be provided to such persons in connection with an action or suit by or in right of the corporation, provided such person acted in good faith and in a manner he or she believed to be in or not opposed to the best interests of the corporation, and provided further (unless a court of competent jurisdiction otherwise determines) that such person shall not have been adjudged liable to the corporation.

The directors and officers of the Registrant and its subsidiaries are covered by a policy of insurance under which they are insured, within the limits and subject to certain limitations, against certain expenses in connection with the defense of actions, suits or proceedings, and certain liabilities that might be imposed as a result of such actions, suits or proceedings in which they are parties by reason of being or having been directors or officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling the Registrant pursuant to the foregoing provisions, the Registrant has been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit No.	Description
4.1	Amended and Restated Certificate of Incorporation of the Registrant as filed with the Secretary of State on February 18, 1999.
4.2	By-Laws of the Registrant.
5.1	Opinion of Marianne M. Keler, Esq., General Counsel of SLM Corporation
10.1	SLM Corporation Employee Stock Option Plan
10.2	SLM Corporation Management Incentive Plan
10.3	SLM Corporation Board of Directors Stock Plan
23.1	Consent of Marianne M. Keler, Esq. (contained in Exhibit 5.1)
23.2	Consent of Independent Public Accountants*
24.1	Power of Attorney (included on the signature page of this Registration Statement)

\* Please refer to Item 5, "Interests of Named Experts and Counsel".

Item 9. Undertakings.

1. The undersigned Registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act");

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth

in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this Registration Statement or any material change to such information in this Registration Statement;

provided, however, that paragraphs (1)(a)(i) and (1)(a)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement;

(b) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

2. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

[SIGNATURES ON THE NEXT PAGE]

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Reston, Commonwealth of Virginia, on this 3rd day of July, 2002.

SLM CORPORATION

By: /s/ Albert L. Lord

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Name: Albert L. Lord  
Title: Chief Executive Officer

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the date indicated. Each of the directors and/or officers of the Registrant whose signature appears below hereby appoints Marianne M. Keler and Mike Sheehan, and each of them severally as his attorney-in-fact to sign his name and on his behalf, in any and all capacities stated below, and to file with the Securities and Exchange Commission any and all amendments, including post-effective amendments to this Registration Statement as appropriate, and generally to do all such things in their behalf in their capacities as officers and directors to enable Registrant to comply with the provisions of the Securities Act of 1933, and all requirements of the Securities and Exchange Commission.

Name and Signature	Title	Date
-----	-----	-----
/s/ Albert L. Lord	Chief Executive Officer	July 3, 2002
----- Albert L. Lord	and Director (Principal Executive Officer)	
/s/ John F. Remondi	Executive Vice President and	
----- John F. Remondi	Chief Financial Officer (Principal Financial and Accounting Officer)	July 3, 2002
/s/ Edward A. Fox	Chairman of the Board of	July 3, 2002
----- Edward A. Fox	Directors	

/s/ Charles L. Daley

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Charles L. Daley

Director

July 3, 2002

/s/ Thomas J. Fitzpatrick

-----  
Thomas J. Fitzpatrick

President and Chief Operating  
Officer

July 3, 2002

/s/ William M. Diefenderfer, III

-----  
William M. Diefenderfer, III

Director

July 3, 2002

/s/ Diane Suitt Gilleland

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Diane Suitt Gilleland

Director

July 3, 2002

/s/ Earl A. Goode

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Earl A. Goode

Director

July 3, 2002

/s/ Ann Torre Grant

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Ann Torre Grant

Director

July 3, 2002

/s/ Ronald F. Hunt

-----  
Ronald F. Hunt

Director

July 3, 2002

/s/ Benjamin J. Lambert, III

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Benjamin J. Lambert, III

Director

July 3, 2002

/s/ Barry A. Munitz

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Barry A. Munitz

Director

July 3, 2002

/s/ A. Alexander Porter, Jr.

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A. Alexander Porter, Jr.

Director

July 3, 2002



/s/ Wolfgang Schoellkopf

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Wolfgang Schoellkopf

Director

July 3, 2002

/s/ Steven L. Shapiro

-----  
Steven L. Shapiro

Director

July 3, 2002

/s/ Barry L. Williams

-----  
Barry L. Williams

Director

July 3, 2002

EXHIBIT INDEX

Exhibit No.	Description	Sequentially Numbered Page
4.1	Amended and Restated Certificate of Incorporation of the Registrant as filed with the Secretary of State on February 18, 1999, incorporated herein by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form S-1 (File No. 333-38391)	N/A
4.2	By-Laws of the Registrant, incorporated herein by reference to Exhibit 3.2 of the Registrant's Registration Statement on Form S-1 (File No. 333-38391)	N/A
5.1	Opinion of Marianne M. Keler, Esq., General Counsel of SLM Corporation	11
10.1	SLM Corporation Employee Stock Option Plan.	13
10.2	SLM Corporation Management Incentive Plan	18
10.3	SLM Corporation Board of Directors Stock Plan.	29
23.1	Consent of Marianne M. Keler, Esq. (contained in Exhibit 5.1)	N/A
23.2	Consent of Independent Public Accountants*	N/A
24.1	Power of Attorney (included on the signature page of this Registration Statement)	N/A

\* Please refer to Item 5, "Interests of Named Experts and Counsel".

EXHIBIT 5.1

July 3, 2002

SLM Corporation  
11600 Sallie Mae Drive  
Reston, VA 20193

Re: Registration Statement on Form S-8

Ladies and Gentlemen:

I am Executive Vice President and General Counsel of SLM Corporation (formerly USA Education Inc. and formerly SLM Holding Corporation), a Delaware corporation (the "Corporation"). The Corporation is about to register with the Securities and Exchange Commission on a registration statement on Form S-8 (the "Registration Statement") under the Securities Act of 1933, as amended, an aggregate of 18,467,200 shares of the Corporation's common stock, \$0.20 par value per share (the "Shares"), which Shares may be offered and sold under the SLM Corporation's Employee Stock Option Plan, the SLM Corporation's Management Incentive Plan and the SLM Corporation Board of Directors Stock Plan (collectively, the "Plans").

As General Counsel for the Corporation, I am familiar with its Certificate of Incorporation, as amended, and Bylaws, as amended. I have examined the Plans, the prospectuses that will be distributed to participants in the Plans (the "Prospectuses") and the Registration Statement.

I have also examined and relied upon such corporate records of the Corporation and other documents and certificates with respect to factual matters as I have deemed necessary to render the opinion expressed herein. With respect to the documents I have reviewed, I have assumed, without independent verification, the genuineness of all signatures, the authenticity of all documents submitted to me as originals, and the conformity with originals of all documents submitted to me as copies. As to any facts material to this opinion that I did not independently establish or verify, I have relied upon statements and representations of other officers and representatives of the Corporation.

Based upon my examination mentioned above, I am of the opinion that all necessary corporate proceedings by the Corporation have been duly taken to authorize the issuance of the Shares pursuant to the Plans and that the Shares being registered pursuant to the Registration Statement, when issued and paid for in accordance with the terms of the Plans, will be duly authorized, validly issued, fully paid and nonassessable.

This letter expresses my opinion as to the provisions of the Delaware General Corporation Law governing the authorization and issuance of stock, but does not extend to the securities or "Blue Sky" laws of Delaware or any other jurisdiction or to federal securities laws or to other laws.

I hereby consent to the filing of this opinion as part of the Registration Statement. In giving this consent, I do not thereby admit that I am within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the Rules and

Regulations of the Securities and Exchange Commission thereunder. This opinion is intended solely for your use in connection with the transactions described above. No other person may rely on this opinion for any other purpose without my prior written consent.

Very truly yours,

/s/ MARIANNE M. KELER

Marianne M. Keler

Exhibit 10.1

SLM CORPORATION

EMPLOYEE STOCK OPTION PLAN

1. PURPOSE

This Employee Stock Option Plan (the "Plan") is intended to enable SLM Corporation, a Delaware corporation to grant Awards to broad classes of employees of SLM Corporation and its subsidiaries and affiliates and other key personnel, thereby helping to retain and motivate such individuals, and to encourage the judgment, initiative and efforts of such individuals by further aligning their interests with those of the stockholders of the Corporation.

2. DEFINITIONS

"Awards" means the benefits or arrangements authorized under this Plan, which are Stock Options and Performance Stock.

"Board of Directors" means the Board of Directors of SLM Corporation.

"Committee" means the Board of Directors and/or a committee of the Board of Directors acting pursuant to its authorization to administer this Plan under Section 4.

"Common Stock" means SLM Corporation's common stock, par value \$.20, as presently constituted, subject to adjustment, and including other securities, as provided in Section 8.

"Corporation" means SLM Corporation and its Subsidiaries and affiliates, unless the context requires otherwise.

"Performance Stock" means an award of shares of Common Stock the grant, issuance, retention and/or vesting of which shall be subject to such performance conditions and to such further terms and conditions as the Committee deems appropriate.

"Subsidiary" means any joint venture, corporation, partnership or other entity as to which the Corporation, whether directly or indirectly, has more than 50% of the (i) voting rights or (ii) rights to capital or profits, and whose employees have been designated by the Committee as eligible to participate in the Plan.

"Stock Options" or "Options" means a right to purchase a number of shares of Common Stock at an exercise price, at such times and on such terms and conditions as are specified in or determined pursuant to an agreement evidencing an Award. Stock Options granted pursuant to this Plan are non-qualified stock options and are not Incentive Stock Options, as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

3. COMMON STOCK SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 8, the maximum number of shares of Common Stock which may be issued pursuant to this Plan shall not exceed 19,000,000. Shares issued under this Plan may be authorized and unissued shares of Common Stock or shares of Common Stock reacquired by SLM Corporation. For purposes of this Section 3, the aggregate number of Shares issued under this Plan at any time shall equal only the number of Shares actually issued upon exercise or settlement of an Award and not returned to the Corporation upon cancellation, expiration or forfeiture of an Award or in payment or satisfaction of the purchase price, exercise price or tax withholding obligation of an Award. The number of shares of Common Stock issued upon the exercise of

"replacement options", i.e. Options granted to purchase a number of shares of Common Stock equal to the number of shares of Common Stock used to exercise an underlying Stock Option (either shares previously owned or shares acquired pursuant to the exercise of the underlying Option and sold in order to exercise e.g., such as in a so-called "cashless exercise"), shall not reduce the aggregate number of shares authorized under the Plan.

#### 4. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Board of Directors and/or by a Committee of the Board of Directors of SLM Corporation, as appointed from time to time by the Board of Directors. The Board of Directors shall fill vacancies on and from time to time may remove or add members to the Committee. Notwithstanding the foregoing, unless otherwise restricted by the Board of Directors, the Committee may appoint one or more separate committees (any such committee, a "Subcommittee") composed of one or more directors of SLM Corporation (who may, but need not, be members of the Committee) and may delegate to any such Subcommittee(s) the authority to grant Awards under the Plan to Eligible Employees, to determine all terms of such Awards, and/or to administer the Plan or any aspect of it. Any action by any such Subcommittee within the scope of such delegation shall be deemed for all purposes to have been taken by the Committee. The Subcommittee's authority to grant Awards is limited in the same manner as provided for in the administration of the Corporation's Management Incentive Plan.

Subject to the express provisions of this Plan, the Committee shall be authorized and empowered to do all things necessary or desirable in connection with the administration of this Plan, including, without limitation: (a) to prescribe, amend and rescind rules and regulations relating to this Plan and to define terms not otherwise defined herein; (b) to determine which persons are Eligible Employees (as defined in Section 5 hereof), to which of such Eligible Employees, if any, an Award shall be granted hereunder; (c) to determine the number of shares of Common Stock subject to an Award and the exercise or purchase price of shares subject to a Stock Option; (d) to establish and verify the extent of satisfaction of any conditions to exercisability or vesting of an Award, (e) to waive conditions to and/or accelerate exercisability or vesting of an Award, either automatically upon the occurrence of specified events (including in connection with a change of control of SLM Corporation) or otherwise in its discretion; (f) to prescribe and amend the terms of an Award made under this Plan (which need not be identical); (g) to determine whether, and the extent to which, adjustments are required pursuant to Section 8 hereof; (h) to interpret and construe this Plan, any rules and regulations under the Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions in good faith and for the benefit of the Corporation; and (i) to make all other determinations deemed necessary or advisable for the administration of the Plan. The Committee shall act pursuant to a majority vote or unanimous written consent.

All decisions, determinations and interpretations by the Committee regarding the Plan, any rules and regulations under the Plan and the terms and conditions of any Award granted hereunder, shall be final and binding on all Eligible Employees and recipients of Awards. The Committee shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any officer or other employee of the Corporation and such attorneys, consultants and accountants as it may select.

#### 5. ELIGIBLE EMPLOYEES

Any person who is an employee of the Corporation, a director of a Subsidiary, a prospective employee, consultant or advisor of the Corporation shall be eligible (an "Eligible Employee") to be considered for the grant of an Award hereunder unless the grant of an Award to such person would require the Plan to be approved by stockholders of SLM Corporation under Rule 312.03(a) of the rules of the New York Stock Exchange.

#### 6. GRANT, TERMS AND CONDITIONS OF OPTIONS

Options may be granted at any time and from time to time prior to the termination of the Plan to Eligible Employees. Each Option agreement shall contain provisions regarding (a) the number of Shares which may be issued upon exercise of the Option, (b) the purchase price of the Shares and the means of payment for the Shares, (c) the term of the Option, (d) such terms and conditions of exercise as may be determined from time to time by the

Committee, (e) restrictions on the transfer of the Option and forfeiture provisions, and (f) such further terms and conditions, in each case not inconsistent with the Plan as may be determined from time to time by the Committee. Options granted pursuant to the Plan need not be identical but each Option shall be subject to the following terms and conditions:

(a) Option Grants: The Committee, on behalf of the Corporation, is authorized under this Plan to grant an Option or provide for the grant of an Option, either automatically or in the discretion of the Committee, upon the occurrence of specified events, including, without limitation, the achievement of performance goals or the satisfaction of an event or condition within the control of the recipient of the Option or within the control of others.

(b) Price: The exercise price for each Option shall be established by the Committee. The exercise price shall not be less than the fair market value of the Common Stock on the date of grant of the Option, except that the Committee may specifically provide that the exercise price of an Option may be higher or lower in the case of an Option granted to employees of a company acquired by the Corporation in assumption and substitution of Options held by such employees at the time such company is acquired. Unless the Committee shall specify otherwise, for purposes of this Plan the term "fair market value" shall mean, as of any date, the closing price for a Share reported for that date on the consolidated tape for securities listed on the New York Stock Exchange or, if no Shares traded on the New York Stock Exchange on the date in question, then for the next preceding date for which Shares traded on the New York Stock Exchange. The exercise price shall be paid in such form of consideration as the Committee in its discretion shall specify, which may but need not include, e.g., in cash, by payment under an arrangement with a broker where payment is made pursuant to an irrevocable direction to the broker to deliver all or part of the proceeds from the sale of the Option shares to the Corporation, by the surrender of shares of Common Stock owned for at least six months by the Option holder exercising the Option and having a fair market value on the day preceding the date of exercise equal to the Option price, or by any combination of the foregoing.

(c) Duration and Exercise or Termination of Option: Each Option shall be exercisable in such manner and at such times as the Committee shall determine. The Committee may specify that Options granted under this Plan shall become exercisable at such time and in such installments during the period prior to the expiration of the Option's term as determined by the Committee in its sole discretion. The Committee shall have the right to make the timing of exercise of any Option granted under the Plan subject to such performance requirements as deemed appropriate by the Committee. At any time after the grant of an Option the Committee may, in its sole discretion, reduce or eliminate any restrictions surrounding the Participant's right to exercise all or part of the Option. Each Option granted must expire within a period of not more than ten (10) years from the grant date.

(d) Suspension or Termination of Option: The Chief Executive Officer, any Executive Vice President, the Chief Financial Officer, the Treasurer and the General Counsel of SLM Corporation (any such person, an "Authorized Officer") each may provide at any time (including after a notice of exercise has been delivered) and from time to time that the right to exercise an Option may be suspended pending a determination by an Authorized Officer or the Committee on whether an Eligible Employee to whom the Option was granted or an Option holder has committed an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Corporation, breach of fiduciary duty or deliberate disregard of Corporation rules; has made an unauthorized disclosure of any Corporation trade secret or confidential information; has engaged in any conduct constituting unfair competition; has induced any customer of the Corporation to breach a contract with the Corporation or any principal for whom the Corporation acts as agent to terminate such agency relationship; or has engaged in any other act or conduct proscribed by the Committee from time to time (any such act or conduct, individually or collectively, sometime hereinafter referred to as "Misconduct"). No person shall be entitled to exercise any Option granted to an Eligible Employee or held by an Option holder if the Authorized Officer or the Committee, as the case may be, has determined such Eligible Employee or Option holder to have engaged in any Misconduct.

(e) Conditions and Restrictions Upon Securities Subject to Options: The Committee may provide that the shares of Common Stock issued upon exercise of an Option shall be subject to such further conditions or agreements as the Committee in its discretion may specify prior to the exercise of such Option, including without limitation, conditions on vesting or transferability and forfeiture or repurchase provisions.

Transferability of Option: Unless otherwise provided by the Committee, each Option shall be transferable only by will or the laws of descent and distribution.

Cancellation: The Committee may, at any time prior to exercise and subject to consent of the Eligible Employee, cancel any Option previously granted and may or may not substitute in its place an Option with a different exercise price, different terms or in different amounts.

(f) Other Terms and Conditions: Options may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Committee shall deem appropriate. No Option, however, nor anything contained in the Plan shall confer upon any Eligible Employee any right to continue in the Corporation's employ or service nor limit in any way the Corporation's right to terminate his or her employment or service at any time. Option grants may be evidenced by a written agreement and/or such other written arrangements as may be approved from time to time by the Committee.

## 7. PERFORMANCE STOCK

Performance Stock consists of an award of Common Stock, the grant, issuance, retention and/or vesting of which shall be subject to such performance conditions and to such further terms and conditions, as the Committee deems appropriate.

(a) Performance Stock Award. Each Performance Stock award shall contain provisions regarding (a) the number of shares of Common Stock subject to such award or a formula for determining such, (b) the performance criteria and level of achievement versus these criteria which shall determine the number of shares granted, issued, retainable and/or vested, (c) the period as to which performance shall be measured for determining achievement of performance, (d) forfeiture provisions, and (e) such further terms and conditions, in each case not inconsistent with the Plan as may be determined from time to time by the Committee.

(b) Performance Criteria. The grant, issuance, retention and/or vesting of each Performance Share shall be subject to such performance criteria and level of achievement versus these criteria as the Committee shall determine, which criteria may be based on financial performance and/or personal performance evaluations.

(c) Timing and Form of Payment. The Committee shall determine the timing of payment of any Performance Stock. The Committee may provide for or, subject to such terms and conditions as the Committee may specify, may permit a Participant to elect for the payment of any Performance Stock to be deferred to a specified date or event.

(d) Discretionary Adjustments. Notwithstanding satisfaction of any performance goals, the number of shares granted, issued, retainable and/or vested under a Performance Stock award on account of either financial performance or personal performance evaluations may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

## 8. ADJUSTMENT OF AND CHANGES IN SECURITIES

(a) If the outstanding securities of the class(es) then subject to this Plan are increased, decreased or exchanged for or converted into cash, property or a different number or kind of shares or other securities, or if cash, property or shares or other securities are distributed in respect of such outstanding securities, in either case as a result of a reorganization, reclassification, dividend (other than a regular, quarterly cash dividend) or other distribution, stock split, reverse stock split, spin-off or the like, or if substantially all of the property and assets of the Corporation are sold, then, unless the terms of such transaction shall provide otherwise, the maximum number and type of shares or other securities that may be subject to Options and issued in accord with this Plan shall be appropriately adjusted. The Committee shall determine in its sole discretion the appropriate adjustment to be effected pursuant to the immediately preceding sentence. In addition, in connection with any such change in the class(es) of securities then subject to this Plan, the Committee may make appropriate and proportionate adjustments in the number and type of shares or other securities or cash or other property that may be acquired pursuant to Options theretofore granted under this Plan and the exercise price of such Options. In addition, in the event of such



change described in this paragraph, the Committee may accelerate the time or times at which any Option may be exercised and may provide for cancellation of any such accelerated Option which is not exercised within a time prescribed by the Committee in its sole discretion.

(b) No right to purchase fractional shares or fractions of other securities shall result from any adjustment in Options pursuant to this Section. In case of any such adjustment, the shares or other securities subject to the Option shall be rounded down to the nearest whole share of Common Stock or equivalent other security, as the case may be.

#### 9. REGISTRATION, LISTING OR QUALIFICATION OF SECURITIES

In the event the Committee determines in its discretion that, as a condition to the issuance of shares under any award, the registration, listing or qualification of the shares of Common Stock issuable under the Plan or under an Award is necessary or desirable under the rules of any securities exchange or under any law or governmental regulation, then the Committee may suspend the exercisability of any or all Options in whole or in part until such registration, listing, qualification, consent or approval has been unconditionally obtained. No Option holder shall have any rights as a stockholder with respect to any shares of Common Stock subject to an Option hereunder until said shares have been issued.

#### 10. TAX WITHHOLDING

To the extent required by applicable federal, state, local or foreign law, an Eligible Employee or recipient of an Award shall make arrangements satisfactory to the Committee for the satisfaction of any withholding tax obligations that arise by reason of the grant, vesting or exercise of an Award. The Corporation shall not be required to issue shares of Common Stock or to recognize the disposition of such shares until such obligations are satisfied.

#### 11. AWARDS BY SUBSIDIARIES

In the case of a grant of an Award to any Eligible Employee employed by a Subsidiary, such grant may, if the Committee so directs, be implemented by SLM Corporation issuing any subject shares to the Subsidiary, for such lawful consideration as the Committee may determine, upon the condition or understanding that the Subsidiary will transfer the shares to the Eligible Employee in accordance with the terms of the award specified by the Committee pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Committee shall determine.

#### 12. EFFECTIVE DATE, AMENDMENT AND TERMINATION OF PLAN

This Plan became effective upon September 18, 1997. The Plan was amended on September 17, 1998 and June 13, 2000 and The Corporation's name was changed effective July 31, 2000. Unless earlier suspended or terminated by the Board of Directors, or extended as provided below, no Awards may be granted after September 18, 2007. The Board of Directors or the Committee may from time to time extend the effective term of the Plan and otherwise amend the Plan as determined appropriate, without action by SLM Corporation's stockholders except to the extent required by applicable law. References in the Plan and in writings evidencing and setting the terms of Option grants which refer to the Code or other applicable law shall also be deemed to refer to any applicable successor provisions thereof unless otherwise determined by the Committee. The Plan may be earlier terminated at such earlier time as the Board of Directors may determine.

Exhibit 10.2

SLM CORPORATION

MANAGEMENT INCENTIVE PLAN

SECTION 1. PURPOSE OF PLAN

The purpose of this Management Incentive Plan ("Plan") of SLM Corporation (formerly USA Education, Inc., renamed on May 17, 2002) a Delaware corporation, is to enable the Company, as defined in Section 2.2(a)(iii) hereof, to attract, retain and motivate its officers, management and other key personnel, and to further align the interests of such persons with those of the stockholders of the Company, by providing for or increasing their proprietary interest in the Company.

SECTION 2. ADMINISTRATION OF THE PLAN

2.1 Composition of Committee. The Plan shall be administered by the Board of Directors and/or by a committee of the Board of Directors of SLM Corporation, as appointed from time to time by the Board of Directors (the "Committee"). The Board of Directors shall fill vacancies on, and from time to time may remove or add members to, the Committee. The Committee shall act pursuant to a majority vote or unanimous written consent. Notwithstanding the foregoing, with respect to any Award that is not intended to satisfy the conditions of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended (the "Code"), the Committee may appoint one or more separate committees (any such committee, a "Subcommittee") composed of one or more directors of SLM Corporation, (who may but need not be members of the Committee) and may delegate to any such Subcommittee(s) the authority to grant Awards, as defined in Section 5.1 hereof, under the Plan to Employees, to determine all terms of such Awards, and/or to administer the Plan or any aspect of it. Any action by any such Subcommittee within the scope of such delegation shall be deemed for all purposes to have been taken by the Committee. The Committee may designate the Secretary of the Company or other Company employees to assist the Committee in the administration of the Plan, and may grant authority to such persons to execute agreements evidencing Awards made under this Plan or other documents entered into under this Plan on behalf of the Committee or the Company.

2.2 Powers of the Committee. Subject to the express provisions of this Plan, the Committee shall be authorized and empowered to do all things necessary or desirable in connection with the administration of this Plan with respect to the Awards over which such Committee has authority, including, without limitation, the following:

(a) to prescribe, amend and rescind rules and regulations relating to this Plan and to define terms not otherwise defined herein; provided that, unless the Committee shall specify otherwise, for purposes of this Plan (i) the term "fair market value" shall mean, as of any date, the closing price for a Share, as defined in Section 3.1 hereof, reported for that date on the composite tape for securities listed on the New York Stock Exchange or, if no Shares traded on the New York Stock Exchange on the date in question, then for the next preceding date for which Shares traded on the New York Stock Exchange; and (ii) the term "Company" shall mean SLM Corporation and its subsidiaries and affiliates, unless the context otherwise requires.

(b) to determine which persons are Employees (as defined in Section 4 hereof), to which of such Employees, if any, Awards shall be granted hereunder and the timing of any such Awards;

(c) to determine the number of Shares subject to Awards and the exercise or purchase price of such Shares;

(d) to establish and verify the extent of satisfaction of any performance goals applicable to Awards;

(e) to prescribe and amend the terms of the agreements evidencing Awards made under this Plan (which need not be identical);

(f) to determine whether, and the extent to which, adjustments are required pursuant to Section 11 hereof;

(g) to interpret and construe this Plan, any rules and regulations under the Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions in good faith and for the benefit of the Company; and

(h) to make all other determinations deemed necessary or advisable for the administration of the Plan.

2.3 Determinations of the Committee. All decisions, determinations and interpretations by the Committee or the Board regarding the Plan shall be final and binding on all Employees and Participants, as defined in Section 3 hereof. The Committee or the Board, as applicable, shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any officer of the Company or Employee and such attorneys, consultants and accountants as it may select.

### SECTION 3. STOCK SUBJECT TO PLAN

3.1 Aggregate Limits. Subject to adjustment as provided in Section 11, at any time, the aggregate number of shares of the Company's common stock, \$.20 par value ("Shares"), issued and issuable pursuant to all Awards (including all ISOs (as defined in Section 5.1 hereof)) granted under this Plan shall not exceed 13,100,000; provided that no more than 1,500,000 of such Shares may be issued pursuant to all Incentive Bonuses and Performance Stock Awards thereafter granted under the Plan. The Shares subject to the Plan may be either Shares reacquired by the Company, including Shares purchased in the open market, or authorized but unissued Shares. The number of shares of common stock issued upon the exercise of "replacement options", i.e. options granted to purchase a number of shares of common stock equal to the number of shares of common stock used to exercise an underlying stock option (either shares previously owned or shares acquired pursuant to the exercise of the underlying option and sold in order to exercise e.g., such as in a so-called "cashless exercise"), shall not reduce the aggregate number of shares authorized under the Plan.

3.2 Code Section 162(m) Limits. The aggregate number of Shares subject to Options granted under this Plan during any calendar year to any one Employee shall not exceed 1,000,000. The aggregate number of Shares issued or issuable under any Incentive Bonus Award granted under this Plan during any calendar year to any one Employee shall not exceed 50,000. The aggregate number of Shares issued or issuable under any Performance Stock Award granted under this Plan during any calendar year to any one Employee shall not exceed 100,000. Notwithstanding anything to the contrary in the Plan, the foregoing limitations shall be subject to adjustment under Section 11 only to the extent that such adjustment will not affect the status of any Award intended to qualify as "performance based compensation" under Code Section 162(m).

3.3 Issuance of Shares. For purposes of Section 3.1, the aggregate number of Shares issued under this Plan at any time shall equal only the number of Shares actually issued upon exercise or settlement of an Award and not returned to the Company upon cancellation, expiration or forfeiture of an Award or delivered (either actually or by attestation) in payment or satisfaction of the purchase price, exercise price or tax obligation of an Award.

#### SECTION 4. PERSONS ELIGIBLE UNDER PLAN

Any person, including any director of the Company, who is an employee, prospective employee, consultant or advisor of the Company (an "Employee") shall be eligible to be considered for the grant of Awards hereunder. For purposes of this Plan, the Chairman of the Board's status as an Employee shall be determined by the Board. For purposes of the administration of Awards, the term "Employee" shall also include a former Employee or any person (including any estate) who is a beneficiary of a former Employee. A "Participant" is any Employee to whom an Award has been made and any person (including any estate) to whom an Award has been assigned or transferred pursuant to Section 10.1.

#### SECTION 5. PLAN AWARDS

5.1 Award Types. The Committee, on behalf of the Company, is authorized under this Plan to enter into certain types of arrangements with Employees and to confer certain benefits on them. The following such arrangements or benefits are authorized under the Plan if their terms and conditions are not inconsistent with the provisions of the Plan: Stock Options, Incentive Bonuses and Performance Stock. Such arrangements and benefits are sometimes referred to herein as "Awards." The authorized types of arrangements and benefits for which Awards may be granted are defined as follows:

Stock Options: A Stock Option is a right granted under Section 6 to purchase a number of Shares at such exercise price, at such times, and on such other terms and conditions as are specified in or determined pursuant to the agreement evidencing the Award (the "Option Agreement"). Options intended to qualify as Incentive Stock Options ("ISOs") pursuant to Code Section 422 and Options which are not intended to qualify as ISOs ("Non-qualified Options") may be granted under Section 6 as the Committee in its sole discretion shall determine.

Incentive Bonus: An Incentive Bonus is a bonus opportunity awarded under Section 7 pursuant to which a Participant may become entitled to receive an amount based on satisfaction of such performance criteria as are specified in the document evidencing the Award (the "Incentive Bonus Agreement").

Performance Stock: Performance Stock is an award of Shares made under Section 8, the grant, issuance, retention and/or vesting of which is subject to such performance and other conditions as are expressed in the document evidencing the Award (the "Performance Stock Agreement").

5.2 Grants of Awards. An Award may consist of one such arrangement or benefit or two or more of them in tandem or in the alternative.

#### SECTION 6. STOCK OPTION GRANTS

The Committee may grant an Option or provide for the grant of an Option, either from time-to-time in the discretion of the Committee or automatically upon the occurrence of specified events, including, without limitation, the achievement of performance goals, the satisfaction of an event or condition within the control of the recipient of the Award, within the control of others or not within the any person's control.

6.1 Option Agreement. Each Option Agreement shall contain provisions regarding (a) the number of Shares which may be issued upon exercise of the Option, (b) the purchase price of the Shares and the means of payment for the Shares, (c) the term of the Option, (d) such terms and conditions of exercisability as may be determined from time to time by the Committee, (e) restrictions on the transfer of the Option and forfeiture provisions, and (f) such further terms and conditions, in each case not inconsistent with the Plan as may be determined from time to time by the Committee. Option Agreements evidencing ISOs shall contain such terms and conditions as may be necessary to comply with the applicable provisions of Section 422 of the Code.

6.2 Option Price. The purchase price per Share of the Shares subject to each Option granted under the Plan shall equal or exceed 100% of the fair market value of such Stock on the date the Option is granted, except that (i) the Committee may specifically provide that the exercise price of an Option may be higher or lower in the case

of an Option granted to employees of a company acquired by the Company in assumption and substitution of options held by such employees at the time such company is acquired, and (ii) in the event an Employee is required to pay or forego the receipt of any cash amount in consideration of receipt of an option, the exercise price, which in no event may be less than 85% of the fair market value of the Stock on the date the Option is granted, plus such cash amount shall equal or exceed 100% of the fair market value of such Stock on the date the Option is granted.

6.3 Option Term. The "Term" of each Option granted under the Plan, including any ISOs, shall not exceed ten (10) years from the date of its grant.

6.4 Option Vesting. Options granted under the Plan shall be exercisable at such time and in such installments during the period prior to the expiration of the Option's Term as determined by the Committee in its sole discretion. The Committee shall have the right to make the timing of the ability to exercise any Option granted under the Plan subject to such performance requirements as deemed appropriate by the Committee. At any time after the grant of an Option the Committee may, in its sole discretion, reduce or eliminate any restrictions surrounding any Participant's right to exercise all or part of the Option.

6.5 Termination of Employment. Subject to Section 12, upon a termination of employment by a Participant prior to the full exercise of an Option, the following procedures shall apply unless determined otherwise by the Committee in its sole discretion or, in the case of an ISO, unless other procedures are necessary to comply with the provisions of Section 422, 424 or 425 of the Code:

(a) Death or Disability. If an Employee terminates service on account of becoming disabled, the Participant may exercise the Option in whole or in part within one year after the date of the Employee's disability, but in no event later than the date on which it would have expired if the Employee had not become disabled. Unless provided otherwise by the Committee, an Employee shall be deemed to be disabled if he or she is determined to be disabled for purposes of meeting any insurance requirements under long-term disability policies ("Disability") provided by the Company. If an Employee dies during a period in which he or she is entitled to exercise an Option (including the periods referred to in the first sentence of this paragraph (a) or in paragraph (c) of this Section), the Participant may exercise the Option in whole or in part within one year after the date of the Employee's death, but in no event later than the date on which it would have expired if the Employee had lived, or one year after the Employee's death, whichever date is earlier.

(b) Cause. If a Participant's employment with the Company or a subsidiary shall be terminated for cause, as determined by the Committee in its sole discretion, he or she shall forfeit any and all outstanding option rights and such rights shall be deemed to have lapsed for purposes hereof as of the date of the Participant's termination of service.

(c) Other Forms of Termination. If a Participant ceases to be employed by the Company or a subsidiary for any reason other than Disability, death or termination for cause during a period in which he or she is entitled to exercise an Option, the Participant's Option shall terminate three months after the date of such cessation of employment, but in no event later than the date on which it would have expired if such cessation of employment had not occurred. During such period the Option may be exercised only to the extent that the Participant was entitled to do so at the date of cessation of employment unless the Committee, in its sole discretion, permits exercise of the Option to a greater extent. The employment of a Participant shall not be deemed to have ceased upon his or her absence from the Company on a leave of absence granted in accordance with the usual procedures of the Company.

#### 6.6 Option Exercise.

(a) Partial Exercise. An exercisable Option may be exercised in whole or in part. However, an Option shall not be exercisable with respect to fractional Shares and the Committee may require, by the terms of the Option Agreement, a partial exercise to include a minimum number of Shares.

(b) Manner of Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery to the representative of the Company designated for such purpose by the Committee all of the following: (i) notice of exercise in such form as the Committee authorizes specifying the number of Shares to be purchased by the Participant, (ii) payment or provision for payment of the exercise price for such number of Shares, (iii) such representations and documents as the Committee, in its sole discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal, state or foreign securities laws or regulations, (iv) in the event that the Option shall be exercised pursuant to Section 10.1 by any person or persons other than the Employee, appropriate proof of the right of such person or persons to exercise the Option, and (v) such representations and documents as the Committee, in its sole discretion, deems necessary or advisable to provide for the tax withholding pursuant to Section 13. Unless provided otherwise by the Committee, no Participant shall have any right as a stockholder with respect to any Shares purchased pursuant to any Option until the registration of Shares in the name of such person, and no adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distributions or other rights for which the record date is prior to the date such Shares are so registered.

(c) Payment of Exercise Price. To the extent authorized by the Committee, the exercise price of an Option may be paid in the form of one of more of the following, either through the terms of the Option Agreement or at the time of exercise of an Option: (i) cash or certified or cashiers' check, (ii) shares of capital stock of the Company that have been held by the Participant for such period of time as the Committee may specify, (iii) other property deemed acceptable by the Committee, (iv) a reduction in the number of Shares or other property otherwise issuable pursuant to such Option, (v) a promissory note of or other commitment to pay by the Participant or of a third party, the terms and conditions of which shall be determined by the Committee, or (vi) any combination of (i) through (v).

#### SECTION 7. INCENTIVE BONUS

Each Incentive Bonus Award will confer upon the Employee the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period of not less than one year.

7.1 Incentive Bonus Award. Each Incentive Bonus Award shall contain provisions regarding (a) the target and maximum amount payable to the Participant as an Incentive Bonus, (b) the performance criteria and level of achievement versus these criteria which shall determine the amount of such payment, (c) the period as to which performance shall be measured for determining the amount of any payment, (d) the timing of any payment earned by virtue of performance, (e) restrictions on the alienation or transfer of the Incentive Bonus prior to actual payment, (f) forfeiture provisions, and (g) such further terms and conditions, in each case not inconsistent with the Plan as may be determined from time to time by the Committee. The maximum amount payable as an Incentive Bonus may be a multiple of the target amount payable, but the maximum amount payable pursuant to that portion of an Incentive Bonus Award granted under this Plan for any fiscal year to any Participant that is intended to satisfy the requirements for "performance based compensation" under Code Section 162(m) shall not exceed five million dollars (\$5,000,000).

7.2 Performance Criteria. The Committee shall establish the performance criteria and level of achievement versus these criteria which shall determine the target and maximum amount payable under an Incentive Bonus Award, which criteria may be based on financial performance and/or personal performance evaluations. The Committee may specify the percentage of the target Incentive Bonus that is intended to satisfy the requirements for "performance-based compensation" under Code Section 162(m). Notwithstanding anything to the contrary herein, the performance criteria for any portion of an Incentive Bonus that is intended by the Committee to satisfy the requirements for "performance-based compensation" under Code Section 162(m) shall be a measure based on one or more Qualifying Performance Criteria (as defined in Section 10.2 hereof) selected by the Committee and specified at the time the Incentive Bonus Award is granted. The Committee shall certify the extent to which any Qualifying Performance Criteria has been satisfied, and the amount payable as a result thereof, prior to payment of any Incentive Bonus that is intended by the Committee to satisfy the requirements for "performance-based compensation" under Code Section 162(m).

7.3 Timing and Form of Payment. The Committee shall determine the timing of payment of any Incentive Bonus. The Committee may provide for or, subject to such terms and conditions as the Committee may specify, may permit a Participant to elect for the payment of any Incentive Bonus to be deferred to a specified date or event. The Committee may provide for a Participant to have the option for his or her Incentive Bonus, or such portion thereof as the Committee may specify, to be paid in whole or in part in Shares or Stock Units.

7.4 Discretionary Adjustments. Notwithstanding satisfaction of any performance goals, the amount paid under an Incentive Bonus Award on account of either financial performance or personal performance evaluations may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

## SECTION 8. PERFORMANCE STOCK

Performance Stock consists of an award of Shares, the grant, issuance, retention and/or vesting of which shall be subject to such performance conditions and to such further terms and conditions as the Committee deems appropriate.

8.1 Performance Stock Award. Each Performance Stock Award shall contain provisions regarding (a) the number of Shares subject to such Award or a formula for determining such, (b) the performance criteria and level of achievement versus these criteria which shall determine the number of Shares granted, issued, retainable and/or vested, (c) the period as to which performance shall be measured for determining achievement of performance, provided that such period shall be no shorter than a 12-month period, (d) forfeiture provisions, and (e) such further terms and conditions, in each case not inconsistent with the Plan as may be determined from time to time by the Committee.

8.2 Performance Criteria. The grant, issuance, retention and/or vesting of each Performance Share shall be subject to such performance criteria and level of achievement versus these criteria as the Committee shall determine, which criteria may be based on financial performance and/or personal performance evaluations. Notwithstanding anything to the contrary herein, the performance criteria for any Performance Stock that is intended by the Committee to satisfy the requirements for "performance-based compensation" under Code Section 162(m) shall be a measure based on one or more Qualifying Performance Criteria selected by the Committee and specified at the time the Performance Stock Award is granted.

8.3 Timing and Form of Payment. The Committee shall determine the timing of payment of any Incentive Bonus. The Committee may provide for or, subject to such terms and conditions as the Committee may specify, may permit a Participant to elect for the payment of any Performance Stock to be deferred to a specified date or event. The Committee may provide for a Participant to have the option for his or her Performance Stock, or such portion thereof as the Committee may specify, to be granted in whole or in part in Shares or Stock Units.

8.4 Discretionary Adjustments. Notwithstanding satisfaction of any performance goals, the number of Shares granted, issued, retainable and/or vested under a Performance Stock Award on account of either financial performance or personal performance evaluations may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

## SECTION 9. STOCK UNITS

9.1 Stock Units. A "Stock Unit" is a bookkeeping entry representing an amount equivalent to the fair market value of one share of Common Stock. Stock Units represent an unfunded and unsecured obligation of the Company, except as otherwise provided for by the Committee.

9.2 Grant of Stock Units. Stock Units may be issued upon exercise of Options, may be granted in payment and satisfaction of Incentive Bonus Awards and may be issued in lieu of, Performance Stock or any other Award that the Committee elects to be paid in the form of Stock Units.

9.3 Settlement of Stock Units. Unless provided otherwise by the Committee, settlement of Stock Units shall be made by issuance of Shares and shall occur within 60 days after an Employee's termination of employment for any reason. The Committee may provide for Stock Units to be settled in cash (at the election of the Company or the Participant, as specified by the Committee) and to be made at such other times as it determines appropriate or as it permits a Participant to choose. The amount of Shares, or other settlement medium, to be so distributed may be increased by an interest factor or by dividend equivalents, which may be valued as if reinvested in Shares. Until a Stock Unit is settled, the number of shares of Shares represented by a Stock Unit shall be subject to adjustment pursuant to Section 11.

#### SECTION 10. OTHER PROVISIONS APPLICABLE TO AWARDS

10.1 Transferability. Unless the agreement evidencing an Award (or an amendment thereto authorized by the Committee) expressly states that the Award is transferable as provided hereunder, no Award granted under the Plan, nor any interest in such Award, may be sold, assigned, conveyed, gifted, pledged, hypothecated or otherwise transferred in any manner prior to the vesting or lapse of any and all restrictions applicable thereto, other than by will or the laws of descent and distribution. The Committee may in its sole discretion grant an Award or amend an outstanding Award to provide that the Award is transferable or assignable to a member or members of the Employee's "immediate family," as such term is defined under Exchange Act Rule 16a-1(e), or to a trust for the benefit solely of a member or members of the Employee's immediate family, or to a partnership or other entity whose only owners are members of the Employee's family, provided that (i) no consideration is given in connection with the transfer of such Award, and (2) following any such transfer or assignment the Award will remain subject to substantially the same terms applicable to the Award while held by the Employee, as modified as the Committee in its sole discretion shall determine appropriate, and the Participant shall execute an agreement agreeing to be bound by such terms.

10.2 Qualifying Performance Criteria. For purposes of this Plan, the term "Qualifying Performance Criteria" shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or subsidiary, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee in the Award: (a) cash flow, (b) earnings per share (including earnings before interest, taxes, depreciation and amortization), (c) return on equity, (d) total stockholder return, (e) return on capital, (f) return on assets or net assets, (g) revenue, (h) income or net income, (i) operating income or net operating income, (j) operating profit or net operating profit, (k) operating margin, (l) return on operating revenue, (m) market share, (n) loan volume and (o) overhead or other expense reduction. The Committee may appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs, and (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's annual report to stockholders for the applicable year.

10.3 Dividends. Unless otherwise provided by the Committee, no adjustment shall be made in Shares issuable under Awards on account of cash dividends which may be paid or other rights which may be issued to the holders of Shares prior to their issuance under any Award. The Committee shall specify whether dividends or dividend equivalent amounts shall be paid to any Participant with respect to the Shares subject to any Award that have not vested or been issued or that are subject to any restrictions or conditions on the record date for dividends.

10.4 Agreements Evidencing Awards. The Committee shall, subject to applicable law, determine the date an Award is deemed to be granted, which for purposes of this Plan shall not be affected by the fact that an Award is contingent on subsequent stockholder approval of the Plan. The Committee or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements evidencing Awards under this Plan and may, but need not, require as a condition to any such agreement's effectiveness that such agreement be executed by the Participant and that such Participant agree to such further terms and conditions as specified in such



agreement. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the Agreement evidencing such Award.

10.5 Tandem Stock or Cash Rights. Either at the time an Award is granted or by subsequent action, the Committee may, but need not, provide that an Award shall contain as a term thereof, a right, either in tandem with the other rights under the Award or as an alternative thereto, of the Participant to receive, without payment to the Company, a number of Shares, cash or a combination thereof, the amount of which is determined by reference to the value of the Award.

10.6 Financing. The Committee may in its discretion provide financing to a Participant in a principal amount sufficient to pay the purchase price of any Award and/or to pay the amount of taxes required by law to be withheld with respect to any Award. Any such loan shall be subject to all applicable legal requirements and restrictions pertinent thereto, including Regulation G promulgated by the Federal Reserve Board. The grant of an Award shall in no way obligate the Company or the Committee to provide any financing whatsoever in connection therewith.

#### SECTION 11. CHANGES IN CAPITAL STRUCTURE

11.1 If the outstanding securities of the class then subject to this Plan are increased, decreased or exchanged for or converted into cash, property or a different number or kind of shares or securities, or if cash, property or shares or securities are distributed in respect of such outstanding securities, in either case as a result of a reorganization, merger, consolidation, recapitalization, restructuring, reclassification, dividend (other than a regular, quarterly cash dividend) or other distribution, stock split, reverse stock split, spin-off or the like, or if substantially all of the property and assets of the Company are sold, then, unless the terms of such transaction shall provide otherwise, the Committee shall make appropriate and proportionate adjustments in (i) the number and type of shares or other securities or cash or other property that may be acquired pursuant to Awards theretofore granted under this Plan and the exercise or settlement price of such Awards, provided, however, that such adjustment shall be made in such a manner that will not affect the status of any Award intended to qualify as an ISO under Code Section 422 or as "performance based compensation" under Code Section 162(m), and (ii) the maximum number and type of shares or other securities that may be issued pursuant to such Awards thereafter granted under this Plan.

#### SECTION 12. CHANGE OF CONTROL

12.1 Effect of Change of Control. The Committee may through the terms of the Award or otherwise provide that any or all of the following shall occur, either immediately upon the Change of Control or a Change of Control Transaction, or upon termination of the Employee's employment within twenty-four (24) months following a Change of Control or a Change of Control Transaction: (a) in the case of an Option, the Participant's ability to exercise any portion of the Option not previously exercisable, (b) in the case of an Incentive Bonus, the right to receive a payment equal to the target amount payable or, if greater, a payment based on performance through a date determined by the Committee prior to the Change of Control, and (c) in the case of Shares issued in payment of any Incentive Bonus, and/or in the case of Performance Stock or Stock Units, the lapse and expiration on any conditions to the grant, issuance, retention, vesting or transferability of, or any other restrictions applicable to, such Award. The Committee also may, through the terms of the Award or otherwise, provide for an absolute or conditional exercise, payment or lapse of conditions or restrictions on an Award which shall only be effective if, upon the announcement of a Change of Control Transaction, no provision is made in such Change of Control Transaction for the exercise, payment or lapse of conditions or restrictions on the Award, or other procedure whereby the Participant may realize the full benefit of the Award.

12.2 Definitions. Unless the Committee or the Board shall provide otherwise, "Change of Control" shall mean an occurrence of any of the following events: (a) an acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "person or group" (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) other than an employee benefit plan of the Company, immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 under the Exchange Act) of more

than fifty percent (50%) of the combined voting power of the Company's then outstanding Voting Securities; (b) approval by the stockholders of (i) a merger, consolidation or reorganization involving the Company, unless the company resulting from such merger, consolidation or reorganization (the "Surviving Corporation") shall adopt or assume this Plan and a Participant's Awards under the Plan and either (A) the stockholders of the Company immediately before such merger, consolidation or reorganization own, directly or indirectly immediately following such merger, consolidation or reorganization, at least seventy-five percent (75%) of the combined voting power of the Surviving Corporation in substantially the same proportion as their ownership immediately before such merger, consolidation or reorganization, or (B) at least a majority of the members of the Board of Directors of the Surviving Corporation were directors of the Company immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization, or (ii) a complete liquidation or dissolution of the Company; or (c) such other events as the Committee or the Board from time to time may specify. "Change of Control Transaction" shall include any tender offer, offer, exchange offer, solicitation, merger, consolidation, reorganization or other transaction which is intended to or reasonably expected to result in a change of control.

#### SECTION 13. TAXES

13.1 Withholding Requirements. The Committee may make such provisions or impose such conditions as it may deem appropriate for the withholding or payment by the Employee or Participant, as appropriate, of any taxes which it determines are required in connection with any Awards granted under this Plan, and a Participant's rights in any Award are subject to satisfaction of such conditions.

13.2 Payment of Withholding Taxes. Notwithstanding the terms of Section 13.1 hereof, the Committee may provide in the agreement evidencing an Award or otherwise that all or any portion of the taxes required to be withheld by the Company or, if permitted by the Committee, desired to be paid by the Participant, in connection with the exercise of a Non-qualified Option or the exercise, vesting, settlement or transfer of any other Award shall be paid or, at the election of the Participant, may be paid by the Company withholding shares of the Company's capital stock otherwise issuable or subject to such Award, or by the Participant delivering previously owned shares of the Company's capital stock, in each case having a fair market value equal to the amount required or elected to be withheld or paid. Any such elections are subject to such conditions or procedures as may be established by the Committee and may be subject to disapproval by the Committee.

#### SECTION 14. AMENDMENTS OR TERMINATION

The Board may amend, alter or discontinue the Plan or any agreement evidencing an Award made under the Plan, but no such amendment shall, without the approval of the shareholders of the Company:

- (a) materially increase the maximum number of shares of Common Stock for which Awards may be granted under the Plan;
- (b) reduce the price at which Options may be granted below the price provided for in Section 6.2;
- (c) reduce or adjust downward the exercise price of outstanding Options, whether through amendment, cancellation or replacement grants, or any other means;
- (d) impair the rights of any Award holder, without such holder's consent, under any Award granted prior to the date of any Change of Control;
- (e) extend the term of the Plan; or
- (f) change the class of persons eligible to be Participants.

SECTION 15.

COMPLIANCE WITH OTHER LAWS AND REGULATIONS.

The Plan, the grant and exercise of Awards thereunder, and the obligation of the Company to sell, issue or deliver Shares under such Awards, shall be subject to all applicable federal, state and foreign laws, rules and regulations and to such approvals by any governmental or regulatory agency as may be required. The Company shall not be required to register in a Participant's name or deliver any Shares prior to the completion of any registration or qualification of such Shares under any federal, state or foreign law or any ruling or regulation of any government body which the Committee shall, in its sole discretion, determine to be necessary or advisable. This Plan is intended to constitute an unfunded arrangement for a select group of management or other key employees.

No Option shall be exercisable unless a registration statement with respect to the Option is effective or the Company has determined that such registration is unnecessary. Unless the Awards and Shares covered by this Plan have been registered under the Securities Act of 1933, as amended, or the Company has determined that such registration is unnecessary, each person receiving an Award and/or Shares pursuant to any Award may be required by the Company to give a representation in writing that such person is acquiring such Shares for his or her own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

SECTION 16.

OPTION GRANTS BY SUBSIDIARIES

In the case of a grant of an option to any eligible Employee employed by a Subsidiary, such grant may, if the Committee so directs, be implemented by the Company issuing any subject shares to the Subsidiary, for such lawful consideration as the Committee may determine, upon the condition or understanding that the Subsidiary will transfer the shares to the optionholder in accordance with the terms of the option specified by the Committee pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such option may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Committee shall determine.

SECTION 17.

NO RIGHT TO COMPANY EMPLOYMENT

Nothing in this Plan or as a result of any Award granted pursuant to this Plan shall confer on any individual any right to continue in the employ of the Company or interfere in any way with the right of the Company to terminate an individual's employment at any time. The Award agreements may contain such provisions as the Committee may approve with reference to the effect of approved leaves of absence.

SECTION 18.

EFFECTIVENESS AND EXPIRATION OF PLAN

The Plan shall be effective on the date the Board adopts the Plan. All Awards granted under this Plan are subject to, and may not be exercised before, the approval of this Plan by the stockholders prior to the first anniversary date of the effective date of the Plan, by the affirmative vote of the holders of a majority of the outstanding shares of the Company present, or represented by proxy, and entitled to vote, at a meeting of the Company's stockholders or by written consent in accordance with the laws of the State of Delaware; provided that if such approval by the stockholders of the Company is not forthcoming, all Awards previously granted under this Plan shall be void. No Awards shall be granted pursuant to the Plan more than ten (10) years after the effective date of the Plan.

SECTION 19.

NON-EXCLUSIVITY OF THE PLAN

Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or the Committee to adopt such other incentive arrangements as it or they may deem desirable, including without limitation, the granting of restricted stock or stock options otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

This Plan and any agreements hereunder shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. The Committee may provide that any dispute as to any Award shall be presented and determined in such forum as the Committee may specify, including through binding arbitration. Any reference in this Plan or in the agreement evidencing any Award to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

Exhibit 10.3

SLM Corporation  
DIRECTORS STOCK PLAN

1. PURPOSE

The purpose of the SLM Corporation Directors Stock Plan (the "Plan") is to advance the interests of SLM Corporation, a Delaware corporation (hereinafter the "Company"), by enabling the Company to attract, retain and motivate qualified individuals to serve on the Company's Board of Directors and to align the financial interests of such individuals with those of the Company's stockholders by providing for or increasing their proprietary interest in the Company. The stock options granted pursuant to this Plan are not qualified under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. DEFINITIONS

"Board" means the Board of Directors of the Company.

"Committee" means the Board and/or a committee of the Board acting pursuant to its authorization to administer this Plan under Section 7.

"Common Stock" means the Company's Common Stock, par value \$.20, as presently constituted, subject to adjustment as provided in Section 9.

"Fair Market Value" means, as of any date, and unless the Committee shall specify otherwise, the closing market price for the Common Stock reported for that date on the composite tape for securities listed on the New York Stock Exchange or, if the Common Stock did not trade on the New York Stock Exchange on the date in question, then for the next preceding date for which the Common Stock traded on the New York Stock Exchange.

"Non-Employee Director" means a member of the Board or a member of the Board of Directors of a subsidiary of the Company who is not at the time also an employee of the Company or any of its direct or indirect majority-owned subsidiaries (regardless of whether such subsidiary is organized as a corporation, partnership or other entity). For purposes of this Plan, the Chairman of the Board's status as an employee shall be determined by the Committee.

3. SHARES SUBJECT TO THE PLAN

Subject to adjustment as provided in Section 9, the maximum number of shares of Common Stock which may be issued pursuant to this Plan shall not exceed 3,500,000; provided that no more than 1,500,000 of such shares may be issued in the form of stock grants under the Plan. Shares issued under this Plan may be authorized and unissued shares of Common Stock or shares of Common Stock reacquired by the Company. All or any shares of Common Stock subject to a stock option or stock grant which for any reason are not issued or are reacquired under the stock option or stock grant may be made subject to a stock option or stock grant under the Plan. The number of shares of Common Stock issued upon the exercise of "replacement options", i.e. options granted to purchase a number of shares of Common Stock equal to the number of shares of Common Stock used to exercise an underlying stock option (either shares previously owned or shares acquired pursuant to the exercise of the underlying option and sold in order to exercise e.g., such as in a so-called "cashless exercise"), shall not reduce the aggregate number of shares authorized under the Plan.

#### 4. PARTICIPANTS

Any person who is a Non-Employee Director shall be eligible for the award of stock options and/or stock grants hereunder.

#### 5. NON-EMPLOYEE DIRECTOR AWARDS

The Committee may provide for stock options and/or stock grants to be awarded to Non-Employee Directors in consideration for their service to the Company. The Committee shall determine to which Non-Employee Directors any such stock options and/or stock grants shall be awarded hereunder (any such person, a "Participant"). The Committee shall specify the number of shares subject to each stock option or stock grant provided for under this Section 5, or the formula pursuant to which such number shall be determined, the Participants to receive any such award, the date of award and the vesting and expiration terms applicable to such stock option or stock grant. The Committee may provide that the exercisability of a stock option or the vesting of a stock award or of shares issued or issuable upon exercise of a stock option is subject to the satisfaction of such conditions or the occurrence of such other events as the Committee specifies, including, without limitation, the passage of time, continued service, the price of the Common Stock meeting or exceeding a specified level, the achievement of other performance goals or the satisfaction of an event or condition within the control of the Participant or within the control of others. The award of stock options or stock grants hereunder may, but need not, be conditioned on the Non-Employee Director electing to forego his or her right to all or any part of his or her cash retainer or other fees. Subject to adjustment pursuant to Section 9, the maximum number of shares of Common Stock subject to stock options and stock grants awarded under this Plan during any calendar year to any person on account of his or her service as a Non-Employee Director, other than stock options or stock grants that a Non-Employee Director has elected to receive in lieu of cash retainer or other fees, shall not exceed 262,500 shares.

#### 6. TERMS AND CONDITIONS OF STOCK OPTIONS AND STOCK GRANTS

(a) General Terms and Conditions: Stock options and stock grants awarded pursuant to the Plan need not be identical but each stock option and stock grant shall be subject to the following general terms and conditions:

(1) Terms and Restrictions Upon Shares: The Committee may provide that the shares of Common Stock issued upon exercise of a stock option or receipt of a stock grant shall be subject to such further conditions, restrictions or agreements as the Committee in its discretion may specify prior to the exercise of such stock option or receipt of such stock grant, including without limitation, deferrals on issuance, conditions on vesting or transferability, and forfeiture or repurchase provisions. The Committee may establish rules for the deferred delivery of Common Stock upon exercise of a stock option or receipt of a stock grant with the deferral evidenced by use of "Stock Units" equal in number to the number of shares of Common Stock whose delivery is so deferred. A "Stock Unit" is a bookkeeping entry representing an amount equivalent to the Fair Market Value of one share of Common Stock. Stock Units represent an unfunded and unsecured obligation of the Corporation except as otherwise provided by the Committee. Settlement of Stock Units upon expiration of the deferral period shall be made in Common Stock or otherwise as determined by the Committee. The amount of Common Stock, or other settlement medium, to be so distributed may be increased by an interest factor or by dividend equivalents. Until a Stock Unit is settled, the number of shares of Common Stock represented by a Stock Unit shall be subject to adjustment pursuant to Section 9.

(2) Transferability of Option: Unless otherwise provided by the Committee, each stock option shall be transferable only by will or the laws of descent and distribution.

(3) Other Terms and Conditions: No holder of a stock option or stock grant shall have any rights as a stockholder with respect to any shares of Common Stock subject to a stock option or stock grant hereunder until said shares have been issued. Stock options and stock grants may also contain such other provisions, which shall not be inconsistent with any of the foregoing terms, as the Board or the Committee shall deem appropriate. The Committee may waive conditions to and/or accelerate exercisability of a stock option or stock grant, either automatically upon the occurrence of specified events (including in connection with a change of control of the

Company) or otherwise in its discretion. No stock option or stock grant, however, nor anything contained in the Plan, shall confer upon any Participant any right to serve as a director of the Company.

(b) Stock Option Price: The exercise price for each stock option shall be established by the Committee or under a formula established by the Committee. The exercise price shall not be less than the Fair Market Value of the stock on the date of grant. The exercise price shall be payable in cash, by payment under an arrangement with a broker where payment is made pursuant to an irrevocable direction to the broker to deliver all or part of the proceeds from the sale of the option shares to the Company, by the surrender of shares of Common Stock owned by the option holder exercising the option and having a fair market value on the date of exercise equal to the exercise price but only if such will not result in an accounting charge to the Company, or by any combination of the foregoing. In addition, the exercise price shall be payable in such other form(s) of consideration as the Committee in its discretion shall specify, including without limitation by loan (as described in Section 8) or by techniques that may result in an accounting charge to the Company.

(c) Stock Grant Terms: Stock grants under the Plan may, in the sole discretion of the Committee, but need not, be conditioned upon the Participant paying cash or cash-equivalent consideration or agreeing to forego other consideration for the Shares covered by the stock grant. Stock grants under the Plan may be subject to such conditions, restrictions or other vesting terms as are established in the sole discretion of the Committee, including, without limitation, the passage of time, continued service, the price of the Common Stock meeting or exceeding a specified level, the achievement of other performance goals or the satisfaction of an event or condition within the control of the Participant or within the control of others.

#### 7. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Board, except that as provided herein the Plan may be administered by a Committee of the Board, as appointed from time to time by the Board. The Board shall fill vacancies on and from time to time may remove or add members to the Committee. The Committee shall act pursuant to a majority vote or unanimous written consent.

Subject to the express provisions of this Plan, the Committee shall be authorized and empowered to do all things necessary or desirable in connection with the administration of this Plan, including, without limitation: (a) to prescribe, amend and rescind rules relating to this Plan and to define terms not otherwise defined herein; (b) to prescribe the form of documentation used to evidence any stock option or stock grant awarded hereunder, including provision for such terms as it considers necessary or desirable, not inconsistent with the terms established by the Board; (c) to establish and verify the extent of satisfaction of any conditions to exercisability applicable to stock options or to receipt or vesting of stock grants; (d) to determine whether, and the extent to which, adjustments are required pursuant to Section 9 hereof; and (e) to interpret and construe this Plan, any rules and regulations under the Plan and the terms and conditions of any stock option or stock grant awarded hereunder, and to make exceptions to any procedural provisions in good faith and for the benefit of the Company. Notwithstanding any provision of this Plan, the Board may at any time limit the authority of the Committee to administer this Plan.

All decisions, determinations and interpretations by the Board or, except as to the Board, the Committee regarding the Plan, any rules and regulations under the Plan and the terms and conditions of any stock option or stock grant awarded hereunder, shall be final and binding on all Participants and holders of stock options and stock grants. The Board and the Committee may consider such factors as it deems relevant, in its sole and absolute discretion, in making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select.

#### 8. LOANS

The Company may, if authorized by the Committee, make loans for the purpose of enabling a Participant to exercise stock options and, if applicable, receive stock awarded under the Plan and to pay the tax liability resulting from a stock option exercise or stock grant under the Plan. The Committee shall have full authority to determine

the terms and conditions of such loans. Such loans may be secured by the shares of Common Stock received upon exercise of such stock option or receipt of such stock grant.

#### 9. ADJUSTMENT OF AND CHANGES IN THE STOCK

If the outstanding securities of the class then subject to this Plan are increased, decreased or exchanged for or converted into cash, property or a different number or kind of shares or securities, or if cash, property or shares or securities are distributed in respect of such outstanding securities, in either case as a result of a reorganization, reclassification, dividend (other than a regular, quarterly cash dividend) or other distribution, stock split, reverse stock split, spin-off or the like, or if substantially all of the property and assets of the Company are sold, then, unless the terms of such transaction shall provide otherwise, the maximum number and type of shares or other securities that may be issued under this Plan shall be appropriately adjusted. The Committee shall determine in its sole discretion the appropriate adjustment to be effected pursuant to the immediately preceding sentence. In addition, in connection with any such change in the class of securities then subject to this Plan, the Committee may make appropriate and proportionate adjustments in the number and type of shares or other securities or cash or other property that may be acquired pursuant to stock options and stock grants theretofore awarded under this Plan and the exercise price of such stock options or price, if any, of such stock grants.

No right to purchase or receive fractional shares shall result from any adjustment in stock options or stock grants pursuant to this Section 9. In case of any such adjustment, the shares subject to the stock option or stock grant shall be rounded up to the nearest whole share of Common Stock.

#### 10. REGISTRATION, LISTING OR QUALIFICATION OF STOCK

In the event that the Board or the Committee determines in its discretion that the registration, listing or qualification of the shares of Common Stock issuable under the Plan on any securities exchange or under any applicable law or governmental regulation is necessary as a condition to the issuance of such shares under the stock option or stock grant, the stock option or stock grant shall not be exercisable or exercised in whole or in part unless such registration, listing, qualification, consent or approval has been unconditionally obtained.

#### 11. TAXES

The Board or Committee may make such provisions or impose such conditions as it may deem appropriate for the withholding or payment by a Participant of any taxes which it determines are necessary or appropriate in connection with any issuance of shares under this Plan, and the rights of a holder of a stock option or stock grant in any shares are subject to satisfaction of such conditions. The Company shall not be required to issue shares of Common Stock or to recognize the disposition of such shares until such obligations are satisfied. At the Participant's election, any such obligations may be satisfied by having the Company withhold a portion of the shares of Common Stock that otherwise would be issued to the holder of the stock option or stock grant upon exercise of the stock option or vesting or receipt of the stock grant or by surrendering to the Company shares of Common Stock previously acquired. The Company and any affiliate of the Company shall not be liable to a Participant or any other persons as to any tax consequence expected, but not realized, by any Participant or other person due to the receipt of any stock options or shares awarded hereunder.

#### 12. ARBITRATION AND APPLICABLE LAW

Any claim, dispute or other matter in question of any kind relating to this Plan shall be settled by arbitration before a single arbitrator and otherwise conducted in accordance with the Rules of the American Arbitration Association, which proceedings shall be held in the city in which the Company's executive offices are located. Notice of demand for arbitration shall be made in writing to the opposing party and to the American Arbitration Association within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall a demand for arbitration be made after the date when the applicable statute of limitations would bar the institution of a legal or equitable proceeding based on such claim, dispute or other matter in question. The decision of the arbitrator shall be final and may be enforced in any court of competent jurisdiction. This Plan and any rights



hereunder shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law.

13. EFFECTIVE DATE, AMENDMENT AND TERMINATION OF PLAN

This Plan shall become effective upon its adoption by the Board, subject to approval by a majority of the outstanding shares of the Company present, or represented by proxy, and entitled to vote at a meeting of the Company's stockholders. Unless earlier suspended or terminated by the Board, no stock options or stock grants may be awarded after the tenth anniversary of the date the Plan is approved by the Company's stockholders. The Board may periodically amend the Plan as determined appropriate, without further action by the Company's stockholders except to the extent required by applicable law. Notwithstanding the foregoing, and subject to adjustment pursuant to Section 9, unless approved by the Company's stockholders, (a) the Plan may not be amended to materially increase the number of shares of Common Stock authorized for issuance under the Plan and (b) the exercise price of stock options outstanding under the Plan may not be reduced or adjusted downward, whether through amendment, cancellation or replacement grants or any other means.