

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

**Current Report Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **May 25, 2005**

SLM CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction
of incorporation)

File No. 001-13251
(Commission File Number)

52-2013874
(IRS Employer
Identification Number)

12061 Bluemont Way, Reston, Virginia
(Address of principal executive offices)

20190
(zip code)

Registrant's telephone number, including area code: **(703) 810-3000**

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

(A) Employment Agreement with Thomas J. Fitzpatrick

On May 19, 2005, the Board of Directors of SLM Corporation (the "Corporation") approved the terms and conditions of an employment agreement with Mr. Thomas J. Fitzpatrick to serve as President and Chief Executive Officer of the Corporation. The term of the agreement is for the three-year period beginning June 1, 2005 and ending May 31, 2008. The term may be extended through June 1, 2010 upon the agreement of both parties. The agreement supersedes the employment agreement entered into in January 2002 between the Corporation and Mr. Fitzpatrick as President and Chief Operating Officer.

Mr. Fitzpatrick will be paid an annual base salary of \$750,000 and will be eligible for a 2005 bonus of up to four times his base salary, pro-rated for the portion of the year he serves as President and Chief Executive Officer. The Compensation and Personnel Committee of the Board of Directors may review Mr. Fitzpatrick's base salary during the term of the agreement, but has no obligation to increase the base salary.

Under the agreement, Mr. Fitzpatrick will receive options to purchase a total of 2,300,000 shares of the Corporation's common stock. One million (1,000,000) options were granted to Mr. Fitzpatrick on March 17, 2005 (the "2005 Options") and the terms and conditions of the 2005 Options were disclosed on a Form 8-K filed by the Corporation on March 23, 2005. Subject to Mr. Fitzpatrick's continued employment, 1,000,000 options will be granted in January 2006 (the "2006 Options") and 300,000 options will be granted in January 2007 (the "2007 Options"). Like the 2005 Options, the exercise price for the 2006 Options and 2007 Options will equal the closing price for the stock on the date of grant. Also, like the 2005 Options, the 2006 Options and 2007 Options will not be vested or exercisable as of their grant dates. The 2006 Options and the 2007 Options will be exercisable after price-vesting targets and continued employment requirements are met, as described below.

For the 2006 Options, the options will vest upon the achievement of the price-vesting targets, but no earlier than May 31, 2008, subject to Mr. Fitzpatrick remaining employed through such vesting date. The price-vesting targets are, with respect to one-third of the options, a 25 percent increase over the closing price for the stock on the date of grant, with respect to an additional one-third of the options, a 33 percent increase over the closing price for the stock on the date of grant and with respect to the final one-third of the options, a 50 percent increase over the closing price for the stock on the date of grant, each of which must be sustained for five consecutive trading days. Once vested, the first one-third of the 2006 Options may be exercised on and after May 31, 2008; the remaining two-thirds of the 2006 Options may not be exercised before May 31, 2009.

The 2007 Options will vest upon SLM's share price reaching a closing price at least 25 percent higher than the grant price for five consecutive trading days, but no earlier than May 31, 2008, subject to Mr. Fitzpatrick remaining employed through such vesting date. Once vested, the 2007 Options may not be exercised before May 31, 2009.

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Vested options may be exercised through the 10-year term, but in the case of death or disability, options may be exercised until the earlier of the expiration of their term or one year from the date of termination of employment due to death or disability.

To the extent not forfeited or exercised, the 2006 Options and the 2007 Options expire on the tenth anniversary of their grant date. None of the options granted or to be granted under the agreement are eligible for the Corporation's replacement option program.

Mr. Fitzpatrick will also receive a total of 200,000 restricted stock units ("RSUs") under the agreement. Ninety thousand (90,000) RSUs will be granted on June 1, 2005 (the "2005 RSUs"); 100,000 RSUs will be granted in January 2006 (the "2006 RSUs") and the remaining 10,000 will be granted in January 2007 (the "2007 RSUs"). Subject only to Mr. Fitzpatrick's continuous employment, the 2005 and 2007 RSUs vest on May 31, 2008, and the 2006 RSUs vest on May 31, 2009. Dividends accrue on the RSUs at the same time and in the same amount as dividends are declared on the Corporation's common stock. Delivery of the vested shares is deferred until retirement or termination of employment.

Mr. Fitzpatrick is also entitled to participate in medical and dental insurance programs available to the Corporation's executives generally, and to such perquisites, if any, as are generally made available to executive management from time to time, including use of a personal vehicle selected by the Corporation and access to the Corporation's corporate jet, subject to the Corporation's policy on payment for personal use of the corporate jet.

If Mr. Fitzpatrick's employment is terminated by the Corporation without cause, or by Mr. Fitzpatrick for good reason, the vesting of the options and RSUs is accelerated, and Mr. Fitzpatrick will receive a cash payment equal to his salary and three-year average annual bonus multiplied by the number of years remaining in the term of the agreement, but in no event will the "multiplier" be less than one. Likewise, if his termination under either of these conditions follows within 24 months of a change in control, Mr. Fitzpatrick will receive a cash payment equal to his salary and three-year average annual bonus multiplied by the number of years remaining in the term of the agreement. If any change in control occurs, regardless of whether a termination of employment occurs, Mr. Fitzpatrick's unvested stock options and RSUs vest. Change in control payments are subject to being grossed-up for any excise taxes payable by Mr. Fitzpatrick and for taxes payable on the grossed-up amounts.

Mr. Fitzpatrick is also entitled to a supplemental retirement payment, which generally assures him of a post-retirement benefit equal to a single life annuity of \$300,000 per year if he works continuously for the Corporation through age 60. This payment is offset by any amounts paid under the Corporation's pension plan program. After termination of Mr. Fitzpatrick's employment with the Corporation, other than for cause or without good reason, he and his family are entitled to continue to participate in the medical and dental insurance programs available to the Corporation's executives generally for the greater of the number of months remaining in the term of the agreement and one year, and he is entitled to participate at the Board member level in the Corporation's matching contribution program for one year.

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The agreement provides that Mr. Fitzpatrick will be nominated for Board service for the term of his agreement. The agreement also provides that Mr. Fitzpatrick will not compete with the Corporation or its affiliates for a period of at least two years following termination of employment for any reason.

The agreement will be included as an exhibit to the Corporation's Form 10-Q for the second quarter of 2005.

(B) Employment Arrangement with Albert L. Lord

Also, on May 19, 2005, the Board of Directors of the Corporation entered into an arrangement with Albert L. Lord to serve as Chairman of the Board and as a non-executive employee of the Corporation.

Mr. Lord received an option grant to purchase 300,000 shares of SLM Corporation common stock for a three-year term of service. These options were granted at the closing price for SLM common stock on May 19, 2005 (\$48.84) and vest when the Corporation's common stock reaches a closing price of 20 percent over the grant price for five trading days, but no earlier than 12 months from the date of grant. To the extent these options are not already vested, the options also vest on the fifth anniversary of their grant date. Regardless of whether the options are vested, two-thirds of the options will be forfeited if Mr. Lord is not elected to the Board at the May 2006 meeting and one-third of the options will be forfeited if Mr. Lord is not elected to the Board at the May 2007 meeting. Once vested, the options may be exercised within five years of Mr. Lord's separation from Board service. Mr. Lord will continue to participate in the Corporation's matching gift program at the Board member level. In addition, Mr. Lord will be compensated \$100,000 for services to the Corporation. He will be provided office and secretarial support and will participate in the Corporation's benefit programs on the same terms and conditions as other part-time employees. These benefits are medical, life and disability insurance (in lieu of the life and travel accident insurance benefits that other Board members receive) and participation in the Corporation's tax-qualified pension and 401(k) plans. Subject to the Corporation's discretion to adjust perquisites, Mr. Lord will continue to have access to such perquisites as are generally made available to executive management from time to time consisting of use of a personal vehicle selected by the Company and access to the Company's corporate jet, subject to the Company's policy on payment for personal use of the corporate jet. A copy of the term sheet for Mr. Lord's arrangement is filed herewith as Exhibit 10.23.

(C) Amendment of Stock Compensation Plans

At the Corporation's annual meeting of shareholders held on May 19, 2005, shareholders approved the decrease of 1,200,000 shares authorized to be issued under the SLM Corporation Directors Stock Plan, the decrease of 1,000,000 shares authorized to be issued under the Employee Stock Purchase Plan and an increase of 2,200,000 shares authorized to be issued under the SLM Corporation Incentive Plan. The Board of Directors approved these amendments on January 27, 2005. The amendment to the SLM Corporation Incentive Plan increases the number of shares authorized for issuance under this plan from 15 million to 17.2 million. A brief description of the material features of the SLM Corporation Incentive Plan is attached as Exhibit A to the Corporation's proxy statement filed on Schedule 14A on April 11, 2005, and

incorporated herein by reference. Copies of the SLM Corporation Incentive Plan, the Directors Stock Plan and the Employee Stock Purchase Plan as amended, are filed herewith as Exhibits 10.24, 10.25, and 10.26 respectively.

Item 5.03

The Corporation amended its bylaws effective May 19, 2005. The amendment changed the definition of "independence" for members of the Board of Directors of the Corporation to conform with listing requirements of the New York Stock Exchange. Certain more restrictive criteria established by the Board continue in effect.

The amendment provides that a director will not be considered "independent" if a director's immediate family member is currently employed by the Corporation's external or internal auditor in an audit or tax-related capacity, or within the preceding three years, was a partner or employee of the Corporation's external or internal auditor and personally worked on the Corporation's audit at that time. The previous definition of "independent" provided, in part, that a director would not be considered "independent" if an immediate family member was employed by the Corporation's external or internal auditor in any professional capacity within the preceding three years.

The amended By-laws are filed herewith as Exhibit 3.2.

Item 9.01 –Financial Statements and Exhibits.

(c) Exhibits. The following exhibits are filed with this report:

- Exhibit 3.2 — By-Laws of SLM Corporation, as amended and restated effective May 19, 2005.
- Exhibit 10.23 — Term Sheet for Lord Arrangement
- Exhibit 10.24 — SLM Corporation Incentive Plan, as amended and restated effective May 19, 2005.
- Exhibit 10.25 — SLM Corporation Directors Stock Plan, as amended and restated effective May 19, 2005.
- Exhibit 10.26 — Sallie Mae Employees' Stock Purchase Plan, as amended and restated effective May 19, 2005.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SLM CORPORATION

By: /s/ MARIANNE M. KELER

Name: Marianne M. Keler
Title: Executive Vice President

Dated: May 25, 2005

BY-LAWS
OF
SLM CORPORATION
(HEREINAFTER CALLED THE "CORPORATION")

ARTICLE I — OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Offices. The principal office of the Corporation shall be located in the city and jurisdiction as the Board of Directors may, from time to time, determine. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine.

ARTICLE II — MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place within the continental United States, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors or, in the case of a special meeting called pursuant to Section 3 of this Article at the request in writing of the holders of at least one-third of the capital stock of the Corporation issued and outstanding and entitled to vote at an election of directors, as shall be designated by such stockholders or their representative, and stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meetings. The annual meetings of stockholders shall be held on such date and at such time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which meetings the stockholders shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting. Notice of the annual meeting, stating the place, date and hour of the meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 3. Special Meetings. Unless otherwise prescribed by law or by the Certificate of Incorporation, special meetings of stockholders, for any purpose or purposes, shall be called by the Secretary (i) at the direction of either (x) the Chairman or (y) the Chief Executive Officer, if the Chief Executive Officer is a member of the Board of Directors, or (ii) at the request in writing of either (x) a majority of the Board of Directors or (y) the holders of at least one-third of the capital stock of the Corporation issued and outstanding and entitled to vote at an election of directors. Any such request shall state the purpose or purposes of the proposed meeting. Notice

of a special meeting, stating the place, date and hour of the meeting and purpose or purposes for which the meeting is called, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. Quorum. Except as otherwise provided by law or by the Certificate of Incorporation, at all meetings of the stockholders, the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder entitled to vote at the meeting.

Section 5. Voting. Unless otherwise required by law, the Certificate of Incorporation or these By-Laws, any question brought before any meeting of stockholders shall be decided by the vote of the holders of a majority of the stock represented and entitled to vote thereat. Each stockholder represented at a meeting of stockholders shall be entitled to cast one vote for each share of the capital stock entitled to vote thereat held by such stockholder, provided, however, that at all elections of directors of the Corporation, each holder of record of shares of Common Stock on the relevant record date shall be entitled to cast as many votes, in person or by proxy, which (except for this provision) such holder would be entitled to cast for the election of directors with respect to its shares of stock multiplied by the number of directors to be elected at such election, and that such holder may cast all such votes for a single director or may distribute them among the number of directors to be voted for, or for any two or more of them as such holder sees fit. Such votes may be cast in person or by proxy, but no proxy shall be voted on or after three years from its date, unless such proxy provides for a longer period. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of stockholders, in his discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 6. List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the principal office of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present.

Section 7. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 6 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 8. Meeting Business. No business shall be brought before any meeting of stockholders unless it has been properly brought before the meeting in accordance with the procedures set forth in these By-Laws; provided, however, that nothing in this Section shall be deemed to preclude discussion by any stockholder of any business properly brought before such meeting.

To be properly brought before an annual meeting, such business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise brought before the annual meeting by any stockholder of the Corporation who is a stockholder of record on the date of the giving of the notice provided for in Section 2 of this Article and on the record date for the determination of stockholders entitled to vote at the such annual meeting. To be properly brought before an annual meeting, such business also must be a proper subject for action by stockholders, provided that the law of Delaware shall govern whether such business is a proper subject for action by stockholders.

In addition to any other applicable requirements, for business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than thirty (30) nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which notice of the date of such annual meeting was mailed. When a date is set for the determination of the timeliness of a stockholder's notice, such date shall apply to any adjournment of such meeting. To be in proper written form, a stockholder's notice to the Secretary must set forth as to each matter such stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and record address such stockholder, (c) the number of shares of the Corporation which are owned (beneficially or of record) by such stockholder, (d) a description of all arrangements or understandings between such stockholder and any other person or persons (including their names) in connection with the proposal of such business by such stockholder and any material interest of such stockholder in such business, and (e) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of the reports of officers and committees, but in connection with such reports no new business shall be acted upon at such annual meeting unless brought before the meeting in accordance with the procedures set forth in this Section.

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The business conducted at any special meeting of stockholders shall be limited to the purposes stated in the notice of such special meeting.

The Chairman shall determine the order of business and the procedure at any stockholder meeting, including such regulation of the manner of voting and the conduct of discussion as seem to the Chairman in order and not inconsistent with these By-Laws. If the Chairman determines that business was not properly brought before the meeting in accordance with these By-Laws, the Chairman shall so declare and such business shall not be conducted.

Section 9. Board Nominations. Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors at any annual meeting of stockholders. Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (b) by any stockholder of the Corporation who is a stockholder of record on the date of the giving of the notice provided for in Section 2 of this Article II and on the record date for the determination of stockholders entitled to vote at such annual meeting.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, the stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than thirty (30) nor more than ninety (90) days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth day following the day on which notice of the date of such annual meeting was mailed. When a date is set for the determination of the timeliness of a stockholder's notice, such date shall apply to any adjournment of such meeting. To be in proper written form, a stockholder's notice to the Secretary must set forth (a) as to each person whom such stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person and the purported basis for such person's eligibility to serve on the Board of Directors, if elected, (iii) the number of shares of the Corporation which are owned beneficially or of record by the person and (iv) any other information relating to the person that would be required by law to be disclosed in a proxy statement or in other filings required to be made in connection with solicitations of proxies for election of directors, including information required pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice (i) the name and record address of such stockholder, (ii) the number of shares of the Corporation which are owned beneficially or of record by such stockholder, (iii) a description of all arrangements or understandings between such stockholder and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are to be made by such stockholder, (iv) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to nominate the persons named in its notice and (v) any other information relating to such stockholder that would be required by law to be disclosed in a proxy statement or in other filings required to be made in connection with solicitations of proxies for election of

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directors, including information required pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

If the Chairman determines that a nomination was not properly brought before the meeting in accordance with these By-Laws, the Chairman shall so declare and such defective nomination shall be disregarded.

ARTICLE III — DIRECTORS

Section 1. Number of Directors. Subject to the provisions of the Corporation's Certificate of Incorporation, the number of directors of the Corporation shall be fixed from time to time by a majority vote of the directors then in office.

Section 2. Election of Directors. Except as provided in Section 3 of this Article, directors shall be elected by a plurality of the votes cast at annual meetings of stockholders, and each director so elected shall hold office until the succeeding annual meeting (or special meeting in lieu thereof) and until his successor is duly elected and qualified, or until his earlier resignation or removal. Any director may resign at any time upon notice to the Corporation. Such resignation shall take effect at the time specified therein or, if the time be not specified, upon the receipt thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Directors need not be stockholders of the Corporation.

Section 3. Vacancies. Any vacancy on the Board of Directors resulting from an increase in the number of directors or otherwise, may be filled by a majority vote of the directors then in office, even if the directors in office constitute fewer than a quorum.

Section 4. Duties and Powers. The business of the Corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

Section 5. Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors shall be called by the Secretary (i) at the direction of (x) the Chairman or (y) the Chief Executive Officer, if the Chief Executive Officer is a member of the Board of Directors, or (ii) at the written request of a majority of the entire Board of Directors. Notice of a meeting of the Board of Directors, stating the place, date and hour of the meeting, shall be given to each director either by mail not less than forty-eight (48) hours before the date of such meeting, or by telephone, telegram, facsimile transmission or any other lawful means not less than twenty-four (24) hours before the date of such meeting. A waiver of such notice by any director or directors, in writing, signed by the

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person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent of such notice.

Section 6. Quorum. Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these By-Laws, at all meetings of the Board of Directors, a majority of the entire Board of Directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Actions of Board. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all of the members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings, setting forth the action so taken, are filed with the minutes of proceedings of the Board of Directors or committee.

Section 8. Meetings by Means of Conference Telephone. Unless otherwise provided by the Certificate of Incorporation or these By-Laws, members of the Board of Directors of the Corporation, or of any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 8 shall constitute presence in person at such meeting.

Section 9. Committees. The Board of Directors shall adopt resolutions establishing the following committees: (i) Executive, (ii) Audit, (iii) Nominations and Governance and (iv) Compensation and Personnel. In addition, the Board of Directors may, by resolution passed by a majority of the entire Board of Directors, designate one or more additional committees. Each committee shall consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Each committee shall keep regular minutes and report to the Board of Directors when required.

Section 10. Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum or a fixed number of shares of the Corporation's stock or other compensation for attendance at each meeting of the Board of Directors and/or as compensation for service as director. No such

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payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 11. Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if (i) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the

disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 12. Qualification of Directors. Notwithstanding any other provision of these By-Laws, (i) the Board of Directors shall consist of a majority of Independent directors, (ii) the Executive Committee of the Board of Directors shall consist of a majority of Independent directors, and (iii) the Audit, Nominations and Governance and Compensation and Personnel Committees of the Board of Directors shall consist solely of Independent directors. For purposes hereof, a director will not generally be considered Independent if he or she: (a) is currently an employee of the Corporation, or within the past three years has been an employee of the Corporation; (b) has a personal services contract with the Corporation, in any amount; (c) is an employee or owner of a firm that is one of the Corporation's paid advisors or consultants, regardless of the amount of such business relationship; (d) is a current partner or employee of a firm that is the Corporation's independent accountant or internal auditor; (e) has an immediate family member who is a current partner of a firm that is the Corporation's independent accountant or internal auditor or is a current employee of the firm and participates in the firm's audit, assurance or tax compliance practice (but not tax planning); or (f) is employed by a business that directly competes against the Corporation. In addition to the standards above, a director will not be considered Independent if within the preceding three years: (a) the director or an immediate family member of the director has received more than \$100,000 per year in direct compensation from the Corporation (other than director fees); (b) the director or an immediate family member was a partner or employee of the Corporation's independent accountant or internal auditor or personally worked on the Corporation audit within that time; (c) a current executive officer of the Corporation was on the compensation committee of a company during the same time the company employed the director or an immediate family member of the director

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as an officer; (d) another company that does business with the Corporation had annual revenues derived from that business relationship of more than (i) \$1,000,000 or (ii) 2 percent of that company's annual revenues, whichever is greater, and the director is currently an employee of that company or the director's immediate family member is currently an executive officer of that company; (e) a charitable organization, foundation or university received in any one year from the Corporation, in the form of charitable contributions, grants or endowments, more than the greater of (i) \$1,000,000 or (ii) 2 percent of the organization's total annual receipts and the director or his or her spouse currently serves as an employee of the organization. In addition, Audit Committee members may not accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Corporation (other than director fees). For purposes of determining independence, an "immediate family member" is defined as a director's spouse, parents, children, sibling, mothers and fathers-in-law, sons and daughters-in-law, brother and sisters-in-law, and anyone (other than domestic employees) who share the director's home.

ARTICLE IV — OFFICERS

Section 1. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a Chief Executive Officer, a General Counsel, a Secretary and a Treasurer. The Board of Directors, in its discretion, may also choose a President and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these By-Laws. The officers of the Corporation need not be stockholders of the Corporation, need such officers be directors of the Corporation.

Section 2. Election. The Board of Directors at its first meeting held after each annual meeting of stockholders shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and all officers of the Corporation shall hold office until their successors are chosen and qualified, or until their earlier resignation or removal. The Chief Executive Officer elected by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors; any other officer may be removed at any time by the Chief Executive Officer after consultation with the Board of Directors or any appropriate Committee thereof. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 3. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer or the General Counsel or such other authorized officer of the Corporation, and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed

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if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4. Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors.

Section 5. Chief Executive Officer. The Chief Executive Officer shall, subject to the control of the Board of Directors and the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute all bonds, mortgages, contracts and other instruments necessary for the conduct of the business of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the Chief Executive Officer. In the absence or disability of the Chairman of the Board of Directors, the Chief Executive Officer shall preside at all meetings of the stockholders and the Board of Directors. The Chief Executive Officer shall also perform such other duties and may exercise such other powers as from time to time may be assigned to him by these By-Laws or by the Board of Directors.

Section 6. President and Vice Presidents. At the request of the Chief Executive Officer or in his absence, or in the event of his inability or refusal to act, a President or a Vice President as designated by the Board of Directors shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. Each President and Vice President shall perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer from time to time may prescribe.

Section 7. General Counsel. The General Counsel shall (a) be the principal consulting officer of the Corporation for all legal matters; (b) be responsible for and direct all counsel, attorneys, employees and agents in the performance of all legal duties and services for and on behalf of the Corporation; (c) perform such other duties and have such other powers as are ordinarily incident to the office of the General Counsel; and (d) perform such other duties as from time to time may be assigned to him by the Chief Executive Officer or by the Board of Directors.

Section 8. Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of stockholders and record all the proceedings thereat in a book or books to be kept for that purpose; the Secretary shall also perform like duties, when required, for the committees of the Board of Directors. The Secretary shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or Chief Executive Officer, under whose supervision he shall be. If the Secretary shall be unable or shall refuse to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there be no Assistant Secretary, then either the Board of Directors or the Chief

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Executive Officer may choose another officer to cause such notice to be given. The Secretary shall have custody of the seal of the Corporation and the Secretary or any Assistant Secretary, if there be one, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by the signature of the Secretary or by the signature of any such Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his signature. The Secretary shall see that all books, reports, statements, certificates and other documents and records required by law to be kept or filed are properly kept or filed, as the case may be.

Section 9. Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Chief Executive Officer and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 10. Assistant Secretaries. Except as may be otherwise provided in these By-Laws, Assistant Secretaries, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, or the Secretary, and in the absence of the Secretary or in the event of his disability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Secretary.

Section 11. Assistant Treasurers. Assistant Treasurers, if there be any, shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors, the Chief Executive Officer, or the Treasurer, and in the absence of the Treasurer or in the event of his disability or refusal to act, shall perform the duties of the Treasurer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Treasurer. If required by the Board of Directors, an Assistant Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 12. Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the

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Corporation the power to choose such other officers and to prescribe their respective duties and powers.

Section 13. Employee Conduct. No officer or employee shall engage, directly or indirectly, in any personal business transaction or private arrangement for personal profit which accrues from or is based upon his official position or authority or upon confidential information which he gains by reason of such position or authority, and each officer and employee shall reasonably restrict his personal business affairs so as to avoid conflicts of interest with his official duties. No officer or employee shall divulge confidential information to any unauthorized person, or release any such information in advance of authorization for its release, nor shall he accept, directly or indirectly, any valuable gift, favor or service from any person with whom he transacts business on behalf of the Corporation.

Section 14. Outside or Private Employment. No officer or employee shall have any outside or private employment or affiliation with any firm or organization incompatible with his concurrent employment by the Corporation, nor shall he accept or perform any outside or private employment which the Chief Executive Officer of the Corporation determines will interfere with the efficient performance of his official duties.

ARTICLE V — STOCK

Section 1. Form of Certificates. Every holder of stock in the Corporation shall be entitled to have a certificate signed, in the name of the Corporation (i) by the Chairman of the Board of Directors, the Chief Executive Officer or a Vice President and (ii) by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Section 2. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate to be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers. Stock of the Corporation shall be transferable in the manner prescribed by law and in these By-Laws. Transfers of stock shall be made on the books of the

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Corporation only by the person named in the certificate or by his attorney lawfully constituted in writing and upon the surrender of the certificate therefor, which shall be canceled before a new certificate shall be issued.

Section 5. Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty days nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 6. Beneficial Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI — NOTICES

Section 1. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice may also be given personally or by facsimile, telegram, telex, cable, or any other lawful means.

Section 2. Waivers of Notice. Whenever any notice is required by law, the Certificate of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed, by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE VII — GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or

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for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 2. Acquisition of Common Stock by the Corporation. Unless approved by holders of a majority of the outstanding capital stock of the Corporation then entitled to vote at an election of directors, the Corporation shall not take any action that would result in the acquisition by the Corporation, directly or indirectly, from any one person or "group" (as defined in Section 13(d) of the Securities Exchange Act of 1934) of one percent or more of the shares of Common Stock then outstanding, in one or a series of related transactions, at a price in excess of the prevailing market price of such stock, other than pursuant to a tender offer made to all holders of Common Stock or to all holders of less than 100 shares of Common Stock.

Section 3. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 5. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII — INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other than those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

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Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director or officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iii) by the stockholders. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his conduct was unlawful, if his action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 4 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the

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circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 1 and 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because he has met the applicable standards of conduct set forth in Sections 1 or 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses incurred by a director or officer in defending or investigating a threatened or pending action, suit or proceeding may be paid by the Corporation, upon the determination by the Board of Directors, in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the Corporation as authorized in this Article VIII, provided the Corporation approves in advance counsel selected by the director or officer (which approval shall not be unreasonably withheld).

Section 7. Non-exclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation or any By-Law, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 1 and 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person

who is not specified in Sections 1 or 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in any such

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capacity, or arising out of his status as such, whether or not the Corporation would have the power or the obligation to indemnify him against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to “the Corporation” shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article VIII, references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by the Corporation pursuant to this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 hereof), the Corporation shall not be obligated to indemnify any director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX — AMENDMENTS

Section 1. Amendments. These By-Laws of the Corporation may be altered, amended, changed, added to or repealed in whole or in part, or new By-Laws may be adopted, by the stockholders or the Board of Directors, provided, however, that notice of such alteration,

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amendment, repeal or adoption of new By-Laws is provided before the date on which the meeting of stockholders at which such shall become effective or be voted on, as the case may be. For purposes of this Article IX, filing such alteration, amendment, repeal or new By-Laws with the Securities and Exchange Commission and/or the principal securities exchange on which the common stock of the Corporation is traded shall be deemed to provide notice thereof. All such amendments must be approved by either the holders of a majority of the outstanding capital stock of the Corporation entitled to vote thereon or by a majority of the entire Board of Directors.

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**Arrangement
Albert L. Lord**

- Positions:** 1) Chairman, SLM Corporation Board of Directors
2) Part-time (minimum 24 hours per week) non-officer employee of Sallie Mae, Inc.
- Duties:** Duties of the Chairman of the Board as set forth in the Corporation's by-laws and governance guidelines.
- Explore merger and acquisition opportunities; engage in government and public relations activities; direct charitable giving from The Sallie Mae Fund; and other strategic and representational duties as requested by the CEO.
- Compensation:** May 05 stock option grant of 300,000 options for three-years of service (no additional grants until 2008). Options vest at 120% of the grant price (for five trading days), exercisable for five years after separation from Board service. 2/3 of options are cancelled if not re-elected to the Board at May 2006 and 1/3 are cancelled if not re-elected to the Board at May 2007. Options granted prior to May 2005 continue to be subject to their original grant terms and conditions.
\$100,000 base salary.
Benefits for which part-time employees are eligible: health/dental, life, and disability insurances and pension/401(k) plan.
Matching gift program at Board member level.
Office and secretarial support
Personal use of corporate jet consistent with corporate reimbursement policy.
No payment of 2005 bonus.
- Effective Date:** June 1, 2005
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**SLM CORPORATION
INCENTIVE PLAN**

Amended and Restated May 19, 2005

SECTION 1. PURPOSE OF PLAN

The purpose of the SLM Corporation Incentive Plan ("Plan") is to enable SLM Corporation (the "Corporation") to attract, retain and motivate its employees and to further align the interests of the Corporation's employees with those of the stockholders of the Corporation by providing for or increasing their proprietary interest in the Corporation.

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) 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 the 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, as defined in Section 4, 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 Corporation or other Corporation 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 Corporation.

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 "Corporation" shall mean SLM Corporation and its subsidiaries and affiliates, unless the context otherwise requires;

(b) to determine the Employees to whom 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;

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(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 12 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 Corporation; 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 4 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 Corporation 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 12, at any time, the aggregate number of shares of the Corporation's common stock, \$.20 par value ("Shares"), issued and issuable pursuant to all Awards granted under this Plan shall not exceed 17,200,000; provided that no more than 2,000,000 of such Shares may be issued as Share Awards, as that term is defined in Section 5.1. The Shares subject to the Plan may be either Shares reacquired by the Corporation, including Shares purchased in the open market, or authorized but unissued Shares.

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 during any calendar year to any one Employee as Performance Stock Awards and Restricted Stock Awards shall not exceed 100,000 Shares. The maximum amount payable pursuant to that portion of an Incentive Bonus Award granted under this Plan for any calendar year to any Employee 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).

Notwithstanding anything to the contrary in the Plan, the foregoing limitations shall be subject to adjustment under Section 12 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 the number of Shares actually issued upon exercise or settlement of an Award less any Shares returned to the Corporation upon cancellation, expiration or forfeiture of an Award and less any Shares delivered to the Corporation by or on behalf of a Participant (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

Only employees of the Corporation shall be eligible to be considered for the grant of Awards under the Plan. 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 11.1.

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SECTION 5. PLAN AWARDS

5.1 Award Types. The following 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, Performance Stock and Restricted Stock. Such arrangements and benefits are sometimes referred to herein as "Awards." Incentive Bonuses, Performance Stock and Restricted Stock are also referred to as "Share Awards". Each type of Award is 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 an Employee 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").

Restricted Stock: Restricted Stock is an award of Shares made under Section 9, the grant, issuance, retention and/or vesting of which is subject to certain restrictions, as are appropriate in the document evidencing the Award (the "Restricted 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 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 percent of the fair market value of such Stock on the date the Option is granted, except that in the case of Options granted to employees upon a merger or acquisition, the purchase price may be higher or lower than the fair market value of the Stock on the date the Option is granted if such purchase price is required to assume or substitute options held by employees of the acquired Corporation at the time of the acquisition.

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

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Committee in its sole discretion, provided that no Option shall vest earlier than one year from the date of grant, other than for reasons set forth in Section 11.6 and Section 13. 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 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 Corporation 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 11.1 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 14. 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 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) any combination of (i) through (iv).

SECTION 7. INCENTIVE BONUS

Each Incentive Bonus Award will confer upon the Employee the opportunity to earn a 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 Employee 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.

7.2 Performance Criteria. The Committee shall establish the performance criteria and level of achievement versus these criteria, which shall determine the 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 11.2 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 one year, (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 Performance Stock Award. 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. RESTRICTED STOCK

9.1 Restricted Stock Award. Each Restricted Stock Award shall contain provisions regarding (a) the number of Shares subject to such Award or a formula for determining such, (b) the length of the restrictive period over which the Restricted Stock Award shall vest or may ratably vest, provided that such period shall be no shorter than three years, (c) forfeiture provisions, and (d) such further terms and conditions, in each case not inconsistent with the Plan as may be determined from time to time by the Committee.

9.2 Timing and Form of Payment. The Committee shall determine the timing of payment of any Restricted Stock Award. 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 Restricted 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 Restricted Stock, or such portion thereof as the Committee may specify, to be granted in whole or in part in Shares or Stock Units.

9.3 Discretionary Adjustments. The number of Shares granted, issued, retainable and/or vested under a Restricted Stock Award may be reduced by the Committee on the basis of such further considerations as the Committee in its sole discretion shall determine.

SECTION 10. STOCK UNITS

10.1 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 Corporation, except as otherwise provided for by the Committee.

10.2 Grant of Stock Units. Stock Units may be issued upon exercise of Options, or in payment and satisfaction of any Share Award.

10.3 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 Corporation 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 12.

SECTION 11. OTHER PROVISIONS APPLICABLE TO AWARDS

11.1 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.

11.2 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 Corporation 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) "core cash" 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) "core cash" income or net income, (i) "core cash" 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 Corporation's annual report to stockholders for the applicable year.

11.3 Dividends. Unless otherwise provided by the Committee, no adjustment shall be made in Shares issuable under Awards on account of cash dividends that may be paid or other rights that 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.

11.4 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.

11.5 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 Corporation, a number of Shares, cash or a combination thereof, the amount of which is determined by reference to the value of the Award.

11.6 Termination of Employment. At the time of the grant of an Award, the Committee may provide that upon an Award holder's termination of employment on account of death, Disability or Involuntary Termination, as those terms are defined herein, all invested Awards held by the Award holder shall vest. "Disability" means total and permanent disability within the meaning of the Corporation's long-term disability policy applicable at the time to the Award holder, as may be amended from time to time. "Involuntary Termination" means termination of employment due to job abolishment.

11.7 Misconduct. At the time of the grant of an Award, the Committee may provide that if the Award holder engages in Misconduct, as defined herein, the Award, whether vested or unvested, is forfeited. Whether an Award holder has engaged in Misconduct will be determined by the Corporation's senior human resources officer or his or her designee. Misconduct is defined as an act of embezzlement, fraud, dishonesty, nonpayment of any obligation owed to the Corporation, breach of fiduciary duty or deliberate disregard of Corporation rules; an unauthorized disclosure of any Corporation trade secret or confidential information; any conduct constituting unfair competition; inducing any customer of the Corporation to breach a contract with the Corporation or any principal for whom the Corporation acts as

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agent to terminate such agency relationship; or engaging in any other act or conduct proscribed by the senior human resources officer as Misconduct.

SECTION 12. CHANGES IN CAPITAL STRUCTURE

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 Corporation 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 13. CHANGE OF CONTROL

13.1 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.

13.2 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 Corporation) of any voting securities of the Corporation (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 Corporation, 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 Corporation's then outstanding Voting Securities; (b) approval by the stockholders of (i) a merger, consolidation or reorganization involving the Corporation, unless the Corporation 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 Corporation 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 Corporation immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization, or (ii) a complete liquidation or dissolution of the Corporation; or (c) such other events as the Committee or the Board from time to time may specify. "Change of Control Transaction" shall include

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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 14. TAXES

14.1 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.

14.2 Payment of Withholding Taxes. Notwithstanding the terms of Section 14.1 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 Corporation 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 Corporation withholding Shares otherwise issuable or subject to such Award, or by the Participant delivering previously owned Shares, 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 15. 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 Corporation:

- (a) materially increase the number of shares that may be issued under the Plan;
- (b) permit granting of stock options at less than fair market value;
- (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 his or her consent;
- (e) change the class of individuals eligible for the Plan
- (f) extend the term of the Plan; and
- (g) otherwise amend the Plan in any manner if not permitted to do so by law or the NYSE listing requirements without shareholder approval.

SECTION 16. COMPLIANCE WITH OTHER LAWS AND REGULATIONS.

The Plan, the grant and exercise of Awards thereunder, and the obligation of the Corporation 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 Corporation 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 Corporation 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 Corporation has determined that such registration is unnecessary, each person receiving an Award

and/or Shares pursuant to any Award may be required by the Corporation 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 17. 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 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 option holder 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 18. 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 Corporation or interfere in any way with the right of the Corporation 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 19. EFFECTIVENESS AND EXPIRATION OF PLAN

The Plan shall be effective on May 13, 2004. 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 Corporation present, or represented by proxy, and entitled to vote, at a meeting of the Corporation'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 Corporation is not forthcoming, all Awards previously granted under this Plan shall be void. No Awards shall be granted pursuant to the Plan after May 31, 2009.

SECTION 20. 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 Corporation 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.

SECTION 21. GOVERNING LAW

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.

SLM Corporation
DIRECTORS STOCK PLAN
Effective May 19, 2005

1. PURPOSE

The purpose of the SLM Corporation Directors Stock Plan (the "Plan") is to advance the interests of SLM Corporation (formerly USA Education, Inc., renamed on May 17,2002), 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 Directions 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 9,300,000; provided that no more than 4,500,000 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 compensation 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.

**SALLIE MAE
EMPLOYEES' STOCK PURCHASE PLAN
Amended and Restated as of May 19, 2005**

1. PURPOSE

The purpose of this Sallie Mae Employees' Stock Purchase Plan (the "Plan") is to motivate employees of SLM Corporation (formerly USA Education, Inc., renamed on May 17, 2002) (the "Corporation") and designated subsidiaries listed on Appendix A (collectively the "Employers") to achieve corporate goals and to encourage equity ownership in the Corporation by employees of the Corporation and the Employers in order to increase their proprietary interest in the Corporation's success.

2. ADMINISTRATION

- (a) The Plan shall be administered by the Sallie Mae Employees' Stock Purchase Plan Committee (the "Committee"), which shall be appointed by the Corporation's Board of Directors. In addition to its duties with respect to the Plan stated elsewhere in the Plan, the Committee shall have full authority, consistent with the Plan, to interpret the Plan, to promulgate such rules and regulations with respect to the Plan as it deems desirable, to delegate its responsibilities hereunder to appropriate persons and to make all other determinations necessary or desirable for the administration of the Plan. All decisions, determinations and interpretations of the Committee shall be binding upon all persons.
- (b) The rights to purchase stock ("Options") that are granted under this Plan shall constitute non-qualified stock options that are not intended to qualify under Section 423 of the Internal Revenue Code of 1986.

3. SHARES SUBJECT TO THE PLAN

The stock that may be purchased under the Plan is common stock, \$.20 par value, of the Corporation. The aggregate number of shares that may be purchased is 7,625,000 (which, pursuant to Paragraph 4, was adjusted for a 7 to 2 stock split effective January 2, 1998, decreased by 4,500,000 on November 6, 2002 (1,500,000 pre-split), adjusted for a 3 to 1 stock split effective June 20, 2003, and decreased by 1,000,000 shares on May 19, 2005) subject to any further adjustment pursuant to Paragraph 4. Such shares may be previously-issued stock reacquired by the Corporation, authorized, but unissued stock, or stock that is purchased on the open market by the Corporation.

If at any time the number of shares to be purchased in an Offering Period, as defined in Paragraph 5(b), causes the total number of shares offered under the Plan to exceed the above stated limit, then the number of shares that may be purchased by each Participant, as defined in Paragraph 5(d), in that Offering Period shall be reduced pro rata.

4. ADJUSTMENTS FOR CHANGES IN CAPITALIZATION

If there is a change in the number or kind of outstanding shares of the Corporation's stock by reason of a legislative action, stock dividend, stock split, recapitalization, merger, consolidation, combination or other similar event, appropriate adjustments shall be made by the Committee to the number and kind of shares subject to the Plan, the kind of shares under Options then outstanding, the Purchase Price, as defined in Paragraph 7, and other relevant provisions, to the extent that the Committee, in its sole discretion, determines that such change makes such adjustments necessary or equitable.

5. DEFINITIONS

- (a) Eligible Compensation. The term "Eligible Compensation" shall mean the regular salary and hourly wages (calculated at the regular hourly rate, paid to an employee whose regularly scheduled work week includes overtime hours, provided that the regular hours plus the overtime hours worked in any pay period do not exceed 80 hours), including payments for sick leave, vacation, holidays, jury duty, bereavement and other paid leaves of absence, and, beginning with the November 3, 2000 pay date, commissions paid by an Employer to a Participant during the Offering Period. "Eligible Compensation" shall not include short term disability payments made pursuant to the Sallie Mae Employees' Comprehensive Welfare Benefit Plan and severance payments made pursuant to the Sallie Mae Employee Severance Plan.
- (b) Quarterly Entry Date. The term "Quarterly Entry Date" shall mean February 1, May 1, August 1 and November 1.
- (c) Offering Period. The term "Offering Period" shall mean the 24-month period beginning with each Quarterly Entry Date.
- (d) Purchase Date. The term "Purchase Date" shall mean the last day of an Offering Period, except if the New York Stock Exchange is closed on the last day of an Offering Period, the Purchase Date shall mean the immediately preceding trading day on the New York Stock Exchange.
- (e) Participant. The term "Participant" shall mean an eligible employee who elects to participate in the Plan pursuant

to Paragraph 9.

6. ELIGIBILITY

As of September 1, 1997, all regular full-time and regular part-time employees of the Corporation or the Employers shall be eligible to participate in the Plan beginning with the first Quarterly Entry Date following their employment with the Corporation or an Employer; provided, however, the employee must commence employment prior to the enrollment deadline and must complete the enrollment procedures prior to the enrollment deadline for such Quarterly Entry Date. Notwithstanding the prior sentence, the following individuals shall not be eligible to participate in the Plan:

- (a) any individual whose services are performed for the Employer pursuant to a contract between the Employer and another entity, and whom the Employer treats as a leased employee;

- (b) any individual that the Employer treats as an independent contractor;
- (c) temporary employees;
- (d) as of September 18, 1997, members of the Boards of Directors of the Corporation, the Employers, and the Student Loan Marketing Association, unless otherwise eligible as regular full-time or part-time employees; and
- (e) Effective November 1, 2001, employees assigned to perform services under the Management Services Agreement between Sallie Mae Servicing Corporation and the National Student Loan Clearinghouse.

7. PURCHASE PRICE

The Purchase Price per share shall be equal to the fair market value of a share of common stock on the first business day of the Offering Period on which the New York Stock Exchange is open, less 15 percent of such fair market value. Unless otherwise determined by the Board of Directors of the Corporation or the Committee, the fair market value of a share of common stock on a particular date shall be deemed to be the closing price of a share of common stock as recorded by the New York Stock Exchange Composite Transaction Tape on such date or, if no closing price has been recorded on such date, on the day immediately following the day on which such a closing price was recorded.

8. OPTION TO PURCHASE STOCK

On each Quarterly Entry Date, the Corporation will offer eligible employees, who are not then participating in the Plan, the opportunity to elect to participate in the Plan. Each eligible employee who elects to participate will receive an Option to purchase on the Purchase Date the number of full and/or fractional shares of common stock that a Participant's Purchase Savings Account, as defined in Paragraph 10, will purchase at the Purchase Price.

9. ENROLLING IN THE PLAN

An eligible employee may elect to participate in the Plan by completing the enrollment procedures established by the Committee before the enrollment deadline announced for each Quarterly Entry Date.

A Participant shall elect a percentage to be deducted regularly from his or her Eligible Compensation and deposited in his or her Purchase Savings Account, as defined by Paragraph 10, provided that the Participant must elect an initial payroll deduction of no less than one percent (1%) of his or her Eligible Compensation.

A Participant may elect to change his or her payroll deduction percentage on a biweekly basis, as limited by Paragraph 11.

Unless a Participant changes his or her payroll deduction percentage or ceases participation in the Plan in accordance with Paragraph 14, a Participant's payroll deductions, as limited by Paragraph 11, and his or her initial enrollment elections will continue until the end of the Offering Period. At the end of the Offering Period and if a Participant's contribution percentage for that Offering Period is 1% or more, a Participant shall automatically be re-enrolled for the next Offering Period and payroll deductions will continue at the same percentage unless the Participant changes the amount of his or her payroll deduction or ceases participation in the Plan in accordance with Paragraph 14.

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10. PURCHASE SAVINGS ACCOUNT

Pursuant to the enrollment procedures established by the Committee, the Participant will direct his or her Employer to deposit, or cause to be deposited, payroll deductions in a money market account (hereinafter called "Purchase Savings Account") with a third party designated by the Corporation (the "Third-Party Designate"). The Participant may not make other deposits to his or her Purchase Savings Account. Purchase Savings Accounts may be adjusted for earnings, losses, and administrative fees and expenses under terms stated by the Third-Party Designate.

A Participant may make withdrawals from his or her Purchase Savings Account under terms stated by the Third-Party Designate or in accordance with Paragraph 14 and the procedures established by the Committee. Withdrawals may be made in an amount no less than \$200. The Participant shall direct all requests for withdrawals to the Third-Party Designate in accordance with the procedures established by the Committee or the Third-Party Designate and disbursements shall be made by the Third-Party Designate as soon as possible after the end of the month in which the withdrawal requests are received.

11. MAXIMUM CONTRIBUTIONS

A Purchase Savings Account shall include payroll deductions adjusted for earnings, losses, and expenses on the account. The maximum amount that a Participant shall contribute to his or her Purchase Savings Account is \$10,000 per 24-month Offering Period; provided, however, that effective November 1, 2001, no more than 25 percent of a Participant's Eligible Compensation may be contributed to the Plan. Contributions other than by payroll deductions, are not permitted.

12. STOCK PURCHASES

In accordance with the applicable procedures established by the Committee, each Participant shall purchase all of the shares that he or she is entitled to purchase as a result of participation in the Plan and subsequently the Corporation shall withhold a sufficient number of shares to cover his or her current federal, state, and local tax liability. On the Purchase Date, the Third-Party Designate shall cause the funds then on deposit in the Participant's Purchase Savings Account, as adjusted for earnings, losses, or expenses, to be applied to the total Purchase Price of the shares.

Taxes in the required amount will be withheld from the proceeds of any and all shares sold and will be paid to the appropriate government agency.

If the Purchase Price exceeds the fair market value per share on the Purchase Date, the Participant shall be deemed to have elected not to exercise the options set forth in this Paragraph and the entire balance of the Participant's Purchase Savings Account then on deposit, as adjusted for earnings, losses, or

expenses, will be refunded to the Participant.

The common stock purchased on the Purchase Date will be issued and credited to a brokerage account established by the Corporation on behalf of the Participant and maintained by the Third-Party Designate. A Participant holding any shares beyond the expiration of the Offering Period may direct the Third-Party Designate to sell any or all shares held in his or her Stock Account at any time after the expiration of the Offering Period, unless restricted from trading in Corporation stock at that time.

13. STOCK ACCOUNT REPORTS AND DELIVERY OF SHARES

So long as the Stock Accounts are established, the Third-Party Designate will maintain individual Stock Accounts for each Participant and will provide periodic statements of account no less often than annually. All dividends credited to a Participant's Stock Account shall be automatically reinvested in accordance with the procedures established by the Committee. If a Participant does not wish to have the dividends credited to his or her Stock Account automatically reinvested, the Participant must contact the Third-Party . Delivery of stock will be made under terms stated by the Third-Party Designate.

14. CEASING PARTICIPATION IN THE PLAN

A Participant may cease participation in the Plan at any time prior to the Purchase Date by following the applicable procedures established by the Committee, in which event payroll deductions will cease and the entire balance of the Participant's Purchase Savings Account then on deposit, as adjusted for earnings, losses, or expenses, will promptly be refunded to the Participant.

An eligible employee who has ceased participation in the Plan may reenter the Plan by following the enrollment procedures established by the Committee, subject to Paragraph 9. However, such an employee may not reenter the Plan earlier than the second Quarterly Entry Date following the date on which participation ceased; any elections associated with the

employee's re-enrollment will be effective beginning with such second Quarterly Entry Date.

15. TERMINATION OF EMPLOYMENT

- (a) Except as provided in paragraph (b) below, in the event that a Participant's employment terminates, before the applicable Purchase Date, such employee's participation under the Plan shall terminate immediately and within a reasonable time thereafter, the employee will be paid in cash the value of his or her Purchase Savings Account then on deposit, as adjusted for earnings, losses, or expenses; provided, however, that a Participant who transfers employment between Employers shall not be deemed to have terminated employment for the purposes of this Paragraph.
- (b) Notwithstanding the foregoing, if any termination of employment is for reasons of death, total and permanent disability or retirement, as defined herein, the employee (or in the case of death, his or her estate) shall have the right within the Offering Period that ends which is closest to 1 year from the date of his or her termination, or the original Offering Period, whichever is earlier, pursuant to Paragraph 12, to purchase all of the shares which he or she is entitled to purchase at the Purchase Price as a result of his or her participation in the offering with the funds then on deposit in his or her Purchase Savings Account, as adjusted for earnings, losses, or expenses, or to receive in cash such funds. Solely at the discretion of the Committee, a former employee may be permitted to purchase shares under other circumstances, under terms determined solely by the Committee.
- (c) For the purposes of this Paragraph, a Participant is considered totally and permanently disabled within the meaning of the Corporation's long-term disability policy applicable at the time to Optionee, as may be amended from time to time. The determination of the Committee as to an individual's Disability and the date thereof shall be conclusive on all of the parties.
- (d) For the purposes of this Paragraph, an employee will be considered to terminate on account of retirement if he or she is at least the normal retirement age under Corporation's qualified pension plan at the time of termination of employment.

16. NO TRANSFER OR ASSIGNMENT OF EMPLOYEE'S RIGHTS

Except as specified in Paragraph 17, an employee's rights under the Plan are his or hers alone and may not be transferred or assigned to, or availed of, by any other person.

17. ESTATE AS BENEFICIARY

The designated beneficiary of a Participant's Purchase Savings Account shall be the Participant's estate. A Participant may not designate another person as his or her beneficiary or joint tenant with rights of survivorship.

18. CLAIMS PROCEDURES

A Participant may appeal the denial of benefits under this Plan by submitting a written statement appealing the decision, normally within 60 days of the denial of the benefit by the Committee. In the written statement, the Participant must state reasons why the claim should not have been denied. Also, the written statement should be accompanied by any documents, additional information or comments that might be helpful to the Committee. In this manner, the Committee intends to afford any Participant or beneficiary whose claim for benefits has been denied a reasonable opportunity for a review of the decision. Written appeals must be sent to:

The Employee Stock Purchase Plan Committee
c/o The General Counsel's Office
SLM Corporation
12061 Bluemont Way
Reston, VA 20190

The Committee will review a Participant's appeal and will promptly notify such Participant in writing of the decision. Normally, this decision will be made within 60 days of receipt of an appeal, but this period may be extended to no more than 120 days if special circumstances require additional time. In such a case, the Participant will be notified before the end of the initial 60-day period of the reasons for the extension.

19. TERMINATION AND AMENDMENTS TO PLAN

- (a) The Corporation may at any time terminate the Plan or change the aggregate number of common shares that may be purchased under the Plan.
- (b) The Committee may at any time or times amend the Plan (including amendments to Appendix A to add or delete designated subsidiaries).
- (c) Nothing contained in this Plan shall be construed to prevent the Corporation from taking any corporate action which is deemed by the Corporation to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any rights granted under the Plan. No employee, beneficiary or other person shall have any claim against the Corporation as a result of any such action.

20. INDEMNITY

The Corporation shall, consistent with applicable law, indemnify members of the Committee from any liability, loss or other financial consequence with respect to any act or omission relating to the Plan to the same extent and subject to the same conditions as specified in the indemnity provisions contained in the By-Laws and Regulations of the Corporation.

21. LIMITATIONS ON SALE OF STOCK PURCHASED UNDER THE PLAN

The Plan is intended to provide common stock for investment and not for resale. The Corporation does not, however, intend to restrict the sale of the stock other than in accordance with the Corporation's general policies regarding the sale of the Corporation's stock. The employee assumes the risk of any market fluctuations in the price of such stock.

22. PAYMENT OF EXPENSES RELATED TO PLAN

The cost, if any, of withdrawals from a Purchase Savings Account, delivery of shares to a Participant or commissions upon the sale of stock shall be paid by the Participant using such service. Other expenses associated with the Plan, if any, in the discretion of the Committee, will be allocated as deemed appropriate by the Committee.

23. OPTIONEES NOT STOCKHOLDERS

Neither the granting of an Option to an employee, nor the deductions from his or her pay shall cause such employee to be a stockholder of the shares covered by an Option until such shares have been purchased by and issued to him or her.

24. FEDERAL AND STATE INCOME TAX REQUIREMENTS

The Employers, in accordance with Sections 3102(a) and 3402(a) of the Internal Revenue Code of 1986 and applicable state law, are required to withhold from the wages of participating employees, in any payroll period in which compensation is deemed received by the employee, employment and income taxes with respect to the amount that is considered compensation includable in the employee's gross income. An employee will be required to pay over to the Corporation or his or her Employer funds sufficient to meet any tax obligation if any employee's current compensation or amounts withheld from the Purchase Savings Account or option exercise are not sufficient to meet the employment and income tax withholding obligation.

25. NO EMPLOYMENT RIGHTS

Nothing in the Plan shall confer upon any employee any right to continued employment, or interfere with the right of the Corporation or the Employers to terminate his or her employment at any time, for any reason.

26. EFFECTIVE DATE

Except as otherwise provided herein, the effective date of this Plan is November 1, 2001. This Plan was previously amended and restated on November 2, 1989, August 12, 1991, November 20, 1992, January 2, 1998, October 5, 1998, September 22, 2000, November 1, 2001, November 6, 2002, June 20, 2003 and May 19, 2005.

APPENDIX A
DESIGNATED SUBSIDIARIES

Sallie Mae, Inc.

Sallie Mae Servicing Corporation

Effective January 1, 2001, Student Loan Funding Resources

SLM Financial Corporation

Effective January 1, 2001, Student Assistance Corporation

Effective January 1, 2001, Noel-Levitz

Effective January 1, 2001, Education Debt Services Inc.

NM Education Loan Corporation

Effective January 1, 2001 Education One Group

HEMAR Insurance Corporation of America

Education Debt Services, Inc.

Effective January 31, 2002, General Revenue Corporation

Effective January 2, 2002, Pioneer Credit Recovery

Effective January 1, 2001, True Careers, Inc.