
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE

AMENDMENT NO. 1

TO

Form S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

SLM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

52-2013874

*(I.R.S. Employer
Identification No.)*

**11600 Sallie Mae Drive
Reston, VA 20193
(703) 810-3000**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Marianne M. Keler, Esq.

Executive Vice President and General Counsel

**SLM Corporation
11600 Sallie Mae Drive
Reston, VA 20193
(703) 810-3000**

(Name, Address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Diana de Brito, Esq.

**Cadwalader, Wickersham & Taft LLP
1201 F Street, N.W.
Washington D.C. 20004
(202) 862-2200**

Approximate date of commencement of proposed sale to public: From time to time after this registration statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for

the same offering: _____

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: _____

If the delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(2)
Floating Rate Convertible Senior Debentures due 2035	\$2,000,000,000	100%	\$2,000,000,000	\$161,800
Common Stock, par value \$0.20 per share	53,050,200 shares ⁽³⁾	(3)	(3)	(4)

- (1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(i) under the Securities Act.
- (2) The registrant previously paid the Commission a filing fee of \$161,800 in connection with the initial filing of this registration statement.
- (3) The number of shares of common stock registered hereunder is based upon the maximum number of shares of common stock issuable upon conversion of the debentures being registered hereunder which is at the rate of 26.5251 shares of common stock per \$1,000 principle amount at maturity of the debentures. Pursuant to Rule 416 under the Securities Act, this registration statement also registers such additional number of shares of the registrant's common stock as may become deliverable upon conversion of the debentures to prevent dilution resulting from stock splits, stock dividends, recapitalization and similar events.
- (4) Pursuant to Rule 457(i) under the Securities Act, there is no additional filing fee with respect to the shares of common stock issuable upon conversion of the debentures because no additional consideration will be received by the registrant in connection with the exercise of the conversion privilege.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SLM Corporation

\$2,000,000,000

Floating Rate Convertible Senior Debentures due 2035

We issued \$2,000,000,000 original principal amount of the debentures on May 20, 2003 in a private placement. This prospectus will be used by the selling securityholders named in this prospectus or in amendments to this prospectus to resell from time to time the debentures and any shares of our common stock issuable upon conversion of the debentures.

The following describes some of the terms of the debentures:

- Until July 25, 2007, the debentures will bear regular interest, payable quarterly in arrears, at an annual rate equal to 3-month LIBOR, reset quarterly, minus .05%. Such rate will never be less than 0% per annum. After July 25, 2007, we will not pay regular interest on the debentures. Instead, unless the debentures are remarketed, the original principal amount of each debenture will be increased at the same LIBOR-based rate, reset quarterly, and on July 25, 2035 a holder will receive the accreted principal amount.
- Under limited circumstances, holders may convert each debenture into 15.1572 shares of our common stock, subject to adjustment. See “Description of Debentures — Conversion Rights.”
- On July 25, 2007 and every four years thereafter, if the price of our common stock is less than the conversion price (initially \$65.98), holders may elect to have their debentures remarketed. Upon a successful remarketing, the yield on the debentures and conversion rate will be reset.
- We may redeem for cash all or a portion of the debentures on or after July 25, 2007. However, if the debentures are remarketed, they will not be redeemable at our option until on or after the next remarketing reset event date occurring four years thereafter.
- We will pay contingent interest as described under “Description of Debentures — Contingent Interest” after July 25, 2007 only if the average trading price of the debentures reaches specified thresholds, the debentures are immediately convertible and the debentures are then redeemable at our option.

The selling securityholders may sell all or a portion of the debentures or common stock in market transactions, negotiated transactions or otherwise and at prices which will be determined by the prevailing market or negotiated price. The selling securityholders also may sell all or a portion of the shares of common stock from time to time on the New York Stock Exchange. The selling securityholders will receive all of the proceeds from the sale of the debentures and the common stock.

Our common stock is listed on the New York Stock Exchange under the symbol “SLM.”

Investing in the debentures involves risks. See “Risk Factors Relating to the Debentures” beginning on page 7.

Obligations of SLM Corporation and any subsidiary of SLM Corporation are not guaranteed by the full faith and credit of the United States of America. Neither SLM Corporation nor any subsidiary of SLM Corporation (other than Student Loan Marketing Association) is a government-sponsored enterprise or an instrumentality of the United States of America.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is November , 2003

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This prospectus is part of a registration statement we filed with the SEC using a “shelf” registration process. You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus or any documents incorporated by reference is accurate only as of the date on the front cover of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date.

This prospectus is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that any information provided by other sources is accurate or complete. This prospectus summarizes documents and other information, and we refer you to them for a more complete understanding of what we discuss in this prospectus. In making an investment decision, you must rely on your own examination of our company and the terms of this offering and the debentures, including the merits and risks involved.

We are not making any representation to any purchaser of the debentures regarding the legality of an investment in the debentures by such purchaser under any legal investment or similar laws or regulations. You should not consider any information in this prospectus to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the debentures.

References in this prospectus to “we,” “us,” “our” and “SLM” refer to SLM Corporation, a Delaware corporation, unless the context otherwise requires.

WHERE YOU CAN FIND MORE INFORMATION

We file annual and quarterly reports, proxy statements and other information with the SEC. You may read and copy any of these documents at the SEC’s public facilities in Washington, D.C. located at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a site on the World Wide Web at <http://www.sec.gov>. This site contains reports, proxy and information statements and other information about registrants that file electronically with the SEC. You can also inspect reports and other information we file at the office of the New York Stock Exchange, Inc. located at 20 Broad Street, New York, New York 10005 or at our web site at <http://www.salliemae.com>.

INCORPORATION OF DOCUMENTS BY REFERENCE

We are “incorporating by reference” into this prospectus some of the documents that we file with the SEC, which means that we are disclosing important information to you by referring you to those documents. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus or in any subsequently filed document that is incorporated by reference. The documents we are incorporating by reference into this prospectus contain important information about us and our finances. Specifically, we incorporate by reference:

- our annual report of Form 10-K for the fiscal year ended December 31, 2002, which we filed on March 27, 2003;
- our quarterly report on Form 10-Q for the first fiscal quarter ended March 31, 2003, which we filed on May 13, 2003;
- our quarterly report on Form 10-Q for the second fiscal quarter ended June 30, 2003, which we filed on August 13, 2003;
- the description of our common stock on our Form 8-A, which we filed on August 7, 1997 and amended on July 27, 1999, and any amendments or reports filed for the purpose of updating this description; and
- our current reports on Form 8-K, which we filed on May 29, 2003, January 28, 2003 and January 17, 2003.

All documents that we file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, from the date of this prospectus to the end of the offering under this prospectus are also deemed to be incorporated herein by reference and automatically will update information included in or previously incorporated by reference in this prospectus.

You may request a copy of these filings, at no cost, by writing or calling us at the following address or telephone number:

Corporate Secretary

SLM Corporation
11600 Sallie Mae Drive
Reston, VA 20193
(703) 810-3000

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference in that filing.

Information contained on our website is not intended to be incorporated by reference in this prospectus and you should not consider that information a part of this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations and statements preceded by, followed by or that include the words “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates” or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements. Except as required by law, we do not have any intention or obligation to update forward-looking statements after we distribute this prospectus.

You should understand that the following important factors, among other things, could cause our results to differ materially from those expressed in forward-looking statements:

- changes in terms of student loans and the educational credit marketplace arising from the implementation of applicable laws and regulations and from changes in these laws and regulations that may reduce the volume, average term, costs and yields on education loans under the Federal Family Education Loan Program or for non-FFELP loans or result in loans being originated or refinanced under non-FFELP programs or affect the terms upon which banks and others agree to sell FFELP loans to us;
- changes in the demand for educational financing or in financing preferences of educational institutions, students and their families, which could reduce demand for our products and services or increase our costs; and
- changes in the general interest rate environment and in the securitization markets for education loans, which could increase the costs or limit the availability of financings necessary to originate, purchase or carry education loans.

SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference in this prospectus. Because this is a summary, it may not contain all the information that is important to you. You should read the entire prospectus, as well as the information incorporated by reference, before making an investment decision.

SLM Corporation

SLM Corporation and its subsidiaries are the nation's leading private source of funding, servicing and support for higher education loans for students and their parents. We presently conduct a majority of our business through two wholly owned entities: the Student Loan Marketing Association, a government-sponsored enterprise chartered by an act of Congress, and Sallie Mae Servicing L.P., a Delaware limited partnership. The Student Loan Marketing Association must be liquidated by September 30, 2008, except under very limited circumstances. We intend to wind down the Student Loan Marketing Association by September 30, 2006.

We derive most of our income from interest earnings or "spread income" from our portfolio of student loans. As we have grown our business, fee income from loan and guarantee servicing and other operations such as debt management operations has become an increasingly important source of earnings. We changed our name from USA Education, Inc. to SLM Corporation, effective May 17, 2002.

Our principal executive offices are located at 11600 Sallie Mae Drive, Reston, VA 20193, and our telephone number is (703) 810-3000.

Debentures	\$2,000,000,000 aggregate original principal amount of Floating Rate Convertible Senior Debentures due 2035. Each debenture was originally issued at a price of 100% of the original principal amount of \$1,000 per debenture.
Stated Maturity	July 25, 2035.
Payment at Maturity	On July 25, 2035, the stated maturity date of the debentures, a holder will receive the accreted principal amount per debenture, which will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until July 25, 2007 will be 0% per annum and, unless a remarketing reset event occurs, beginning on July 25, 2007, the yield will be reset quarterly to a rate of 3-month LIBOR minus .05% per annum, until any remarketing reset event occurs. Regardless of the level of 3-month LIBOR, however, this yield will not be less than 0% per annum. If a remarketing reset event occurs, the principal amount of the debentures will accrete daily at the yield described under "Description of Debentures — Remarketing Reset Event."
Regular Interest	<p>The debentures will bear regular interest to but excluding July 25, 2007 at an annual rate equal to 3-month LIBOR, reset quarterly, minus .05%; provided that the interest rate on the debentures will not be less than 0% per annum. Regular interest will be payable quarterly in arrears on January 25, April 25, July 25 and October 25 of each year, each an "interest payment date," until July 25, 2007.</p> <p>After July 25, 2007, we will not pay regular interest on the debentures.</p>

Conversion Rights

For each \$1,000 original principal amount of debentures surrendered for conversion, if the conditions for conversion are satisfied, you will receive 15.1572 shares of our common stock, the “conversion rate,” subject to adjustment.

A holder may convert such holder’s debentures into a number of shares of our common stock equal to the conversion rate under the following circumstances:

- during any calendar quarter if the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is more than 130% of the conversion price (initially 130% of \$65.98, or \$85.77) as of the last day of such calendar quarter;
- during any period in which the credit rating assigned to the debentures by S&P is below BBB+, or the credit rating assigned to the debentures by Moody’s is below Baa1, or the credit rating assigned to the debentures by Fitch is below BBB+ or no rating is assigned to the debentures by any two of S&P, Moody’s and Fitch;
- during the five business day period after any five consecutive trading day period in which the trading price per debenture for each day of that period was less than 98% of the product of the closing sale price of our common stock and the conversion rate on each such day;
- if such debentures have been called for redemption; or
- upon the occurrence of corporate transactions described under “Description of Debentures — Conversion Rights — Conversion Rights Upon Occurrence of Certain Corporate Transactions.”

Upon conversion, we will have the right to deliver, in lieu of shares of our common stock, cash or a combination of cash and common stock. If we elect to pay holders cash for their debentures, the payment will be based on the average of the closing sale price of our common stock for a five trading day period starting the third trading day following the conversion date of the debentures.

If we have not given notice of redemption specifying that we intend to deliver cash upon conversion thereafter, we must give notice of our election to deliver cash not more than two business days after the conversion date.

The ability to surrender debentures for conversion will expire at the close of business on the stated maturity date of the debentures, unless they have previously been redeemed or repurchased. See “Description of Debentures — Conversion Rights.”

If the debentures are remarketed, as described below, the conditions to conversion must be satisfied thereafter or the debentures may not be converted.

Contingent Interest

We will pay contingent interest to holders of the debentures in the amounts set forth in “Description of Debentures — Contingent Interest” during any three-month period from and including an interest payment date to but excluding the next interest payment date, commencing with the three-month period beginning July 25, 2007, only if (1) the average trading price of the debentures for a five trading day measurement period immediately preceding the beginning of the applicable three-month period equals 130% or more of the accreted principal amount of the debentures, (2) the debentures are immediately convertible by their terms on the first day of such measurement period and (3) the debentures are then redeemable at our option. If (1) the average trading price of the debentures for the same five trading day measurement period equals 200% or more of the accreted principal amount of the debentures, (2) the debentures are immediately convertible by their terms on the first day of such measurement period and (3) the debentures are then redeemable at our option, we will pay for any applicable three-month period an additional amount of contingent interest equal to .0625% of the average trading price of a debenture for such five trading day measurement period. For example, if the debentures are successfully remarketed on any remarketing reset event date, they will not be redeemable at our option for the next four years and no contingent interest will be payable during that time. Any contingent interest will be payable on the interest payment date at the end of the relevant three-month period.

Remarketing Reset Event

A remarketing reset event will occur if the applicable stock price, which is the average of the closing sale prices of our common stock over the five trading day period ending on the trading day immediately preceding July 25 of 2007, 2011, 2015, 2019, 2023, 2027 or 2031, each a remarketing reset event date, is less than the conversion price.

Upon a remarketing reset event, the conversion rate and the yield on the debentures will be reset and a holder of debentures will not have the right to require us to repurchase the debentures on that date, except in limited circumstances. The conversion rate on the debentures will be reset on each remarketing reset event date to equal the accreted principal amount of the debentures on that date divided by 175% of the applicable stock price; *provided* that in no event will the conversion rate exceed 26.5251 shares of our common stock per debenture, subject to adjustment. The yield of the debentures will be reset to 3-month LIBOR adjusted by an applicable spread such that the proceeds from the remarketing of the debentures, net of any remarketing fee, will be 100% of their accreted principal amount; *provided* that the yield will not be less than 0% per annum. Each holder of debentures will have the right to elect to have such debentures remarketed on any remarketing reset event date. The “conversion price” is, as of any date of determination, a dollar amount (initially \$65.98) derived by dividing the accreted principal amount (which will be \$1,000 until July 25, 2007) by the conversion rate then in effect.

If a remarketing of the debentures is required on any remarketing reset event date but the remarketing is not successful, each holder of debentures has the right to require us to purchase for cash all or a portion of such holder's debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. If less than \$50 million aggregate original principal amount of the debentures are to be remarketed in any remarketing, or the debentures are not successfully remarketed on any remarketing reset event date, the conversion rate will be adjusted as described above and the yield on the debentures will be reset to the rate equal to 3-month LIBOR, adjusted by an applicable spread necessary, in the judgment of the remarketing agent based on bids from at least three independent nationally recognized securities dealers selected by the remarketing agent, for the debentures to trade at a price equal to 100% of their accreted principal amount.

If we give notice of redemption of debentures prior to a remarketing reset event date, then no remarketing of those debentures will occur and the terms of those debentures will not be reset.

Redemption of Debentures at Our Option

We may redeem for cash all or a portion of the debentures at any time on or after July 25, 2007 at a price equal to 100% of the accreted principal amount of the debentures to be redeemed plus accrued and unpaid interest to, but excluding, the redemption date. However, if the debentures are remarketed they will not be redeemable at our option until on or after the next remarketing reset event date. Holders may convert their debentures after they are called for redemption at any time prior to the close of business on the business day immediately preceding the redemption date. Our notice of redemption will inform the holders of our election to deliver shares of our common stock or to pay cash or a combination of cash and common stock in the event that a holder elects to convert debentures in connection with the redemption. See "Description of Debentures — Redemption of Debentures at Our Option."

Purchase of Debentures by Us at the Option of Holder

Unless a successful remarketing occurs on such date, holders may require us to purchase all or a portion of their debentures on July 25, 2007, 2011, 2015, 2019, 2023, 2027 and 2031 at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase, if the debentures are not immediately convertible on such date. If a remarketing is not successful or does not occur because we give notice of redemption, then holders may require us to purchase all or a portion of their debentures. See "Description of Debentures — Purchase of Debentures by Us at the Option of Holder."

Change in Control

Upon a change in control (as defined in the indenture governing the debentures) of SLM Corporation occurring at any time before July 25, 2035, each holder may require us to purchase all or a portion of such holder's debentures for cash at a price equal to

100% of the accreted principal amount of the debentures to be purchased plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. See “Description of Debentures — Change in Control Permits Purchase of Debentures by Us at the Option of the Holder.”

Ranking	The debentures are our unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The debentures are structurally subordinated to the liabilities of our subsidiaries, including existing and future indebtedness of the Student Loan Marketing Association.
Sinking Fund	None.
U.S. Federal Income Taxation	<p>The debentures will be treated as debt instruments subject to the U.S. federal income tax contingent payment debt regulations. You should be aware that, even if we do not pay any cash interest on the debentures, you will be required to include ordinary original issue discount income in your gross income for U.S. federal income tax purposes. For U.S. federal income tax purposes, this original issue discount income will accrue from the original issue date of the debentures at the rate of 5.625% per year, compounded quarterly. United States holders will be required to accrue this original issue discount income on a constant yield to maturity basis at that rate (subject to certain adjustments), with the result that a U.S. holder will recognize taxable income in excess of cash interest received while the debentures are outstanding.</p> <p>You also will recognize gain or loss on the sale, exchange, conversion or retirement of a debenture in an amount equal to the difference between the amount realized on the sale, exchange, conversion or retirement, including the fair market value of any common stock received upon conversion or otherwise, and your adjusted tax basis in the debenture. Any gain recognized by you on the sale, exchange, conversion or retirement of a debenture generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and thereafter, capital loss. See “Material U.S. Federal Income Tax Considerations.”</p>
DTC Eligibility	The debentures were issued in book-entry form and are represented by one or more permanent global certificates deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company, or DTC, in New York, New York. Beneficial interests in any such securities will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants. Any such interest may not be exchanged for certificated securities, except in limited circumstances. See “Description of Debentures — Book-Entry System.”
NYSE Symbol for Our Common Stock	“SLM”

RISK FACTORS RELATING TO THE DEBENTURES

Your investment in the debentures involves risks. You should carefully consider the following risks, as well as the other information included or incorporated by reference in this prospectus, before investing in the debentures.

Your right to receive payments on these debentures will be effectively subordinated to the rights of any future secured creditors. The debentures, in other circumstances, may effectively be subordinated to any existing and future liabilities of us or our subsidiaries.

The debentures represent unsecured obligations of SLM Corporation. Accordingly, holders of any future secured indebtedness will have claims that are superior to your claims as holders of the debentures to the extent of the value of the assets securing that other indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, reorganization, or other bankruptcy proceeding, holders of secured indebtedness will have a superior claim to those of our assets that constitute their collateral. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the debentures. Holders of the debentures will participate ratably with all holders of our unsecured indebtedness that ranks equally in right of payment with the debentures, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. As a result, holders of debentures may receive less, ratably, than holders of secured indebtedness.

The Student Loan Marketing Association may pay dividends to us so long as at the time of the declaration of such dividends, after giving effect to the payment of such dividends as of the date of the declaration, the Student Loan Marketing Association's capital would be in compliance with a minimum statutory capital adequacy ratio as well as a supplementary risk-based capital formula.

Furthermore, if we fail to deliver our common stock upon conversion of a debenture and thereafter become the subject of bankruptcy proceedings, a holder's claim for damages arising from our failure could be subordinated to all of our existing and future obligations.

We may not be able to pay cash dividends in the future.

On May 29, 2003 we doubled the dividend on our common stock from \$0.25 per share to \$0.51 per share. Any future cash dividends will depend upon our results of operations, financial conditions, cash requirements, the availability of a surplus and other factors, including the ability of our subsidiaries to make distributions to us, which ability, in the case of the Student Loan Marketing Association, is restricted in the manner described above.

We may not have the ability to purchase debentures at the option of the holders or upon a change in control or to raise the funds necessary to finance the purchases.

On July 25, 2007, 2011, 2015, 2019, 2023, 2027 and 2031 holders of the debentures may require us to purchase their debentures. However, it is possible that we would not have sufficient funds at that time to make the required purchase of debentures. We may be required to pay all or a portion of the purchase price in shares of our common stock, subject to satisfying the conditions in the indenture for making such payments. If we were unable to satisfy the conditions in the indenture to use shares of our common stock to pay the purchase price, we could be in default of our obligations on the debentures. In addition, if a holder requires us to purchase all or a portion of its debentures and we elect to deliver shares of our common stock, and we then become the subject of bankruptcy proceedings, a holder may not be able to rescind its notice obligating us to purchase all or a portion of its debentures, and a holder's claim may be subordinated to all of our existing and future obligations.

In addition, we will be required to offer to purchase all outstanding debentures if there is a failed remarketing. However, it is possible that we will not have sufficient funds available at any such time to make

the required repurchase of debentures and restrictions in our other indebtedness outstanding in the future may not allow any such repurchase.

You should consider the U.S. federal income tax considerations of owning the debentures.

The debentures will be treated as debt instruments subject to the U.S. federal income tax contingent payment debt regulations. You should be aware that, even if we do not pay any cash interest on the debentures, you will be required to include original issue discount in your gross income for U.S. federal income tax purposes. For U.S. federal income tax purposes, this original issue discount income will accrue from the original issue date of the debentures at the rate of 5.625% per year, compounded quarterly. U.S. holders will be required to accrue this original issue discount on a constant yield to maturity basis at this rate (subject to certain adjustments), with the result that a U.S. holder will recognize taxable income in excess of cash interest received while the debentures are outstanding.

You will recognize gain or loss on the sale, exchange, conversion or retirement of a debenture in an amount equal to the difference between the amount realized on the sale, exchange, conversion or retirement, including the fair market value of any common stock received upon conversion or otherwise, and your adjusted tax basis in the debenture. Any gain recognized by you on the sale, exchange, conversion or retirement of a debenture generally will be ordinary interest income; any loss will generally be ordinary loss to the extent of the interest previously included in income and, thereafter, capital loss. See “Material U.S. Federal Income Tax Considerations.”

No active trading market exists for the debentures.

There is currently no existing public market for the debentures. We do not intend to list the debentures on any national securities exchange or automated quotation system. We cannot assure you that an active or sustained trading market for the debentures will develop or that you will be able to sell your debentures. Although the initial purchasers in the offering made pursuant to Rule 144A under the Securities Act informed us that they intended to make a market in the debentures, such initial purchasers are not obligated to do so and may discontinue their market-making at any time without notice.

Moreover, even if you are able to sell your debentures, we cannot assure you as to the price at which any sales will be made. Future trading prices of the debentures will depend on many factors, including, among other things, prevailing interest rates, our operating results, the price of our common stock and the market for similar securities. Historically, the market for convertible debt has been subject to disruptions that have caused volatility in prices. It is possible that the market for the debentures will be subject to disruptions which may have a negative effect on the debentures, regardless of our prospects or financial performance.

USE OF PROCEEDS

The selling securityholders will receive all of the net proceeds from the sale of the debentures or the shares of common stock sold under this prospectus. We will not receive any of such proceeds.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the five years ended December 31, 2002 and the six month periods ended June 30, 2002 and June 30, 2003.

	Years Ended December 31,					Six Months Ended	
						June 30,	
	1998	1999	2000	2001	2002	2002	2003
Ratio of Earnings to Fixed Charges(1)	1.38	1.34	1.24	1.27	2.0	2.34	3.46

(1) For purposes of computing these ratios, earnings represent income before income tax expense plus fixed charges. Fixed charges represent interest expense plus the estimated interest component of net rental expense.

PRICE RANGE AND DIVIDEND HISTORY OF OUR COMMON STOCK

Our common stock is quoted on the New York Stock Exchange under the symbol "SLM." On October 31, 2003, the last reported bid price of the common stock on the NYSE was \$39.15 per share. The following table sets forth for the periods indicated below the high and low sale information for our common stock as listed on the NYSE, and dividends paid, for each quarterly period during the fiscal years 2001, 2002 and 2003.

	High	Low	Dividend Paid
Fiscal Year Ended December 31, 2001			
Quarter ended March 31.	\$25.50	\$18.62	\$0.058
Quarter ended June 30.	25.18	21.18	0.058
Quarter ended September 30.	28.20	24.36	0.058
Quarter ended December 31.	29.33	26.82	0.066
Fiscal Year Ended December 31, 2002			
Quarter ended March 31.	\$33.08	\$25.67	\$0.067
Quarter ended June 30.	33.28	30.10	0.067
Quarter ended September 30.	33.02	26.58	0.067
Quarter ended December 31.	35.65	30.87	0.083
Fiscal Year Ended December 31, 2003			
Quarter ended March 31.	\$37.72	\$33.73	\$0.083
Quarter ended June 30	42.92	36.32	0.172

On May 15, 2003, our stockholders approved a proposal to increase the number of authorized shares of our common stock from 375,000,000 shares to 1,125,000,000 shares. In May 2003 the Board of Directors approved a three-for-one split of the Company's stock to be effected in the form of a stock dividend. The additional shares of stock were distributed on June 20, 2003, to all shareholders of record on June 6, 2003.

The share and per share information in this prospectus gives effect to the stock split.

CAPITALIZATION

The following table sets forth our capitalization at June 30, 2003 on an actual basis. You should read this table together with our financial statements and accompanying notes incorporated by reference in this prospectus. Amounts are in thousands, except share and per share amounts.

	June 30, 2003
	Actual
Borrowed funds:	
Short-term borrowings	\$24,619,758
Long-term borrowings	28,049,326
	52,669,084
Stockholders' equity:	
Preferred stock, Series A, par value \$.20 per share, 20,000,000 shares authorized:	
3,300,000 shares issued at stated value of \$50 per share	165,000
Common stock, par value \$.20 per share, 1,125,000,000 shares authorized:	
638,983,455 shares issued ^(a)	127,797
Additional paid-in capital	1,359,082
Accumulated other comprehensive income, net of tax	689,220
Retained earnings	3,386,218
	5,727,317
Stockholders' equity before treasury stock	5,727,317
Common stock held in treasury at cost: 188,490,732 shares	3,361,145
	2,366,172
Total stockholders' equity	2,366,172
Total capitalization	55,035,256

- (a) The number of shares of issued and outstanding common stock does not include: (1) shares issuable upon conversion of the debentures offered hereby; (2) 14.6 million shares available for grants of awards under our stock option plans; and (3) 47.5 million shares issuable upon exercise of outstanding stock options and restricted stock units.

DESCRIPTION OF DEBENTURES

We issued the debentures under an indenture, dated as of May 20, 2003, between us and JPMorgan Chase Bank, as trustee.

The following summary is not complete, and is subject to, and is qualified in its entirety by reference to, all of the provisions of the debentures and the indenture. We urge you to read the indenture and the form of the debentures, which you may obtain from us upon request, because they and not this description define your rights in respect of the debentures. As used in this description, all references to “SLM Corporation,” “SLM,” “we,” “us” or “our” mean SLM Corporation, excluding, unless otherwise expressly stated or the context otherwise requires, any of its subsidiaries.

General

The debentures are limited to \$2,000,000,000 aggregate original principal amount and are issued only in registered form without coupons in denominations of \$1,000 original principal amount and any integral multiple of \$1,000 above that amount. We use the term “debenture” in this prospectus to refer to each \$1,000 original principal amount of debentures. The debentures will mature on July 25, 2035. On the maturity date of the debentures, a holder will receive the accreted principal amount of a debenture. The accreted principal amount will equal the original principal amount of \$1,000 per debenture increased by a variable yield, which until July 25, 2007 will be 0% per annum and, unless a remarketing reset event occurs, commencing on July 25, 2007 will be reset quarterly to a rate of 3-month LIBOR minus .05% per annum. Regardless of the level of 3-month LIBOR, however, this yield will not be less than 0% per annum.

The principal amount of the debentures will accrete daily beginning July 25, 2007 at the applicable yield, compounded quarterly. The yield will be calculated using the actual number of days elapsed from and including the LIBOR reset date, to but excluding the next succeeding LIBOR reset date, divided by 360 days. If a remarketing reset event occurs, the principal amount of the debentures will accrete daily at the yield described under “— Remarketing Reset Event” below, compounded quarterly. The rate of accretion will be applied to the accreted principal amount per debenture as of the day preceding the most recent yield reset date.

The debentures bear regular interest at an annual rate equal to 3-month LIBOR, reset quarterly, minus .05% (but not less than 0%) on the original principal amount from May 20, 2003, or from the most recent date to which regular interest has been paid or provided for, until July 25, 2007 for all interest periods other than the initial interest period. For the initial interest period from and including May 20, 2003 to but excluding July 25, 2003, the regular interest rate on the debentures was 1.2487% per annum.

Regular interest will be payable quarterly in arrears on January 25, April 25, July 25 and October 25 of each year, each an interest payment date, beginning July 25, 2003, to the person in whose name a debenture is registered at the close of business on the January 10, April 10, July 10 or October 10, as the case may be, immediately preceding the relevant interest payment date, each of which we refer to as a record date. Each payment of regular interest will include interest accrued for the period, which we refer to as an interest period, commencing on and including the immediately preceding interest payment date (or, if none, the original issuance date of the debentures) to but excluding the applicable interest payment date. Regular interest on the debentures will be computed using the actual number of days in the interest period divided by 360.

From and after July 25, 2007, we will not pay regular interest. Contingent interest, if any, as described below under “— Contingent Interest,” will be payable in addition to the accreted principal amount.

If any interest payment date (other than an interest payment date coinciding with the stated maturity date or earlier redemption date or purchase date) of a debenture falls on a day that is not a business day, such interest payment date will be postponed to the next succeeding business day, provided that, if such business day falls in the next succeeding calendar month, the interest payment date will be brought forward to the immediately preceding business day. If the stated maturity date, redemption date or purchase date of a debenture would fall on a day that is not a business day, the required payment of interest, if any, and

principal will be made on the next succeeding business day and no interest on such payment will accrue for the period from and after the stated maturity date, redemption date or purchase date to such next succeeding business day. The term “business day” or “New York City business day” means, with respect to any debenture, any day other than a Saturday, a Sunday or a day on which banking institutions in New York City are authorized or required by law, regulation or executive order to close.

The debentures are redeemable prior to maturity only on or after July 25, 2007 and as described below under “— Redemption of Debentures at Our Option,” and do not have the benefit of a sinking fund. Principal of and interest on the debentures will be payable at the office of the paying agent, which initially will be JPMorgan Chase Bank. If certain conditions have been satisfied, the debentures may be presented for conversion at the office of the conversion agent, and for registration of transfer or exchange at the office of the registrar, each such agent initially being JPMorgan Chase Bank. No service charge will be made for any registration of transfer or exchange of debentures, but we may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Maturity, conversion, purchase by us at the option of a holder or redemption of a debenture will cause interest to cease to accrue on such debenture. We may not reissue a debenture that has matured or been converted, purchased by us at the option of a holder, redeemed or otherwise cancelled.

The debentures are debt instruments subject to the contingent payment debt regulations. The debentures were issued with original issue discount for U.S. federal income tax purposes. Even if we do not pay any regular or contingent interest on the debentures, holders will be required to include accrued tax original issue discount in their gross income for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Considerations.”

3-month LIBOR

Prior to July 25, 2007, the annual rate of regular interest payable on the debentures will be reset on each interest payment date. Beginning on July 25, 2007, the yield on the debentures will be reset on each LIBOR reset date but no cash interest will be paid. We refer to each January 25, April 25, July 25 and October 25 as a LIBOR reset date. If any LIBOR reset date would otherwise be a day that is not a business day, that LIBOR reset date will be postponed to the next succeeding business day.

As the calculation agent, we will determine 3-month LIBOR on the day that is two London and New York City business days before the related LIBOR reset date, which we refer to as the LIBOR determination date.

“3-month LIBOR” means:

- (a) the rate for three-month deposits in United States dollars commencing on the related LIBOR reset date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the LIBOR determination date; or
- (b) if no rate appears on Moneyline Telerate Page 3750, LIBOR will be determined on the basis of the offered rates at which U.S. dollar deposits having a maturity of three months, beginning on the LIBOR reset date in that market at that time are offered by four major banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR determination date to leading banks in the London interbank market. The calculation agent will select the four banks and request the principal London office of each of those banks to provide a quotation of its rate. If at least two quotations are provided, LIBOR for that LIBOR determination date will be the average of those quotations; or
- (c) if fewer than two quotations are provided as described above, LIBOR will be the average of the rates quoted by three major banks at approximately 11:00 a.m., in New York City, on that LIBOR determination date for loans in U.S. dollars to leading European banks having a maturity of three months, beginning on the relevant LIBOR reset date. The calculation agent will select the three banks referred to above; or
- (d) if fewer than three banks selected by the calculation agent are quoting as mentioned above, LIBOR will remain LIBOR then in effect on that LIBOR determination date.

Interest on the debentures is calculated using an actual/360 accrual method, which means that interest will be calculated on the actual number of days elapsed in an interest period and an assumed year of 360 days.

“Moneyline Telerate Page 3750” means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

“London business day” means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

Ranking of Debentures

The debentures are unsecured and unsubordinated obligations and rank equally in right of payment with all of our existing and future unsecured and unsubordinated indebtedness. The debentures are structurally subordinated to the indebtedness and liabilities of our subsidiaries, including existing and future indebtedness of Student Loan Marketing Association.

Conversion Rights

A holder may convert debentures into common stock only if at least one of the conditions for conversion described below is satisfied. The ability to surrender debentures for conversion will expire at the close of business on the maturity date of the debentures, unless they have previously been redeemed or purchased. In addition, a holder may convert a debenture only until the close of business on the business day immediately preceding the redemption date if we call a debenture for redemption. A debenture for which a holder has delivered a purchase notice or a change in control purchase notice requiring us to purchase the debentures may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture. If the debentures are remarketed the conditions to conversion must be satisfied thereafter or the debentures may not be converted.

If the conditions for conversion are satisfied, a holder will receive 15.1572 shares of our common stock, subject to adjustment upon the occurrence of the events described below and upon the occurrence of any remarketing reset event. A holder of a debenture otherwise entitled to a fractional share will receive cash in an amount equal to the value of such fractional share based on the closing sale price of our common stock on the trading day immediately preceding the conversion date. Upon a conversion, we will have the right to deliver shares of our common stock, cash or a combination of cash and shares of our common stock, as described below. Notwithstanding the foregoing, in no event will the conversion rate exceed 26.5251 shares of our common stock per debenture, subject to anti-dilution adjustments, which we refer to as the maximum conversion rate.

Conversion Rights Based on Common Stock Price. A holder may surrender debentures for conversion into shares of our common stock at any time after September 30, 2003 during a calendar quarter if the closing sale price of our common stock for at least 20 trading days in a period of 30 consecutive trading days ending on the last trading day of the preceding calendar quarter is more than 130% of the conversion price (initially 130% of \$65.98, or \$85.77) as of the last day of such calendar quarter. We refer to this as the “conversion trigger price.”

“Trading day” means a day during which trading in securities generally occurs on the New York Stock Exchange or, if our common stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which our common stock is then listed or, if our common stock is not listed on a national or regional securities exchange, on the National Association of Securities Dealers Automated Quotation System (“Nasdaq”) or, if our common stock is not quoted on the National Association of Securities Dealers Automated Quotation System, on the principal other market on which our common stock is then traded.

The “closing sale price” of our common stock on any date means the closing sale price per share (or if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either

case, the average of the average closing bid and the average closing ask prices) on such date as reported on the principal United States securities exchange on which our common stock is traded or, if our common stock is not listed on a United States national or regional securities exchange, as reported by Nasdaq or by the National Quotation Bureau Incorporated. In the absence of such a quotation, we will determine the closing sale price on the basis we consider appropriate.

The accreted principal amount of a debenture will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until July 25, 2007 will be 0% per annum and, unless a remarketing reset event occurs, beginning on July 25, 2007, the yield will be reset quarterly on each LIBOR reset date to a rate of 3-month LIBOR minus .05% per annum, compounded quarterly, until a remarketing reset event occurs. Regardless of the level of 3-month LIBOR, however, this yield will never be less than 0% per annum. Because the conversion price of a debenture at any time is dependent upon the accreted principal amount of a debenture at that time, the conversion trigger price per share of our common stock, which is based on the conversion price, for periods ending after July 25, 2007 cannot be determined at this time. The following table indicates what the conversion trigger prices would be for the quarter ended September 30 of each year, beginning 2007, assuming the yield on the debentures was a constant 2.00%, 5.00% and 8.00% from July 25, 2007 to maturity. This table represents an example of only three possibilities, and you should realize that because LIBOR, and therefore the yield of the debentures, will fluctuate, the conversion price, and therefore the conversion trigger price, will differ, and may differ significantly, from the amounts shown below.

Hypothetical Conversion Trigger Prices

Quarter Ending September 30,	Assuming 2.00% Yield		Assuming 5.00% Yield		Assuming 8.00% Yield	
	Conversion Price	Conversion Trigger Price	Conversion Price	Conversion Trigger Price	Conversion Price	Conversion Trigger Price
2007	\$ 65.98	\$ 85.77	\$ 65.98	\$ 85.77	\$ 65.98	\$ 85.77
2008	67.24	87.41	69.17	89.91	71.13	92.47
2009	68.61	89.19	72.74	94.56	77.08	100.21
2010	70.01	91.02	76.50	99.45	83.53	108.58
2011	71.44	92.88	80.45	104.58	90.51	117.66
2012	72.91	94.78	84.62	110.00	98.10	127.53
2013	74.40	96.72	88.99	115.69	106.30	138.19
2014	75.92	98.69	93.59	121.66	115.19	149.75
2015	77.47	100.71	98.42	127.95	124.82	162.27
2016	79.06	102.77	103.52	134.58	135.29	175.87
2017	80.67	104.87	108.87	141.53	146.60	190.58
2018	82.32	107.02	114.49	148.84	158.85	206.51
2019	84.00	109.20	120.41	156.53	172.14	223.78
2020	85.72	111.44	126.65	164.64	186.57	242.54
2021	87.47	113.72	133.19	173.15	202.17	262.82
2022	89.26	116.04	140.07	182.10	219.07	284.79
2023	91.09	118.41	147.31	191.50	237.39	308.61
2024	92.95	120.84	154.94	201.43	257.29	334.48
2025	94.85	123.31	162.95	211.83	278.81	362.45
2026	96.79	125.83	171.37	222.78	302.12	392.75
2027	98.77	128.40	180.22	234.29	327.38	425.59
2028	100.79	131.03	189.56	246.43	354.83	461.28

Quarter Ending September 30,	Assuming 2.00% Yield		Assuming 5.00% Yield		Assuming 8.00% Yield	
	Conversion Price	Conversion Trigger Price	Conversion Price	Conversion Trigger Price	Conversion Price	Conversion Trigger Price
2029	\$102.85	\$133.70	\$199.35	\$259.16	\$384.50	\$499.85
2030	104.95	136.44	209.65	272.55	416.65	541.64
2031	107.10	139.22	220.48	286.63	451.48	586.93
2032	109.29	142.08	231.91	301.48	489.34	636.14
2033	111.52	144.98	243.89	317.06	530.25	689.33
2034	113.80	147.94	256.49	333.44	574.59	746.96
2035	116.13	150.96	269.74	350.66	622.63	809.42

* This table assumes no events have occurred that would require an adjustment to the conversion rate except for the 3-for-1 stock split effective June 20, 2003 and no remarketing reset event occurs.

Conversion Rights Upon Credit Rating Events. During any period in which (1) the credit rating assigned to the debentures by S&P is below BBB+, (2) the credit rating assigned to the debentures by Moody's is below Baa1, (3) the credit rating assigned to the debentures by Fitch is below BBB+ or (4) no credit rating is assigned to the debentures by any two of S&P, Moody's and Fitch, holders may also surrender debentures for conversion into shares of our common stock. The debentures will cease to be convertible pursuant to this paragraph during any period or periods in which all of the credit ratings are increased above such levels.

Conversion Upon Satisfaction of Trading Price Condition. Holders may surrender their debentures for conversion into our common stock prior to maturity during the five business day period after any five consecutive trading day period in which the "trading price" per debenture, as determined following a request by a holder of debentures in accordance with the procedures described below, for each day of that period was less than 98% of the product of the closing sale price of our common stock and the conversion rate (the "trading price condition"); *provided* that if, on the date of any conversion pursuant to the trading price condition that is on or after July 25, 2031, the closing sale price of our common stock is greater than the conversion price, then you will receive, in lieu of common stock based on the conversion rate, cash or common stock or a combination of cash and common stock, at our option, with a value equal to the accreted principal amount of your debentures plus accrued and unpaid interest, if any, including contingent interest, if any, as of the conversion date referred to as a "principal value conversion". If you surrender your debentures for conversion and it is a principal value conversion, we will notify you by the second business day following the date of conversion that it is a principal value conversion and whether we will pay you all or a portion of the accreted principal amount plus accrued and unpaid interest, including contingent interest, if any, in cash, common stock or a combination of cash and common stock, and in what percentage. Any common stock delivered upon a principal value conversion will be valued at the greater of the conversion price on the conversion date and the average of the closing sale price of our common stock for a five trading day period starting the third trading day following the conversion date of the debentures. We will pay you any portion of the accreted principal amount plus accrued and unpaid interest to be paid in cash and deliver common stock with respect to any portion of the principal amount plus accrued and unpaid interest to be paid in common stock, no later than the third business day following the determination of the average stock price referred to above. The "conversion price" is, as of any date of determination, a dollar amount (initially \$65.98) derived by dividing the accreted principal amount (initially \$1,000) by the conversion rate then in effect.

The "trading price" of the debentures on any date of determination means the average of the secondary market bid quotations obtained by the trustee for \$10,000,000 original principal amount of the debentures at approximately 3:30 p.m., New York City time, on such determination date from three independent nationally recognized securities dealers we select; *provided* that if three such bids cannot reasonably be obtained by the trustee, but two such bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the trustee, that one bid shall be used. If the trustee cannot reasonably obtain at least one bid for \$10,000,000 original principal amount of the debentures from a nationally

recognized securities dealer or, in our reasonable judgment, the bid quotations are not indicative of the secondary market value of the debentures, then the trading price per debenture will be deemed to be less than 98% of the product of the “closing sale price” of our common stock and the number of shares issuable upon conversion of such debenture.

In connection with any conversion upon satisfaction of the above trading price condition, the trustee shall have no obligation to determine the trading price of the debentures unless we have requested such determination; and we will have no obligation to make such request unless you provide us with reasonable evidence that the trading price per debenture would be less than 98% of the product of the closing sale price of our common stock and the number of shares of common stock issuable upon conversion of such debenture. At such time, we will instruct the trustee to determine the trading price of the debentures beginning on the next trading day and on each successive trading day until the trading price per such debenture is greater than or equal to 98% of the product of the closing sale price of our common stock and the number of shares issuable upon conversion of such debenture.

Conversion Rights Upon Notice of Redemption. A holder may surrender debentures called for redemption for conversion into shares of our common stock at any time prior to the close of business on the business day immediately preceding the redemption date, even if the debentures are not otherwise convertible at such time. A debenture for which a holder has delivered a purchase notice or a change in control purchase notice, as described below, requiring us to purchase the debenture may be surrendered for conversion only if such notice is withdrawn in accordance with the indenture.

Conversion Rights Upon Occurrence of Certain Corporate Transactions. If we are party to a consolidation, merger or binding share exchange pursuant to which shares of our common stock would be converted into cash, securities or other property, a holder may surrender debentures for conversion into shares of our common stock at any time from and after the date that is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual date of such transaction and, at the effective time, the right to convert a debenture into shares of our common stock will be changed into a right to convert such debenture into the kind and amount of cash, securities or other property of SLM Corporation or another person that the holder would have received if the holder had converted the holder’s debenture immediately prior to the transaction. If such transaction also constitutes a change in control, the holder will be able to require us to purchase all or a portion of such holder’s debentures as described under “— Change in Control Permits Purchase of Debentures by Us at the Option of the Holder.”

If we elect to:

- distribute to all holders of our common stock rights or warrants entitling them to purchase, for a period expiring within 45 days of the record date for such distribution, our common stock at less than the average closing sale price for the 10 trading days preceding the declaration date for such distribution; or
- distribute to all holders of our common stock, cash, assets, debt securities or rights to purchase our securities, which distribution has a per share value exceeding 10% of the closing sale price of our common stock on the trading day immediately preceding the declaration date for such distribution;

we must notify you at least 20 days prior to the ex-dividend date for such distribution. Once we have given such notice, you may surrender your debentures for conversion at any time until the earlier of the close of business on the business day immediately preceding the ex-dividend date or any announcement by us that such distribution will not take place. No adjustment to your ability to convert will be made if you will otherwise participate in the distribution without conversion.

Upon determination that debenture holders are or will be entitled to convert their debentures into shares of our common stock in accordance with the foregoing provisions, we will issue a press release and publish such information on our website on the World Wide Web.

Conversion Procedures

To convert your debenture into common stock you must do the following (or comply with DTC procedures for doing so in respect of your beneficial interest in debentures evidenced by a global debenture):

- complete and manually sign the conversion notice on the back of the debenture or facsimile of the conversion notice and deliver this notice to the conversion agent;
- surrender the debenture to the conversion agent;
- if required, furnish appropriate endorsements and transfer documents; if required, pay all transfer or similar taxes; and
- if required, pay funds equal to interest payable on the next interest payment date.

Pursuant to the indenture, the date on which all of the foregoing requirements have been satisfied is the conversion date.

Upon conversion of debentures, a holder will not receive any cash payment of interest (unless such conversion occurs between a regular record date and the interest payment date to which it relates). Our delivery to the holder of the full number of shares of our common stock into which the debenture is convertible, together with any cash payment for such holder's fractional shares, or cash or a combination of cash and shares of our common stock in lieu thereof, will be deemed:

- to satisfy our obligation to pay the accreted principal amount of the debenture; and
- to satisfy our obligation to pay accrued but unpaid interest, including contingent interest, if any, attributable to the period from the most recent interest payment date through the conversion date.

As a result, increases in the accreted principal amount and unpaid interest, including contingent interest, if any, through the conversion date are deemed to be paid in full rather than cancelled, extinguished or forfeited.

Notwithstanding the above, if debentures are converted after a record date but prior to the next succeeding interest payment date, holders of such debentures at the close of business on the record date will receive the interest payable on such debentures on the corresponding interest payment date notwithstanding the conversion. Such debentures, upon surrender for conversion, must be accompanied by funds equal to the amount of interest payable on the debentures so converted; *provided* that no such payment need be made if (1) we have specified a redemption date that is after a record date and prior to the date three business days after the next interest payment date, (2) we have specified a purchase date following a change in control that is during such period or (3) only to the extent of overdue interest, any overdue interest, or overdue contingent interest, if any, exists at the time of conversion with respect to such debenture.

In lieu of delivery of shares of our common stock upon conversion of any debentures, for all or any portion of the debentures, we may elect to pay holders surrendering debentures an amount in cash per debenture (or a portion of a debenture) equal to the average of the closing sale price of our common stock for the five trading day period starting the third trading day following the conversion date of the debentures multiplied by the conversion rate in effect on the conversion date. We will inform the holders through the trustee no later than two business days following the conversion date of our election to deliver shares of our common stock or to pay cash in lieu of delivery of the shares, unless we have already informed holders of our election in connection with our optional redemption of the debentures as described under “— Redemption of Debentures at Our Option.” Shares of our common stock and cash deliverable upon conversion will be delivered through the conversion agent no later than the third business day following the determination of the average stock price referred to above. If we elect to pay all of such payment in cash, the payment will be made to holders surrendering debentures no later than the tenth business day following the applicable conversion date. If an event of default, as described under “— Events of Default; Waiver and Notice” below (other than a default in a cash payment upon conversion of the debentures), has occurred and is continuing, we may not pay cash upon conversion of any debentures or portion of the debentures (other than cash for fractional shares).

For a discussion of the tax treatment for a holder converting debentures, see “Material U.S. Federal Income Tax Considerations — Tax Consequences to U.S. Holders — Sale, Exchange, Conversion or Retirement of the Debentures.”

Conversion Rate Adjustments. The conversion rate will be adjusted for:

- dividends or distributions on shares of our common stock payable in shares of our common stock or other capital stock of SLM;
- subdivisions, combinations or certain reclassifications of shares of our common stock;
- distributions to all holders of shares of our common stock of rights or warrants entitling them to purchase, for a period expiring within 45 days of the record date for such distribution, our common stock at less than the average closing sale price for the 10 trading days preceding the declaration date for such distribution;
- distributions to all holders of shares of our common stock of shares of our capital stock, evidences of indebtedness or assets, including securities but excluding:
 - rights or warrants specified above;
 - dividends or distributions specified above; and
 - cash distributions.

In the event that we make a distribution to all holders of our common stock consisting of capital stock of, or similar equity interests in, a subsidiary or other business unit of ours, the conversion rate will be adjusted based on the market value of the securities so distributed relative to the market value of our common stock, in each case based on the average closing sale prices of those securities for the 10 trading days commencing on and including the fifth trading day after the date on which “ex-dividend trading” commences for such dividend or distribution on the New York Stock Exchange or such other national or regional exchange or market on which the securities are then listed or quoted.

- distributions to all holders of shares of our common stock of cash, excluding any dividend or distribution in connection with our liquidation, dissolution or winding up, to the extent that the aggregate cash dividends per share of common stock in any twelve month period exceeds the greater of:
 - the annualized amount per share of common stock of the next preceding quarterly cash dividend on the common stock to the extent that the preceding quarterly dividend did not require an adjustment of the conversion rate pursuant to this clause, as adjusted to reflect subdivisions or combinations of the common stock; and
 - 10% of the average of the closing sale price of the common stock during the ten trading days immediately prior to the declaration date of the dividend.

If an adjustment is required to be made under this clause as a result of a distribution that is a quarterly dividend, the adjustment would be based upon the amount by which the distribution exceeds the amount of the quarterly cash dividend permitted to be excluded pursuant to this clause. If an adjustment is required to be made under this clause as a result of a distribution that is not a quarterly dividend, the adjustment would be based upon the full amount of the distribution.

- we or one of our subsidiaries makes a payment in respect of a tender offer or exchange offer for our common stock to the extent that the cash and value of any other consideration included in the payment per share of common stock exceeds the closing sale price per share of common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer.

To the extent that we adopt a rights plan during the term of the debentures, you will receive, upon conversion of your debentures, in addition to the common stock, the rights under the rights plan unless, prior

to the conversion, the rights have expired, terminated or been redeemed or unless the rights have separated from the common stock, in which case the conversion rate will be adjusted at the time of separation as if we distributed to all holders of our common stock, shares of our capital stock, evidences of indebtedness or assets as described under the fourth bullet point above, subject to readjustment in the event of the subsequent expiration, termination or redemption of such rights.

In the event of:

- any reclassification of our common stock;
- a consolidation, merger or combination involving us; or
- a sale or conveyance to another person or entity of all or substantially all of our property and assets;

in which holders of our common stock would be entitled to receive stock, other securities, other property, assets or cash for their common stock, upon conversion of your debentures you will be entitled to receive the same type of consideration which you would have been entitled to receive if you had converted the debentures into our common stock immediately prior to any of these events.

You may in certain situations be deemed to have received a distribution subject to U.S. federal income tax as a dividend in the event of any taxable distribution to holders of common stock or in certain other situations requiring a conversion rate adjustment. See “Material U.S. Federal Income Tax Considerations.”

We may, from time to time, increase the conversion rate for a period of at least 20 days if our board of directors has made a determination that this increase would be in our best interests. Any such determination by our board will be conclusive. We would give holders at least 15 days’ notice of any increase in the conversion rate. In addition, we may increase the conversion rate if our board of directors deems it advisable to avoid or diminish any income tax to holders of common stock resulting from any stock or rights distribution. See “Material U.S. Federal Income Tax Considerations.”

We will not be required to make an adjustment in the conversion rate unless the adjustment would require a change of at least 1% in the conversion rate. However, we will carry forward any adjustments that are less than 1% of the conversion rate. Except as described above in this section, we will not adjust the conversion rate for any issuance of our common stock or convertible or exchangeable securities or rights to purchase our common stock or convertible or exchangeable securities.

Contingent Interest

We will pay contingent interest to holders of the debentures during any three-month period from and including an interest payment date to but excluding the next interest payment date, commencing with the three-month period beginning July 25, 2007, only if (a) the average trading price of the debentures for a five trading day measurement period immediately preceding the first day of the applicable three-month period equals 130% or more of the accreted principal amount of the debentures, (b) the debentures are immediately convertible on the first day of such measurement period and (c) the debentures are then redeemable at our option. For example, if the debentures are successfully remarketed on any remarketing reset event date, they will not be redeemable at our option for the next four years and no contingent interest will be payable during that time. The amount of contingent interest payable in any interest period will be equal to the conversion rate in effect as of the first day of such interest period multiplied by the payment factor for such interest period. The payment factor for each interest period is set forth in the table below, subject to adjustment for any subdivisions, combinations or certain reclassifications of shares of our common stock.

Interest Period Commencing	Payment Factor*
July 25, 2007	0.37
October 25, 2007	0.37
January 25, 2008	0.40
April 25, 2008	0.40
July 25, 2008	0.40
October 25, 2008	0.40
January 25, 2009	0.44
April 25, 2009	0.44
July 25, 2009	0.44
October 25, 2009	0.44
January 25, 2010	0.49
April 25, 2010	0.49
July 25, 2010	0.49
October 25, 2010	0.49
January 25, 2011	0.54
April 25, 2011	0.54

Interest Period Commencing	Payment Factor*
July 25, 2011	0.54
October 25, 2011	0.54
January 25, 2012	0.59
April 25, 2012	0.59
July 25, 2012	0.59
October 25, 2012	0.59
January 25, 2013	0.65
April 25, 2013	0.65
July 25, 2013	0.65
October 25, 2013	0.65
January 25, 2014	0.71
April 25, 2014	0.71
July 25, 2014	0.71
October 25, 2014	0.71
January 25, 2015	0.78
April 25, 2015	0.78
July 25, 2015	0.78
October 25, 2015	0.78
January 25, 2016	0.86
April 25, 2016	0.86
July 25, 2016	0.86
October 25, 2016	0.86
January 25, 2017	0.95
April 25, 2017	0.95
July 25, 2017	0.95
October 25, 2017	0.95
January 25, 2018	1.04
April 25, 2018	1.04
July 25, 2018	1.04
October 25, 2018	1.04
January 25, 2019	1.15
April 25, 2019	1.15
July 25, 2019	1.15
October 25, 2019	1.15
January 25, 2020	1.26
April 25, 2020	1.26
July 25, 2020	1.26
October 25, 2020	1.26
January 25, 2021	1.39
April 25, 2021	1.39
July 25, 2021	1.39
October 25, 2021	1.39
January 25, 2022	1.53
April 25, 2022	1.53
July 25, 2022	1.53
October 25, 2022	1.53
January 25, 2023	1.68
April 25, 2023	1.68
July 25, 2023	1.68
October 25, 2023	1.68
January 25, 2024	1.85
April 25, 2024	1.85
July 25, 2024	1.85
October 25, 2024	1.85
January 25, 2025	2.04
April 25, 2025	2.04
July 25, 2025	2.04
October 25, 2025	2.04
January 25, 2026	2.24
April 25, 2026	2.24
July 25, 2026	2.24
October 25, 2026	2.24
January 25, 2027	2.46
April 25, 2027	2.46
July 25, 2027	2.46
October 25, 2027	2.46
January 25, 2028	2.71
April 25, 2028	2.71
July 25, 2028	2.71

October 25, 2028	2.71
January 25, 2029	2.98
April 25, 2029	2.98
July 25, 2029	2.98
October 25, 2029	2.98
January 25, 2030	3.28
April 25, 2030	3.28
July 25, 2030	3.28
October 25, 2030	3.28
January 25, 2031	3.61
April 25, 2031	3.61
July 25, 2031	3.61
October 25, 2031	3.61
January 25, 2032	3.97
April 25, 2032	3.97
July 25, 2032	3.97
October 25, 2032	3.97
January 25, 2033	4.36
April 25, 2033	4.36
July 25, 2033	4.36
October 25, 2033	4.36
January 25, 2034	4.80
April 25, 2034	4.80
July 25, 2034	4.80
October 25, 2034	4.80
January 25, 2035	5.28
April 25, 2035	5.28

* Assumes no adjustment to the payment factor.

If (a) the average trading price of the debentures for a five trading day measurement period immediately preceding the first day of the applicable three-month period equals 200% or more of the accreted principal amount of the debentures, (b) the debentures are immediately convertible on the first day of such measurement period, and (c) the debentures are redeemable at our option, we will pay an additional amount

of contingent interest for any applicable three-month period in an amount equal to .0625% of the average trading price of a debenture for the five trading day measurement period.

Contingent interest, if any, will accrue from the first day of any interest period and be payable on the interest payment date at the end of the relevant three-month period to holders of the debentures as of the record date relating to such interest payment dates.

Upon determination that debenture holders will be entitled to receive contingent interest during a relevant three-month period, we will issue a press release and publish such information on our website on the World Wide Web as soon as practicable.

Remarketing Reset Event

A remarketing reset event will occur if the applicable stock price, which is the average of the closing sale prices of our common stock over the five trading day period ending on the trading day immediately preceding each remarketing reset event date, is less than the conversion price. Remarketing reset event dates occur on July 25 of 2007, 2011, 2015, 2019, 2023, 2027 and 2031.

Appointment of Remarketing Agent and Notice to Holders. We will appoint a remarketing agent and enter into a remarketing agreement at least 30 calendar days prior to each remarketing reset event date. Each remarketing agreement will provide that the obligations of the parties are conditioned upon the occurrence of a remarketing reset event. The remarketing agent will be a nationally recognized investment banking firm and will not be one of our affiliates. At this time, our only responsibility with respect to any remarketing reset event is the appointment of the remarketing agent and compliance with the provisions of the indenture.

We will request, not later than 20 business days prior to the date by which holders must elect to tender debentures in any remarketing, that the depositary notify its participants holding debentures of (i) the potential remarketing, (ii) the procedures a holder must follow to elect to participate in the remarketing and (iii) the date by which such election must be made. Such notice also will set forth the holders' right to require us to purchase their debentures if such remarketing is not successful as described below. We will issue a press release and publish such information on our website on the World Wide Web.

Holder Notice to Participate in Remarketing. Each holder of debentures will have the right to elect to participate in a remarketing on any remarketing reset event date. In order to elect to participate in the first remarketing, holders must notify the paying agent on or before the business day prior to the remarketing reset event date of the number of debentures they wish to have remarketed if a remarketing reset event occurs on the remarketing reset event date. Holders must notify the paying agent three business days prior to the applicable remarketing reset event date for any subsequent remarketing.

Redemption. If we give notice of redemption of debentures prior to a remarketing reset event date, then no remarketing of those debentures will occur, and the terms of the debentures will not be reset. Holders who elected to have debentures remarketed will have the right, which will be deemed to be exercised, to require us to purchase such debentures at 100% of their accreted principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

Successful Remarketing. Upon a remarketing reset event and effective the related remarketing reset event date, (i) the yield on the debentures will be reset to 3-month LIBOR adjusted by a spread that permits all the debentures tendered for remarketing to be purchased by investors at a price, net of any remarketing fee, equal to 100% of their accreted principal amount; *provided* that the yield will not be reset to less than 0% per annum; (ii) the conversion rate on the debentures will be reset to equal the accreted principal amount of the debentures on that date divided by 175% of the applicable stock price, *provided* that in no event will the conversion rate exceed 26.5251 shares of our common stock per debenture, subject to adjustment; (iii) the principal amount of the debentures will accrete daily at the reset yield until the next remarketing reset event date and (iv) a holder of debentures will not have the right to require us to repurchase the debentures except in limited circumstances. The remarketing agent will communicate to the trustee, paying agent and depositing the applicable spread and new conversion rate by approximately 4:30 p.m. New York City time on the remarketing reset event date.

The remarketing agent will deduct its fee from the proceeds of any remarketing and remit the remaining proceeds, which will be at least 100% of the accreted principal amount of the debentures remarketed, to the

holders of debentures participating in such remarketing as promptly as possible following the applicable remarketing reset event date.

We have covenanted in our indenture to use our reasonable best efforts to effect the remarketing of the debentures as described in this prospectus. If in the judgment of our counsel or counsel to the remarketing agent, a current prospectus or a separate registration statement is required to effect the remarketing of the debentures, we will (i) deliver a current prospectus; (ii) use our reasonable best efforts to ensure that a registration statement covering the full accreted principal amount of debentures to be remarketed on any remarketing reset event date will be effective in a form that will enable the remarketing agent to rely on it in connection with the remarketing process or (iii) effect such remarketing pursuant to Rule 144A under the Securities Act or any other applicable exemption from registration requirements. We do not intend, directly or through our affiliates, to place bids in any remarketing. However, in the event that we and/or one of our affiliates submits a bid for the debentures in a remarketing, we will ensure that a registration statement has been filed and has been declared effective for that remarketing.

Failed Remarketing. If a remarketing of the debentures is required on any remarketing reset event date but the remarketing is not successful, each holder of debentures will have the right to require us on such remarketing reset event date to purchase for cash all or a portion of such holder's debentures at 100% of the accreted principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. Each holder must notify the paying agent on or prior to the business day immediately preceding the related remarketing reset event date of the number of debentures it wants us to purchase on such remarketing reset event date in the event of a failed remarketing. Holders who have elected to remarket debentures will be deemed to exercise this purchase right with respect to all such debentures. We will deliver payment for such repurchase as promptly as possible following the applicable remarketing reset event date. The remarketing generally will not be successful if either committed purchasers cannot be obtained for all of the debentures tendered in the remarketing at the new spread, or any committed purchasers default on their purchase obligations.

If the debentures are not successfully remarketed in a remarketing, the yield on the debentures will be reset to the rate equal to 3-month LIBOR adjusted by an applicable spread necessary, in the judgment of the remarketing agent based on bids from at least three independent nationally recognized securities dealers selected by the remarketing agent, for the debentures to trade at a price equal to 100% of their accreted principal amount. If the remarketing agent is not able to obtain bids from at least three independent nationally recognized securities dealers on a remarketing reset event date, the reset rate will be the reset rate in effect prior to such remarketing, or if no reset rate has previously been determined, the regular interest rate or yield in effect for the debentures immediately prior to the applicable remarketing reset event date.

If holders elect to remarket less than \$50,000,000 aggregate original principal amount of debentures on any remarketing reset event date, no remarketing will take place on such date and the yield of the debentures will be reset as described above. In addition, holders who elected to have debentures remarketed, but only those holders, will have the right, which will be deemed to be exercised, to require us to purchase such debentures at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

Redemption of Debentures at Our Option

Prior to July 25, 2007, the debentures will not be redeemable at our option. Beginning on July 25, 2007, we may redeem the debentures for cash at any time as a whole, or from time to time in part, except that if a remarketing reset event occurs and we have not given notice of redemption of the debentures prior to such remarketing reset event date, the debentures will not thereafter be redeemable at our option until on or after the next remarketing reset event date. The redemption price of a debenture will be the accreted principal amount of such debenture on the redemption date, plus accrued and unpaid interest, if any, to, but excluding, such date. We will give not less than 30 days nor more than 60 days notice of redemption by mail to holders of the debentures. The notice of redemption will inform the holders of our election to deliver shares of our common stock or to pay cash or a combination of cash and common stock in the event that a holder elects to convert debentures in connection with the redemption.

If we decide to redeem fewer than all of the outstanding debentures, the trustee may select the debentures by lot, pro rata, or by another method the trustee considers fair and appropriate. If the trustee

selects a portion of your debentures for partial redemption and you convert a portion of your debentures, the converted portion will be deemed to be the portion selected for redemption.

The accreted principal amount of a debenture will be equal to the original principal amount of \$1,000 per debenture increased daily by a variable yield, which until July 25, 2007 will be 0% per annum and, unless a remarketing reset event occurs, commencing on July 25, 2007 will be reset quarterly on each LIBOR reset date to a rate of 3-month LIBOR minus .05% per annum. Regardless of the level of 3-month LIBOR, however, this yield will not be less than 0% per annum. Because the redemption price of a debenture at any time is dependent upon the accreted principal amount of a debenture at that time, the redemption price cannot be determined at this time. The following table indicates what the redemption prices would be on each date below if the yield on the debentures was a constant 2.00%, 5.00% and 8.00% from July 25, 2007. This table represents an example of only three possibilities and you should realize that because LIBOR and therefore the yield on the debentures will fluctuate, any increases in accreted principal amount and redemption prices will differ, and may differ significantly, from the results below. The redemption price of a debenture redeemed between the dates below would include an additional amount reflecting the additional yield accrued and accrued contingent interest, if any, since the next preceding date in the table.

Redemption Dates	Assuming 2.00% Yield			Assuming 5.00% Yield		
	(1) Original Principal Amount	(2) Accretion	(3) Redemption Price (1)+(2)	(1) Original Principal Amount	(2) Accretion	(3) Redemption Price (1)+(2)
July 25, 2007	\$1,000.00	\$ 0.00	\$1,000.00	\$1,000.00	\$ 0.00	\$1,000.00
July 25, 2008	1,000.00	20.49	1,020.49	1,000.00	51.81	1,051.81
July 25, 2009	1,000.00	41.34	1,041.34	1,000.00	106.15	1,106.15
July 25, 2010	1,000.00	62.62	1,062.62	1,000.00	163.30	1,163.30
July 25, 2011	1,000.00	84.33	1,084.33	1,000.00	223.41	1,223.41
July 25, 2012	1,000.00	106.55	1,106.55	1,000.00	286.79	1,286.79
July 25, 2013	1,000.00	129.16	1,129.16	1,000.00	353.28	1,353.28
July 25, 2014	1,000.00	152.23	1,152.23	1,000.00	423.20	1,423.20
July 25, 2015	1,000.00	175.77	1,175.77	1,000.00	496.73	1,496.73
July 25, 2016	1,000.00	199.86	1,199.86	1,000.00	574.27	1,574.27
July 25, 2017	1,000.00	224.38	1,224.38	1,000.00	655.61	1,655.61
July 25, 2018	1,000.00	249.39	1,249.39	1,000.00	741.15	1,741.15
July 25, 2019	1,000.00	274.92	1,274.92	1,000.00	831.11	1,831.11
July 25, 2020	1,000.00	301.04	1,301.04	1,000.00	925.98	1,925.98
July 25, 2021	1,000.00	327.63	1,327.63	1,000.00	1,025.49	2,025.49
July 25, 2022	1,000.00	354.75	1,354.75	1,000.00	1,130.14	2,130.14
July 25, 2023	1,000.00	382.43	1,382.43	1,000.00	1,240.19	2,240.19
July 25, 2024	1,000.00	410.76	1,410.76	1,000.00	1,356.26	2,356.26
July 25, 2025	1,000.00	439.58	1,439.58	1,000.00	1,478.00	2,478.00
July 25, 2026	1,000.00	469.00	1,469.00	1,000.00	1,606.03	2,606.03
July 25, 2027	1,000.00	499.01	1,499.01	1,000.00	1,740.67	2,740.67
July 25, 2028	1,000.00	529.73	1,529.73	1,000.00	1,882.67	2,882.67
July 25, 2029	1,000.00	560.98	1,560.98	1,000.00	2,031.60	3,031.60
July 25, 2030	1,000.00	592.88	1,592.88	1,000.00	2,188.24	3,188.24
July 25, 2031	1,000.00	625.42	1,625.42	1,000.00	2,352.96	3,352.96
July 25, 2032	1,000.00	658.73	1,658.73	1,000.00	2,526.68	3,526.68
July 25, 2033	1,000.00	692.62	1,692.62	1,000.00	2,708.89	3,708.89
July 25, 2034	1,000.00	727.20	1,727.20	1,000.00	2,900.51	3,900.51
July 25, 2035	1,000.00	762.49	1,762.49	1,000.00	3,102.04	4,102.04

[Additional columns below]

[Continued from above table, first column(s) repeated]

Redemption Dates	Assuming 8.00% Yield		
	(1) Original Principal Amount	(2) Accretion	(3) Redemption Price (1)+(2)
July 25, 2007	\$1,000.00	\$ 0.00	\$1,000.00
July 25, 2008	1,000.00	83.85	1,083.85
July 25, 2009	1,000.00	174.47	1,174.47
July 25, 2010	1,000.00	272.67	1,272.67
July 25, 2011	1,000.00	379.08	1,379.08
July 25, 2012	1,000.00	494.71	1,494.71
July 25, 2013	1,000.00	619.69	1,619.69

July 25, 2014	1,000.00	755.11	1,755.11
July 25, 2015	1,000.00	901.86	1,901.86
July 25, 2016	1,000.00	1,061.33	2,061.33
July 25, 2017	1,000.00	1,233.68	2,233.68
July 25, 2018	1,000.00	1,420.44	2,420.44
July 25, 2019	1,000.00	1,622.82	2,622.82
July 25, 2020	1,000.00	1,842.73	2,842.73
July 25, 2021	1,000.00	2,080.42	3,080.42
July 25, 2022	1,000.00	2,337.98	3,337.98
July 25, 2023	1,000.00	2,617.07	3,617.07
July 25, 2024	1,000.00	2,920.36	3,920.36
July 25, 2025	1,000.00	3,248.14	4,248.14
July 25, 2026	1,000.00	3,603.34	4,603.34
July 25, 2027	1,000.00	3,988.23	4,988.23
July 25, 2028	1,000.00	4,406.48	5,406.48
July 25, 2029	1,000.00	4,858.53	5,858.53
July 25, 2030	1,000.00	5,348.37	6,348.37
July 25, 2031	1,000.00	5,879.17	6,879.17
July 25, 2032	1,000.00	6,455.97	7,455.97
July 25, 2033	1,000.00	7,079.38	8,079.38
July 25, 2034	1,000.00	7,754.91	8,754.91
July 25, 2035	1,000.00	8,486.92	9,486.92

Purchase of Debentures by Us at the Option of Holder

Unless a successful remarketing occurs on any of the remarketing reset event dates, which occur on July 25, 2007, 2011, 2015, 2019, 2023, 2027 or 2031, you have the right to require us to purchase all or a portion of your debentures on such date, referred to as a purchase date, if the debentures are not convertible into our common stock on such date. We will be required to purchase for cash, at a purchase price equal to 100% of the accreted principal amount thereof on the applicable purchase date plus accrued and unpaid interest, if any, to, but excluding, such purchase date, any outstanding debenture for which a written purchase notice has been properly delivered by the holder to the paying agent and not withdrawn, subject to certain additional conditions. In addition, if a remarketing does not occur because we give notice of redemption, then holders may require us to purchase all or a portion of their debentures. We may also add additional dates on which you may require us to purchase all or a portion of your debentures. However, we cannot assure you that we will add any purchase dates.

You may submit your debentures for purchase to the paying agent at any time from the opening of business on the date that is 21 business days prior to the purchase date until the close of business on the business day immediately preceding the purchase date.

We will be required to give notice on a date not less than 21 business days prior to each purchase date to all holders at their addresses shown in the register of the registrar, and to beneficial owners as required by applicable law, stating among other things, the procedures that holders must follow to require us to purchase their debentures.

To exercise this right, you must deliver a written notice to the paying agent prior to the close of business on the purchase date. Your purchase notice electing to require us to purchase your debentures must state:

- if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures;
- the number of debentures to be purchased; and
- that we are to purchase the debentures pursuant to the applicable provisions of the debentures and the indenture.

You may withdraw any purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day immediately preceding the purchase date. The notice of withdrawal must state:

- the number of withdrawn debentures;
- if certificated debentures have been issued, the certificate numbers of the withdrawn debentures, or if not, such information as may be required under applicable DTC procedures; and
- the number, if any, of debentures that remain subject to your purchase notice.

Payment of the purchase price for a debenture for which a purchase notice has been delivered and not withdrawn is conditioned upon book-entry transfer or delivery of the debenture, together with necessary endorsements, to the paying agent at its corporate trust office in New York, New York, or any other office of the paying agent, at any time after delivery of the purchase notice. Payment of the purchase price for the debenture will be made promptly following the later of the purchase date and the time of book-entry transfer or delivery of the debenture. If the paying agent holds money sufficient to pay the purchase price of the debenture on the business day following the purchase date, then, on and after the purchase date:

- the debenture will cease to be outstanding;
- interest, contingent interest and principal accretion on the debenture will cease to accrue; and
- all other rights of the holder will terminate.

This will be the case whether or not book-entry transfer of the debenture has been made or the debenture has been delivered to the paying agent, and all other rights of the holder will terminate, other than the right to receive the purchase price upon delivery of the debenture.

Our ability to satisfy our purchase obligations may be affected by the factors described in “Risk Factors Relating to the Debentures” under the heading “We may not have the ability to purchase debentures at the option of the holders or upon a change in control or to raise the funds necessary to finance the purchases.” We may be unable to purchase the debentures in the event you elect to require us to purchase your debentures as set forth above. If you elect to require us to purchase your debentures as set forth above, we may not have enough funds to pay the purchase price for all tendered debentures. Any future credit agreements or other agreements relating to our indebtedness may contain provisions prohibiting purchase of the debentures under certain circumstances. If you elect to require us to purchase your debentures as set forth above at a time when we are prohibited from repurchasing debentures, we could seek the consent of our lenders to purchase the debentures or attempt to refinance this debt. If we do not obtain consent, we would not be permitted to purchase the debentures. Our failure to purchase tendered debentures would constitute an event of default under the indenture, which might constitute a default under the terms of our other indebtedness.

Change in Control Permits Purchase of Debentures by Us at the Option of the Holder

If a change in control occurs before July 25, 2035, you will have the right, at your option, subject to the terms and conditions of the indenture, to require us to purchase for cash any or all of your debentures. We will purchase the debentures at a price equal to 100% of the accreted principal amount of the debentures to be purchased plus any accrued and unpaid interest to, but excluding, the change in control purchase date, unless such change in control purchase date falls after a record date and on or prior to the corresponding interest payment date, in which case we will pay the full amount of accrued and unpaid interest payable on such interest payment date to the holder of record at the close of business on the corresponding record date. We will be required to purchase the debentures as of the date that is not less than 20 nor more than 35 business days after the occurrence of such change in control, which we refer to as a change in control purchase date.

Under the indenture, a change in control of SLM is deemed to have occurred at such time as:

- any person, including its affiliates and associates, other than SLM, its subsidiaries or their employee benefit plans, files a Schedule 13D or TO (or any successor schedule, form or report under the Exchange Act) disclosing that such person has become the beneficial owner of 50% or more of the voting power of our common stock or other capital stock into which the common stock is reclassified or changed, with certain exceptions; or
- there shall be consummated any consolidation or merger of SLM pursuant to which our common stock would be converted into cash, securities or other property, in each case other than a consolidation or merger of SLM in which the holders of the shares of our common stock immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the total voting power in the aggregate of all classes of capital stock of the continuing or surviving corporation immediately after the consolidation or merger.

Within ten business days after the occurrence of a change in control, we are obligated to mail to the trustee and to all holders of debentures at their addresses shown in the register of the registrar and to beneficial owners as required by applicable law a notice regarding the change in control, stating, among other things:

- the events causing a change in control;
- the date of such change in control;
- the last date on which the purchase right may be exercised;
- the change in control purchase price;

- the change in control purchase date;
- the name and address of the paying agent and the conversion agent;
- the conversion rate and any adjustments to the conversion rate;
- that debentures with respect to which a change in control purchase notice is given by the holder may be converted only if the change in control purchase notice has been withdrawn in accordance with the terms of the debentures and the indenture; and
- the procedures that holders must follow to exercise these rights.

To exercise this right, you must deliver a written notice to the paying agent prior to the close of business on the business day immediately before the change in control purchase date. The required purchase notice upon a change in control must state:

- if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures;
- the number of debentures to be purchased; and
- that we are to purchase such debentures pursuant to the applicable provisions of the debentures and the indenture.

You may withdraw any change in control purchase notice by a written notice of withdrawal delivered to the paying agent prior to the close of business on the business day before the change in control purchase date. The notice of withdrawal must state:

- the number of the withdrawn debentures;
- if certificated debentures have been issued, the debenture certificate numbers, or if not, such information as may be required under applicable DTC procedures; and
- the number, if any, of debentures that remain subject to your change in control purchase notice.

A holder must either effect book-entry transfer or deliver the debentures to be purchased, together with necessary endorsements, to the office of the paying agent after delivery of the change in control purchase notice to receive payment of the change in control purchase price. You will receive payment in cash on the later of the change in control purchase date or the time of book-entry transfer or the delivery of the debentures. If the paying agent holds money or securities sufficient to pay the change in control purchase price of the debentures on the business day following the change in control purchase date, then, immediately after the change in control purchase date:

- the debentures will cease to be outstanding;
- interest will cease to accrue; and
- all other rights of the holder will terminate.

This will be the case whether or not book-entry transfer of the debentures is made or whether or not the debentures are delivered to the paying agent.

The change in control purchase feature of the debentures may in certain circumstances make more difficult or discourage a takeover of SLM. The change in control purchase feature, however, is not the result of our knowledge of any specific effort:

- to accumulate shares of common stock;
- to obtain control of SLM by means of a merger, tender offer, solicitation or otherwise; or
- by management to adopt a series of anti-takeover provisions.

Instead, the terms of the change in control purchase feature resulted from negotiations between the initial purchasers and us.

We could, in the future, enter into a number of transactions, including recapitalizations, that would not constitute a change in control with respect to the change in control purchase feature of the debentures but that would increase the amount of our (or our subsidiaries') outstanding indebtedness. No debentures may be purchased by us at the option of holders upon a change in control if there has occurred and is continuing an event of default with respect to the debentures, other than a default in the payment of the change in control purchase price with respect to the debentures.

We may be unable to purchase the debentures in the event of a change in control. If a change in control were to occur, we may not have enough funds to pay the purchase price for all tendered debentures. Any future credit agreements or other agreements relating to our indebtedness may contain provisions prohibiting purchase of the debentures under certain circumstances, or expressly prohibit our purchase of the debentures upon a change in control or may provide that a change in control constitutes an event of default under that agreement. If a change in control occurs at a time when we are prohibited from purchasing debentures, we could seek the consent of our lenders to purchase the debentures or attempt to refinance this debt. If we do not obtain consent, we would not be permitted to purchase the debentures. Our failure to purchase tendered debentures would constitute an event of default under the indenture, which might constitute a default under the terms of our other indebtedness.

Covenants

In the indenture, we promise not to create or guarantee any debt for borrowed money that is secured by a lien on the capital stock of our wholly owned subsidiary, Student Loan Marketing Association, unless we also secure the debentures on an equal or priority basis with the other secured debt. Our promise, however, is subject to an important exception: we may grant liens on that stock without securing the debentures if our board of directors determines that the liens do not materially detract from or interfere with the fair market value or control of that stock.

Except as noted above, the indenture does not restrict our ability to put liens on our interests in our subsidiaries, and it does not restrict our ability to sell or otherwise dispose of our interests in any of our subsidiaries, including Student Loan Marketing Association.

The indenture also does not contain restrictions on our ability to:

- incur, assume or become liable for any type of debt or other obligation or, except as noted above, grant liens on our assets; or
- pay dividends or make distributions on our capital stock or repurchase or redeem our capital stock.

The indenture does not require the maintenance of any financial ratios or specified levels of net worth or liquidity.

Consolidation, Merger, Sale or Conveyance

The indenture generally permits us to consolidate or merge with or be merged into another entity. It also permits us to sell or transfer all or substantially all of our property and assets. These transactions are permitted if:

- the resulting or acquiring entity, if it is not us, is organized and existing under the laws of the United States, any state thereof or the District of Columbia and assumes all of our responsibilities and liabilities under the indenture, including the payment of all amounts due on the debentures and performance of obligations under the indenture; and
- immediately after the transaction, and giving effect to the transaction, no event of default under the indenture exists; and
- we deliver to the trustee an officers' certificate and an opinion of counsel stating that the transactions comply with these conditions.

If we consolidate or merge with or merge into any other entity or sell or lease all or substantially all of our assets according to the terms and conditions of the indenture, the resulting or acquiring entity will be substituted for us in the indenture with the same effect as if it had been an original party to the indenture. As a result, the successor entity may exercise our rights and powers under the indenture, in our name and, except in the case of a lease of all or substantially all of our properties, we will be released from all our liabilities and obligations under the indenture and under the debentures.

Events of Default; Waiver and Notice

The indenture defines an event of default as one or more of the following:

1. default in payment of the accreted principal amount, redemption price, purchase price or change in control purchase price with respect to any debenture when such payment becomes due and payable;
2. default for 30 days in payment of any interest (including contingent interest and liquidated damages, if any) on the debentures;
3. failure by SLM to comply with any of its other agreements in the debentures or the indenture upon receipt by SLM of written notice of such default by the trustee or by holders of not less than 25% in aggregate original principal amount of the debentures then outstanding and SLM's failure to cure (or obtain a waiver of) such default within 60 days after receipt by SLM of such notice; and
4. events of bankruptcy, insolvency or reorganization of SLM.

If an event of default, other than an event of default described in clause (4) above, happens and is continuing, either the trustee or the holders of not less than 25% in aggregate original principal amount of the debentures then outstanding may declare the accreted principal amount of the debentures as of the date of such declaration plus any accrued and unpaid interest (including contingent interest and liquidated damages, if any) through the date of such declaration to be immediately due and payable. If an event of default described in clause (4) above occurs, the accreted principal amount of the debentures as of the date on which such event occurs plus any accrued and unpaid interest (including contingent interest and liquidated damages, if any) through the date on which such event occurs shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or the holders of the debentures. After acceleration, the holders of a majority in aggregate original principal amount of the debentures may, under certain circumstances, rescind and annul such acceleration if all events of default, other than the non-payment of accelerated principal or other specified amount, have been cured or waived.

Prior to the declaration of the acceleration of the debentures, the holders of a majority in aggregate original principal amount of the debentures may waive, on behalf of all of the holders of the debentures, any default and its consequences, except an event of default described in paragraphs (1) or (2) above, a default in respect of a provision that cannot be amended without the consent of all of the holders of the debentures or a default that constitutes a failure to convert any debentures into shares of common stock. Other than the duty to act with the required care during an event of default, the trustee will not be obligated to exercise any of its rights or powers at the request of the holders unless the holders shall have offered to the trustee reasonable indemnity. Generally, the holders of a majority in aggregate original principal amount of the debentures will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

A holder will not have any right to institute any proceeding under the indenture, or for the appointment of a receiver or a trustee, or for any other remedy under the indenture, unless:

1. the holder has previously given to the trustee written notice of a continuing event of default with respect to the debentures;
2. the holders of a least 25% in aggregate original principal amount of the debentures have made a written request and have offered reasonable indemnity to the trustee to institute the proceeding;

3. such holder or holders offer to the trustee security or indemnity satisfactory to the trustee against any loss, liability or expense; and
4. the trustee has failed to institute the proceeding and has not received direction inconsistent with the original request from the holders of a majority in aggregate original principal amount of the debentures within 60 days after the original request.

Holders may, however, sue to enforce the payment of the accreted principal amount, accrued and unpaid interest (including contingent interest and liquidated damages, if any), redemption price, purchase price or change in control purchase price with respect to any debenture on or after the due date or to enforce the right, if any, to convert any debenture without following the procedures listed in (1) through (3) above.

We will furnish the trustee an annual statement by our officers as to whether or not we are in default in the performance of the indenture and, if so, specifying all known defaults.

Modification of the Indenture

We and the trustee may, without the consent of the holders of the debentures, enter into supplemental indentures for, among others, one or more of the following purposes:

- to evidence the succession of another corporation to our company, and the assumption by such successor of our obligations under the indenture and the debentures;
- to add to our covenants, or surrender any of our rights, or add any rights for the benefit of the holders of debentures;
- to cure any ambiguity, omission, defect or inconsistency in the indenture, to correct or supplement any provision in the indenture, or to make any other provisions with respect to matters or questions arising under the indenture, so long as the interests of holders of debentures are not adversely affected in any material respect under the indenture;
- to evidence and provide for the acceptance of any successor trustee with respect to the debentures or to facilitate the administration of the trust thereunder by the trustee in accordance with such indenture; and
- to provide any additional events of default;

provided that any amendment described in the third bullet point above made solely to conform the provisions of the indenture to the description of the debentures contained in this prospectus will not be deemed to adversely affect the interests of holders of the debentures.

With certain exceptions, the indenture or the rights of the holders of the debentures may be modified by us and the trustee with the consent of the holders of a majority in aggregate original principal amount of the debentures then outstanding, but no such modification may be made without the consent of the holder of each outstanding debenture affected thereby that would:

- change the maturity of any payment of principal of or any installment of interest on any debenture (including the payment of contingent interest, if any), or
- reduce the original principal amount or accreted principal amount thereof, or
- alter the manner or rate of accretion of principal or the manner or rate of accrual of interest (including contingent interest and liquidated damages), or
- change any place of payment where, or the coin or currency in which, any debenture or interest (including the payment of contingent interest or liquidated damages, if any) thereon is payable, or
- impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof (or, in the case of redemption or repurchase, on or after the redemption date or the purchase date, as the case may be), or

- adversely affect the conversion, remarketing or repurchase provisions in the indenture, or
- reduce the quorum or voting requirements under the indenture, or
- reduce the percentage in original principal amount of the outstanding debentures, the consent of whose holders is required for any such modification, or the consent of whose holders is required for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture, or
- modify any of the provisions of certain sections of the indenture, including the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding debenture affected thereby.

Discharge of the Indenture

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding debentures or by depositing with the trustee, the paying agent or the conversion agent, if applicable, after the debentures have become due and payable, whether at stated maturity, or any redemption date, or upon conversion or otherwise, cash or common stock (as applicable under the terms of the indenture) sufficient to pay all of the outstanding debentures and paying all other sums payable by us under the indenture.

Governing Law

The indenture and the debentures are governed by and will be construed in accordance with the laws of the State of New York.

Book-Entry System

The debentures are represented by one or more global securities. Each global security has been deposited with, or on behalf of, DTC and has been registered in the name of a nominee of DTC. Except under circumstances described below, the debentures will not be issued in definitive form. Upon the issuance of a global security, DTC credits on its book-entry registration and transfer system the accounts of persons designated by the initial purchasers with the respective principal amounts of the debentures represented by the global security. Ownership of beneficial interests in a global security is limited to persons that have accounts with DTC or its nominee (“participants”) or persons that may hold interests through participants. Owners of beneficial interests in the debentures represented by the global securities will hold their interests pursuant to the procedures and practices of DTC. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of persons other than participants). The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global security.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole owner or holder of the debentures represented by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debentures represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of debentures in definitive form and will not be considered the owners or holders thereof under the indenture. Beneficial owners will not be holders and will not be entitled to any rights provided to the holders of debentures under the global securities or the indenture. Principal and interest payments, if any, on debentures registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the relevant global security. Neither we, the trustee, any paying agent or the registrar for the debentures will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial

interests in a global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that DTC or its nominee, upon receipt of any payment of principal or interest, if any, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participants.

If we redeem less than all of the global security, we have been advised that it is DTC's practice to determine by lot the amount of the interest of each participant in the global security to be redeemed.

If DTC is at any time unwilling or unable to continue as a depositary and a successor depositary is not appointed by us within 90 days or if an event of default shall occur under the indenture, we will issue debentures in definitive form in exchange for the entire global security for the debentures. In addition, we may at any time and in our sole discretion determine not to have debentures represented by a global security and, in such event, will issue debentures in definitive form in exchange for the entire global security relating to such debentures. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery in definitive form of debentures represented by such global security equal in principal amount to such beneficial interest and to have such debentures registered in its name. Debentures so issued in definitive form will be issued as registered debentures in denominations of \$1,000 original principal amount and integral multiples thereof, unless otherwise specified by us.

Trustee

JPMorgan Chase Bank is the trustee under the indenture. JPMorgan Chase Bank is an affiliate of one of the initial purchasers and has engaged and may engage in commercial and investment banking transactions with us.

Registration Rights

When we issued the debentures, we entered into a registration rights agreement with the initial purchasers. As required under that agreement, we have filed with the SEC at our expense a shelf registration statement of which this prospectus forms a part, covering the resale of the debentures and the shares of our common stock issuable upon conversion of the debentures. As required under that agreement, we also have agreed to use reasonable efforts to keep the shelf registration statement effective until the earlier of (1) the sale pursuant to Rule 144 under the Securities Act or the shelf registration statement of all the securities registered thereunder, and (2) the expiration of the holding period applicable to such securities held by persons that are not affiliates of ours under Rule 144(k) under the Securities Act or any successor provision, subject to permitted exceptions.

We may suspend the use of this prospectus under a number of circumstances relating to pending corporate developments, public filings with the SEC and similar events. Any suspension period will not exceed an aggregate of 90 days for all periods in any 12-month period.

In the registration rights agreement we agreed to pay predetermined liquidated damages as described in this prospectus to holders of transfer restricted debentures, if the shelf registration statement was not timely filed or declared effective, or if the prospectus is unavailable for periods in excess of those permitted above. Such liquidated damages would accrue until such failure to file or become effective or unavailability is cured on the debentures at an annual rate equal to 0.25% for the first 90-day period after the occurrence of such event and 0.5% thereafter of the aggregate original principal amount of the debentures outstanding.

So long as the failure to become effective or unavailability continues, we will pay liquidated damages in cash on each interest payment date for the debentures to the holder of record on the record date immediately

preceding the applicable interest payment date. When such registration default is cured, accrued and unpaid liquidated damages will be paid in cash to the record holder as of the date of such cure.

A holder who sells debentures or shares of our common stock issued upon conversion of the debentures pursuant to the shelf registration statement generally will be required to:

- be named as a selling securityholder in the related prospectus,
- deliver a prospectus to purchasers and
- be bound by certain provisions of the registration rights agreement that are applicable to such holder, including certain indemnification provisions, and will be subject to certain civil liability provisions under the Securities Act.

Under the registration rights agreement we will:

- provide copies of such prospectus to each holder that has notified us of its acquisition of debentures or shares of our common stock issued upon conversion of the debentures,
- notify each such holder when the shelf registration statement has become effective and
- take certain other actions as are required to permit, subject to the foregoing, unrestricted resales of the debentures and the shares of our common stock issued upon conversion of the debentures.

In order to be named as a selling securityholder, holders must complete and deliver to us the questionnaire, attached to the offering memorandum dated May 14, 2003 under which the debentures were originally offered and sold. Upon receipt of a completed questionnaire, together with such other information as we may reasonably request from a holder, we will, within ten business days, file such amendments to the shelf registration statement or supplements to a related prospectus as are necessary to permit such holder to deliver such prospectus to purchasers of debentures or shares of our common stock issuable upon conversion of the debentures, subject to our right to suspend the use of the prospectus as described above. We will pay the predetermined liquidated damages described above to the holder if we fail to file the amendments or supplements, as required, in the time required or, if such filing is a post-effective amendment to the shelf registration statement required to be declared effective under the Securities Act, if such amendment is not declared effective within 45 days of the filing. Any holder that does not complete and deliver a questionnaire or provide such other information as reasonably requested by us will not be named as a selling security holder in the prospectus and therefore will not be permitted to sell the debentures or shares of our common stock issuable upon conversion of the debentures pursuant to the shelf registration statement.

In no event may the method of distribution of the debentures or shares of our common stock take the form of an underwritten offering without our prior agreement.

The summary of provisions of the registration rights agreement is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, filed as an exhibit to the shelf registration statement of which this prospectus forms a part.

DESCRIPTION OF OUR CAPITAL STOCK

Our authorized capital stock consists of 1,125,000,000 shares of common stock, \$0.20 par value per share, and 20,000,000 shares of preferred stock, series A, \$0.20 par value per share.

Common Stock

As of October 31, 2003, there were 450,826,138 shares of common stock outstanding. The holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, except that stockholders are entitled to cumulative voting in the election of directors. Subject to preferences that may be applicable to any outstanding shares of preferred stock, the holders of common stock are entitled to receive ratably those dividends as may be declared by the board of directors out of funds legally available therefor. In the event of a liquidation, our dissolution or winding up, holders of the common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock. Holders of common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock, and all shares of common stock to be issued upon the conversion of the debentures are fully paid and nonassessable. Our common stock is listed on the New York Stock Exchange under the symbol "SLM."

On May 15, 2003 our stockholders approved a proposal to increase the number of authorized shares of our common stock from 375,000,000 shares to 1,125,000,000 shares. In May 2003, the Board of Directors approved a three-for-one split of our stock to be effected in the form of a stock dividend. The additional shares of stock were distributed on June 20, 2003, to all shareholders of record on June 6, 2003.

Preferred Stock

As of October 31, 2003, there were 3,300,000 shares of 6.97% cumulative redeemable preferred stock, series A, outstanding. The shares do not have any maturity date but are subject to our option, beginning November 16, 2009, to redeem the shares at any time, in whole or in part, at the redemption price of \$50 per share plus accrued and unpaid dividends up to the redemption date. The shares have no preemptive or conversion rights. The shares are described in our registration statement on Form 8-A, which we filed with the SEC on November 10, 1999 and which is incorporated by reference into this prospectus.

Dividends on the shares of the series A preferred stock are not mandatory. Holders of the series A preferred stock will be entitled to receive cumulative, quarterly cash dividends at the annual rate of \$3.485 per share, when, as, and if declared by our board of directors. For each of the years ended December 31, 2002, 2001, and 2000, we paid dividends on the series A preferred stock of \$11.5 million.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes material U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of the debentures and our common stock into which the debentures may be converted.

This discussion applies only to holders that:

- purchased the debentures at initial issuance for their “issue price” (as defined below); and
- hold the debentures and our common stock as capital assets.

This discussion does not describe all of the tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as:

- banks, thrifts, or other financial institutions;
- insurance companies;
- securities dealers or brokers, or traders in securities electing mark to market treatment;
- mutual funds or real estate investment trusts;
- small business investment companies;
- S corporations;
- partnerships or other entities classified as partnerships for U.S. federal tax purposes;
- U.S. holders (as defined below) whose functional currency is not the U.S. dollar;
- persons holding the debentures or our common stock as part of a “straddle,” “hedge,” “synthetic security” or “conversion transaction” for federal income tax purposes, or as part of some other integrated investment;
- former citizens or residents of the United States;
- persons subject to the alternative minimum tax;
- retirement plans or other tax-exempt entities, or persons holding debentures in tax-deferred or tax-advantaged accounts.

This summary also does not address:

- the tax consequences to shareholders, partners or other equity holders in, or beneficiaries of, a holder;
- the U.S. federal estate and gift tax consequences of the purchase, ownership or disposition of debentures or common stock; and
- any state, local or foreign tax consequences of the purchase, ownership or disposition of debentures or common stock.

This discussion is based on interpretations of the Internal Revenue Code of 1986, as amended (the “Code”), regulations issued thereunder, and rulings, decisions and administrative pronouncements currently in effect (or in some cases proposed), all of which are subject to change or differing interpretations. Any such change or differing interpretation may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. Persons considering the purchase of the debentures are urged to consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the laws of any state, local or foreign taxing jurisdiction.

Classification of the Debentures

The debentures will be treated for U.S. federal income tax purposes as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments (the “contingent debt regulations”). Under the indenture governing the debentures, we will agree, and by acceptance of a beneficial interest in a debenture, each holder of a debenture will be deemed to have agreed, to treat the debentures as indebtedness that is subject to the contingent debt regulations for U.S. federal income tax purposes. Pursuant to the terms of the indenture, we and every holder agree (in the absence of an administrative determination or judicial ruling to the contrary) to be bound by our application of the contingent debt regulations to the debentures, including our determination of the “projected payment schedule” (as described below) and the rate at which original issue discount income will accrue on the debentures for U.S. federal income tax purposes (which rate we refer to as the “comparable yield” of the debentures). Recently, the Internal Revenue Service (which we refer to as the IRS) issued Revenue Ruling 2002-31 and Notice 2002-36, which described instruments that are similar, although not identical, to the debentures, addressed the U.S. federal income tax treatment of these instruments, and concluded that the instruments were subject to the contingent debt regulations. In addition, the IRS also clarified various aspects of the federal income tax treatment of the instruments described in Revenue Ruling 2002-31. However, the applicability of Revenue Ruling 2002-31 to any particular instruments, such as the debentures, is uncertain. In addition, no rulings have been sought or are expected to be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. As a result, no assurance can be given that the IRS will agree with the tax characterizations and the tax consequences described below. A different treatment of the debentures for U.S. federal income tax purposes could significantly alter the amount, timing, character and treatment of income, gain or loss recognized in respect of the debentures and with respect to any tax consequences arising under the laws of any state, local or foreign tax jurisdiction. The remainder of this discussion assumes that the debentures will be treated as indebtedness subject to the contingent debt regulations as described above.

Tax Consequences to U.S. Holders

For purposes of this summary, the term “U.S. holder” means a beneficial owner of a debenture or common stock that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal tax purposes) that is created or organized in or under the laws of the United States or any State thereof (or the District of Columbia);
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons have the authority to control all of its substantial decisions.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for U.S. federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

Interest Accruals on the Debentures

Under the contingent debt regulations, a U.S. holder will be required to accrue original issue discount, taxable as ordinary income, on the debentures on a constant yield basis at an assumed yield (referred to as the “comparable yield”), regardless of whether the U.S. holder uses the cash or accrual method of accounting for U.S. federal income tax purposes. Thus, for U.S. federal income tax purposes, U.S. holders will be required to include original issue discount income in each year prior to maturity at the comparable yield, even if no interest payment is actually received in that year.

The comparable yield for the debentures is determined at the time of issuance of the debentures and is based on the yield at which we could issue a nonconvertible fixed-rate debt instrument with no contingent payments, but with terms otherwise similar to those of the debentures. The proper comparable yield for the debentures is unclear. We intend to treat the comparable yield for the debentures as 5.625%, compounded quarterly. **The comparable yield is determined solely for U.S. federal income tax purposes and does not constitute a representation by us as to the actual yield on the debentures, or the value at any time of the common stock into which the debentures may be converted.** A U.S. holder is required under the contingent debt regulations to use the comparable yield established by the issuer unless the U.S. holder timely discloses and justifies the use of a different comparable yield to the IRS. However, as mentioned above, each holder of a debenture will be deemed to have agreed under the terms of the indenture to be bound by our determination of the comparable yield for the debentures.

Under the contingent debt regulations, the amount of original issue discount income that a U.S. holder must accrue for U.S. federal income tax purposes in each accrual period prior to and including the maturity date of the debentures is an amount that equals:

- (1) the product of (i) the adjusted issue price (as defined below) of the debentures as of the beginning of the accrual period and (ii) the comparable yield of the debentures, adjusted for the length of the accrual period;
- (2) divided by the number of days in the accrual period; and
- (3) multiplied by the number of days during the accrual period that the U.S. holder held the debentures.

A debenture's issue price is the first price to the public at which a substantial amount of the debentures is sold, excluding sales to bond houses, brokers or similar persons, or organizations acting in the capacity of underwriters, placement agents or wholesalers. The adjusted issue price of a debenture is its issue price, increased by any interest income previously accrued, determined without regard to any adjustments to interest accruals described below, and decreased by the amount of any "projected payments" described on the projected payment schedule (which is described below) previously made with respect to the debentures.

The contingent debt regulations require us to construct a "projected payment schedule" for the debentures, which is used solely for U.S. federal income tax purposes. The projected payment schedule reflects an estimate of the regular and contingent interest payments on the debentures, including the fair market value of any common stock that would be received by a holder upon conversion (which is treated as a contingent payment). These estimates are adjusted to produce a yield to maturity that equals the comparable yield. Holders that wish to obtain the projected payment schedule may do so by contacting SLM Corporation, 11600 Sallie Mae Drive, Reston, Virginia 20193, Attention: Vice President Finance.

The projected payment schedule is constructed solely for U.S. federal income tax purposes and does not constitute a representation by us as to the actual amounts that will be paid on the debentures, or the value at any time of the common stock into which the debentures may be converted. A U.S. holder is required under the contingent debt regulations to use the projected payment schedule established by the issuer to determine the original issue discount accruals and adjustments in respect of a debenture, unless the U.S. holder timely discloses and justifies the use of a different projected payment schedule to the IRS. However, as mentioned above, each holder of a debenture will be deemed to have agreed under the terms of the indenture to be bound by our determination of the projected payment schedule for the debentures.

In addition to the original issue discount accruals discussed above, a U.S. holder will be required to recognize interest income equal to the amount of the excess of actual payments over projected payments (a "positive adjustment") in respect of a debenture for a taxable year. For this purpose, the actual payments in a taxable year include the fair market value of property (including our common stock) received in that year. If a U.S. holder receives actual payments that are less than the projected payments in respect of a debenture for a taxable year, the U.S. holder will incur a "negative adjustment" equal to the amount of such difference. This negative adjustment will (i) first reduce the amount of original issue discount income in respect of the debenture that a U.S. holder would otherwise be required to include in the taxable year and (ii) to the extent

of any excess, will give rise to an ordinary loss equal to that portion of such excess that does not exceed the excess of (A) the amount of all previous original issue discount income inclusions under the debenture over (B) the total amount of the U.S. holder's net negative adjustment treated as ordinary loss on the debenture in prior taxable years. A net negative adjustment is not subject to the two-percent floor limitation imposed on miscellaneous deductions under section 67 of the Code. Any negative adjustment in excess of the amounts described in (i) and (ii) will be carried forward to offset future interest income in respect of the debentures or to reduce the amount realized on a sale, exchange, conversion or retirement of the debentures.

Sale, Exchange, Conversion or Retirement of the Debentures

Upon a sale, exchange, conversion or retirement of a debenture for cash or our common stock, a U.S. holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange, conversion or retirement (including the fair market value of our common stock received, if any) and the U.S. holder's adjusted tax basis in the debenture. A U.S. holder's adjusted tax basis in a debenture will generally be equal to the U.S. holder's purchase price for the debenture increased by any original issue discount income previously accrued by the U.S. holder (determined without regard to any positive or negative adjustments to interest accruals described above) and decreased by the amount of any projected payments previously made on the debenture to the U.S. holder. A U.S. holder generally will treat any gain as original issue discount income and any loss as ordinary loss to the extent of the excess of previous original issue discount inclusions over the total negative adjustments previously taken into account as ordinary loss, and the balance as capital loss. The deductibility of capital losses is subject to limitations. A U.S. holder who claims a loss in respect of a debenture in an amount (or amounts) that meets certain thresholds may be required to file a disclosure statement with the IRS under the Treasury regulations applicable to "reportable transactions."

A U.S. holder's tax basis in our common stock received upon a conversion of a debenture will equal the then current fair market value of such common stock. The U.S. holder's holding period for the common stock received will commence on the day immediately following the date of conversion.

Constructive Dividends

A U.S. holder may be deemed to have received a taxable dividend in the event that we increase the conversion rate, either in our discretion or pursuant to the anti-dilution provisions. For example, an increase in the conversion rate in the event of distributions of our evidences of indebtedness or our assets will generally result in deemed dividend treatment to U.S. holders of the debentures.

Generally, a reasonable increase in the conversion rate in the event of stock dividends or distributions of rights to subscribe for our common stock will not be a taxable dividend.

Taxation of Distributions on Common Stock

Distributions paid on our common stock received upon a conversion of a debenture, other than certain *pro rata* distributions of common shares, will be treated as a dividend to the extent paid out of current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and will be includible in income by the U.S. holder and taxable as ordinary income when received or accrued, in accordance with such U.S. holder's method of accounting. If a distribution exceeds our current and accumulated earnings and profits, the excess will be first treated as a tax-free return of the U.S. holder's investment, up to the U.S. holder's tax basis in the common stock. Any remaining excess will be treated as a capital gain.

Sale or Other Disposition of Common Stock

Gain or loss realized by a U.S. holder on the sale or disposition of our common stock received upon a conversion of a debenture will be capital gain or loss for U.S. federal income tax purposes, and will be long-term capital gain or loss if the U.S. holder held the common stock for more than one year. The amount of the U.S. holder's gain or loss will be equal to the difference between the U.S. holder's tax basis in the

common stock disposed of and the amount realized on the disposition. A U.S. holder who sells the stock at a loss that meets the thresholds under Treasury regulations applicable to “reportable transactions” may be required to file a disclosure statement with the IRS.

Tax Consequences to Non-U.S. Holders

As used herein, the term “non-U.S. holder” means a beneficial owner of a debenture that is, for U.S. federal income tax purposes:

- a nonresident alien individual,
- a foreign corporation,
- an estate whose income is not subject to U.S. federal income tax on a net income basis, or
- a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons have the authority to control all of its substantial decisions.

Debentures

All payments on the debentures made to a non-U.S. holder, and any gain realized on a sale or exchange, conversion or retirement, of the debentures, will be exempt from U.S. federal income and withholding tax, provided that: (i) the non-U.S. holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote and is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership and is not a bank receiving certain types of interest, (ii) the certification requirement described below has been fulfilled with respect to the non-U.S. holder, (iii) such payments are not effectively connected with the conduct by such non-U.S. holder of a trade or business in the United States and (iv) in the case of gain realized on the sale, exchange, conversion or retirement of the debentures, we are not, and have not been within the shorter of the five year period preceding such sale, exchange, conversion, or retirement and the period the non-U.S. holder held the debentures, a “U.S. real property holding corporation.” We believe that we are not, and do not anticipate becoming, a U.S. real property holding corporation for U.S. federal income tax purposes. However, if a non-U.S. holder were deemed to have received a constructive dividend (see “Tax Consequences to U.S. Holders — Constructive Dividends” above), the non-U.S. holder generally will be subject to U.S. withholding tax at a 30% rate, subject to a reduction by an applicable treaty, on the taxable amount of the dividend. A non-U.S. holder that is subject to withholding tax under such circumstances should consult its tax adviser as to whether a refund is available for all or a portion of the withholding tax.

The certification requirement referred to in the preceding paragraph will be fulfilled if the beneficial owner of a debenture certifies on IRS Form W-8BEN, under penalties of perjury, that it is not a U.S. person and provides its name and address.

If a non-U.S. holder of a debenture is engaged in a trade or business in the United States, and if payments on the debenture are effectively connected with the conduct of this trade or business, the non-U.S. holder, although exempt from U.S. withholding tax, will generally be taxed in the same manner as a U.S. holder (see “Tax Consequences to U.S. Holders” above), except that the non-U.S. holder will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax. Non-U.S. holders should consult their tax advisers with respect to other tax consequences of the ownership of the debentures, including the possible imposition of a 30% branch profits tax.

Common Stock

Dividends paid to a non-U.S. holder of common stock generally will be subject to U.S. withholding tax at a 30% rate, subject to reduction under an applicable treaty. In order to obtain a reduced rate of withholding, a non-U.S. holder will be required to provide a properly executed IRS Form W-8BEN certifying its entitlement to benefits under a treaty. A non-U.S. holder that is subject to withholding tax under these

circumstances should consult its tax adviser as to whether a refund is available for all or a portion of the withholding tax.

If a non-U.S. holder of common stock is engaged in a trade or business in the United States, and if the dividends are effectively connected with the conduct of this trade or business, the non-U.S. holder, although exempt from U.S. withholding tax, will generally be taxed in the same manner as a U.S. holder (see “Tax Consequences to U.S. Holders” above), except that the non-U.S. holder will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax. Non-U.S. holders should consult their tax advisers with respect to other tax consequences of the ownership of the common stock, including the possible imposition of a 30% branch profits tax.

A non-U.S. holder generally will not be subject to U.S. federal income and withholding tax on gain realized on a sale or other disposition of the common stock received upon a conversion of a debenture, unless:

- the gain is effectively connected with the conduct by such non-U.S. holder of a trade or business in the United States;
- in the case of a non-U.S. holder who is a nonresident alien individual, the individual is present in the United States for 183 more days in the taxable year of the disposition and certain other conditions are met; or
- we are or have been a U.S. real property holding corporation at any time within the shorter of the five year period preceding such sale, exchange or disposition and the period the non-U.S. holder held the common stock.

We believe that we are not, and do not anticipate becoming, a U.S. real property holding corporation for U.S. federal income tax purposes.

If a non-U.S. holder of common stock is engaged in a trade or business in the United States, and if the gain on the common stock is effectively connected with the conduct of this trade or business, the non-U.S. holder will generally be taxed in the same manner as a U.S. holder (see “Tax Consequences to U.S. Holders” above). Non-U.S. holders should consult their own tax advisers with respect to other tax consequences of the disposition of the common stock, including the possible imposition of a 30% branch profit tax.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the debentures, common stock and the proceeds from a sale or other disposition of the debentures or common stock. A U.S. holder may be subject to U.S. backup withholding tax on these payments if it fails to provide its taxpayer identification number to the paying agent and comply with certification procedures or otherwise establish an exemption from backup withholding. A non-U.S. holder may be subject to U.S. backup withholding tax on these payments unless the non-U.S. holder complies with certification procedures to establish that it is not a United States person. The certification procedures required to claim the exemption from withholding tax on certain payments on the debentures, described above, will satisfy the certification requirements necessary to avoid the backup withholding tax as well. The amount of any backup withholding from a payment will be allowed as a credit against the holder’s U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

SELLING SECURITYHOLDERS

The debentures originally were issued by us and sold to J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated, as the initial purchasers, on May 20, 2003. The initial purchasers sold the debentures in transactions not requiring registration under the Securities Act, including sales pursuant to Rule 144A under the Securities Act, to persons reasonably believed by the initial purchasers to be qualified institutional buyers. Selling securityholders, including their transferees, pledges or donees or their successors, may from time to time offer and sell any or all of the debentures and the common stock into which the debentures are convertible under this prospectus. The selling securityholders may offer all, some or none of the debentures and the common stock.

The table below sets forth the name of each selling securityholder, the principal amounts of debentures that may be offered by each selling securityholder under this prospectus and the number of shares of common stock into which the debentures are convertible. The information is based on information provided to us by or on behalf of the selling securityholders on or prior to the date of this prospectus. The selling securityholders identified below may have sold, transferred or otherwise disposed of all or a portion of their debentures or common stock since the date on which they provided this information in transactions exempt from the registration requirements of the Securities Act. Information about the selling securityholders may change from time to time. Any changed information will be set forth in prospectus supplements or post-effective amendments, as required.

For information on the procedure for sales by selling securityholders, read the disclosure under the heading “Plan of Distribution” below.

Name of Selling Securityholder(1)	Principal Amount of Debentures Beneficially Owned That May Be Offered	Number of Shares of Common Stock Beneficially Owned Upon Conversion of the Debentures That May Be Offered(2)(3)	Principal Amount of Debentures Beneficially Owned After Completion of the Offering(4)	Number of Shares of Common Stock Beneficially Owned After Completion of the Offering(4)
ADI Alternative Investments c/o Kallista Master Fund	\$10,500,000	278,513		
AIG DKR SoundShore Oasis Holding Fund Ltd.	\$25,000,000	663,127		
AIG DKR SoundShore Opportunity Holding Fund Ltd.	\$ 3,000,000	79,575		
Argent LowLev Convertible Arbitrage Fund Ltd.	\$24,500,000	649,864		
Aviva Life Insurance Co.	\$ 1,500,000	39,787		
Bear, Stearns & Co. Inc.	\$37,500,000	994,691		
Black Diamond Convertible Offshore LDC	\$ 5,536,000	146,842		
Black Diamond Offshore Ltd.	\$ 3,077,000	81,617		
CGNU Life Fund	\$ 2,400,000	63,660		
Citigroup Global Markets Inc.	\$82,500,000	2,188,320		
CNH CA Master Account, L.P.	\$ 1,000,000	26,525		
The Coast Fund, L.P.	\$ 5,000,000	132,625		
Commercial Union Life Fund	\$ 3,000,000	79,575		
CQS Convertible & Quantitative Strategies Master Fund Limited	\$15,000,000	397,876		
Davidson Kempner Institutional Partners	\$ 9,435,000	250,264		
Davidson Kempner International Limited	\$10,190,000	270,290		
Davidson Kempner Partners	\$ 4,945,000	131,166		
Deutsche Bank AG London	\$26,700,000	708,220		
Double Black Diamond Offshore LDC	\$15,823,000	419,706		

Name of Selling Securityholder(1)	Principal Amount of Debentures Beneficially Owned That May Be Offered	Number of Shares of Common Stock Beneficially Owned Upon Conversion of the Debentures That May Be Offered(2)(3)	Principal Amount of Debentures Beneficially Owned After Completion of the Offering(4)	Number of Shares of Common Stock Beneficially Owned After Completion of the Offering(4)
Fore Convertible Master Fund Ltd.	\$ 12,000,000	318,301		
Gaia Offshore Master Fund Ltd.	\$ 6,400,000	169,760		
Guggenheim Portfolio Company VII, LLC	\$ 4,000,000	106,100		
KBC Financial Products [Cayman Islands] Ltd	\$ 25,500,000	676,390		
Laurel Ridge Capital, LP	\$ 10,000,000	265,251		
Lehman Brothers Inc.	\$ 26,000,000	689,652		
Lyxor/Gaia II Fund Ltd.	\$ 1,800,000	47,745		
Man Mac 1 Limited	\$ 4,000,000	106,100		
M.H. Davidson & Co.	\$ 430,000	11,405		
Nisswa Master Fund Ltd.	\$ 2,000,000	53,050		
Norwich Union Life and Pensions	\$ 4,500,000	119,362		
Polygon Global Opportunities Master Fund	\$ 25,000,000	663,127		
President & Fellows of Harvard College	\$ 25,000,000	663,127		
Privelege Portfolio Sicav	\$ 1,900,000	50,397		
Quest Global Convertible Master Fund, Ltd.	\$ 2,000,000	53,050		
SAM Investments, LDC	\$ 125,000,000	3,315,637		
Shepherd Investments International, Ltd.	\$ 25,000,000	663,127		
Silverback Master LTD	\$ 50,000,000	1,326,255		
Stark International	\$ 25,000,000	663,127		
Susquehanna Capital Group	\$ 43,000,000	1,140,579		
Swiss Re Financial Products Corporation	\$ 45,000,000	1,193,629		
TD Securities (USA), Inc.	\$ 58,000,000	1,538,455		
Tempo Master Fund LP	\$ 10,000,000	265,251		
Topanga XI	\$ 1,800,000	47,745		
Tribeca Investments LTD	\$ 25,000,000	663,127		
Wachovia Bank National Association	\$ 22,500,000	596,814		
Waterstone Market Neutral Fund, LP	\$ 848,000	22,493		
Waterstone Market Neutral Offshore Fund, Ltd.	\$ 3,652,000	96,869		
White River Securities L.L.C.	\$ 37,500,000	994,691		
Worldwide Transactions Ltd.	\$ 564,000	14,960		
Any other beneficial owner or future transferee, pledgee, donee or successor of or from any such beneficial owner (5)(6)	\$1,100,500,000	29,190,872		
Total	\$2,000,000,000	53,050,200		

(1) Also includes any sale of the debentures and the underlying common stock by pledgees, donees, transferees or other successors in interest that receive such securities by pledge, gift, distribution or other non-sale related transfer from the named selling securityholders.

(2) Assumes conversion of all of the selling securityholder's debentures at the maximum conversion rate of 26.5251 shares per debenture and a cash payment in lieu of the issuance of any fractional share interest. However, this maximum conversion rate is subject to anti-dilution adjustments as described under "Description of the Debentures — Conversion Rights." As a result, the number of shares of common stock issuable upon conversion of the debentures may increase or decrease in the future.

- (3) Reflects rounding down of fractional common stock issuable to each selling securityholder upon conversion of the debentures.
- (4) Because the selling securityholders may offer all or some portion of the debentures or the common stock into which the debentures are convertible, we cannot estimate the amount of debentures or common stock to be offered by the securityholders or that may be held by the selling securityholders upon the completion of any sales. No selling securityholder will own more than 1% of our outstanding common stock after the offering by such securityholder.
- (5) This amount represents debentures held by selling securityholders who have not yet submitted to us their selling securityholder questionnaires. Information regarding such securityholders will be set forth in a post-effective amendment to the registration statement of which this prospectus is a part before such selling securityholders offer any debentures or common stock issuable upon conversion of the debentures pursuant to this prospectus. The only securities that may be included in the registration statement of which this prospectus is a part are the debentures issued on May 20, 2003 and the common stock issued or issuable upon conversion of the debentures.
- (6) Assumes that any other holders of debentures, or any future transferees, pledgees, donees or successors of or from any such other holders of debentures, do not beneficially own any common stock other than the common stock issuable upon conversion of the debentures.

None of the selling securityholders listed above has, or within the past three years had, any position, office or any material relationship with us, any of our predecessors or any of our affiliates.

To the extent that any of the selling securityholders identified above are broker-dealers, they are deemed to be, under interpretations of the Securities and Exchange Commission, “underwriters” within the meaning of the Securities Act.

With respect to selling securityholders that are affiliates of broker-dealers, we believe that such entities acquired their debentures or underlying common stock in the ordinary course of business and, at the time of the purchase of the debentures or the underlying common stock, such selling securityholders had no agreements or understandings, directly or indirectly, with any person to distribute the debentures or underlying common stock. To the extent that we become aware that such entities did not acquire their debentures or underlying common stock in the ordinary course of business or did have such an agreement or understanding, we will file a post-effective amendment to the registration statement of which this prospectus forms a part to designate such affiliate as an “underwriter” within the meaning of the Securities Act.

Only selling securityholders identified above who beneficially own the securities set forth opposite each such selling securityholder’s name in the foregoing table on the effective date of the registration statement of which this prospectus forms a part, may sell such securities pursuant to the registration statement. Information about other selling securityholders will be set forth in a post-effective amendment to the registration statement of which this prospectus forms a part.

PLAN OF DISTRIBUTION

The debentures and the underlying common stock are being registered to permit the resale of such securities by the holders of them from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling securityholders of the debentures and common stock. We will bear the fees and expenses incurred in connection with our obligation to register the debentures and the underlying common stock. These fees and expenses include, without limitation, registration and filing fees, printing and duplications expenses, fees and disbursements of our counsel, reasonable fees and disbursements of the trustee and its counsel and of the registrar and transfer agent for the common stock. However, the selling securityholders will pay all underwriting discounts, commissions and agent's commissions, if any.

The selling securityholders may offer and sell the debentures and the common stock into which the debentures are convertible from time to time in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale or at negotiated prices. Such sales may be effected by a variety of methods, including the following:

- in market transactions;
- in privately negotiated transactions;
- through the writing of options;
- in a block trade in which a broker-dealer will attempt to sell a block of securities as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- if we agree to it prior to the distribution, through one or more underwriters on a firm commitment or best-efforts basis;
- through broker-dealers, which may act as agents or principals;
- directly to one or more purchasers;
- through agents; or
- in any combination of the above or by any other legally available means.

In connection with the sales of the debentures and the common stock into which the debentures are convertible or otherwise, the selling securityholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the offered securities, short and deliver the debentures and the common stock into which the debentures are convertible to close out such short positions, or loan or pledge the debentures and the common stock into which the debentures are convertible to broker-dealers that in turn may sell such securities.

If a material arrangement with any underwriter, broker, dealer or other agent is entered into for the sale of any debentures and the common stock into which the debentures are convertible through a secondary distribution or a purchase by a broker or dealer, or if other material changes are made in the plan of distribution of the debentures and the common stock into which the debentures are convertible, a prospectus supplement will be filed, if necessary, under the Securities Act disclosing the material terms and conditions of such arrangement. The underwriter or underwriters with respect to an underwritten offering of debentures and the common stock into which the debentures are convertible and the other material terms and conditions of the underwriting will be set forth in a prospectus supplement relating to such offering and, if an underwriting syndicate is used, the managing underwriter or underwriters will be set forth on the cover of the prospectus supplement. In connection with the sale of the debentures and the common stock into which the debentures are convertible, underwriters will receive compensation in the form of underwriting discounts or commissions and may also receive commissions from purchasers of debentures and underlying common stock for whom they may act as agent. Underwriters may sell to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters or commissions from the purchasers for whom they may act as agent.

To our knowledge, there are currently no plans, arrangements or understandings between any selling securityholders and any underwriter, broker-dealer or agent regarding the sale of the debentures or the underlying common stock by the selling securityholders. Selling securityholders may decide not to sell all or a portion of the debentures or the underlying common stock offered by them pursuant to this prospectus or may decide not to sell debentures or the underlying common stock under this prospectus. In addition, any selling securityholder may transfer, devise or give the debentures or the underlying common stock by other means not described in this prospectus. Any debentures or underlying common stock covered by this prospectus that qualify for sale pursuant to Rule 144 or Rule 144A of the Securities Act may be sold under Rule 144 or Rule 144A rather than pursuant to this prospectus.

The selling securityholders and any underwriters, broker-dealers or agents participating in the distribution of the debentures and the common stock into which the debentures are convertible may be deemed to be “underwriters” within the meaning of the Securities Act, and any profit on the sale of the debentures or common stock by the selling securityholders and any commissions received by any such underwriters, broker-dealers or agents may be deemed to be underwriting commissions under the Securities Act. If the selling securityholders were deemed to be underwriters, the selling securityholders may be subject to statutory liabilities including, but not limited to, those of Sections 11, 12 and 17 of the Securities Act and Rule 10b-5 under the Exchange Act.

The selling securityholders and any other person participating in the distribution will be subject to the applicable provisions of the Exchange Act and the rules and regulations under the Exchange Act, including, without limitation, Regulation M, which may limit the timing of purchases and sales of any of the debentures and the common stock into which the debentures are convertible by the selling securityholders and any other relevant person. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution of the debentures and the common stock into which the debentures are convertible to engage in market-making activities with respect to the particular debentures and the common stock into which the debentures are convertible being distributed. All of the above may affect the marketability of the debentures and the common stock into which the debentures are convertible and the ability of any person or entity to engage in market-making activities with respect to the debentures and the common stock into which the debentures are convertible.

Under the securities laws of certain states, the debentures and the common stock into which the debentures are convertible may be sold in those states only through registered or licensed brokers or dealers. In addition, in certain states the debentures and the common stock into which the debentures are convertible may not be sold unless the debentures and the common stock into which the debentures are convertible have been registered or qualified for sale in the state or an exemption from registration or qualification is available and complied with.

We have agreed to indemnify the selling securityholders against certain civil liabilities, including certain liabilities arising under the Securities Act, and the selling securityholders will be entitled to contribution from us in connection with those liabilities. The selling securityholders will indemnify us against certain civil liabilities, including liabilities arising under the Securities Act, and we will be entitled to contribution from the selling securityholders in connection with those liabilities.

We are permitted to suspend the use of this prospectus under certain circumstances relating to corporate developments, public filings with the SEC and similar events for a period not to exceed an aggregate of 90 days for all periods in any 12-month period. If the duration of such suspension exceeds the above-mentioned period, we have agreed to pay liquidated damages. Please refer to the section entitled “Description of Debentures—Registration Rights.”

LEGAL MATTERS

Legal matters regarding the debentures have been passed upon for us by Marianne M. Keler, our general counsel, and by Cadwalader, Wickersham & Taft LLP. The validity of the debentures have been passed upon for the initial purchasers by Shearman & Sterling LLP. Ms. Keler owns shares of our common stock and holds stock options and stock-based awards under our compensation and management incentive plans.

EXPERTS

The financial statements for the fiscal years ended December 31, 2001 and 2000 have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto. On May 7, 2002, our board of directors decided no longer to engage Arthur Andersen LLP as our independent accountants. Arthur Andersen LLP has ceased operations in the United States. We have retained PricewaterhouseCoopers LLP as our independent public accountants.

We have not been able to obtain, after reasonable efforts, the written consent of Arthur Andersen LLP to the inclusion of their report in this prospectus. Therefore, you will not be able to sue Arthur Andersen LLP under Section 11 of the Securities Act and your right of recovery under that section for any untrue statements of material fact contained in the financial statements audited by Arthur Andersen LLP and incorporated by reference or any omissions to state a material fact required to be stated therein may be limited.

The consolidated financial statements as of and for the fiscal year ended December 31, 2002 (other than the interim financial information contained in any Form 10-Q Report incorporated by reference in this prospectus) incorporated by reference into this prospectus and registration statement have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report thereto, and are incorporated by reference herein in reliance upon the report of said firm given as experts in accounting and auditing.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following table sets forth all expenses payable by us in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions.

Registration Fee	\$161,800
Printing Expenses	\$150,000*
Legal Fees and Expenses	\$190,000*
Accounting Fees and Expenses	\$ 20,000*
Blue Sky Fees and Expenses	\$ 10,000*
Trustee, Transfer Agent and Registrar Fees and Expenses	\$ 20,000*
Rating Agency Fees and Expenses	\$250,000*
Miscellaneous	\$ 25,000*
	—
Total	\$826,800

* estimated.

Item 15. Indemnification of Officers and Directors

Article VIII of SLM Corporation's By-Laws provides for indemnification of the officers and directors of SLM Corporation to the fullest extent permitted by applicable law. Section 145 of the Delaware General Corporation Law provides, in relevant part, that a corporation organized under the laws of Delaware shall have the power, and in certain cases the obligation, to indemnify any person who was or is a party or is threatened to be made a party to any suit or proceeding because such person is or was a director, officer, employee or agent of the corporation or is or was serving, at the request of the corporation, as a director, officer, employee or agent of another corporation, against all costs actually and reasonably incurred by him in connection with such suit or proceeding if he 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 proceeding, he had no reason to believe his conduct was unlawful. Similar indemnity is permitted to be provided to such persons in connection with an action or suit by or in right of the corporation, provided such person acted in good faith and in a manner he believed to be in or not opposed to the best interests of the corporation, and provided further (unless a court of competent jurisdiction otherwise determines) that such person shall not have been adjudged liable to the corporation.

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

Item 16. Exhibits

The following exhibits are filed herewith or incorporated by reference:

Exhibit No.	Description of Document
**4.1	Indenture, dated as of May 20, 2003, between the registrant and JPMorgan Chase Bank, as trustee, relating to the Floating Rate Convertible Senior Debentures due 2035.
4.2	Form of Floating Rate Convertible Senior Debenture due 2035 (attached to Exhibit 4.1).

Exhibit No.	Description of Document
*4.3	Registration Rights Agreement, dated as of May 20, 2003, among the registrant and J.P. Morgan Securities, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated, relating to the Floating Rate Convertible Senior Debentures due 2035.
4.4	Amended and Restated Certificate of Incorporation of SLM Corporation, as amended by the first, second and third amendments thereto (incorporated by reference to Exhibit 4.4 of the registrant's pre-effective amendment no. 1 to registration statement on Form S-3/A (File No. 333-107132)).
4.5	Bylaws of SLM Corporation (incorporated by reference to Exhibit 3.2 of the registrant's annual report on Form 10-K for the period ended December 31, 2000 (File No. 1-13251)).
*5.1	Opinion of Marianne M. Keler, Esq.
**8.1	Opinion of Cadwalader, Wickersham & Taft LLP as to material U.S. federal income tax considerations.
*12.1	Statement of Computation of Ratio of Earnings to Fixed Charges.
23.1	Consent of Marianne M. Keler, Esq. (included in Exhibit 5.1).
*23.2	Consent of PricewaterhouseCoopers LLC, as independent accountants.
23.3	Consent of Cadwalader, Wickersham & Taft LLP (included in Exhibit 8.1).
*25.1	Statement of Eligibility of Trustee on Form T-1 of JPMorgan Chase Bank.

* Previously filed with this registration statement.

** Filed herewith.

Item 17. Undertakings

The undersigned registrant hereby undertakes:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

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

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

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in the post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offering herein, and the offering of such securities at the time shall be deemed to be the initial *bona fide* offering thereof.

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

(4) For purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section (15) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at the time shall be deemed to be the initial *bona fide* offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(6) That, for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(7) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(8) The undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, SLM Corporation certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Reston, State of Virginia, on November 5, 2003.

SLM CORPORATION

/s/ ALBERT L. LORD*

By: Albert L. Lord
Its: *Chief Executive Officer*

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ EDWARD A. FOX*</u> Edward A. Fox	Chairman of the Board of Directors	November 5, 2003
<u>/s/ ALBERT L. LORD*</u> Albert L. Lord	Vice Chairman and Chief Executive Officer (principal executive officer and director)	November 5, 2003
<u>/s/ JOHN F. REMONDI*</u> John F. Remondi	Executive Vice President, Finance (principal financial officer)	November 5, 2003
<u>/s/ C.E. ANDREWS*</u> C.E. Andrews	Executive Vice President, Accounting and Risk Management (principal accounting officer)	November 5, 2003
<u>/s/ CHARLES L. DALEY*</u> Charles L. Daley	Director	November 5, 2003
<u>/s/ WILLIAM M. DIEFENDERFER III*</u> William M. Diefenderfer III	Director	November 5, 2003
<u>/s/ THOMAS J. FITZPATRICK*</u> Thomas J. Fitzpatrick	Director	November 5, 2003
<u>/s/ DIANE SUITT GILLELAND*</u> Diane Suitt Gilleland	Director	November 5, 2003
<u>/s/ EARL A. GOODE*</u> Earl A. Goode	Director	November 5, 2003
<u>/s/ ANN TORRE GRANT*</u> Ann Torre Grant	Director	November 5, 2003
<u>/s/ RONALD F. HUNT*</u> Ronald F. Hunt	Director	November 5, 2003
<u>/s/ BENJAMIN J. LAMBERT, III*</u> Benjamin J. Lambert, III	Director	November 5, 2003

Signature	Title	Date
/s/ BARRY A. MUNITZ*	Director	November 5, 2003
Barry A. Munitz		
/s/ A. ALEXANDER PORTER, JR.*	Director	November 5, 2003
A. Alexander Porter, Jr.		
/s/ WOLFGANG SCHOELLKOPF*	Director	November 5, 2003
Wolfgang Schoellkopf		
/s/ STEVEN L. SHAPIRO*	Director	November 5, 2003
Steven L. Shapiro		
/s/ BARRY LAWSON WILLIAMS*	Director	November 5, 2003
Barry Lawson Williams		

*By:

/s/ JOHN F. REMONDI

John F. Remondi
Attorney-in-Fact

EXHIBIT INDEX

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4.5	Bylaws of SLM Corporation (incorporated by reference to Exhibit 3.2 of the registrant's annual report on Form 10-K for the period ended December 31, 2000 (File No. 1-13251)).
*5.1	Opinion of Marianne M. Keler, Esq.
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*12.1	Statement of Computation of Ratio of Earnings to Fixed Charges.
23.1	Consent of Marianne M. Keler, Esq. (included in Exhibit 5.1).
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*25.1	Statement of Eligibility of Trustee on Form T-1 of JPMorgan Chase Bank.

* Previously filed with this registration statement.

** Filed herewith.

SLM CORPORATION

Floating Rate Convertible
Senior Debentures due 2035

INDENTURE

Dated as of May 20, 2003

JPMORGAN CHASE BANK
TRUSTEE

SLM CORPORATION

CROSS REFERENCE SHEET*

THIS CROSS REFERENCE SHEET SHOWS THE LOCATION IN THE INDENTURE OF THE PROVISIONS INSERTED PURSUANT TO SECTION 310-318(a), INCLUSIVE, OF THE TIA.

TRUST INDENTURE ACT	Sections of Indenture
310(a)(1)(2)	5.09
(3)(4)	Inapplicable
(5)	5.09
(b)	5.07 and 5.09
(b)(1)(A)(C)	Inapplicable
(c)	Inapplicable
311(a)(b)	5.10
(c)	Inapplicable
313(a)	6.03
(b)(1)	Inapplicable
(2)	6.03
(c)	17.03
(d)	6.03
314(a)	6.04, 0 and 17.03
(b)	Inapplicable
(c)(1)(2)	1.02
(3)	Inapplicable
(d)	Inapplicable
(e)	1.02
315(a)(b)(d)	5.01
(b)	5.05
(e)	4.14
316(a)(1)	4.12 and 4.13
(2)	Inapplicable
(b)	4.08
(c)	1.04(e)
317(a)	4.03 and 4.04
(b)	9.03
318(a)(c)	1.04(e)
(b)	Inapplicable

* The Cross Reference Sheet is not part of the Indenture.

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ANNEX A – Form of Global Security

INDENTURE, dated as of the 20th day of May, 2003, between SLM CORPORATION, a Delaware corporation (the “**Company**”), and JPMORGAN CHASE BANK, a national banking association organized under the laws of the United States (the “**Trustee**”).

WHEREAS, for its lawful corporate purposes, the Company deems it necessary to issue its securities and has duly authorized the execution and delivery of this Indenture to provide for the issuance of its Floating Rate Convertible Senior Debentures due 2035 (the “**Securities**”).

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed by the Company and by the Trustee, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE 1
Definitions And Other Provisions of General Application

Section 1.01. Certain Terms Defined. *Definitions.*

“**Accreted Interest**” means, for any Interest Period for any Security as of any date of determination, (i) the Accreted Principal Amount of such Security at the beginning of the Interest Period in which such date occurs, multiplied by (ii) the Applicable Yield for such Interest Period, multiplied by (iii) the quotient of the actual number of days elapsed from and including the first day of such Interest Period, to but excluding the date of determination divided by 360; *provided that* the Accreted Interest for any full Interest Period shall be calculated by reference to the actual number of days in such Interest Period divided by 360.

“**Accreted Principal Amount**” means, for any Security as of any date of determination, (i) the Original Principal Amount of such Security, plus (ii) the sum of the Accreted Interest for each Interest Period concluding on or prior to such date, plus (iii) the Accreted Interest for the Interest Period in which such date occurs as of the date of determination.

“**Affiliate**” of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, “control” when used with respect to any specified person means the power to direct or cause the direction of the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“**Applicable Stock Price**” means (i) in respect of a Conversion Date, the average of the Closing Sale Prices per share of Common Stock over the five-Trading Day period starting the third Trading Day following such Conversion Date and (ii) in respect of a Remarketing Reset Event, the average of the Closing Sale Prices per share of Common Stock over the five Trading Day period ending on the Trading Day immediately preceding a Remarketing Reset Event Date. If an issuance, distribution, subdivision or combination of the Common Stock to which Section 11.11 applies occurs during the period applicable for calculating Applicable Stock Price,

then Applicable Stock Price shall be calculated for such period in a manner determined by the Board of Directors to reflect the impact of such issuance, distribution, subdivision or combination on the Closing Sale Price of the Common Stock during such period.

“**Applicable Yield**” means (1) prior to July 25, 2007, 0%, (2) unless a Remarketing Reset Event occurs, from and after July 25, 2007, for any Interest Period, a rate equal to 3-Month LIBOR determined on the LIBOR Determination Date relating to the LIBOR Reset Date for such Interest Period, minus .05% and (3) if a Remarketing Reset Event occurs, from and after such Remarketing Reset Event Date, for any Interest Period, the Reset Yield for such Interest Period; provided that in no event shall the Applicable Yield be less than 0%.

“**Board of Directors**” means either the board of directors of the Company or any duly authorized committee of such board.

“**Board Resolution**” shall mean a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close.

“**Capital Stock**” means, as to shares of a corporation, outstanding shares of stock of any class, whether now or hereafter authorized, irrespective of whether such class shall be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends and in the distribution of assets upon the voluntary liquidation, dissolution or winding up of such corporation.

“**Closing Sale Price**” of the shares of Common Stock on any date means the closing sale price per share (or, if no closing sale price is reported, the average of the closing bid and ask prices or, if more than one in either case, the average of the average closing bid and the average closing ask prices) on such date as reported on the principal United States securities exchange on which shares of Common Stock are traded or, if the shares of Common Stock are not listed on a United States national or regional securities exchange, as reported by Nasdaq or by the National Quotation Bureau Incorporated. In the absence of such quotations, the Company shall be entitled to determine the Closing Sale Price on the basis it considers appropriate. The Closing Sale Price shall be determined without reference to extended or after hours trading.

“**Commission**” means the Securities and Exchange Commission.

“**Common Stock**” shall mean the shares of Common Stock, \$0.20 par value, of the Company as it exists on the date of this Indenture or any other shares of capital stock of the Company into which the Common Stock shall be reclassified or changed.

“**Company**” means the party named as the “Company” in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any such subsequent successor or successors.

“**Company Request**” or “**Company Order**” means a written request or order signed in the name of the Company by any Officer and delivered to the Trustee.

“**Contingent Interest**” means such cash interest payable as described in Article 14.

“**Conversion Price**” means, as of any date of determination, a dollar amount derived by dividing the Accreted Principal Amount as of such date of \$1,000 Original Principal Amount of Securities by the Conversion Rate then in effect.

“**Conversion Rate**” with respect to any Conversion Date means 5.0524 shares of Common Stock subject to adjustment as set for in Article 11.

“**Corporate Trust Office**” means the principal office of the Trustee at which at any time its corporate trust business shall be administered, which office at the date hereof is located at JPMorgan Chase Bank, 4 New York Plaza, New York, New York 10004-2477, Attention: Capital Markets Financial Services, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as a successor Trustee may designate from time to time by notice to the Holders and the Company).

“**Custodian**” means any Person appointed by the Trustee to act as custodian of Global Securities for the Depository. The Trustee initially appoints itself as Custodian.

“**Default**” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“**Global Security**” or “**Global Securities**” means Securities that are in the form of the Securities attached hereto as Annex A.

“**Holder**” means a person in whose name a Security is registered on the Registrar’s books.

“**Indenture**” means this Indenture, as amended or supplemented from time to time in accordance with the terms hereof, including the provisions of the TIA that are deemed to be a part hereof.

“**Interest Payment Date**” means January 25, April 25, July 25 and October 25 of each year, subject to Section 1.09, commencing July 25, 2003, until July 25, 2007.

“**Interest Period**” means (1) prior to July 25, 2007, the period from and including the most recent Interest Payment Date to which interest has been paid or duly made available for payment (or May 20, 2003 if no interest has been paid or been duly made available for payment) to, but excluding, the next succeeding Interest Payment Date, or any earlier Change in Control Purchase Date, (2) unless a Remarketing Reset Event occurs, from and after July 25, 2007, the period from and including each LIBOR Reset Date to but excluding the next succeeding LIBOR

Reset Date, or, if earlier, the Stated Maturity, any Redemption Date, any Purchase Date or any Change in Control Purchase Date, and (3) if a Remarketing Reset Event occurs, from and after such Remarketing Reset Event Date, the period from and including the applicable Remarketing Reset Event Date to but excluding the next succeeding Remarketing Reset Event Date, or, if earlier, the Stated Maturity or any Remarketing Purchase Date.

“**Issue Date**” of any Security means the date on which the Security was originally issued or deemed issued as set forth on the face of the Security.

“**Legal Holiday**” means a day that is not a Business Day.

“**LIBOR Determination Date**” means the day that is two London and New York City business days before the related LIBOR Reset Date.

“**LIBOR Reset Date**” means January 25, April 25, July 25 and October 25 of each year, commencing July 25, 2003; *provided that*, if any LIBOR Reset Date would otherwise be a day that is not a Business Day, such LIBOR Reset Date shall be postponed to the next succeeding Business Day, except, if such Business Day falls in the next succeeding calendar month, such LIBOR Reset Date will be the immediately preceding Business Day.

“**Liquidated Damages**” means the Liquidated Damages Amount (as defined in the Registration Rights Agreement).

“**London banking day**” means a day on which commercial banks are open for business, including dealings in United States dollars, in London.

“**Maximum Conversion Rate**” means 8.8417 shares of Common Stock, subject to adjustment as set forth in Article 11.

“**Moneyline Telerate Page 3750**” means the display on Moneyline Telerate (or any successor service) on such page (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for United States dollars.

“**Nasdaq**” means the National Association of Securities Dealers Automated Quotation System.

“**Officer**” means the Chairman of the Board, a Vice Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Controller, any Assistant Controller, the Secretary, or any Assistant Secretary of the Company.

“**Officer’s Certificate**” means a written certificate containing the information specified in Section 1.02, signed in the name of the Company by any one Officer and delivered to the Trustee. An Officer’s Certificate given pursuant to Section 9.04 need not contain the information specified in Section 1.02.

“**Opinion of Counsel**” means a written opinion containing the information specified in Section 1.02 from legal counsel that is delivered to the Trustee. The counsel may be an employee of, or counsel to, the Company.

“Original Principal Amount” of a Security means the stated Original Principal Amount as set forth on the face of such Security.

“person” or **“Person”** means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

“Predecessor Security” of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 2.06 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

“Principal Subsidiary” means the Company’s wholly owned Subsidiary, Student Loan Marketing Association.

“Purchase Agreement” means the Purchase Agreement, dated as of May 14, 2003 among the Company and J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated, as initial purchasers.

“Redemption Date” means the date specified for redemption of the Securities in accordance with the terms of the Securities and this Indenture.

“Redemption Price” means, when used with respect to any Security to be redeemed, 100% of the Accreted Principal Amount of such Security as of the Redemption Date, plus accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding, the Redemption Date.

“Registration Rights Agreement” means the Registration Rights Agreement, dated as of May 20, 2003 among the Company, J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated, as the initial purchasers named in the Purchase Agreement.

“Regular Record Date” for the interest payable on any Interest Payment Date means the January 10, April 10, July 10 or October 10, as the case may be, immediately preceding such Interest Payment Date.

“Remarketing Agent” means the remarketing agent appointed by the Company and any successor or replacement remarketing agent appointed by the Company.

“Remarketing Agreement” means, with respect to a remarketing on a Remarketing Reset Event Date, the remarketing agreement entered into between the Company and the Remarketing Agent with respect to the remarketing of Securities on such Remarketing Reset Event Date.

“Remarketing Purchase Date” means a Remarketing Reset Event Date on which the Company is required to purchase Securities pursuant to Section 15.04.

“**Remarketing Purchase Price**” has the meaning set forth in Section 15.04.

“**Remarketing Reset Event**” has the meaning set forth in Section 15.01.

“**Remarketing Reset Event Date**” means July 25 of 2007, 2011, 2015, 2019, 2023, 2027 and 2031 or, if any such day is not a Business Day, the immediately succeeding Business Day.

“**Required Remarketing Date**” has the meaning set forth in Section 15.03.

“**Reset Yield**” has the meaning set forth in Section 15.02.

“**Responsible Officer**”, when used with respect to the Trustee, means any officer within the corporate trust department (or any successor group) including without limitation any vice president, any assistant vice president, any trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above-designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“**Rule 144A**” means Rule 144A under the Securities Act (or any successor provision), as it may be amended from time to time.

“**Securities**” or “**Security**” means any of the Company’s Floating Rate Convertible Senior Debentures due 2035, issued under this Indenture.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“**Security Register**” means the register maintained by the Registrar that evidences ownership of the Securities.

“**Special Record Date**” means, for the payment of any Defaulted Interest, the date fixed by the Trustee pursuant to Section 2.13.

“**Stated Maturity**” means July 25, 2035.

“**Subsidiary**” means any corporation more than 50% of the outstanding shares of Voting Stock, except for directors’ qualifying shares, of which shall at the time be owned, directly or indirectly, by the Company or by one or more of the Subsidiaries, or by the Company and one or more other Subsidiaries.

“**Tax Original Issue Discount**” means the amount of ordinary interest income on a Security that must be accrued as original issue discount for U.S. Federal income tax purposes pursuant to Treasury Regulations Section 1.1275-4 or any successor provision.

“**3-month LIBOR**,” as determined by the Calculation Agent, means with respect to any Interest Period:

(a) the rate for three- month deposits in United States dollars commencing on the related LIBOR Reset Date, that appears on the Moneyline Telerate Page 3750 as of 11:00 A.M., London time, on the LIBOR Determination Date, or

(b) if no rate appears on Moneyline Telerate Page 3750, 3-month LIBOR will be determined on the basis of the offered rates at which U.S. dollar deposits having a maturity of three months, beginning on the LIBOR Reset Date in that market at that time are offered by four major banks in the London interbank market at approximately 11:00 a.m., London time, on that LIBOR Determination Date to leading banks in the London interbank market. The Calculation Agent will select the four banks and request the principal London office of each of those banks to provide a quotation of its rate. If at least two quotations are provided, 3-month LIBOR for that LIBOR Determination Date will be the average of those quotations, or

(c) if fewer than two quotations are provided as described above, 3-month LIBOR will be the average of the rates quoted by three major banks at approximately 11:00 A.M., in New York City, on that LIBOR Determination Date for loans in U.S. dollars to leading European banks having a maturity of three months, beginning on the relevant LIBOR Reset Date. The Calculation Agent will select the three banks referred to above, or

(d) if fewer than three banks selected by the Calculation Agent are quoting as mentioned above, 3-month LIBOR will remain LIBOR then in effect on that LIBOR Determination Date.

“**TIA**” means the Trust Indenture Act of 1939 as in effect on the date of this Indenture, *provided, however*, that in the event the TIA is amended after such date, TIA means, to the extent required by any such amendment, the TIA as so amended.

“**Trading Day**” means a day during which trading in securities generally occurs on the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, on the principal other national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not listed on a national or regional securities exchange, on Nasdaq or, if the Common Stock is not quoted on Nasdaq, on the principal other market on which the Common Stock is then traded.

“**Trading Price**” means, on any date, the average of the secondary market bid quotations for the Securities obtained by the Calculation Agent on behalf of the Trustee for \$10,000,000 Original Principal Amount of Securities at approximately 3:30 p.m., New York City time, on such date from three independent nationally recognized securities dealers selected by the Company; *provided* that if at least three such bids cannot reasonably be obtained by the Calculation Agent on behalf of the Trustee, but two bids are obtained, then the average of the two bids shall be used, and if only one such bid can reasonably be obtained by the Calculation Agent on behalf of the Trustee, one bid shall be used; and *provided further* that if the Calculation Agent on behalf of the Trustee cannot reasonably obtain at least one bid for \$10,000,000 Original Principal Amount of Securities from a nationally recognized securities dealer or, in the Company’s reasonable judgment, the bid quotation or quotations are not indicative of the

secondary market value of the Securities, then (i), for purposes of Article 11, the Trading Price per \$1,000 Original Principal Amount of Securities shall be deemed to be less than 98% of the product of (a) the Conversion Rate on such date (determined using the Closing Sale Price on such date rather than the Applicable Stock Price) and (b) the Closing Sale Price on such date and (ii) for purposes of Article 14, the Trading Price per \$1,000 Original Principal Amount of Securities will equal (a) the then applicable Conversion Rate multiplied by (b) the Applicable Stock Price.

“**Trustee**” means the party named as the “Trustee” in the first paragraph of this Indenture until a successor replaces it pursuant to the applicable provisions of this Indenture and, thereafter, shall mean such successor. The foregoing sentence shall likewise apply to any subsequent such successor or successors.

“**Voting Stock**”, as applied to the stock (or the equivalent thereof) of any corporation, means stock (or the equivalent thereof) of any class or classes, however designated, having ordinary voting power for the election of a majority of the directors of such corporation, other than stock (or such equivalent) having such power only by reason of the happening of a contingency.

(b) *Other Definitions.*

Term	Defined in Defined in Section
“Act”	1.04(a)
“Adjustment Event”	11.11(m)
“Agent Members”	2.11(f)
“applicants”	6.02(b)
“Associate”	13.01
“Calculation Agent”	2.03
“Change in Control”	13.01(a)
“Change in Control Purchase Date”	13.01(a)
“Change in Control Purchase Notice”	13.01(c)
“Change in Control Purchase Price”	13.01(a)
“Conversion Agent”	2.03
“Conversion Date”	11.07
“Current Market Price”	11.11(i)
“Defaulted Interest”	2.13
“Depositary”	2.01
“Determination Date”	11.11(m)
“Distributed Securities”	11.11(d)
“Event of Default”	4.01
“Ex-Dividend Date”	11.11(g)
“Ex-Dividend Time”	11.05
“Expiration Time”	11.11(f)
“Failed Remarketing”	15.03(d)
“Fair Market Value”	11.11(i)
“Fitch”	11.03

Term	Defined in Defined in Section
“Legend”	2.05(f)
“Moody’s”	11.03
“Notice of Default”	4.01(c)
“Notice of Remarketing”	15.03(a)
“Paying Agent”	2.03
“Principal Value Conversion”	11.06(b)
“Purchase Date”	12.01(a)
“Purchase Notice”	12.02
“Purchase Price”	12.02
“Purchased Shares”	11.11(f)
“QIB”	2
“Record Date”	11.11(i)
“Registrar”	2.03
“Rights”	11.16
“Rights Agreement”	11.16
“S&P”	11.03
“Trigger Event”	11.11(d)

Section 1.02. Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officer’s Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with by the Company and, if requested by the Trustee, an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

- (i) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (iii) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and (iv) a statement as to whether or not, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1.03. Forms of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such

Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer actually knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care (but without having made an investigation specifically for the purpose of rendering such opinion) should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1.04. *Acts of Holder.* (a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 5.01) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which the Trustee deems sufficient.

(c) The ownership of Securities shall be proved by the Security Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) The Company may, but shall not be obligated to, set a record date for purposes of determining the identity of Holders entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture. If a record date is fixed, those persons who were Holders of Securities at such record date (or their duly designated proxies), and only those

persons, shall be entitled to take such action by vote or consent or to revoke any vote or consent previously given, whether or not such persons continue to be Holders after such record date. No action approved by such vote or consent shall be taken more than six months after such record date.

Section 1.05. *Conflict with Trust Indenture Act of 1939.* If any provision hereof limits, qualifies or conflicts with a provision of the TIA that is required under the TIA to be part of and govern this Indenture, the TIA shall control. If any provision of this Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, such provision shall be deemed either to apply to this Indenture so modified or to be excluded, as the case may be.

Section 1.06. *Effect of Headings and Table of Contents.* The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.07. *Separability Clause.* In case any provision in this Indenture or in any Security shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.08. *Benefits of Indenture.* Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 1.09. *Legal Holidays.* Subject to the next two succeeding sentences, if any specified date (including a date for giving notice) on which action is to be taken under this Indenture is a Legal Holiday, the action shall be taken on the next succeeding day that is not a Legal Holiday. In any case where an Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier Redemption Date, Purchase Date, Remarketing Purchase Date or Change in Control Purchase Date) of a Security falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Interest Payment Date to such next succeeding Business Day. If the Stated Maturity, Redemption Date, Purchase Date, Remarketing Purchase Date or Change in Control Purchase Date of a Security would fall on a day that is not a Business Day, the required payment of interest, if any, and principal will be made on the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Stated Maturity, Redemption Date, Purchase Date, Remarketing Purchase Date or Change in Control Purchase Date to such next succeeding Business Day.

ARTICLE 2 The Securities

Section 2.01. *Form and Dating.* The Securities designated "Floating Rate Convertible Senior Debentures due 2035" of the Company shall be substantially in the form set forth in Annex A hereto, which is incorporated into and shall be deemed a part of this Indenture, with such appropriate insertions, omissions, substitutions and other variations as are required or

permitted by the Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers of the Company executing the Securities, as evidenced by their execution of the Securities. Each Security shall be dated the date of its authentication.

All of the Securities are initially being offered and sold to qualified institutional buyers as defined in Rule 144A (collectively, “QIBs” or individually a “QIB”) in reliance on Rule 144A under the Securities Act and shall be issued initially in the form of one or more restricted Global Securities, which shall be deposited on behalf of the purchasers of the Securities represented thereby with the Trustee, or any Custodian, as custodian for the depository, The Depository Trust Company (such depository, or any successor thereto, being hereinafter referred to as the “**Depository**”), and registered in the name of its nominee, Cede & Co., duly executed by the Company and authenticated by the Trustee as hereinafter provided.

Each Global Security shall represent such of the outstanding Securities as shall be specified therein and each shall provide that it shall represent the aggregate Original Principal Amount of outstanding Securities from time to time endorsed thereon and that the aggregate Original Principal Amount of outstanding Securities represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges, redemptions, purchases or conversions of such Securities. Any endorsement of a Global Security to reflect the amount of any increase or decrease in the Original Principal Amount of outstanding Securities represented thereby shall be made by the Trustee or Custodian in accordance with the standing instructions and procedures existing between the Depository and the Trustee or Custodian.

Certificated Securities shall be issued only under the limited circumstances provided in Section 2.11(b) hereof.

Section 2.02. *Execution and Authentication.* The Securities shall be executed by the Company by any Officer. The signature of any Officer on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of authentication of such Securities.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein duly executed by the Trustee or any Authenticating Agent by manual signature of an authorized officer, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

The Trustee shall authenticate and deliver Securities for original issue in an aggregate Original Principal Amount of \$2,000,000,000 (up to \$2,300,000,000 if the Initial Purchasers’

option set forth in the Purchase Agreement is exercised in full) upon a Company Order without any further action by the Company. The Securities shall be issued only in registered form without coupons and only in denominations of \$1,000 Original Principal Amount and any integral multiple thereof. The aggregate Original Principal Amount of Securities outstanding at any time may not exceed the amount set forth in the first sentence of this paragraph, subject to the parenthetical set forth therein, except as provided in Section 2.06.

Section 2.03. *Registrar, Paying Agent, Conversion Agent and Calculation Agent.* The Company shall maintain an office or agency where Securities may be presented for registration of transfer or for exchange (“**Registrar**”), an office or agency where Securities may be presented for purchase or payment (“**Paying Agent**”) and an office or agency where Securities may be presented for conversion (“**Conversion Agent**”). The Registrar shall keep a register of the Securities and of their transfer and exchange. The Company may have one or more co-registrars, one or more additional paying agents and one or more additional conversion agents. The term Paying Agent includes any additional paying agent and the term Conversion Agent includes any additional conversion agent.

The Company shall also appoint an agent to perform the calculations required pursuant to this Indenture (the “**Calculation Agent**”).

The Company shall notify the Trustee of the name and address of any such agent. If the Company fails to maintain a Registrar, Paying Agent, Calculation Agent or Conversion Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 5.06. The Company or any Subsidiary or an Affiliate of either of them may act as Paying Agent, Registrar, Calculation Agent, Conversion Agent or co-registrar.

The Company initially appoints itself as Calculation Agent, and JPMorgan Chase Bank as Registrar, Conversion Agent and Paying Agent in connection with the Securities.

Section 2.04. *Paying Agent to Hold Money and Securities in Trust.* Except as otherwise provided herein, on or prior to each due date of payments in respect of any Security, the Company shall deposit with the Paying Agent a sum of money (in immediately available funds if deposited on the due date) or, if applicable, Common Stock sufficient to make such payments when so becoming due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders and/or the Trustee all money and Common Stock held by the Paying Agent for the making of payments in respect of the Securities and shall notify the Trustee of any default by the Company in making any such payment. At any time during the continuance of any such default, the Paying Agent shall, upon the written request of the Trustee, forthwith pay to the Trustee all money and Common Stock so held in trust. If the Company, a Subsidiary or an Affiliate of either of them acts as Paying Agent, it shall segregate the money and Common Stock held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent to pay all money and Common Stock held by it to the Trustee and to account for any funds and Common Stock disbursed by it. Upon doing so, the Paying Agent shall have no further liability for the money or Common Stock.

Section 2.05. *Transfer and Exchange*. Subject to Section 2.11 hereof, upon surrender for registration of transfer of any Security, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Holder or such Holder's attorney duly authorized in writing, at the office or agency of the Company designated as Registrar or coregistrar pursuant to Section 2.03, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of any authorized denomination or denominations, of a like aggregate Original Principal Amount. The Company shall not charge a service charge for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges that may be imposed in connection with the transfer or exchange of the Securities from the Holder requesting such transfer or exchange.

The Company shall not be required to make, and the Registrar need not register, transfers or exchanges of Securities selected for redemption (except, in the case of Securities to be redeemed in part, the portion thereof not to be redeemed) or any Securities in respect of which a Purchase Notice or Change in Control Purchase Notice has been given and not withdrawn by the Holder thereof in accordance with the terms of this Indenture (except, in the case of Securities to be purchased in part, the portion thereof not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

(b) Notwithstanding any provision to the contrary herein, so long as a Global Security remains outstanding and is held by or on behalf of the Depository, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.11 and this Section 2.05(b).

Transfers of a Global Security shall be limited to transfers of such Global Security in whole, or in part, to nominees of the Depository or to a successor of the Depository or such successor's nominee.

(c) Successive registrations and registrations of transfers and exchanges as aforesaid may be made from time to time as desired, and each such registration shall be noted on the register for the Securities.

(d) Any Registrar appointed pursuant to Section 2.03 hereof shall provide to the Trustee such information as the Trustee may reasonably require in connection with the delivery by such Registrar of Securities upon transfer or exchange of Securities.

(e) No Registrar shall be required to make registrations of transfer or exchange of Securities during any periods designated in the text of the Securities or in this Indenture as periods during which such registration of transfers and exchanges need not be made.

(f) If Securities are issued upon the transfer, exchange or replacement of Securities subject to restrictions on transfer and bearing the legends on the form of Security attached hereto as Annex A setting forth such restrictions (collectively, the "**Legend**"), or if a request is made to remove the Legend on a Security, the Securities so issued shall bear the Legend, or the Legend shall not be removed, as the case may be, unless there is delivered to the Company and the Registrar such satisfactory evidence, which shall include an Opinion of Counsel, as may be reasonably required by the Company and the Registrar, that neither the Legend nor the

restrictions on transfer set forth therein are required to ensure that transfers thereof comply with the provisions of Rule 144A or Rule 144 under the Securities Act or that such Securities are not “restricted” within the meaning of Rule 144 under the Securities Act. Upon (i) provision of such satisfactory evidence, or (ii) notification by the Company to the Trustee and Registrar of the sale of such Security pursuant to a registration statement that is effective at the time of such sale, the Trustee, at the written direction of the Company, shall authenticate and deliver a Security that does not bear the Legend. If the Legend is removed from the face of a Security and the Security is subsequently held by an Affiliate of the Company, the Legend shall be reinstated. Any shares of Common Stock issued upon conversion of Securities that bear the Legend shall bear a restricted legend substantially identical to the Legend (except that such Legend shall not refer to any shares of Common Stock issuable upon conversion of Securities).

(g) Nothing in this Indenture or in the Securities shall prohibit the sale or other transfer of any Securities (including beneficial interests in Global Securities) to the Company or any of its Subsidiaries, which Securities shall thereupon be canceled in accordance with Section 2.09 of this Indenture.

Section 2.06. *Replacement Securities.* If (a) any mutilated Security is surrendered to the Trustee, or (b) the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Security, and there is delivered to the Company and the Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute and upon its written request the Trustee shall authenticate and deliver, in exchange for any such mutilated Security or in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and Original Principal Amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, or is about to be purchased by the Company pursuant to Articles 12 or 13 hereof, the Company in its discretion may, instead of issuing a new Security, pay or purchase such Security, as the case may be.

Upon the issuance of any new Securities under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

Section 2.07. *Outstanding Securities; Determinations of Holders' Actions.* Securities outstanding at any time are all the Securities authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those delivered to it pursuant to Section 2.06 and those described in this Section 2.07 as not outstanding. A Security does not cease to be outstanding because the Company or an Affiliate thereof holds the Security; *provided, however*, that in determining whether the Holders of the requisite Original Principal Amount of Securities have given or concurred in any request, demand, authorization, direction, notice, consent or waiver hereunder, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Subject to the foregoing, only Securities outstanding at the time of such determination shall be considered in any such determination (including, without limitation, determinations pursuant to Articles 4 and 8).

If a Security is replaced pursuant to Section 2.06, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

If the Paying Agent holds, in accordance with this Indenture, on a Redemption Date, or on the Business Day following a Purchase Date, a Remarketing Purchase Date or a Change in Control Purchase Date, or on Stated Maturity, money or securities, if permitted hereunder, sufficient to pay Securities payable on that date, then immediately after such Redemption Date, Purchase Date, Change in Control Purchase Date or Stated Maturity, as the case may be, such Securities shall cease to be outstanding and interest (including Contingent Interest and Liquidated Damages, if any) on such Securities shall cease to accrue; *provided* that if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made.

If a Security is converted in accordance with Article 11, then from and after the time of conversion on the Conversion Date, such Security shall cease to be outstanding and interest (including Contingent Interest, if any) shall cease to accrue on such Security.

Section 2.08. *Temporary Securities.* Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at the office or agency of the Company designated for such purpose pursuant to Section 2.03, without charge to the Holder. Upon surrender for cancellation of any

one or more temporary Securities the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like Original Principal Amount of definitive Securities of authorized denominations. Until so exchanged the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

Section 2.09. *Cancellation.* All Securities surrendered for payment, purchase by the Company pursuant to Article 12, Article 13 and Section 15.04, conversion, redemption or registration of transfer or exchange shall, if surrendered to any person other than the Trustee, be delivered to the Trustee and shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly canceled by the Trustee. The Company may not issue new Securities to replace Securities it has paid or delivered to the Trustee for cancellation or that any Holder has converted pursuant to Article 11. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Trustee shall be disposed of by the Trustee in accordance with its customary practice.

Section 2.10. *Persons Deemed Owners.* Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of the Security or the payment of any Redemption Price, Purchase Price, Remarketing Purchase Price or Change in Control Purchase Price in respect thereof, and interest thereon, for the purpose of conversion and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 2.11. *Global Securities.* Notwithstanding any other provisions of this Indenture or the Securities, transfers of a Global Security, in whole or in part, shall be made only in accordance with Section 2.05 and this Section 2.11. A Global Security may not be transferred, in whole or in part, to any Person other than the Depositary or a nominee or any successor thereof, and no such transfer to any such other Person may be registered; provided that this clause (a) shall not prohibit any transfer of a Security that is issued in exchange for a Global Security but is not itself a Global Security. No transfer of a Security to any Person shall be effective under this Indenture unless and until such Security has been registered in the name of such Person.

(b) Notwithstanding any other provisions of this Indenture or the Securities, a Global Security shall not be exchanged in whole or in part for a Security registered in the name of any Person other than the Depositary or one or more nominees thereof, *provided* that a Global Security may be exchanged for Securities registered in the names of any person designated by the Depositary in the event that (i) the Depositary has notified the Company that it is unwilling or unable to continue as Depositary for such Global Security or such Depositary has ceased to be a “clearing agency” registered under the Exchange Act or other applicable statute or regulation, and a successor Depositary is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition or (ii) the Company decides to discontinue the use of the system of book-entry transfer through the Depositary (or any successor

Depository). Any Global Security exchanged pursuant to clause (i) above shall be so exchanged in whole and not in part, and any Global Security exchanged pursuant to clause (iii) above may be exchanged in whole or from time to time in part as directed by the Depository. Any Security issued in exchange for a Global Security or any portion thereof shall be a Global Security; *provided* that any such Security so issued that is registered in the name of a Person other than the Depository or a nominee thereof shall not be a Global Security.

(c) Securities issued in exchange for a Global Security or any portion thereof shall be issued in definitive, fully registered form, without interest coupons, shall have an aggregate Original Principal Amount equal to that of such Global Security or portion thereof to be so exchanged, shall be registered in such names and be in such authorized denominations as the Depository shall designate and shall bear the applicable Legends provided for herein. Any Global Security to be exchanged in whole shall be surrendered by the Depository to the Trustee or the Registrar. With regard to any Global Security to be exchanged in part, either such Global Security shall be so surrendered for exchange or, if the Trustee is acting as custodian for the Depository or its nominee with respect to such Global Security, the Original Principal Amount thereof shall be reduced, by an amount equal to the portion thereof to be so exchanged, by means of an appropriate adjustment made on the records of the Trustee. Upon any such surrender or adjustment, the Trustee shall authenticate and deliver the Security issuable on such exchange to or upon the order of the Depository or an authorized representative thereof.

(d) Subject to the provisions of Section 2.11(f) below, the registered Holder may grant proxies and otherwise authorize any Person, including Agent Members (as defined below) and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Securities.

(e) In the event of the occurrence of any of the events specified in Section 2.11(b) above, the Company will promptly make available to the Trustee a reasonable supply of certificated Securities in definitive, fully registered form, without interest coupons.

(f) Neither any members of, or participants in, the Depository (collectively, the “**Agent Members**”) nor any other Persons on whose behalf Agent Members may act shall have any rights under this Indenture with respect to any Global Security registered in the name of the Depository or any nominee thereof, or under any such Global Security, and the Depository or such nominee, as the case may be, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and holder of such Global Security for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company or the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or such nominee, as the case may be, or impair, as between the Depository, its Agent Members and any other person on whose behalf an Agent Member may act, the operation of customary practices of such Persons governing the exercise of the rights of a holder of any Security.

Section 2.12. *Legends.* (a) Subject to the succeeding paragraph, every Security shall be subject to the restrictions on transfer provided in the Legend including the delivery of a certification or an Opinion of Counsel as set forth in the Legend, if so requested by the Company or the Registrar.

(b) The restrictions imposed by the Legend upon the transferability of any Security shall cease and terminate when such Security has been sold pursuant to an effective registration statement under the Securities Act or transferred in compliance with Rule 144 under the Securities Act (or any successor provision thereto) or, if earlier, upon the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision). Any Security as to which such restrictions on transfer shall have expired in accordance with their terms or shall have terminated may, upon a surrender of such Security for exchange to the Registrar in accordance with the provisions of this Section 2.12 (accompanied, in the event that such restrictions on transfer have terminated by reason of a transfer in compliance with Rule 144 or any successor provision, by an opinion of counsel having substantial experience in practice under the Securities Act and otherwise reasonably acceptable to the Company, addressed to the Company and the Registrar and in form acceptable to the Company, to the effect that the transfer of such Security has been made in compliance with Rule 144 or such successor provision), be exchanged for a new Security, of like tenor and aggregate Original Principal Amount, which shall not bear the restrictive Legend. The Company shall inform the Trustee of the effective date of any registration statement registering the Securities under the Securities Act. The Trustee and the Registrar shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the aforementioned opinion of counsel or registration statement.

(c) As used in the preceding two paragraphs of this Section 2.12, the term “transfer” encompasses any sale, pledge, transfer, hypothecation or other disposition of any Security.

Section 2.13. *Payment of Interest; Interest Rights Preserved.* Interest, including any Contingent Interest, on any Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 9.02. However, the Company may make such interest payments by check payable to or upon the written order of the Person entitled thereto pursuant to Section 17.03, to the address of such Person as it appears on the Security Register; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest (including Contingent Interest, if any) on all Global Securities and all Securities of Holders of more than \$25,000,000 aggregate Original Principal Amount of Securities that have requested such method of payment and provided wire transfer instructions to the Company or the Paying Agent.

Any interest or Contingent Interest on any Security which is payable but is not punctually paid or duly provided for on any Interest Payment Date (herein called “**Defaulted Interest**”) shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment,

and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities (or Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).

(b) The Company may make payment of any Defaulted Interest on the Securities in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

On conversion of a Holder's Securities, such Holder shall not receive any cash payment of interest. Except as set forth in the next succeeding paragraph, the Company's delivery to a Holder of the full number of shares of Common Stock into which a Security is convertible, together with any cash payment for such Holder's fractional shares, or cash or a combination of cash and Common Stock in lieu thereof, shall be deemed to satisfy the Company's obligation to pay the Accreted Principal Amount of the Security and to satisfy the Company's obligation to pay accrued but unpaid interest (including Contingent Interest, if any) attributable to the period from the most recent Interest Payment Date through the Conversion Date.

Notwithstanding the above, if any Securities are converted after the close of business on any Regular Record Date but prior to the next succeeding Interest Payment Date, Holders of such Securities at the close of business on such Regular Record Date will receive the interest payable on such Securities on the corresponding Interest Payment Date notwithstanding the conversion.

Such Securities, upon surrender for conversion, will be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date with respect to the Original Principal Amount of Securities or portions thereof being surrendered for conversion; *provided* that no such payment need be made if (1) the Company has specified a Redemption Date that is after the close of business on a Regular Record Date and prior to the date three Business Days following the next Interest Payment Date to which such Regular Record Date relates, (2) the Company has specified a Change in Control Purchase Date during such period or (3) only to the extent of overdue interest or overdue Contingent Interest, any

overdue interest or overdue Contingent Interest exists on the Conversion Date with respect to the Securities converted.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

Section 2.14. *CUSIP Numbers.* The Company in issuing the Securities may use “CUSIP” numbers (if then generally in use), and, if so, the Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

Section 2.15. *Calculation of Tax Original Issue Discount.* The Company agrees, and by acceptance of a beneficial interest in a Security each Holder and each beneficial owner of a Security agrees, to treat, for U.S. federal income tax purposes, the Securities as debt instruments that are subject to Treasury Regulations Section 1.1275-4. For U.S. federal income tax purposes, the Company agrees, and by acceptance of a beneficial interest in a Security each Holder and any beneficial owner of a Security shall be deemed to agree, to treat the fair market value of the Common Stock received upon the conversion of a Security as a contingent payment for purposes of Treasury Regulations Section 1.1275-4 and to accrue interest with respect to outstanding Securities as original issue discount for U.S. federal income tax purposes (*i.e.*, Tax Original Issue Discount) according to the “noncontingent bond method,” set forth in Section 1.1275-4(b) of the Treasury Regulations, using the comparable yield of 5.625% compounded quarterly and the projected payment schedule as determined by the Company. Holders or beneficial owners may obtain a copy of the projected payment schedule by contacting the Company: SLM Corporation, 11600 Sallie Mae Drive, Reston, Virginia 20193, Attention: Vice President Finance.

The Company acknowledges and agrees, and by acceptance of a beneficial interest in a Security each Holder and any beneficial owner of a Security shall be deemed to acknowledge and agree, that (i) the comparable yield referred to above is the annual yield the Company would pay, as of the Issue Date, on a noncontingent, nonconvertible, fixed-rate debt instrument with terms and conditions otherwise similar to those of the Securities and (ii) the comparable yield and the schedule of projected payments that a Holder or beneficial owner may obtain as described above do not constitute a representation by the Company regarding the actual amounts that will be paid on the Securities or the value of the Common Stock into which the Securities may be converted.

Section 2.16. *Tax Confidentiality Waiver.* All Persons may disclose to any and all Persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the Securities as defined in Section 1.6011-4 of the U.S. Treasury Regulations, any fact necessary to understanding the U.S. federal

income tax treatment of the Securities, and all materials of any kind (including opinions or other tax analyses) relating to such U.S. federal income tax treatment, provided that, to ensure confidentiality reasonably necessary to comply with securities laws, no disclosure may be made of the name of the Company or information that would permit identification of the Company.

ARTICLE 3
Satisfaction and Discharge

Section 3.01. *Discharge of Liability on Securities.* When (i) the Company delivers to the Trustee or any Paying Agent all outstanding Securities (other than Securities replaced pursuant to Section 2.06 of the Indenture) for cancellation or (ii) all outstanding Securities have become due and payable, whether at Stated Maturity, any Redemption Date, any Purchase Date, any Remarketing Purchase Date, a Change in Control Purchase Date, or upon conversion or otherwise, and the Company deposits with the Trustee, any Paying Agent or the Conversion Agent, if applicable, cash or, if expressly permitted by the terms of the Securities, Common Stock sufficient to pay all amounts due and owing on all outstanding Securities (other than Securities replaced pursuant to Section 2.06), and if in either case the Company pays all other sums payable hereunder by the Company, then this Indenture shall, subject to Section 5.06, cease to be of further effect, except for the indemnification of the Trustee, which shall survive such satisfaction and discharge. The Trustee shall join in the execution of a document prepared by the Company acknowledging satisfaction and discharge of this Indenture on demand of the Company accompanied by an Officer's Certificate and Opinion of Counsel and at the reasonable cost and expense of the Company.

Section 3.02. *Repayment of Moneys Held by Trustee.* Any moneys deposited with the Trustee or any Paying Agent for the payment of the principal of or interest on any Security and not applied but remaining unclaimed by the Holders for two years after the date upon which the principal of or interest on such Security shall have become due and payable, shall be repaid to the Company by the Trustee or such Paying Agent on demand; and the Holder of any of the Securities entitled to receive such payment shall thereafter look only to the Company for the payment thereof and all liability of the Trustee or such Paying Agent with respect to such moneys shall thereupon cease.

ARTICLE 4
Remedies

Section 4.01. *Events of Default.* "**Event of Default**", wherever used herein with respect to the Securities, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law, pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

- (a) a default in the payment of the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price or Change in Control Purchase Price with respect to any Security when such payment becomes due and payable pursuant to the terms hereof; or

(b) default in the payment of any interest (including Contingent Interest and Liquidated Damages, if any) upon any Security when it becomes due and payable, and continuance of such default for a period of 30 days; or

(c) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 60 days after there as been given by registered or certified mail, to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% in aggregate Original Principal Amount of the Securities then outstanding a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(d) the entry by a court having jurisdiction in the premises of Article 1 a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or Article 2 a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

(e) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

Section 4.02. *Acceleration of Maturity; Rescission and Annulment.* If an Event of Default (other than an Event of Default specified in Section 4.01(d) or 4.01(e)) occurs and is continuing, the Trustee by notice to the Company or the Holders of at least 25% in aggregate Original Principal Amount of the Securities at the time outstanding by written notice to the Company and the Trustee, may declare the Accreted Principal Amount of the Securities through the date of such declaration, and any accrued and unpaid interest (including Contingent Interest

and Liquidated Damages, if any) through the date of such declaration, on all the Securities to be immediately due and payable. Upon such a declaration, such Accreted Principal Amount, and such accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) shall be due and payable immediately. If an Event of Default specified in Section 4.01(d) or 4.01(e) occurs and is continuing, the Accreted Principal Amount, and any accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) on all the Securities to the date of the occurrence of such Event of Default shall become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

At any time after such a declaration of acceleration with respect to Securities has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in Original Principal Amount of the Securities then outstanding, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(i) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest (including Contingent Interest and Liquidated Damages, if any) on all Securities,

(B) the Accreted Principal Amount of the Securities that have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities or, if no such rate or rates are so prescribed, at the rate borne by the Securities during the period of such default, or if such default is after July 25, 2007, the Applicable Yield of the Securities during the period of such default,

(C) to the extent that payment of such interest is enforceable under applicable law, interest upon overdue interest or overdue Contingent Interest to the date of such payment or deposit at the rate or rates prescribed therefor in such Securities or, if no such rate or rates are so prescribed, at the rate borne by the Securities during the period of such default, or if such default is after July 25, 2007, the Applicable Yield of the Securities during the period of such default, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel;

and

(ii) all Events of Default with respect to the Securities, other than the nonpayment of the Accreted Principal Amount of the Securities that have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 4.13.

No such waiver or rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

Section 4.03. *Collection of Indebtedness and Suits for Enforcement by Trustee.* The Company covenants that (i) in case default shall be made in the payment of any installment of interest (including Contingent Interest and Liquidated Damages, if any) on any Security, as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (ii) in case default shall be made in the payment of the Accreted Principal Amount of any Security when the same becomes due in accordance with the terms thereof, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the Holders of such Securities, the whole amount that then shall have become due and payable on all such Securities for principal or interest (including Contingent Interest and Liquidated Damages, if any), or both, as the case may be, with interest upon the overdue principal and (to the extent that payment of such interest is enforceable under applicable law) upon overdue installments of interest at the rate borne by the Securities during the period of such default; and, in addition thereto, such further amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its own negligence or willful misconduct.

If an Event of Default with respect to Securities occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of the Securities by such appropriate judicial proceedings as the Trustee shall deem necessary to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 4.04. *Trustee May File Proofs of Claim.* In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price or interest (including Contingent Interest and Liquidated Damages, if any) in respect of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any such amount) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the entire Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest and Liquidated Damages, if any) owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding; and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 5.06.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 4.05. *Trustee May Enforce Claims Without Possession of Securities.* All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

Section 4.06. *Application of Money Collected.* Any money collected by the Trustee pursuant to this Article shall be applied in the following order:

FIRST: To the payment of all amounts due the Trustee under Section 5.06;

SECOND: To the payment of the amounts then due and unpaid for Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest and Liquidated Damages, if any) on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities; and

THIRD: To the payment of the remainder, if any, to the Company or as a court of competent jurisdiction may direct.

Section 4.07. *Limitation on Suits.* No Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(i) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities;

(ii) the Holders of not less than 25% in aggregate Original Principal Amount of the outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(iii) such Holder or Holders shall have offered to the Trustee reasonable indemnity satisfactory to it as it may require against the costs, expenses and liabilities to be incurred in compliance with such request;

(iv) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and

(v) no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 4.12 during such 60-day period by the Holders of a majority in Original Principal Amount of the outstanding Securities;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable and common benefit of all of such Holders.

Section 4.08. *Unconditional Right of Holders to Receive Principal and Interest.* Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest and Liquidated Damages, if any) on such Security after the respective due dates expressed in such Security, and to convert the Securities in accordance with Article 11, and to institute suit for the enforcement of any such payment on or after such respective dates, and such rights shall not be impaired without the consent of such Holder.

Section 4.09. *Restoration of Right and Remedies.* If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 4.10. *Rights and Remedies Cumulative.* Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 2.06, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 4.11. *Delay or Omission Not Waiver.* No delay or omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 4.12. *Control by Holders.* The Holders of a majority in aggregate Original Principal Amount of the outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities; *provided, however,* that

- (i) such direction shall not be in conflict with any rule of law or with this Indenture,
- (ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction,
- (iii) such direction is not unduly prejudicial to the rights of Holders not taking part in such direction, and
- (iv) such direction would not involve the Trustee in personal liability, as the Trustee, upon being advised by counsel, shall reasonably determine.

Section 4.13. *Waiver of Past Defaults.* The Holders of at least a majority in aggregate Original Principal Amount of the outstanding Securities may on behalf of the Holders of all the Securities by notice to the Trustee waive any past default hereunder with respect to such Securities and its consequences, except a Default:

- (i) that is an Event of Default described in Section 4.01(a) or 4.01(b); or
- (ii) in respect of a covenant or provision hereof which under Article 8 cannot be modified or amended without the consent of the Holder of each outstanding Security; or
- (iii) that constitutes a failure to convert any Security in accordance with the terms of Article 11.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture, and the Company, the Trustee and Holders shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 4.14. *Undertaking for Costs.* All parties to this Indenture agree, and each Holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the

filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in Original Principal Amount of the outstanding Securities, or to any suit instituted by any Holder pursuant to Section 4.08. This Section 4.14 shall be in lieu of Section 315(e) of the TIA and such Section 315(e) is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 4.15. *Waiver of Stay or Extension Laws.* The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which would prohibit or forgive the Company from paying all or any portion of the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price or interest (including Contingent Interest and Liquidated Damages, if any) in respect of Securities, as contemplated herein, or which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 5
THE TRUSTEE

Section 5.01. *Duties of Trustee.* If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights, duties and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee need perform only those duties that are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon notices, certificates, opinions, or other documents furnished to the Trustee and conforming to the requirements of this Indenture. However, in case of any such certificates, opinions, or other documents which by provision hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such notices, certificates, opinions, or other documents to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

This Section 5.01(b) shall be in lieu of Section 315(a) of the TIA and such Section 315(a) is hereby expressly excluded from this Indenture, as permitted by the TIA.

(c) The Trustee shall not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(i) this paragraph (c) does not limit the effect of paragraph (b) of this Section 5.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 4.02 and Section 4.12.

Subparagraphs (c)(i), (ii) and (iii) shall be in lieu of Sections 315(d)(1), 315(d)(2) and 315(d)(3) of the TIA and such Sections 315(d)(1), 315(d)(2) and 315(d)(3) are hereby expressly excluded from this Indenture, as permitted by the TIA.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c), (e) and (f) of this Section 5.01.

(e) The Trustee may refuse to perform any duty or exercise any right or power or extend or risk its own funds or otherwise incur any financial liability unless it receives indemnity satisfactory to it against any loss, liability or expense.

(f) Notwithstanding anything herein to the contrary, in no event shall the Trustee be responsible for the monitoring of the satisfaction, discharge or waiver of any of the conditions precedent to the Redemption of the Securities, Conversion, Purchase at the option of Holders, Purchase at the Option of Holder Upon a Change in Control, Contingent Interest or Yield Reset and Remarketing pursuant to Articles 10 through 15 or any provisions relating thereto.

(g) Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee (acting in any capacity hereunder) shall be under no liability for interest on any money received by it hereunder unless otherwise agreed in writing with the Company.

Section 5.02. *Rights of Trustee.* Subject to its duties and responsibilities under the TIA,

(a) The Trustee may conclusively rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require a Company Request or Company Order, an Officer's Certificate or an Opinion of Counsel. The Trustee shall not be

liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and attorneys.

(d) Subject to the provisions of Section 5.01(c), the Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(e) The Trustee may consult with counsel selected by it and any advice or Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance with such advice or Opinion of Counsel.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders, pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(h) The Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(i) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

(j) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

(k) The Trustee may request that the Company deliver an Officer's Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officer's Certificate may be signed by any person authorized to sign an Officer's Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

Section 5.03. *Individual Rights of Trustee.* The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, Conversion Agent or co-registrar may do the same with like rights. However, the Trustee must comply with Sections 5.09 and 5.10.

Section 5.04. *Trustee's Disclaimer.* The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities, it shall not be accountable for the Company's use or application of the proceeds from the Securities, it shall not be responsible for any statement in the registration statement for the Securities under the Securities Act or in the Indenture or the Securities (other than its certificate of authentication), or the determination as to which beneficial owners are entitled to receive any notices hereunder.

Section 5.05. *Notice of Defaults.* If a Default occurs and if it is known to the Trustee, the Trustee shall give to each Holder notice of the Default within 90 days after it occurs unless such Default shall have been cured or waived before the giving of such notice. Except in the case of a Default described in Section 4.01(b) or (a), the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of Holders. The second sentence of this Section 5.05 shall be in lieu of the proviso to Section 315(b) of the TIA and such proviso is hereby expressly excluded from this Indenture, as permitted by the TIA.

Section 5.06. *Compensation and Indemnity.* The Company agrees:

(a) to pay to the Trustee from time to time such compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited (to the extent permitted by law) by any provision of law in regard to the compensation of a trustee of an express trust);

(b) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with the performance of its duties under this Indenture (including the reasonable compensation and the expenses, advances and disbursements of its agents and counsel), except any such expense, disbursement or advance as shall be determined to have been caused by its own negligence or willful misconduct; and

(c) to indemnify the Trustee or any predecessor trustee and their agents for, and to hold them harmless against, any loss, damage, claim, liability, cost or expense (including reasonable attorneys' fees and expenses and taxes (other than taxes based upon, measured by or determined by the income of the Trustee)) incurred without negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim (whether asserted by the Company, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The Trustee shall notify the Company promptly of any claim for which it may seek indemnity, but the omission so to notify the Company promptly shall not relieve the Company from any liability which it may have to the Trustee under this Section. The Company shall defend the claim, and the Trustee shall cooperate in the defense. The Trustee may have separate counsel, and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld or delayed.

To secure the Company's payment obligations in this Section 5.06, the Trustee shall have a lien prior to the Securities on all money or property held or collected by the Trustee, except that held in trust to pay the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price or interest, if any, as the case may be, on particular Securities.

The Company's payment obligations pursuant to this Section 5.06 shall survive the discharge of this Indenture and resignation or removal of the Trustee. When the Trustee incurs expenses after the occurrence of a Default specified in Section 4.01(d) or Section 4.01(e), the expenses, including the reasonable fees and expenses of its counsel, are intended to constitute expenses of administration under any bankruptcy or insolvency law.

Section 5.07. Replacement of Trustee.

The Trustee may resign by so notifying the Company; *provided, however*, no such resignation shall be effective until a successor Trustee has accepted its appointment pursuant to this Section 5.07. The Holders of a majority in aggregate Original Principal Amount of the Securities at the time outstanding may remove the Trustee by so notifying the Trustee and the Company. The Company shall remove the Trustee if:

- (a) the Trustee fails to comply with Section 5.09;
- (b) the Trustee is adjudged bankrupt or insolvent;
- (c) a receiver or public officer takes charge of the Trustee or its property; or
- (d) the Trustee otherwise becomes incapable of acting.

In addition, the Company may remove the Trustee if the Company shall determine by a Board Resolution that the services provided by the Trustee hereunder may be obtained at a substantially lower cost to the Company.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company satisfactory in form and substance to the retiring Trustee and the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring

Trustee shall upon payment of its charges hereunder promptly transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 5.06.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the expense of the Company), the Company or the Holders of a majority in aggregate Original Principal Amount of the Securities at the time outstanding may petition at the expense of the Company any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 5.09 any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Section 5.08. *Successor Trustee by Merger.* If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee; *provided that* such corporation shall otherwise be qualified and eligible under this Article.

Section 5.09. *Eligibility; Disqualification.* The Trustee shall at all times satisfy the requirements of TIA Sections 310(a)(1) and 310(b). The Trustee shall have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition. Nothing herein contained shall prevent the Trustee from filing with the Commission the application referred to in the penultimate paragraph of TIA Section 310(b).

Section 5.10. *Preferential Collection of Claims Against Company.* The Trustee shall comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

Section 5.11. *Authenticating Agent.* The Trustee may upon written Company request appoint one or more authenticating agents (including, without limitation, the Company or any Affiliate thereof) which shall be authorized on behalf of the Trustee in authenticating Securities in connection with the issue, delivery, registration of transfer, exchange, partial redemption or repayment thereof (an “**Authenticating Agent**”). Wherever reference is made in this Indenture to the authentication of Securities by the Trustee or the Trustee’s certificate of authentication, such reference shall be deemed to include authentication on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent must be acceptable to the Company and must be a corporation organized and doing business under the laws of the United States or of any State, having a combined capital and surplus of at least \$1,000,000, authorized under such laws to do a trust business and subject to supervision or examination by Federal or State authorities or the equivalent foreign authority in the case of an Authenticating Agent who is not organized and doing business under the laws of the United States or of any State thereof or the District of Columbia.

Any corporation succeeding to the corporate agency business of an authenticating agent shall continue to be an Authenticating Agent without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent.

An Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee promptly may appoint a successor Authenticating Agent. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent herein. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The provisions of Sections 1.04, 1.08, 2.06, 2.09, 5.02, 5.03, 5.04 and 5.06 shall be applicable to any Authenticating Agent.

Pursuant to each appointment made under this Section, the Securities may have endorsed thereon, in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication in substantially the following form:

This is one of the Securities described in the within-mentioned Indenture.

JPMORGAN CHASE BANK

By _____
As Authenticating Agent for the Trustee

By _____
Authorized Signatory

Dated _____

ARTICLE 6
HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

Section 6.01. *Company to Furnish Trustee Information as to Names and Addresses of Holders.* The Company covenants and agrees that it will furnish or cause to be furnished to the Trustee:

- (a) semiannually, not later than July 25 and January 25 in each year, commencing July 25, 2004, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders as of a date not more than 15 days prior to the time such list is furnished and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content as of a date not more than 15 days prior to the time such list is furnished; *provided, however*, that so long as the Trustee is the Registrar, no such list shall be required to be furnished.

Section 6.02. *Preservation of Information; Communications to Holders.* The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the Holders of Securities (1) contained in the most recent list furnished to it as provided in Section 6.01 and (2) received by it in the capacity of Paying Agent or Registrar (if so acting) hereunder.

The Trustee may destroy any list furnished to it as provided in Section 6.01 upon receipt of a new list so furnished.

(b) In case three or more Holders of Securities (hereinafter called “**applicants**”) apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of Securities with respect to their rights under this Indenture or under the Securities, and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02, or

(ii) inform such applicants as to the approximate number of Holders of Securities whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02, and as to the approximate cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of Securities whose name and address appear in the information preserved at the time by the Trustee in accordance with the provisions of subsection (a) of this Section 6.02, a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interests of the Holders of Securities, or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after

notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Each and every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee or any Registrar or any Paying Agent shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with the provisions of subsection (b) of this Section 6.02, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under said subsection (b).

Section 6.03. *Reports by Trustee.* Within 60 days after each July 25 beginning with July 25, 2004, the Trustee shall mail to each Holder a brief report dated as of such July 25 that complies with TIA Section 313(a), if required by such Section 313(a). The Trustee also shall comply with TIA Section 313(b).

A copy of each report at the time of its mailing to Holders shall be filed with the Commission and each securities exchange, if any, on which the Securities are listed. The Company agrees to promptly notify the Trustee whenever the Securities become listed on any securities exchange and of any delisting thereof.

Section 6.04. *Reports by Company.* The Company shall file with the Trustee, within 20 days after it files such annual and quarterly reports, information, documents and other reports with the Commission, copies of its annual report and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may by rules and regulations prescribe) which the Company is required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act. In the event the Company is at any time no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, it shall continue to provide the Trustee with reports containing substantially the same information as would have been required to be filed with the Commission had the Company continued to have been subject to such reporting requirements. In such event, such reports shall be provided at the times the Company would have been required to provide reports had it continued to have been subject to such reporting requirements. The Company also shall comply with the other provisions of TIA Section 314(a).

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

If at any time while any of the Securities are "restricted securities" within the meaning of Rule 144, the Company is no longer subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, the Company will prepare and will furnish to any Holder, any beneficial owner of Securities and any prospective purchaser of Securities designated by a Holder or a beneficial

owner of Securities, promptly upon request, the information required pursuant to Rule 144A(d)(4) (or any successor thereto) under the Securities Act in connection with the offer, sale or transfer of Securities.

ARTICLE 7
CONSOLIDATION, MERGER, SALE OR CONVEYANCE

Section 7.01. *Consolidations and Mergers of Company Permitted Subject to Certain Conditions.* The Company may consolidate or merge with or be merged into any other Person, and may sell, transfer or lease all or substantially all of its properties and assets to any Person so long as the following conditions are met, if:

(a) the resulting or acquiring Person, if not the Company, is organized and existing under the laws of the United States, any state thereof or the District of Columbia, and such Person assumes, by an indenture supplement hereto executed and delivered to the Trustee, if applicable, all of the obligations of the Company under this Indenture and the Securities, including performance of all obligations under this Indenture and payment of all amounts due on the Securities;

(b) immediately after such transaction and giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing; and

(c) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been met.

Section 7.02. *Rights and Duties of Successor Entity.* Upon any consolidation with or merger into any other corporation, or any conveyance, transfer or lease of all or substantially all of the properties and assets of the Company substantially as an entirety in accordance with Section 7.01, the successor entity formed by such consolidation or into which the Company is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and the Securities with the same effect as if such successor had been named as the Company herein, and thereafter, except in the case of a lease, the Company (which term for this purpose shall mean the Person named as the "Company" in the first paragraph of this instrument or any successor entity which shall theretofore have become such in the manner presented in this Article) shall be relieved of all obligations and covenants under this Indenture and the Securities.

ARTICLE 8
SUPPLEMENTAL INDENTURES

Section 8.01. *Supplemental Indentures Without Consent of Holder.* The Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter

into an indenture or indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of the execution thereof) for one or more of the following purposes:

- (i) to evidence the succession of another corporation or entity to the Company, or successive successions, and the assumption by the successor corporation or entity of the covenants, agreements and obligations of the Company under this Indenture;
- (ii) to add to the covenants of the Company or to add additional rights for the benefit of the Holders of Securities or to surrender any right or power herein conferred upon the Company;
- (iii) to cure any ambiguity, omission, defect or inconsistency herein, to correct or supplement any provision herein or in any supplemental indenture which may be defective or inconsistent with any other provision herein or in any supplemental indenture, or to make such other provisions with respect to matters or questions arising under this Indenture, provided such action shall not adversely affect the interests of the Holders of Securities in any material respect;
- (iv) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder;
- (v) to add any additional Events of Default for the benefit of the Holders of Securities;
- (vi) to add any additional Purchase Dates on which the Holders may require the Company to purchase their Securities pursuant to Article 12; and
- (vii) to comply with any requirement of the Commission in connection with the qualification of the Indenture under the TIA.

Any amendment described in clause (iii) above made solely to conform this Indenture to the final offering memorandum provided to investors in connection with the initial offering of the Securities by the Company will not be deemed to materially and adversely affect the interests of Holders.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage or pledge of any property thereunder.

Any supplemental indenture authorized by the provisions of this Section 8.01 may be executed by the Company and the Trustee without the consent of the Holders of any of the outstanding Securities, notwithstanding any of the provisions of Section 8.02.

Section 8.02. *Supplemental Indentures with Consent of Holders.* With the consent of the Holders of at least a majority in Original Principal Amount of the outstanding Securities, by Act

of said Holders delivered to the Company and the Trustee, the Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the TIA as in force at the date of execution thereof) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Holders of Securities; *provided, however*, that no such supplemental indenture shall, without the consent of the Holder of each outstanding Security affected thereby:

- (i) change the maturity of any payment of Accreted Principal Amount of, or any installment of interest (including the payment of Contingent Interest or Liquidated Damages, if any) on, the Securities, or
- (ii) reduce the Original Principal Amount or Accreted Principal Amount thereof, or
- (iii) alter the manner or rate of accretion of principal or the manner or rate of accrual of interest (including Contingent Interest and Liquidated Damages), or
- (iv) change any place of payment where, or the coin or currency in which, the Securities or any premium or interest (including the payment of Contingent Interest or Liquidated Damages, if any) thereon is payable, or
- (v) impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity (or, in the case of redemption or purchase, on or after the Redemption Date or the Purchase Date, Change in Control Purchase Date or Remarketing Purchase Date, as the case may be), or
- (vi) adversely affect the conversion rights of the Holders under Article 11 of this Indenture or the right of Holders to require the Company to purchase the Securities under Article 12, Article 13 and Section 15.04 of this Indenture or the right of Holders to elect to have their Securities remarketed as set forth in Article 15, or the obligations of the Company pursuant to Section 9.08, or
- (vii) reduce the quorum or voting requirements under this Indenture, or
- (viii) reduce the percentage in aggregate Original Principal Amount of the outstanding Securities, the consent of whose Holders is required for any such modification, or the consent of whose Holders is required for any waiver of compliance with the provisions of this Indenture or for any waiver of an Event of Default, or
- (ix) modify this Section 8.02, except to increase any percentages required for approval or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security affected thereby.

Upon the request of the Company accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the

Trustee of evidence of the consent of Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture. It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Section 8.03. *Execution of Supplemental Indentures.* In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be provided with, and (subject to Section 5.01) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 8.04. *Effect of Supplemental Indentures.* Upon the execution of any supplemental indenture pursuant to the provisions of this Article, this Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, limitations of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Holders shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 8.05. *Reference in Securities to Supplemental Indentures.* Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for outstanding Securities.

ARTICLE 9
COVENANTS OF THE COMPANY

Section 9.01. *Payment of Principal, Premium and Interest.* The Company covenants and agrees that it will duly and punctually pay or cause to be paid all payments in respect of the Securities in accordance with the terms of the Securities and this Indenture. Any amounts to be given to the Trustee or Paying Agent shall be deposited with the Trustee or Paying Agent by 10:00 a.m. New York City time by the Company at the latest on the day such payment is due. Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest and Liquidated Damages, if any), shall be considered paid on the applicable date due if on such date (or, in the case of a Purchase Price, Remarketing Purchase Price or Change in Control Purchase Price, on the Business Day following the applicable Purchase Date or Change in Control Purchase Date, as the case may be) the Trustee or the Paying Agent holds, in accordance with this Indenture,

money or securities, if permitted hereunder, designated for and sufficient to pay all such amounts then due.

Section 9.02. *Maintenance of Office or Agency.* The Company shall maintain an office or agency of the Trustee, Registrar, Paying Agent and Conversion Agent where the Securities may be presented or surrendered for payment, where the Securities may be surrendered for registration of transfer or exchange, where the Securities may be surrendered for purchase, redemption or conversion and where notices and demands to or upon the Company in respect of the Securities and this Indenture may be served. The office of the Paying Agent, at JPMorgan Chase Bank, 4 New York Plaza, New York, New York 10004-2477, Attention: Structured Finance Services, shall initially be such office or agency for all of the aforesaid purposes. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands.

The Company may also from time to time designate one or more other offices or agencies where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations.

Section 9.03. *Money for Securities Payments to Be Held in Trust.* If the Company shall at any time act as its own Paying Agent with respect to the Securities, it will, on or before each due date of the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest and Liquidated Damages, if any) on any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay such sums so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided. The Company will promptly notify the Trustee of any failure by the Company to take such action or failure so to act.

Whenever the Company shall have one or more Paying Agents for the Securities, it will, on or prior to each due date of the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest and Liquidated Damages, if any) on any Securities, deposit with a Paying Agent a sum sufficient to pay such amounts so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such amounts, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company will cause each Paying Agent, other than the Trustee or an Affiliate of the Company, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

- (i) hold all sums held by it for the payment of the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest and Liquidated Damages, if

any) on the Securities (whether such sums have been paid to it by the Company or by any other obligor on the Securities) in trust for the benefit of the Persons entitled thereto;

(ii) give the Trustee notice of any failure by the Company (or any other obligor upon the Securities) to make any payment of the Accreted Principal Amount, Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and interest (including Contingent Interest and Liquidated Damages, if any) on the Securities when the same shall be due and payable; and

(iii) at any time during the continuance of any Event of Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

Anything in this Section to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining satisfaction and discharge of this Indenture, or for any other reason, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Section 9.04. *Compliance Certificate.* The Company will deliver to the Trustee, on or before a date not more than 120 days after the end of each fiscal year ending after the date hereof, an Officer's Certificate, stating, as to each officer signing such certificate, whether or not to the best of his knowledge the Company is in default in the performance and observance of any of the terms, provisions and conditions hereof (without regard to any period of grace or requirement of notice provided hereunder), and, if the Company shall be in default, specifying all such defaults and the nature thereof of which he may have knowledge.

Section 9.05. *Restrictions on Liens.* If at any time the Company mortgages, pledges or otherwise subjects to any lien, the whole or any part of the Capital Stock of the Principal Subsidiary, except as provided in this Section 9.05, the Company shall secure the outstanding Securities, and any other obligations of the Company which may then be outstanding and entitled to the benefit of a covenant similar in effect to this covenant, either on a priority basis or equally and ratably with the indebtedness or obligations secured by such mortgage, pledge, or lien, for as long as any such indebtedness or obligation is so secured. The foregoing covenant does not apply in the event the Board of Directors determines, in its sole discretion, that such mortgage, pledge or lien on the Capital Stock of the Principal Subsidiary could not reasonably be expected to detract or interfere in any material respect from the fair market value of such Capital Stock or the control of such Capital Stock by the Company. Notwithstanding the foregoing, nothing contained in this Indenture is intended to prevent the Company from mortgaging, pledging, or subjecting to any lien, any of the other properties or assets of the Company, or from selling or otherwise disposing of any of the properties or assets of the Company, including the Capital Stock of the Principal Subsidiary.

Except as noted above, the Company may put liens on its interests in its Subsidiaries, and may sell or otherwise dispose of its interests in any of its Subsidiaries, including its Principal Subsidiary.

Section 9.06. *Calculation of Original Issue Discount.* The Company shall file with the Trustee promptly at the end of each calendar year (i) a written notice specifying the amount of original issue discount (including daily rates and accrual periods) accrued on the Securities as of the end of such year and (ii) such other specific information relating to such original issue discount as may then be reasonably requested by the Trustee and relevant under the Internal Revenue Code of 1986, as amended from time to time.

Section 9.07. *Further Instruments and Acts.* The Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper or as the Trustee may request to carry out more effectively the purposes of this Indenture.

Section 9.08. *Obligation to Conduct Remarketing.* The Company shall appoint a Remarketing Agent and enter into a remarketing agreement at least 30 calendar days prior to each Remarketing Reset Event Date.

(b) The Company shall use its reasonable best efforts to effect the remarketing of the Securities as described in Article 15. If in the judgment of counsel to the Company or counsel to the Remarketing Agent a registration statement is required to effect the Remarketing, the Company shall use its reasonable best efforts to (i) ensure that a registration statement covering the Accreted Principal Amount of all Securities to be remarketed will be effective in a form that will enable the Remarketing Agent to rely on it in connection with the Remarketing or (ii) effect such Remarketing pursuant to Rule 144A or any other applicable exemption from registration requirements under the Securities Act.

Section 9.09. *Notice by Company of Satisfaction of Conditions Precedent.* The Company shall provide, and the Trustee shall be entitled to rely upon, written notice to the Trustee of the satisfaction of the conditions precedent to the Redemption of the Securities, Conversion, Purchase at the Option of Holders, Purchase at the Option of Holder Upon a Change in Control, Contingent Interest or Yield Reset and Remarketing pursuant to Articles 10 through 15, at least five Business Days in advance of the Trustee taking any required action thereunder.

ARTICLE 10 REDEMPTION OF SECURITIES

Section 10.01. *Right to Redeem; Notices to Trustee.* Prior to July 25, 2007, the Securities shall not be redeemable at the option of the Company. Beginning on July 25, 2007, the Securities shall be redeemable for cash at any time as a whole, or from time to time in part, at the option of the Company, at the Redemption Price; provided that if the Redemption Date is an Interest Payment Date, accrued and unpaid interest (including Contingent Interest or Liquidated Damages, if any) shall be paid to the Holder of record as of the applicable Regular Record Date, rather than to the Holder presenting the Security for redemption. If the Company elects to redeem Securities, it shall notify the Trustee in writing of the Redemption Date, the Original Principal Amount of Securities to be redeemed and the Redemption Price.

Notwithstanding the foregoing, if a Remarketing Reset Event occurs and the Company has not given notice of redemption of the Securities prior to such Remarketing Reset Event Date, the Securities shall not thereafter be redeemable at the option of the Company until on or after the next Remarketing Reset Event Date.

The Company shall give the notice to the Trustee provided for in this Section 10.01 by a Company Order at least 35 days before the Redemption Date.

Section 10.02. *Selection of Securities to Be Redeemed.* If less than all the Securities are to be redeemed, the Trustee shall select the Securities to be redeemed by lot, pro rata or by any other method the Trustee considers fair and appropriate (so long as such method is not prohibited by the rules of any stock exchange on which the Securities are then listed). The Trustee shall make the selection at least 15 days, but not more than 60 days, before the Redemption Date from outstanding Securities not previously called for redemption. The Trustee may select for redemption portions of the Original Principal Amount of Securities that have denominations larger than \$1,000. Securities and portions of them the Trustee selects shall be in Original Principal Amounts of \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to Securities called for redemption also apply to portions of Securities called for redemption. The Trustee shall notify the Company promptly of the Securities or portions of Securities to be redeemed.

If any Security selected for partial redemption is converted in part before termination of the conversion right with respect to the portion of the Security so selected, the converted portion of such Security shall be deemed (so far as may be) to be the portion selected for redemption. Securities which have been converted during a selection of Securities to be redeemed may be treated by the Trustee as outstanding for the purpose of such selection.

Section 10.03. *Notice of Redemption.* At least 30 days but not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption by first-class mail, postage prepaid, to each Holder of Securities to be redeemed.

The notice shall identify the Securities to be redeemed and shall at a minimum state:

- (a) the Redemption Date;
- (b) the Redemption Price;
- (c) the Conversion Rate;
- (d) the name and address of the Paying Agent and Conversion Agent;
- (e) that Securities called for redemption may be converted at any time before the close of business on the Business Day immediately preceding the Redemption Date;
- (f) that Holders who want to convert Securities must satisfy the requirements set forth in the applicable provisions of the Securities;

- (g) whether the Company will deliver cash, Common Stock or a combination of cash and Common Stock in the event a Holder converts Securities called for redemption;
- (h) that Securities called for redemption must be surrendered to the Paying Agent to collect the Redemption Price;
- (i) if fewer than all the outstanding Securities are to be redeemed, the certificate number and Original Principal Amounts of the particular Securities to be redeemed;
- (j) that, unless the Company defaults in making payment of such Redemption Price, interest (including Contingent Interest and Liquidated Damages, if any) on Securities called for redemption will cease to accrue on and after the Redemption Date; and
- (k) the CUSIP number of the Securities.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense, provided that the Company makes such request at least three Business Days prior to such notice of redemption.

Section 10.04. *Effect of Notice of Redemption.* Once notice of redemption is given, Securities called for redemption become due and payable on the Redemption Date and at the Redemption Price stated in the notice, except for Securities which are converted in accordance with the terms of this Indenture. Upon surrender to the Paying Agent, such Securities shall be paid at the Redemption Price stated in the notice.

Section 10.05. *Deposit of Redemption Price.* Prior to 10:00 a.m., New York City time on the Redemption Date, the Company shall deposit with the Paying Agent (or if the Company or a Subsidiary or an Affiliate of either of them is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the Redemption Price of all Securities to be redeemed on that date other than Securities or portions of Securities called for redemption which on or prior thereto have been delivered by the Company to the Trustee for cancellation or have been converted. The Paying Agent shall as promptly as practicable return to the Company any money not required for that purpose because of conversion of Securities pursuant to Article 11. If such money is the n held by the Company in trust and is not required for such purpose it shall be discharged from such trust.

Section 10.06. *Securities Redeemed in Part.* Upon surrender of a Security that is redeemed in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder a new Security in an authorized denomination equal in Original Principal Amount to the unredeemed portion of the Security surrendered.

Section 10.07. *Conversion Arrangement on Call for Redemption.* In connection with any redemption of Securities, the Company may arrange for the purchase and conversion of any Securities called for redemption by an agreement with one or more investment bankers or other purchasers to purchase such Securities by paying to a Paying Agent in trust for the Holders, on or

before 11:00 a.m. New York City time on the Redemption Date, an amount that, together with any amounts deposited with such Paying Agent by the Company for the redemption of such Securities, is not less than the Redemption Price of such Securities. Notwithstanding anything to the contrary contained in this Article, the obligation of the Company to pay the Redemption Price of such Securities shall be deemed to be satisfied and discharged to the extent such amount is so paid by such purchasers; *provided, however*, that nothing in this Section 10.07 shall relieve the Company of its obligation to pay the Redemption Price of the Securities called for redemption. If such an agreement is entered into, any Securities called for redemption and not surrendered for conversion by the Holders thereof prior to the relevant Redemption Date may, at the option of the Company upon written notice to the Trustee, be deemed, to the fullest extent permitted by law, acquired by such purchasers from such Holders and (notwithstanding anything to the contrary contained in Article 11) surrendered by such purchasers for conversion, all as of immediately prior to the close of business on the Business Day immediately prior to the Redemption Date, subject to payment of the above amount as aforesaid. The Paying Agent shall hold and pay to the Holders whose Securities are selected for redemption any such amount paid to it for purchase in the same manner as it would money deposited with it by the Company for the redemption of the Securities. Without the Paying Agent's prior written consent, no arrangement between the Company and such purchasers for the purchase and conversion of any Securities shall increase or otherwise affect any of the powers, duties, responsibilities or obligations of the Paying Agent as set forth in this Indenture, and the Company agrees to indemnify the Paying Agent from, and hold it harmless against, any loss, liability or expense arising out of or in connection with any such arrangement for the purchase and conversion of any Securities between the Company and such purchasers, including the costs and expenses incurred by the Paying Agent in the defense of any claim or liability reasonably incurred without negligence or bad faith on its part arising out of or in connection with the exercise or performance of any of its powers, duties, responsibilities or obligations under this Indenture, in accordance with the indemnity provisions applicable to the Trustee set forth herein.

ARTICLE 11

CONVERSION

Section 11.01. *Conversion Rights.* The Securities shall be convertible in accordance with their terms and in accordance with and subject to this Article into a number of shares of Common Stock per \$1,000 Original Principal Amount of Securities equal to the Conversion Rate.

A Holder of a Security otherwise entitled to a fractional share upon the conversion thereof shall receive cash in an amount equal to the value of such fractional share based on the Closing Sale Price on the Trading Day immediately preceding such conversion. Upon a conversion, the Company may deliver cash or a combination of cash and Common Stock in lieu of Common Stock, as described in Section 11.07.

Upon determination that Holders are or will be entitled to convert their Securities pursuant to this Article 11, the Company shall issue a press release and publish such determination on the Company's Web site on the World Wide Web.

Holders may surrender Securities for conversion into shares of Common Stock only if at least one of the conditions described in Sections 11.02 through 11.06 is satisfied. In addition, a Security in respect of which a Holder has delivered a Purchase Notice or Change in Control Purchase Notice exercising the option of such Holder to require the Company to purchase such Security may be converted only if such notice of exercise is withdrawn in accordance with the terms of the Indenture.

Section 11.02. *Conversion Rights Based on Common Stock Price.* At any time after September 30, 2003 during a calendar quarter, Securities may be surrendered for conversion into shares of Common Stock in integral multiples of \$1,000 Original Principal Amount, if the Closing Sale Price of the Common Stock for at least 20 Trading Days in a period of 30 consecutive Trading Days ending on the last Trading Day of the preceding calendar quarter is more than 130% of the Conversion Price as of the last day of such calendar quarter.

Section 11.03. *Conversion Rights upon Credit Rating Events.* Securities may be surrendered for conversion in integral multiples of \$1,000 Original Principal Amount any time after the earlier of (a) the date the Securities are assigned a credit rating by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., and its successors ("**S&P**"), Moody's Investors Service, Inc. and its successors ("**Moody's**") and Fitch, Inc and its successors ("**Fitch**") or (b) June 30, 2003, during any period in which (1) the credit rating assigned to the Securities by S&P is below BBB+, (2) the credit rating assigned to the Securities by Moody's is below Baa1, (3) the credit rating assigned to the Securities by Fitch is below BBB+ or (4) no credit rating is assigned to the Securities by any two of S&P, Moody's and Fitch. The Securities will cease to be convertible pursuant to this Section 11.03 during any period or periods in which all of the credit ratings are increased above such levels.

Section 11.04. *Conversion Rights upon Notice of Redemption.* Holders may surrender for conversion in integral multiples of \$1,000 Original Principal Amount any Securities called for redemption under Article 10 hereof at any time prior to the close of business on the Business Day immediately preceding the Redemption Date, even if the Securities are not otherwise convertible at such time.

Section 11.05. *Conversion Rights upon Occurrence of Certain Corporate Transactions.* If the Company is a party to a consolidation, merger or binding share exchange pursuant to which shares of Common Stock would be converted into cash, securities or other property as set forth in Section 11.14(ii), any Security may be surrendered for conversion in integral multiples of \$1,000 Original Principal Amount at any time from and after the date that is 15 days prior to the anticipated effective date of the transaction until 15 days after the actual date of such transaction and, at the effective time of the transaction, the right to convert a Security into shares of Common Stock shall be changed into a right to convert such Security into the kind and amount of cash, securities or other property of the Company or another person that the Holder would have received if the Holder had converted such Security immediately prior to the transaction.

If the Company distributes to all holders of Common Stock (1) rights or warrants entitling them to purchase, for a period expiring within 45 days of the record date for such distribution, Common Stock at less than the average Closing Sale Price for the 10 Trading Days

preceding the declaration date for such distribution, or (2) cash, assets, debt securities or rights to purchase the Company's securities, which distribution has a per share value exceeding 10% of the Closing Sale Price of the Common Stock on the Trading Day immediately preceding the declaration date for such distribution, the Securities may be surrendered for conversion in integral multiples of \$1,000 Original Principal Amount beginning on the date that the Company gives notice to the Holders of such right, which shall not be less than 20 days prior to the time ("**Ex-Dividend Time**") immediately prior to the commencement of "ex-dividend" trading for such distribution on the New York Stock Exchange or such other principal national or regional exchange or market on which the Common Stock is then listed or quoted for such dividend or distribution, and Securities may be surrendered for conversion at any time thereafter until the earlier of close of business on the Business Day prior to the Ex-Dividend Time and the date the Company announces that such dividend or distribution will not take place. Notwithstanding the foregoing, Holders shall not have the right to surrender Securities for conversion pursuant to this Section 11.05 if they will otherwise participate in the distribution described above without first converting Securities into Common Stock.

Section 11.06. *Conversion upon Satisfaction of Trading Price Condition.* Securities may be surrendered for conversion in integral multiples of \$1,000 Original Principal Amount any time during the five Business Day period after any five consecutive Trading Day period in which the Trading Price per \$1,000 Original Principal Amount of the Securities for each day of such five Trading Day period was less than 98% of the product of the Closing Sale Price of the Common Stock and the Conversion Rate as of such Trading Day.

(b) Notwithstanding the foregoing, if, on the date of any conversion pursuant to Section 11.06(a) on or after July 25, 2031, the Closing Sale Price of the Common Stock is greater than the Conversion Price, the Holders of Securities surrendered for conversion shall receive, in lieu of Common Stock based on the Conversion Rate, cash or Common Stock or a combination of cash and Common Stock, at the Company's option, with a value equal to the Accreted Principal Amount of Securities plus accrued and unpaid interest, if any, including Contingent Interest, if any, as of the Conversion Date ("**Principal Value Conversion**"). If a Holder surrenders its Securities for a Principal Value Conversion, the Company shall notify such Holder by the second Trading Day following the Conversion Date that it is a Principal Value Conversion and whether the Company will pay such Holder all or a portion of the Accreted Principal Amount plus accrued and unpaid Contingent Interest, if any, in cash, Common Stock or a combination of cash and Common Stock, and in what percentage. Any Common Stock delivered upon a Principal Value Conversion will be valued at the greater of the Conversion Price on the Conversion Date and the Applicable Stock Price as of the Conversion Date. The Company will pay such Holder any portion of the Accreted Principal Amount plus accrued and unpaid Contingent Interest, if any, to be paid in cash and deliver Common Stock with respect to any portion of the Accreted Principal Amount plus accrued and unpaid Contingent Interest, if any, to be paid in Common Stock, no later than the third Business Day following the determination of the stock value in accordance with the preceding sentence of this Section 11.06(b).

(c) In connection with any conversion pursuant to this Section 11.06, the Calculation Agent shall not have any obligation to determine the Trading Price of the Securities unless the Company has requested such determination and the Company shall have no obligation to make

such request unless a Holder provides the Company with reasonable evidence that the Trading Price per Security would be less than 98% of the product of the Closing Sale Price of the Common Stock and the number of shares of Common Stock issuable upon conversion of such Security. At such time, the Company shall instruct the Calculation Agent to determine the Trading Price of the Securities beginning on the next Trading Day and on each successive Trading Day until the Trading Price per such Security is greater than or equal to 98% of the product of the Closing Sale Price of the Common Stock and the Conversion Rate as of such Trading Day (determined based on such Closing Sale Price rather than the Applicable Stock Price).

Section 11.07. *Conversion Procedures.* To convert a Security, a Holder must (a) complete and manually sign the Conversion Notice or a facsimile of the Conversion Notice on the back of the Security and deliver such notice to the Conversion Agent, (b) surrender the Security to the Conversion Agent, (c) furnish appropriate endorsements and transfer documents if required by the Registrar or the Conversion Agent, (d) pay any transfer or similar tax, if required and (e) if required, pay funds equal to the interest payable on the next Interest Payment Date. The date on which the Holder satisfies all of those requirements is the “**Conversion Date**”. Except as set forth in Section 11.06, within two Business Days following the Conversion Date, the Company shall deliver to the Holder, through the Conversion Agent, written notice of whether such Securities shall be converted into Common Stock or paid in cash or a combination of cash and Common Stock (unless the Company shall have already done so pursuant to a notice of redemption pursuant to Section 10.03 in respect of a Conversion Date occurring before the Redemption Date set forth in such notice). If the Company shall have notified the Holder that all of such Securities shall be converted into Common Stock or a combination of cash and Common Stock, or if such conversion is a Principal Value Conversion, the Company directly or through its stock registrar shall deliver to the Holder through the Conversion Agent, no later than the third Business Day following the date on which the Applicable Stock Price is determined, a certificate for or other evidence of the number of whole shares of Common Stock issuable upon the conversion and, if applicable, cash in lieu of such Common Stock and cash in lieu of any fractional shares pursuant to 11.08. Except as otherwise provided in this Article 11, if the Company shall have notified the Holder that all or a portion of such Security shall be paid solely in cash, the Company shall deliver to the Holder surrendering such Security the amount of cash per Security (or a portion of a Security) equal to the Applicable Stock Price multiplied by the Conversion Rate in effect with respect to such Conversion Date no later than the tenth Business Day following such Conversion Date. Except as otherwise provided in this Article 11, the Company may not change its election with respect to the consideration to be delivered upon conversion of a Security once the Company has notified the Holder in accordance with this paragraph. Anything herein to the contrary notwithstanding, in the case of Global Securities, Conversion Notices may be delivered and such Securities may be surrendered for conversion in accordance with the applicable procedures of the Depositary as in effect from time to time. The Person in whose name the Common Stock certificate is registered shall be deemed to be a shareholder of record at the close of business on the date on which the Applicable Stock Price is determined with respect to the applicable Conversion Date; provided, however, that if any such date is a date when the stock transfer books of the Company are closed, such Person shall be deemed a shareholder of record as of the next date on which the stock transfer books of the Company are open.

No payment or adjustment shall be made for dividends on, or other distributions with respect to, any Common Stock except as provided in this Article. On conversion of a Security, except for conversion during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the close of business on the Business Day immediately preceding such Interest Payment Date, in which case the Holder on such Regular Record Date shall receive the interest payable on such Interest Payment Date, that portion of accrued and unpaid interest, including Contingent Interest, if any, on the converted Security attributable to the period from the most recent Interest Payment Date (or, if no Interest Payment Date has occurred, from the Issue Date) through the Conversion Date shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, in exchange for the Security being converted pursuant to the provisions hereof, and the fair market value of such shares of Common Stock (together with any such cash payment in lieu of fractional shares), or cash or a combination of cash and Common Stock in lieu thereof, shall be treated as issued, to the extent thereof, first in exchange for accrued and unpaid interest (including Contingent Interest, if any) accrued through the Conversion Date and the balance, if any, of such fair market value of such Common Stock (and any such cash payment), or cash in lieu thereof, shall be treated as issued in exchange for the Accreted Principal Amount of the Security being converted pursuant to the provisions hereof.

The Company agrees, and by acceptance of a beneficial interest in a Security each Holder and each beneficial owner of a Security agrees, to treat, for United States federal income tax purposes, the fair market value of the Common Stock received upon the conversion of a Security (together with any cash payment in lieu of fractional shares) or cash, or a combination of cash and Common Stock as a contingent payment on the Security for purposes of Treasury Regulations Section 1.1275-4.

If a Holder converts more than one Security at the same time, the number of shares of Common Stock issuable upon the conversion shall be based on the aggregate Original Principal Amount of Securities converted.

Upon surrender of a Security that is converted in part, the Company shall execute, and the Trustee shall authenticate and deliver to the Holder, a new Security equal in Original Principal Amount to the Original Principal Amount of the unconverted portion of the Security surrendered.

Securities or portions thereof surrendered for conversion after the close of business on any Regular Record Date but prior to the next succeeding Interest Payment Date, Holders of such Securities at the close of business on such Regular Record Date will receive the interest payable on such Securities on the corresponding Interest Payment Date notwithstanding the conversion. Such Securities, upon surrender for conversion, will be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date with respect to the Original Principal Amount of Securities or portions thereof being surrendered for conversion; *provided* that no such payment need be made if (1) the Company has specified a Redemption Date that is after the close of business on a Regular Record Date and prior to the

date the three Business Days following the next Interest Payment Date to which such Regular Record Date relates, (2) the Company has specified a Change in Control Purchase Date during such period or (3) only to the extent of overdue interest or overdue Contingent Interest, any overdue interest or overdue Contingent Interest exists on the Conversion Date with respect to the Securities converted.

The Holders' rights to convert Securities into Common Stock are subject to the Company's right to elect instead to pay each such Holder the amount of cash determined pursuant to this Article (or an equivalent amount in a combination of cash and shares of Common Stock), in lieu of delivering such Common Stock; *provided, however*, that if an Event of Default (other than a default in a cash payment upon conversion of the Securities) shall have occurred and be continuing, the Company shall deliver Common Stock in accordance with this Article, whether or not the Company has delivered a notice pursuant to this Section 11.07 to the effect that the Securities would be paid in cash or a combination of cash and Common Stock.

If the Securities are remarketed on any Remarketing Reset Event Date pursuant to Article 15, the conditions to conversion set forth in this Article 11, must be satisfied thereafter or the Securities may not be converted.

Section 11.08. *Fractional Shares*. The Company shall not issue a fractional share of Common Stock upon conversion of a Security. Instead, the Company will deliver cash for the current market value of the fractional share. The current market value of a fractional share of Common Stock shall equal, to the nearest 1/1,000th of a share, the Closing Sale Price of the Common Stock on the Trading day immediately preceding the Conversion Date and rounding the product to the nearest whole cent.

Section 11.09. *Taxes on Conversion*. If a Holder converts a Security, the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of shares of Common Stock upon such conversion. However, the Holder shall pay any such tax which is due because the Holder requests the shares to be issued in a name other than the Holder's name. The Conversion Agent may refuse to deliver the certificate representing the Common Stock being issued in a name other than the Holder's name until the Conversion Agent receives a sum sufficient to pay any tax which will be due because the shares are to be issued in a name other than the Holder's name. Nothing herein shall preclude any tax withholding required by law or regulation.

Section 11.10. *Reservation of Shares, Shares to Be Fully Paid; Compliance with Governmental Requirements; Listing of Common Stock*. The Company shall provide, free from preemptive rights, out of its authorized but unissued shares or shares held in treasury, sufficient shares of Common Stock to provide for the conversion of the Securities from time to time as such Securities are presented for conversion.

(b) Before taking any action which would cause an adjustment increasing the Conversion Rate to an amount that would cause the Conversion Price to be reduced below the then par value, if any, of the shares of Common Stock issuable upon conversion of the Securities, the Company will take all corporate action which may, in the opinion of its counsel, be necessary

in order that the Company may validly and legally issue shares of such Common Stock at such adjusted Conversion Rate.

(c) (i) The Company covenants that all shares of Common Stock which may be issued upon conversion of Securities will upon issue be fully paid and non-assessable by the Company and free from all taxes, liens and charges with respect to the issue thereof.

(ii) The Company covenants that, if any shares of Common Stock to be provided for the purpose of conversion of Securities hereunder require registration with or approval of any governmental authority under any federal or state law before such shares may be validly issued upon conversion, the Company will in good faith and as expeditiously as possible, to the extent then permitted by the rules and interpretations of the Securities and Exchange Commission (or any successor thereto), endeavor to secure such registration or approval, as the case may be.

(d) The Company further covenants that, if at any time the Common Stock shall be listed on the NYSE or any other national securities exchange or automated quotation system, the Company will, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion of the Security; *provided, however*, that, if the rules of such exchange or automated quotation system permit the Company to defer the listing of such Common Stock until the first conversion of the Securities into Common Stock in accordance with the provisions of this Indenture, the Company covenants to list such Common Stock issuable upon conversion of the Securities in accordance with the requirements of such exchange or automated quotation system at such time.

Section 11.11. *Adjustment of Conversion Rate.* The Conversion Rate shall be adjusted from time to time by the Company as follows:

(a) In case the Company shall hereafter pay a dividend or make a distribution to all holders of the outstanding Common Stock in shares of Common Stock, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect at the opening of business on the date following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution by a fraction,

(i) the numerator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or other distribution plus the total number of shares of Common Stock constituting such dividend or other distribution; and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination,

such increase to become effective immediately after the opening of business on the day following the date fixed for such determination. If any dividend or distribution of the

type described in this Section 11.11(a) is declared but not so paid or made, the Conversion Rate shall again be adjusted to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) In case the Company shall issue rights or warrants to all holders of its outstanding shares of Common Stock entitling them (for a period expiring within fortyfive (45) days after the date fixed for determination of stockholders entitled to receive such rights or warrants) to subscribe for or purchase shares of Common Stock at a price per share less than the average of the Closing Sale Prices of the Common Stock for the 10 Trading Days preceding the declaration date for such distribution, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the date fixed for determination of stockholders entitled to receive such rights or warrants by a fraction,

(i) the numerator of which shall be the number of shares of Common Stock outstanding on the date fixed for determination of stockholders entitled to receive such rights or warrants plus the total number of additional shares of Common Stock offered for subscription or purchase, and

(ii) the denominator of which shall be the sum of the number of shares of Common Stock outstanding at the close of business on the date fixed for determination of stockholders entitled to receive such rights or warrants plus the number of shares that the aggregate offering price of the total number of shares so offered would purchase at a price equal to the average of the Closing Sale Prices of the Common Stock for the 10 Trading Days preceding the declaration date for such distribution.

Such adjustment shall be successively made whenever any such rights or warrants are issued, and shall become effective immediately after the opening of business on the day following the date fixed for determination of stockholders entitled to receive such rights or warrants. To the extent that shares of Common Stock are not delivered after the expiration of such rights or warrants, the Conversion Rate shall be readjusted to the Conversion Rate that would then be in effect had the adjustments made upon the issuance of such rights or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights or warrants are not so issued, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such date fixed for the determination of stockholders entitled to receive such rights or warrants had not been fixed. In determining whether any rights or warrants entitle the holders to subscribe for or purchase shares of Common Stock at a price less than the average of the Closing Sale Prices of the Common Stock for the 10 Trading Days preceding the declaration date for such distribution, and in determining the aggregate offering price of such shares of Common Stock, there shall be taken into account any consideration received by the Company for such rights or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors.

(c) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and conversely, in case outstanding shares of Common Stock shall be combined into a smaller number of shares of Common Stock, the Conversion Rate in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(d) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock shares of any class of capital stock of the Company or evidences of its indebtedness or assets (including securities, but excluding (x) any rights or warrants referred to in Section 11.11(b), (y) any dividend or distribution (I) paid exclusively in cash or (II) referred to in Section 11.11(a) and (z) any distribution referred to in Section 11.11(g)) (any of the foregoing hereinafter in this Section 11.11(d) called the “**Distributed Securities**”), then, in each such case, the Conversion Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Conversion Rate in effect on the Record Date with respect to such distribution by a fraction,

(i) the numerator of which shall be the Current Market Price on such Record Date; and

(ii) the denominator of which shall be the Current Market Price on such Record Date less the Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive, and described in a resolution of the Board of Directors) on the Record Date of the portion of the Distributed Securities so distributed applicable to one share of Common Stock,

such adjustment to become effective immediately prior to the opening of business on the day following such Record Date; *provided* that if the then Fair Market Value (as so determined) of the portion of the Distributed Securities so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the Record Date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion the amount of Distributed Securities such holder would have received had such holder converted each Security on the Record Date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. If the Board of Directors determines the Fair Market Value of any distribution for purposes of this Section 11.11(d) by reference to the actual or when issued trading market for any securities, it must in doing so consider the prices in such market over the same period used in computing the Current Market Price on the applicable Record Date.

Rights or warrants distributed by the Company to all holders of Common Stock entitling the holders thereof to subscribe for or purchase shares of the Company's capital stock (either initially or under certain circumstances), which rights or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such shares of Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of Common Stock, shall be deemed not to have been distributed for purposes of this Section 11.11 (and no adjustment to the Conversion Rate under this Section 11.11 will be required) until the occurrence of the earliest Trigger Event, whereupon such rights and warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 11.11(d). If any such right or warrant, including any such existing rights or warrants distributed prior to the date of this Indenture, are subject to events, upon the occurrence of which such rights or warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and record date with respect to new rights or warrants with such rights (and a termination or expiration of the existing rights or warrants without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights or warrants, or any Trigger Event or other event (of the type described in the preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 11.11 was made, (1) in the case of any such rights or warrants that shall all have been redeemed or repurchased without exercise by any holders thereof, the Conversion Rate shall be readjusted upon such final redemption or repurchase to give effect to such distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or repurchase price received by a holder or holders of Common Stock with respect to such rights or warrants (assuming such holder had retained such rights or warrants), made to all holders of Common Stock as of the date of such redemption or repurchase, and (2) in the case of such rights or warrants that shall have expired or been terminated without exercise thereof, the Conversion Rate shall be readjusted as if such expired or terminated rights and warrants had not been issued.

For purposes of this Section 11.11(d) and Section 11.11(a) and (b), any dividend or distribution to which this Section 11.11(d) is applicable that also includes shares of Common Stock, or rights or warrants to subscribe for or purchase shares of Common Stock (or both), shall be deemed instead to be (1) a dividend or distribution of the evidences of indebtedness, assets or shares of capital stock other than such shares of Common Stock or rights or warrants (and any Conversion Rate adjustment required by this Section 11.11(d) with respect to such dividend or distribution shall then be made) immediately followed by (2) a dividend or distribution of such shares of Common Stock or such rights or warrants (and any further Conversion Rate adjustment required by Sections 11.11(a) and 11.11(b) with respect to such dividend or distribution shall then be made), except (A) the Record Date of such dividend or distribution shall be substituted as "the date fixed for the determination of stockholders entitled to receive such dividend or other distribution", "the date fixed for the determination of stockholders entitled to receive such rights or warrants" and "the date fixed for such determination" within the meaning of Section 11.11(a) and 11.11(b) and (B) any shares of Common Stock included

in such dividend or distribution shall not be deemed “outstanding at the close of business on the date fixed for such determination” within the meaning of Section 11.11(a).

(e) In case the Company shall, by dividend or otherwise, distribute to all holders of its Common Stock cash, excluding any dividend or distribution in connection with the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, to the extent that the aggregate amount of cash distributions per share of Common Stock in any twelve month period exceeds the greater of (x) the annualized amount per share of Common Stock of the next preceding quarterly cash dividend on the Common Stock to the extent that such preceding quarterly dividend did not require any adjustment of the Conversion Rate pursuant to this Section 11.11(e) (as adjusted to reflect subdivisions, or combinations of the Common Stock), and (y) 10% of the average of the Closing Sale Price during the ten Trading Days immediately prior to the date of declaration of such dividend, then, in such case, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the close of business on such record date by a fraction,

(i) the numerator of which shall be the Current Market Price on such record date; and

(ii) the denominator of which shall be the Current Market Price on such record date less the amount of cash so distributed (including only the amount of cash distributed in excess of the threshold set forth above) applicable to one share of Common Stock,

such adjustment to be effective immediately prior to the opening of business on the day following the record date; *provided* that if the portion of the cash so distributed applicable to one share of Common Stock is equal to or greater than the Current Market Price on the record date, in lieu of the foregoing adjustment, adequate provision shall be made so that each Holder shall have the right to receive upon conversion the amount of cash such holder would have received had such holder converted each Security on the Record Date. If such dividend or distribution is not so paid or made, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. If any adjustment is required to be made as set forth in this Section 11.11(e) as a result of a distribution that is a quarterly dividend, such adjustment shall be based upon the amount by which such distribution exceeds the amount of the quarterly cash dividend permitted to be excluded pursuant hereto. If an adjustment is required to be made as set forth in this Section 11.11(e) above as a result of a distribution that is not a quarterly dividend, such adjustment shall be based upon the full amount of the distribution.

(f) In case a tender or exchange offer made by the Company or any Subsidiary for all or any portion of the Common Stock shall expire and such tender or exchange offer (as amended upon the expiration thereof) shall require the payment to stockholders of consideration per share of Common Stock having a Fair Market Value (as determined by the Board of Directors, whose determination shall be conclusive and described in a resolution of the Board of Directors) that as of the last time (the

“Expiration Time”) tenders or exchanges may be made pursuant to such tender or exchange offer (as it may be amended) exceeds the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, the Conversion Rate shall be increased so that the same shall equal the rate determined by multiplying the Conversion Rate in effect immediately prior to the Expiration Time by a fraction,

(i) the numerator of which shall be the sum of (x) the Fair Market Value (determined as aforesaid) of the aggregate consideration payable to stockholders based on the acceptance (up to any maximum specified in the terms of the tender or exchange offer) of all shares validly tendered or exchanged and not withdrawn as of the Expiration Time (the shares deemed so accepted up to any such maximum, being referred to as the **“Purchased Shares”**) and (y) the product of the number of shares of Common Stock outstanding (less any Purchased Shares) at the Expiration Time and the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time, and

(ii) the denominator of which shall be the number of shares of Common Stock outstanding (including any tendered or exchanged shares) at the Expiration Time multiplied by the Closing Sale Price of a share of Common Stock on the Trading Day next succeeding the Expiration Time,

such adjustment to become effective immediately prior to the opening of business on the day following the Expiration Time. If the Company is obligated to purchase shares pursuant to any such tender or exchange offer, but the Company is permanently prevented by applicable law from effecting any such purchases or all such purchases are rescinded, the Conversion Rate shall again be adjusted to be the Conversion Rate that would then be in effect if such tender or exchange offer had not been made.

(g) If the Company pays a dividend or makes a distribution to all holders of its Common Stock consisting of capital stock of any class or series, or similar equity interests, of or relating to a Subsidiary or other business unit of the Company, the Conversion Rate shall be increased so that the same shall be equal to the rate determined by multiplying the Conversion Rate in effect on the Record Date with respect to such distribution by a fraction,

(i) the numerator of which shall be the sum of (A) the average of the Closing Sale Prices of the Common Stock for the ten (10) Trading Days commencing on and including the fifth Trading Day after the date on which “exdividend trading” commences for such dividend or distribution on The New York Stock Exchange or such other national or regional exchange or market which such securities are then listed or quoted (the **“Ex-Dividend Date”**) plus (B) the fair market value of the securities distributed in respect of each share of Common Stock for which this Section 11.11(g) applies and shall equal the number of securities distributed in respect of each share of Common Stock multiplied by the average of the closing sale prices of those securities distributed for the ten (10) Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date; and

(ii) the denominator of which shall be the average of the Closing Sale Prices of the Common Stock for the ten (10) Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date,

such adjustment to become effective immediately prior to the opening of business on the day following fifteenth Trading Day after the Ex-Dividend Date; *provided* that if (x) the average of the Closing Sale Prices of the Common Stock for the ten (10) Trading Days commencing on and including the fifth Trading Day after the Ex-Dividend Date *minus* (y) the fair market value of the securities distributed in respect of each share of Common Stock for which this Section 11.11(g) applies (as calculated in Section 11.11(g)(ii)(B) above) is less than \$1.00, then the adjustment provided by for by this Section 11.11(g) shall not be made and in lieu thereof the provisions of Section 11.14 shall apply to such distribution.

(h) If any adjustment or readjustment is made to the Conversion Rate pursuant to this Section 11.11, the same proportional adjustment shall be made to the Maximum Conversion Rate.

(i) For purposes of this Section 11.11, the following terms shall have the meaning indicated:

(i) **“Current Market Price”** shall mean the average of the daily Closing Sale Prices per share of Common Stock for the ten consecutive Trading Days selected by the Company commencing no more than 30 Trading Days before and ending not later than the earlier of such date of determination and the day before the **“ex”** date with respect to the issuance, distribution, subdivision or combination requiring such computation immediately prior to the date in question. For purpose of this paragraph, the term **“ex”** date, (1) when used with respect to any issuance or distribution, means the first date on which the Common Stock trades, regular way, on the relevant exchange or in the relevant market from which the Closing Sale Price was obtained without the right to receive such issuance or distribution, and (2) when used with respect to any subdivision or combination of shares of Common Stock, means the first date on which the Common Stock trades, regular way, on such exchange or in such market after the time at which such subdivision or combination becomes effective.

If another issuance, distribution, subdivision or combination to which Section 11.11 applies occurs during the period applicable for calculating **“Current Market Price”** pursuant to the definition in the preceding paragraph, **“Current Market Price”** shall be calculated for such period in a manner determined by the Board of Directors to reflect the impact of such issuance, distribution, subdivision or combination on the Closing Sale Price of the Common Stock during such period.

(ii) **“Fair Market Value”** shall mean the amount which a willing buyer would pay a willing seller in an arm’s- length transaction.

(iii) **“Record Date”** shall mean, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock have the right to receive any cash, securities or other property or in which the Common Stock (or other applicable security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of stockholders entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors or by statute, contract or otherwise).

(j) The Company may make such increases in the Conversion Rate in addition to those required by Section 11.11(a), (b), (c), (d), (e) or (f) as the Board of Directors considers to be advisable to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock resulting from any dividend or distribution of stock (or rights to acquire stock) or from any event treated as such for income tax purposes.

To the extent permitted by applicable law, the Company from time to time may increase the Conversion Rate by any amount for any period of time if the period is at least twenty (20) days, the increase is irrevocable during the period and the Board of Directors shall have made a determination that such increase would be in the best interests of the Company, which determination shall be conclusive. Whenever the Conversion Rate is increased pursuant to the preceding sentence, the Company shall give the Trustee notice of the increase at least fifteen (15) days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate (and the Maximum Conversion Rate) and the period during which they will be in effect.

(k) No adjustment in the Conversion Rate (and the Maximum Conversion Rate) shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in such rate; *provided* that any adjustments that by reason of this Section 11.11(k) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Article 11 shall be made by the Company and shall be made to the nearest cent or to the nearest one-ten thousandth (1/10,000) of a share, as the case may be. No adjustment need be made for rights to purchase Common Stock pursuant to a Company plan for reinvestment of dividends or interest or, except as set forth in this Article 11, for any issuance of Common Stock or convertible or exchangeable securities or rights to purchase Common Stock or convertible or exchangeable securities. To the extent the Securities become convertible into cash, assets, property or securities (other than capital stock of the Company), subject to Section 11.14, no adjustment need be made thereafter as to the cash, assets, property or such securities. Interest will not accrue on any cash into which the Securities are convertible.

(l) Whenever the Conversion Rate (and the Maximum Conversion Rate) is adjusted as herein provided, the Company shall promptly file with the Trustee and any Conversion Agent other than the Trustee an Officer’s Certificate setting forth the Conversion Rate (and the Maximum Conversion Rate) after such adjustment and setting forth a brief statement of the facts requiring such adjustment. Unless and until a

Responsible Officer of the Trustee or Conversion Agent shall have received such Officer's Certificate, the Trustee or Conversion Agent, as the case may be, shall not be deemed to have knowledge of any adjustment of the Conversion Rate (and the Maximum Conversion Rate) and may assume that the last Conversion Rate (and the Maximum Conversion Rate) of which it has knowledge is still in effect. Promptly after delivery of such certificate, the Company shall prepare a notice of such adjustment of the Conversion Rate (and the Maximum Conversion Rate) setting forth the adjusted Conversion Rate (and the Maximum Conversion Rate) and the date on which each adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Rate (and the Maximum Conversion Rate) to the Holder of each Security at his last address appearing on the Security Register within twenty (20) days after execution thereof. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(m) In any case in which this Section 11.11 provides that an adjustment shall become effective immediately after (1) a record date or Record Date for an event, (2) the date fixed for the determination of stockholders entitled to receive a dividend or distribution pursuant to Section 11.11(a), (3) a date fixed for the determination of stockholders entitled to receive rights or warrants pursuant to Section 11.11(b), or (4) the Expiration Time for any tender or exchange offer pursuant to Section 11.11(f) (each a "**Determination Date**"), the Company may elect to defer until the occurrence of the applicable Adjustment Event (as hereinafter defined) (x) issuing to the holder of any Security converted after such Determination Date and before the occurrence of such Adjustment Event, the additional shares of Common Stock or other securities issuable upon such conversion by reason of the adjustment required by such Adjustment Event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (y) paying to such holder any amount in cash in lieu of any fraction pursuant to Section 11.08. For purposes of this Section 11.11(m), the term "**Adjustment Event**" shall mean:

- (i) in any case referred to in clause (1) hereof, the occurrence of such event,
- (ii) in any case referred to in clause (2) hereof, the date any such dividend or distribution is paid or made,
- (iii) in any case referred to in clause (3) hereof, the date of expiration of such rights or warrants, and
- (iv) in any case referred to in clause (4) hereof, the date a sale or exchange of Common Stock pursuant to such tender or exchange offer is consummated and becomes irrevocable.

(n) For purposes of this Section 11.11, the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Company, unless such treasury shares participate in any distribution or dividend that requires an adjustment pursuant to this Section 11.11, but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock.

Section 11.12. *Adjustment for Tax Purposes.* The Company shall be entitled to make such increases in the Conversion Rate (and the Maximum Conversion Rate), in addition to those required by Section 11.11, if the Board of Directors deems it to be advisable in order that any stock dividends, subdivisions of shares, distributions of rights to purchase stock or securities or distributions of securities convertible into or exchangeable for stock hereafter made by the Company to its stockholders shall not be taxable.

Section 11.13. *Notice of Certain Transactions.* In the event that:

- (i) the Company takes any action which would require an adjustment in the Conversion Rate;
- (ii) the Company takes any action that requires a supplemental indenture pursuant to Section 11.14; or
- (iii) there is a dissolution or liquidation of the Company;

the Company shall mail to Holders and file with the Trustee a notice stating the proposed record or effective date, as the case may be. The Company shall mail the notice at least fifteen days before such date. Failure to mail such notice or any defect therein shall not affect the validity of any transaction referred to in clause (i), (ii) or (iii) of this Section 11.13.

Section 11.14. *Effect of Reclassification, Consolidation, Merger or Sale on Conversion Privilege.* If any of the following events occur, namely (i) any reclassification or change of the outstanding shares of Common Stock (other than a subdivision or combination to which Section 11.11(c) applies), (ii) any consolidation, merger or combination of the Company with another Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, or (iii) any sale or conveyance of all or substantially all of the properties and assets of the Company to any other Person as a result of which holders of Common Stock shall be entitled to receive stock, other securities or other property or assets (including cash) with respect to or in exchange for such Common Stock, then the Company or the successor or purchasing Person, as the case may be, shall execute with the Trustee a supplemental indenture (which shall comply with the Trust Indenture Act as in force at the date of execution of such supplemental indenture) providing that each Security shall be convertible into the kind and amount of shares of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance by a holder of a number of shares of Common Stock issuable upon conversion of such Securities (assuming, for such purposes, a sufficient number of authorized shares of Common Stock are available to convert all such Securities) immediately prior to such reclassification, change, consolidation, merger, combination, sale or conveyance assuming such holder of Common Stock did not exercise his rights of election, if any, as to the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance (provided that, if the kind or amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance is not the same for each share of Common Stock in respect of which such rights of election shall not have been

exercised (“non-electing share”), then for the purposes of this Section 11.14 the kind and amount of stock, other securities or other property or assets (including cash) receivable upon such reclassification, change, consolidation, merger, combination, sale or conveyance for each nonelecting share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such supplemental indenture shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Article 11.

The Company shall cause notice of the execution of such supplemental indenture to be mailed to each Holder of Securities, at its address appearing on the Security register, within twenty (20) days after execution thereof and shall issue a press release containing such information and publish such information on its website on the World Wide Web. Failure to deliver such notice shall not affect the legality or validity of such supplemental indenture.

The above provisions of this Section shall similarly apply to successive reclassifications, changes, consolidations, mergers, combinations, sales and conveyances.

If this Section 11.14 applies to any event or occurrence, Section 11.11 shall not apply.

Section 11.15. *Trustee’s Disclaimer.* The Trustee shall have no duty to determine when an adjustment under this Article should be made, how it should be made or what such adjustment should be, but may accept as conclusive evidence of that fact or the correctness of any such adjustment, and shall be protected in relying upon, an Officer’s Certificate including the Officer’s Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 11.11(l). The Trustee makes no representation as to the validity or value of any securities or assets issued upon conversion of Securities, and the Trustee shall not be responsible for the Company’s failure to comply with any provisions of this Article.

The Trustee shall not be under any responsibility to determine the correctness of any provisions contained in any supplemental indenture executed pursuant to Section 11.14, but may accept as conclusive evidence of the correctness thereof, and shall be fully protected in relying upon, the Officer’s Certificate with respect thereto which the Company is obligated to file with the Trustee pursuant to Section 11.11(l).

Section 11.16. *Rights Issued in Respect of Common Stock Issued upon Conversion.* Each share of Common Stock issued upon conversion of Securities pursuant to this Article 11 shall be entitled to receive the appropriate number of common stock or preferred stock purchase rights, as the case may be (the “Rights”), if any, that shares of Common Stock are entitled to receive and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any shareholder rights agreement adopted by the Company, as the same may be amended from time to time (in each case, a “Rights Agreement”). Provided that such Rights Agreement requires that each share of Common Stock issued upon conversion of Securities at any time prior to the distribution of separate certificates representing the Rights be entitled to receive such Rights, then, notwithstanding anything else to the contrary in this Article 11, there shall not be any adjustment to the conversion privilege or Conversion Rate (and the Maximum Conversion Rate) as a result of the issuance of Rights, but an adjustment to the Conversion Rate (and as applicable, the

Maximum Conversion Rate) shall be made pursuant to Section 11.11(d) upon the separation of the Rights from the Common Stock.

Section 11.17. *Company Determination Final.* Any determination that the Company or the Board of Directors must make pursuant to Sections 11.07, 11.08, 11.11, 11.12 or 11.14 shall be conclusive.

ARTICLE 12
PURCHASE AT OPTION OF HOLDERS

Section 12.01. *Right to Require Purchase.* Unless a Remarketing Reset Event occurs and there is a successful remarketing on such Remarketing Reset Event Date, each Holder has the right to require the Company to purchase all or a portion of the Securities held by such Holder on July 25, 2007, 2011, 2015, 2019, 2023, 2027 and 2031, or if any such day is not a Business Day, on the immediately succeeding Business Day (each, a **“Purchase Date”**), if the Securities are not immediately convertible into Common Stock on such Purchase Date. If there is a Failed Remarketing or a remarketing does not occur because the Company gives notice of redemption, then a Holder may require the Company to purchase all or a portion of the Securities held by such Holder.

(b) The Company shall give notice of each Purchase Date and of the procedures set forth in Section 12.02 that each Holder must follow to exercise its purchase right to each Holder at its address set forth in the Security Register and to the Depositary, not later than 21 Business Days prior to each Purchase Date.

Section 12.02. *Purchase Procedures.* If the Holders have the right to require the purchase of Securities pursuant to Section 12.01, the Company shall purchase such Securities for cash at a Purchase Price equal to 100% of the Accreted Principal Amount thereof, plus accrued and unpaid interest, (including Contingent Interest, if any) to, but excluding, the Purchase Date (the **“Purchase Price”**) (provided that if the Purchase Date is an Interest Payment Date, any accrued and unpaid interest and Contingent Interest shall be paid to the Holder of record as of the applicable Regular Record Date, rather than to the Holder presenting the Security for purchase), at the option of the Holder thereof, upon:

(a) delivery to the Paying Agent by the Holder of a written notice of purchase (a **“Purchase Notice”**) at any time from the opening of business on the date that is 21 Business Days prior to a Purchase Date until the close of business on such Purchase Date stating:

(i) if a certificated Security has been issued, the certificate number of the Security which the Holder will deliver to be purchased or if not, such information as may be required under applicable procedures of the Depositary,

(ii) the portion of the Original Principal Amount of the Security which the Holder will deliver to be purchased, which portion must be \$1,000 or an integral multiple thereof, and

(iii) that such Security shall be purchased as of the applicable Purchase Date pursuant to this Article 12; and

(b) delivery of such Security to the Paying Agent prior to, on or after the Purchase Date (together with all necessary endorsements) at the offices of the Paying Agent, such delivery being a condition to receipt by the Holder of the Purchase Price therefor; *provided, however*, that such Purchase Price shall be so paid pursuant to this Article only if the Security so delivered to the Paying Agent shall conform in all respects to the description thereof in the related Purchase Notice.

The Company shall purchase from the Holder thereof, pursuant to this Article, a portion of a Security if the Original Principal Amount of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the purchase of all of a Security also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Article shall be consummated by the payment of the Purchase Price to be received by the Holder in cash promptly following the later of the Purchase Date and the time of delivery of the Security as set forth in Section 12.04.

Notwithstanding anything herein to the contrary, any Holder delivering to the Paying Agent the Purchase Notice contemplated by this Section 12.02 shall have the right to withdraw such Purchase Notice at any time prior to the close of business on the Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 12.03.

The Paying Agent shall promptly notify the Company of the receipt by it of any Purchase Notice or written notice of withdrawal thereof.

The Company may, at its option, specify additional dates on which Holders will have the right to require it to purchase all or a portion of the Securities held by such Holder upon written notice to the Paying Agent, the Trustee and the Holders. Such notice shall specify the additional dates upon which the Company shall be required to purchase the Securities at the option of the Holders and shall be delivered to the Paying Agent, the Trustee and the Holders no less than 25 Business Days prior to the earliest purchase date specified in such notice.

Section 12.03. *Effect of Purchase Notice.* Upon receipt by the Paying Agent of the Purchase Notice specified in Section 12.02(a), the Holder of the Security in respect of which such Purchase Notice was given shall (unless such Purchase Notice is withdrawn as specified in the following two paragraphs) thereafter be entitled to receive solely the Purchase Price with respect to such Security. Such Purchase Price shall be paid to such Holder, subject to receipt of funds by the Paying Agent, promptly following the later of (x) the Purchase Date with respect to such Security (provided the conditions in Section 12.02 have been satisfied) and (y) the time of delivery of such Security to the Paying Agent by the Holder thereof in the manner required by Section 12.02. Securities in respect of which a Purchase Notice has been given by the Holder thereof may not be converted pursuant to Article 11 hereof on or after the date of the delivery of such Purchase Notice unless such Purchase Notice has first been validly withdrawn as specified in the following two paragraphs.

A Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Purchase Notice at any time prior to the close of business on the applicable Purchase Date specifying:

- (i) if certificated Securities have been issued, the certificate number of the Security in respect of which such notice of withdrawal is being submitted, or if not, such information as may be required under appropriate procedures of the Depository;
- (ii) the Original Principal Amount of the Security with respect to which such notice of withdrawal is being submitted; and
- (iii) the Original Principal Amount, if any, of such Security that remain subject to the original Purchase Notice and have been or will be delivered for purchase by the Company.

There shall be no purchase of any Securities pursuant to this Article 12 if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Purchase Notice) and is continuing an Event of Default (other than a default in the payment of the Purchase Price with respect to such Securities). The Paying Agent will promptly return to the respective Holders thereof any Securities (x) with respect to which a Purchase Notice has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Purchase Price with respect to such Securities) in which case, upon such return, the Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 12.04. *Deposit of Purchase Price.* Prior to 11:00 a.m. (New York City time) on the Business Day immediately following the Purchase Date, the Company shall deposit with the Trustee or with the Paying Agent an amount of cash (in immediately available funds if deposited on such Business Day) sufficient to pay the aggregate Purchase Price of all of the Securities or portions thereof which are to be purchased as of the Purchase Date. The manner in which the deposit required by this Section 12.04 is made by the Company shall be at the option of the Company, *provided, however*, that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the date of deposit.

If a Paying Agent holds, in accordance with the terms hereof, cash sufficient to pay the Purchase Price of any Security for which a Purchase Notice has been tendered and not withdrawn in accordance with this Indenture on the Business Day following the Purchase Date then, immediately after such Purchase Date, such Security will cease to be outstanding, interest (including Contingent Interest and Liquidated Damages, if any) will cease to accrue and the rights of the Holder in respect thereof shall terminate (other than the right to receive the Purchase Price as aforesaid).

Section 12.05. *Securities Purchased in Part.* Any Security which is to be purchased only in part shall be surrendered at the office of the Paying Agent (with, if the Company, the Paying Agent or the Trustee so requires, due

endorsement by, or a written instrument of transfer in form satisfactory to the Company, the Paying Agent or the Trustee duly executed by, the Holder thereof or such Holder's attorney duly authorized in writing) and the Company shall execute and the Trustee, or any Authenticating Agent, shall authenticate and deliver to the Holder of such Security, without service charge except for any taxes to be paid by the Holder in the event a Security is registered under a new name, a new Security or Securities, of any authorized denomination as requested by such Holder in aggregate Original Principal Amount equal to, and in exchange for, the portion of the Original Principal Amount of the Security so surrendered which is not purchased.

Section 12.06. *Repayment to the Company.* The Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed for two years, subject to applicable unclaimed property law, together with interest, if any, thereon held by them for the payment of the Purchase Price, *provided, however*, that to the extent that the aggregate amount of cash or Common Stock deposited by the Company pursuant to Section 12.04 exceeds the aggregate Purchase Price of the Securities or portions thereof which the Company is obligated to purchase as of the Purchase Date, then promptly after the Business Day following the Purchase Date, the Trustee or the Paying Agent, as applicable, shall return any such excess to the Company. Thereafter, any Holder entitled to payment must look to the Company for payment as general creditors, unless an applicable abandoned property law designates another Person.

ARTICLE 13

Purchase at Option of Holder Upon a Change In Control

Section 13.01. *Right to Require Purchase.* (a) If at any time prior to Stated Maturity that Securities remain outstanding there shall occur a Change in Control, Securities shall be purchased by the Company in integral multiples of \$1,000 Original Principal Amount at the option of the Holders thereof as of the date specified by the Company that is not less than 20 Business Days nor more than 35 Business Days after the occurrence of the Change in Control (the "**Change in Control Purchase Date**") subject to satisfaction by or on behalf of any Holder of the requirements set forth in subsection (c) of this Section 13.01. The purchase price of such Securities (the "**Change in Control Purchase Price**") shall be equal to 100% of the Accreted Principal Amount of the Securities to be purchased plus accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding, the Change in Control Purchase Date, unless such Change in Control Purchase Date falls after a Regular Record Date and on or prior to the corresponding Interest Payment Date, in which case the Company shall pay the full amount of accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) payable on such Interest Payment Date to the holder of record at the close of business on such Regular Record Date.

A "**Change in Control**" shall be deemed to have occurred at such time as either of the following events shall occur:

- (i) There shall be consummated any consolidation or merger of the Company pursuant to which the Common Stock would be converted into cash, securities or other property, in each case other than a consolidation or merger of the Company in which the holders of the Common Stock immediately prior to the consolidation or merger have, directly or indirectly, at least a majority of the total voting power in the aggregate of all

classes of capital stock of the continuing or surviving corporation immediately after such consolidation or merger; or

(ii) There is a report filed on Schedule 13D or TO (or any successor schedule, form or report under the Exchange Act), disclosing that any person, including such person's Affiliates or Associates (for the purposes of this Section 13.01 only, as the term "person" is used in Section 13(d)(3) or Section 14(d)(2) of the Exchange Act) has become the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of 50% or more of the voting power of the Common Stock or other Capital Stock into which the Common Stock is reclassified or changed; *provided, however*, that a person shall not be deemed beneficial owner of, or to own beneficially, any securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's Affiliates or Associates until such tendered securities are accepted for purchase or exchange thereunder, or any securities if such beneficial ownership (1) arises solely as a result of a revocable proxy delivered in response to a proxy or consent solicitation made pursuant to the applicable rules and regulations under the Exchange Act, and (2) is not also then reportable on Schedule 13D (or any successor schedule) under the Exchange Act.

Notwithstanding the foregoing provisions of this Section 13.01, a Change in Control shall not be deemed to have occurred by virtue of the Company, any Subsidiary, any employee stock ownership plan or any other employee benefit plan of the Company or any Subsidiary, or any person holding Common Stock for or pursuant to the terms of any such employee benefit plan, filing or becoming obligated to file a report under or in response to Schedule 13D or Schedule TO (or any successor schedule, form or report) under the Exchange Act disclosing beneficial ownership by it of shares of Common Stock, whether in excess of 50% or otherwise.

"Associate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date hereof.

(b) Within 10 Business Days after the occurrence of a Change in Control, the Company shall mail a written notice of the Change in Control to the Trustee and any Paying Agent and to each Holder.

The notice shall include the form of a Change in Control Purchase Notice to be completed by the Holder and shall state:

- (i) the date of such Change in Control and, briefly, the events causing such Change in Control;
- (ii) the date by which the Change in Control Purchase Notice pursuant to this Section 13.01 must be given;
- (iii) the Change in Control Purchase Date;
- (iv) the Change in Control Purchase Price that will be accrued and payable with respect to the Securities as of the Change in Control Purchase Date;

(v) briefly, the conversion rights of the Securities;

(vi) the name and address of each Paying Agent and Conversion Agent;

(vii) the Conversion Rate, the Maximum Conversion Rate and the current Conversion Rate (using the Applicable Stock Price as determined as of the Business Day prior to the date on which the notice pursuant to this Section 13.01(b) is mailed by the Company to the Trustee or Paying Agent (assuming a Conversion Date eight Trading Days prior to such date), and any adjustments thereto;

(viii) that Securities as to which a Change in Control Purchase Notice has been given may be converted into Common Stock pursuant to Article 11 only to the extent that the Change in Control Purchase Notice has been withdrawn in accordance with the terms of this Indenture;

(ix) the procedures that the Holder must follow to exercise rights under this Section 13.01;

(x) the procedures for withdrawing a Change in Control Purchase Notice, including a form of notice of withdrawal;

(xi) that the Holder must satisfy the requirements set forth in the Securities in order to convert the Securities; and

(xii) the last date on which the purchase right may be exercised.

If any of the Securities is in the form of a Global Security, then the Company shall modify such notice to the extent necessary to accord with the procedures of the Depositary applicable to the purchase of Global Securities.

(c) A Holder may exercise its rights specified in subsection (a) of this Section 13.01 upon delivery of a written notice (which shall be in substantially the form included as an attachment to the Securities and which may be delivered by letter, overnight courier, hand delivery, facsimile transmission or in any other written form and, in the case of Global Securities, may be delivered electronically or by other means in accordance with the Depositary's customary procedures) of the exercise of such rights (a "**Change in Control Purchase Notice**") to any Paying Agent at any time prior to the close of business on the Change in Control Purchase Date.

The delivery of such Security to any Paying Agent (together with all necessary endorsements) at the office of such Paying Agent shall be a condition to the receipt by the Holder of the Change in Control Purchase Price.

The Company shall purchase from the Holder thereof, pursuant to this Section 13.01, a portion of a Security if the Original Principal Amount of such portion is \$1,000 or an integral multiple of \$1,000. Provisions of this Indenture that apply to the purchase of all of a Security pursuant to Section 13.01 through Section 13.05 also apply to the purchase of such portion of such Security.

Any purchase by the Company contemplated pursuant to the provisions of this Section 13.01 shall be consummated by the delivery of the consideration to be received by the Holder promptly following the later of the Change in Control Purchase Date and the time of delivery of the Security to the Paying Agent in accordance with this Section 13.01 as set forth in Section 13.02.

Notwithstanding anything herein to the contrary, any Holder delivering to a Paying Agent the Change in Control Purchase Notice contemplated by this subsection (c) shall have the right to withdraw such Change in Control Purchase Notice in whole or as to a portion thereof that is an Original Principal Amount of \$1,000 or an integral multiple thereof at any time prior to the close of business on the Change in Control Purchase Date by delivery of a written notice of withdrawal to the Paying Agent in accordance with Section 13.02.

A Paying Agent shall promptly notify the Company of the receipt by it of any Change in Control Purchase Notice or written withdrawal thereof.

Anything herein to the contrary notwithstanding, in the case of Global Securities, any Change in Control Purchase Notice may be delivered or withdrawn and such Securities may be surrendered or delivered for purchase in accordance with the applicable procedures of the Depository as in effect from time to time.

Section 13.02. *Effect of Change in Control Purchase Notice.* Upon receipt by any Paying Agent of the Change in Control Purchase Notice specified in Section 13.01(c), the Holder of the Security in respect of which such Change in Control Purchase Notice was given shall (unless such Change in Control Purchase Notice is withdrawn as specified below) thereafter be entitled to receive the Change in Control Purchase Price with respect to such Security. Such Change in Control Purchase Price shall be paid to such Holder promptly following the later of (a) the Change in Control Purchase Date with respect to such Security (provided the conditions in Section 13.01(c) have been satisfied) and (b) the time of delivery of such Security to a Paying Agent by the Holder thereof in the manner required by Section 13.01(c). Securities in respect of which a Change in Control Purchase Notice has been given by the Holder thereof may not be converted into Common Stock on or after the date of the delivery of such Change in Control Purchase Notice unless such Change in Control Purchase Notice has first been validly withdrawn as specified in the following paragraph.

A Change in Control Purchase Notice may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Change in Control Purchase Notice at any time prior to the close of business on the Business Day before the applicable Change in Control Purchase Date specifying:

(i) if certificated Securities have been issued, the certificate numbers for Securities in respect of which such notice of withdrawal is being submitted, or if not, such information as required by the Depository;

(ii) the Original Principal Amount, in integral multiples of \$1,000, of the Securities with respect to which such notice of withdrawal is being submitted; and

(iii) the Original Principal Amount, if any, of such Securities that remain subject to the original Change in Control Purchase Notice and have been or will be delivered for purchase by the Company.

There shall be no purchase of any Securities pursuant to this Article if there has occurred (prior to, on or after, as the case may be, the giving, by the Holders of such Securities, of the required Change in Control Purchase Notice) and is continuing an Event of Default (other than a default in the payment of the Change in Control Purchase Price with respect to such Securities). The Paying Agent will promptly return to the respective Holders thereof any Securities (x) with respect to which a Change in Control Purchase Notice has been withdrawn in compliance with this Indenture, or (y) held by it during the continuance of an Event of Default (other than a default in the payment of the Change in Control Purchase Price with respect to such Securities) in which case, upon such return, the Change in Control Purchase Notice with respect thereto shall be deemed to have been withdrawn.

Section 13.03. *Deposit of Change in Control Purchase Price.* On or before 11:00 a.m. New York City time on the Business Day immediately following the Change in Control Purchase Date, the Company shall deposit with the Trustee or with a Paying Agent an amount of cash (in immediately available funds if deposited on such Business Day) sufficient to pay the aggregate Change in Control Purchase Price of all the Securities or portions thereof that are to be purchased as of such Change in Control Purchase Date. The manner in which the deposit required by this Section 13.03 is made by the Company shall be at the option of the Company, *provided, however*, that such deposit shall be made in a manner such that the Trustee or a Paying Agent shall have immediately available funds on the date of such deposit.

If a Paying Agent holds, in accordance with the terms hereof, money sufficient to pay the Change in Control Purchase Price of any Security for which a Change in Control Purchase Notice has been tendered and not withdrawn in accordance with this Indenture on the Business Day following the Change in Control Purchase Date then, immediately following the Change in Control Purchase Date, such Security will cease to be outstanding, interest (including Contingent Interest and Liquidated Damages, if any) will cease to accrue and the rights of the Holder in respect thereof shall terminate (other than the right to receive the Change in Control Purchase Price). The Company shall publicly announce the Original Principal Amount of Securities purchased as a result of such Change in Control on or as soon as practicable after the Change in Control Purchase Date.

Section 13.04. *Securities Purchased in Part.* Any Security that is to be purchased only in part shall be surrendered at the office of a Paying Agent and promptly after the Change in Control Purchase Date the Company shall execute and the Trustee, or any Authenticating Agent, shall authenticate and deliver to the Holder of such Security, without service charge (other than amounts to be paid in respect of applicable transfer taxes), a new Security or Securities, of such authorized denomination or denominations in integral multiples of \$1,000 Original Principal Amount as may be requested by such Holder, in aggregate Original Principal Amount equal to, and in exchange for, the portion of the Original Principal Amount of the Security so surrendered that is not purchased.

Section 13.05. *Repayment to the Company.* The Trustee and the Paying Agent shall return to the Company any cash that remains unclaimed for two years, subject to applicable unclaimed property law, together with interest, if any, thereon held by them for the payment of the Change in Control Purchase Price; *provided, however,* that to the extent that the aggregate amount of cash deposited by the Company pursuant to Section 13.03 exceeds the aggregate Change in Control Purchase Price of the Securities or portions thereof which the Company is obligated to purchase as of the Change in Control Purchase Date, then on the Business Day following the Purchase Date, the Trustee or Paying Agent, as applicable, shall return any such excess to the Company. Thereafter, any Holder entitled to payment must look to the Company for payment as general creditors, unless an applicable abandoned property law designates another Person.

ARTICLE 14
Contingent Interest

Section 14.01. *Contingent Interest.* (a) The Company will pay Contingent Interest to Holders during any Interest Period commencing on or after July 25, 2007, only if (x) the average Trading Price of the Securities for the five Trading Day measurement period immediately preceding the first day of the applicable Interest Period (the “**Measurement Period**”) equals 130% or more of the Accreted Principal Amount of the Securities as of the first day of such Interest Period, (y) the Securities are immediately convertible into Common Stock on the first day of such Measurement Period and (z) the Securities are then redeemable at the option of the Company. The amount of Contingent Interest payable in any Interest Period pursuant to this Section 14.01(a) will be equal to the Conversion Rate multiplied by the Payment Factor for such Interest Period. The “Payment Factor” for each Interest Period is set forth in the table below, subject to adjustment for any subdivisions, combinations or certain reclassifications of shares of the Common Stock.

Interest Period Commencing	Payment Factor
July 25, 2007	0.37
October 25, 2007	0.37
January 25, 2008	0.40
April 25, 2008	0.40
July 25, 2008	0.40
October 25, 2008	0.40
January 25, 2009	0.44
April 25, 2009	0.44
July 25, 2009	0.44
October 25, 2009	0.44
January 25, 2010	0.49
April 25, 2010	0.49
July 25, 2010	0.49
October 25, 2010	0.49
January 25, 2011	0.54
April 25, 2011	0.54
July 25, 2011	0.54
October 25, 2011	0.54
January 25, 2012	0.59
April 25, 2012	0.59
July 25, 2012	0.59
October 25, 2012	0.59
January 25, 2013	0.65
April 25, 2013	0.65
July 25, 2013	0.65
October 25, 2013	0.65
January 25, 2014	0.71
April 25, 2014	0.71
July 25, 2014	0.71
October 25, 2014	0.71
January 25, 2015	0.78
April 25, 2015	0.78
July 25, 2015	0.78
October 25, 2015	0.78

Interest Period Commencing	Payment Factor
January 25, 2016	0.86
April 25, 2016	0.86
July 25, 2016	0.86
October 25, 2016	0.86
January 25, 2017	0.95
April 25, 2017	0.95
July 25, 2017	0.95
October 25, 2017	0.95
January 25, 2018	1.04
April 25, 2018	1.04
July 25, 2018	1.04
October 25, 2018	1.04
January 25, 2019	1.15
April 25, 2019	1.15
July 25, 2019	1.15
October 25, 2019	1.15
January 25, 2020	1.26
April 25, 2020	1.26
July 25, 2020	1.26
October 25, 2020	1.26
January 25, 2021	1.39
April 25, 2021	1.39
July 25, 2021	1.39
October 25, 2021	1.39
January 25, 2022	1.53
April 25, 2022	1.53
July 25, 2022	1.53
October 25, 2022	1.53
January 25, 2023	1.68
April 25, 2023	1.68
July 25, 2023	1.68
October 25, 2023	1.68
January 25, 2024	1.85
April 25, 2024	1.85
July 25, 2024	1.85
October 25, 2024	1.85
January 25, 2025	2.04
April 25, 2025	2.04
July 25, 2025	2.04
October 25, 2025	2.04
January 25, 2026	2.24
April 25, 2026	2.24
July 25, 2026	2.24
October 25, 2026	2.24
January 25, 2027	2.46
April 25, 2027	2.46
July 25, 2027	2.46
October 25, 2027	2.46
January 25, 2028	2.71
April 25, 2028	2.71
July 25, 2028	2.71
October 25, 2028	2.71
January 25, 2029	2.98
April 25, 2029	2.98
July 25, 2029	2.98
October 25, 2029	2.98
January 25, 2030	3.28
April 25, 2030	3.28
July 25, 2030	3.28
October 25, 2030	3.28
January 25, 2031	3.61
April 25, 2031	3.61
July 25, 2031	3.61
October 25, 2031	3.61
January 25, 2032	3.97
April 25, 2032	3.97
July 25, 2032	3.97
October 25, 2032	3.97
January 25, 2033	4.36
April 25, 2033	4.36

July 25, 2033	4.36
October 25, 2033	4.36
January 25, 2034	4.80
April 25, 2034	4.80
July 25, 2034	4.80
October 25, 2034	4.80
January 25, 2035	5.28
April 25, 2035	5.28

(b) The Company will pay an additional amount of Contingent Interest (in addition to Contingent Interest payable pursuant to Section 14.01(a)) to Holders during any Interest Period commencing on or after July 25, 2007, only if (x) the average Trading Price of the Securities for the applicable Measurement Period equals 200% or more of the Accreted Principal Amount of the Securities as of the first day of such Interest Period, (y) the Securities are immediately convertible into Common Stock on the first day of such Measurement Period, and (z) the

Securities are then redeemable at the option of the Company. The additional amount of Contingent Interest payable in any Interest Period pursuant to this Section 14.01(b) will be equal to .0625% of the average Trading Price of the Securities for the applicable Measurement Period.

Section 14.02. *Payment of Contingent Interest.* The Company shall pay Contingent Interest owed pursuant to Section 14.01(a) or (b) for any Interest Period on the Interest Payment Date immediately succeeding the applicable Interest Period (whether or not interest on the Securities is otherwise payable on such Interest Payment Date), to Holders of Securities as of the Regular Record Date relating to such Interest Payment Date.

Section 14.03. *Notice of Contingent Interest.* (a) As soon as practicable following the first Business Day of an Interest Period for which Contingent Interest will be payable pursuant to Section 14.01(a) or (b), the Company shall issue a press release containing this information and publish the information on its website on the World Wide Web.

(a) On any Interest Payment Date on which Contingent Interest is payable pursuant to this Article 14, the Company shall issue a press release stating the amount of such Contingent Interest and setting forth the manner in which such amount was calculated, and publish such information on its website on the World Wide Web.

ARTICLE 15 Yield Reset and Remarketing

Section 15.01. *Remarketing Reset Event.* A Remarketing Reset Event will occur if the average of the Closing Sale Prices of the Common Stock over the five Trading Day period ending on the Trading Day immediately preceding any Remarketing Reset Event Date is less than the Conversion Price as of such Trading Day (a “**Remarketing Reset Event**”). If a Remarketing Reset Event occurs, then, following such Remarketing Reset Event Date, the Conversion Rate and the yield on the Securities will be reset on such Remarketing Reset Event Date, and the right of Holders to require the Company to purchase Securities on a Purchase Date or upon a Change in Control shall cease, subject to Section 15.02.

Section 15.02. *Reset of the Yield and Conversion Rate.* (a) The yield on the Securities will be reset by the Remarketing Agent on each Remarketing Reset Event Date to 3-month LIBOR adjusted by an applicable spread (the “**Reset Yield**”) for the applicable Interest Period (as defined in clause (3) of the definition thereof) necessary for the proceeds from the remarketing of the Securities, net of any fee to the Remarketing Agent, to be 100% of Accreted Principal Amount, as of such Remarketing Reset Event Date, of the Securities remarketed; provided that the Reset Yield shall not exceed the maximum rate permitted by law and shall not be less than 0% per annum. The Conversion Rate will be reset to equal the Accreted Principal Amount of the Securities on such Remarketing Reset Event Date divided by 175% of the Applicable Stock Price; provided that in no event will the Conversion Rate exceed the Maximum Conversion Rate.

Notwithstanding the forgoing, if the Company gives notice of Redemption with respect to Securities prior to a Remarketing Reset Event Date, no remarketing of those Securities will occur and the terms of those Securities will not be reset.

(b) Notwithstanding the foregoing, if (i) Holders of less than \$50 million aggregate Original Principal Amount of Securities elect to have their Securities remarketed on any Remarketing Reset Event Date pursuant to Section 15.03 or (ii) a Failed Remarketing occurs on any Remarketing Reset Event Date, the Reset Yield shall be the yield necessary, in the judgment of the Remarketing Agent based on bids from at least three independent nationally recognized securities dealers selected by the Remarketing Agent, for the Securities to trade at a price equal to 100% of the Accreted Principal Amount thereof as of such Remarketing Reset Event Date. If the Remarketing Agent is not able to obtain bids from at least three independent nationally recognized securities dealers on a Remarketing Reset Event Date, the Reset Yield shall be the Reset Yield in effect on the previous Remarketing Reset Event Date, or if no previous Remarketing Reset Event Date has occurred, the regular interest rate or Applicable Yield in effect for the Securities immediately prior to the applicable Remarketing Reset Event Date.

(c) By approximately 4:30 p.m., New York City time, on any Remarketing Reset Event Date, the Remarketing Agent shall notify the Company, the Trustee, the Paying Agent and the Depository of the Reset Yield and the reset Conversion Rate. The Company shall issue a press release stating such Reset Yield and reset Conversion Rate and publish such information on its website on the World Wide Web.

Section 15.03. *Remarketing Procedures.* (a) On any Remarketing Reset Event Date, each Holder of Securities will have the right to elect to have its Securities remarketed by notice to the Paying Agent on or prior to the Business Day immediately prior to any Remarketing Reset Event Date of the Original Principal Amount of Securities such Holder wants to have remarketed if a Remarketing Reset Event occurs. Following the occurrence of a Remarketing Reset Event, each Holder, whether or not such Holder elected to have its Securities remarketed on any prior Remarketing Reset Event Date, may elect to participate in a remarketing only by notice to the Paying Agent on or prior to the third Business Day prior to the applicable Remarketing Reset Event Date (a “**Notice of Remarketing**”).

(b) If on any Remarketing Reset Event Date a Remarketing Reset Event occurs and Holders of at least \$50 million aggregate Original Principal Amount of Securities have elected to have their Securities remarketed (a “**Required Remarketing Date**”), the Remarketing Agent shall conduct such remarketing in accordance with the terms of the Remarketing Agreement and this Indenture.

(c) If the Securities are successfully remarketed by the Remarketing Agent on any Required Remarketing Date, the Remarketing Agent shall deduct any fee specified in the Remarketing Agreement from the proceeds of such remarketing and remit the remaining proceeds, which shall be at least 100% of the Accreted Principal Amount of the Securities remarketed, to the Holders who elected to participate in such remarketing as promptly as possible following the applicable Required Remarketing Date.

(d) If, by 4:00 p.m., New York City time, on any Required Remarketing Date, the Remarketing Agent is unable to remarket all Securities for which an election to remarket has been made or a condition precedent in the Remarketing Agreement shall not have been fulfilled, a failed remarketing (“**Failed Remarketing**”) shall be deemed to have occurred. In the event of a Failed Remarketing, the Company shall issue a press release regarding such Failed

Remarketing and stating the aggregate Original Principal Amount of Securities that the Company will repurchase as required pursuant to Section 15.04(a) and publish such information on its website on the World Wide Web.

(e) The Company will request, not later than 20 Business Days prior to each date by which Holders are required to give notice pursuant to Section 15.03(a), that the Depositary notify its participants of the potential remarketing of the Securities, the procedures a beneficial owner must follow to elect to participate in such remarketing, the date by which such election must be made and the right of the beneficial owners of Securities to require the Company to purchase Securities if there is a Failed Remarketing. The Company will also issue a press release and publish such information on its website on the World Wide Web.

(f) Securities in respect of which a Notice of Remarketing has been given by the Holder thereof may not be converted pursuant to Article 11 hereof on or after the date of the delivery of such Notice of Remarketing unless such Notice of Remarketing has first been validly withdrawn as specified below.

A Notice of Remarketing may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent in accordance with the Notice of Remarketing at any time prior to the close of business on the applicable Remarketing Reset Event Date specifying:

(i) if certificated Securities have been issued, the certificate numbers for Securities in respect of which such notice of withdrawal is being submitted, or if not, such information as required by the Depositary;

(ii) the Original Principal Amount, in integral multiples of \$1,000, of the Securities with respect to which such notice of withdrawal is being submitted; and

(iii) the Original Principal Amount, if any, of such Securities that remain subject to the original Notice of Remarketing and have been or will be delivered for purchase by the Company.

(g) If the Securities are successfully remarketed by the Remarketing Agent on any Required Remarketing Date, the conditions to conversion pursuant to Article 11 hereof, must be satisfied thereafter or the Securities may not be converted.

Section 15.04. *Right to Require Purchase.* (a) If a Failed Remarketing occurs on any Remarketing Reset Event Date, each Holder of Securities will have the right to require the Company to purchase all or a portion of its Securities on such Remarketing Reset Event Date for cash. The Company shall purchase such Securities at a purchase price (the “**Remarketing Purchase Price**”) equal to 100% of the Accreted Principal Amount thereof as of the applicable Remarketing Reset Event Date, plus accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding such Remarketing Reset Event Date. Each Holder must notify the Paying Agent on or prior to the Business Day immediately preceding each Remarketing Reset Event Date of the aggregate Original Principal Amount of Securities it wants the Company to repurchase in the event of a Failed Remarketing. The Holders of Securities who elect to participate in any remarketing will be deemed to have elected to exercise

their right to require the Company to purchase the aggregate Original Principal Amount of Securities for which they elected remarketing.

(b) If Holders elect to have less than \$50 million aggregate Original Principal Amount of Securities remarketed on any Remarketing Reset Event Date, there will not be a remarketing and such Holders who elected remarketing, but only such Holders, will have the right to require the Company to purchase all or a portion of its Securities on such Remarketing Reset Event Date for cash. Such Holders are deemed to exercise such right with respect to the aggregate Original Principal Amount of Securities for which they elected remarketing. The Company shall purchase such Securities at the Remarketing Purchase Price.

(c) The procedures set forth in Sections 12.04 through 12.06 shall apply to the purchase of Securities by the Company pursuant to Sections 15.04(a) or (b), mutatis mutandis, except references to Purchase Date and Purchase Price shall be deemed to refer instead to Remarketing Purchase Date and Remarketing Purchase Price, respectively.

(d) Securities in respect of which a purchase notice pursuant to Section 15.04(a) has been given by the Holder thereof may not be converted pursuant to Article 11 hereof on or after the date of the delivery of such Notice of Remarketing unless such Purchase Notice has first been validly withdrawn as specified below.

A purchase notice pursuant to Section 15.04(a) may be withdrawn by means of a written notice of withdrawal delivered to the office of the Paying Agent at any time prior to the close of business on the applicable Remarketing Reset Event Date specifying:

- (i) if certificated Securities have been issued, the certificate numbers for Securities in respect of which such notice of withdrawal is being submitted, or if not, such information as required by the Depositary;
- (ii) the Original Principal Amount, in integral multiples of \$1,000, of the Securities with respect to which such notice of withdrawal is being submitted; and
- (iii) the Original Principal Amount, if any, of such Securities that remain subject to the original purchase notice and have been or will be delivered for purchase by the Company.

ARTICLE 16

Immunity of Incorporators, Stockholders, Officers, Directors and Employees

Section 16.01. *Exemption from Individual Liability.* No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator, stockholder, officer, director or employee, as such, past, present or future, of the Company or of any successor corporation, either directly or through the Company, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly understood that this Indenture and the obligations issued hereunder are solely corporate obligations of the Company (or any successor corporation as set forth in

Section 7.02 of this Indenture), and that no such personal liability whatever shall attach to, or is or shall be incurred by, the incorporators, stockholders, officers, directors or employees, as such, of the Company or of any successor corporation, or any of them, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom; and that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every such incorporator, stockholders, officer, director or employee, as such, because of the creation of the indebtedness hereby authorized, or under or by reason of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or implied therefrom, are hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Securities.

ARTICLE 17
Miscellaneous Provisions

Section 17.01. *Successors and Assigns of Company Bound by Indenture.* All the covenants, stipulations, promises and agreements in this Indenture contained by or in behalf of the Company shall bind its successors and assigns, whether so expressed or not.

Section 17.02. *Acts of Board, Committee or Officer of Successor Corporation Valid.* Any act or proceeding by any provision of this Indenture authorized or required to be done or performed by any board, committee or officer of the Company shall and may be done and performed with like force and effect by the like board, committee or officer of any corporation that shall at that time be the successor of the Company.

Section 17.03. *Required Notices or Demands.* Any notice or demand which by any provision of this Indenture is required or permitted to be given or served by the Trustee or by the Holders to or on the Company may be given or served by being mailed postage prepaid in the United States addressed (until another address is filed by the Company with the Trustee), as follows: SLM Corporation, 11600 Sallie Mae Drive, Reston, VA 20193, Attention: Michael Sheehan. Any notice, direction, request or demand by the Company or by any Holder to or upon the Trustee may be given or made, for all purposes, by being mailed postage prepaid in the United States addressed to the Corporate Trust Office of the Trustee. Any notice required or permitted to be mailed to a Holder by the Company or the Trustee pursuant to the provisions of this Indenture shall be deemed to be properly mailed by being mailed postage prepaid in the United States addressed to such Holder at the address of such Holder as shown on the Security Register. In any case, where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of or irregularities in regular mail service, it shall be impractical to mail notice of any event to Holders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 17.04. *GOVERNING LAW.* THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THIS INDENTURE AND THE SECURITIES, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

Section 17.05. *Indenture May Be Executed in Counterparts.* This Indenture may be executed in any number of counterparts, each of which when so executed shall be deemed an original; and all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the undersigned, being duly authorized, have executed this Indenture on behalf of the respective parties hereto as of the date first above written.

SLM CORPORATION

By: /s/ JOHN F. REMONDI

Name: John F. Remondi
Title: Executive Vice President, Finance

JPMORGAN CHASE BANK

By: /s/ DANIEL C. BROWN, JR.

Name: Daniel C. Brown, Jr.
Title: Vice President

[FORM OF FACE OF GLOBAL SECURITY]

FOR PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, THIS SECURITY IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT AND THE ISSUE DATE OF THIS SECURITY IS MAY 20, 2003. IN ADDITION, THIS SECURITY IS SUBJECT TO U.S. FEDERAL INCOME TAX REGULATIONS GOVERNING CONTINGENT PAYMENT DEBT INSTRUMENTS. FOR PURPOSES OF SECTIONS 1272, 1273 AND 1275 OF THE INTERNAL REVENUE CODE, THE COMPARABLE YIELD OF THIS SECURITY IS 5.625%, COMPOUNDED QUARTERLY (WHICH WILL BE TREATED AS THE YIELD TO MATURITY FOR U.S. FEDERAL INCOME TAX PURPOSES).

SLM CORPORATION (THE "COMPANY") AGREES, AND BY ACCEPTING A BENEFICIAL OWNERSHIP INTEREST IN THIS SECURITY EACH HOLDER AND ANY BENEFICIAL OWNER OF THIS SECURITY AGREE, FOR U.S. FEDERAL INCOME TAX PURPOSES (1) TO TREAT THIS SECURITY AS A DEBT INSTRUMENT THAT IS SUBJECT TO TREAS. REG. SEC. 1.1275-4 (THE "CONTINGENT DEBT REGULATIONS"), (2) TO TREAT THE FAIR MARKET VALUE OF ANY STOCK RECEIVED UPON ANY CONVERSION OF THIS SECURITY OR UPON A PURCHASE OF THIS SECURITY AT THE HOLDER'S OPTION AS A CONTINGENT PAYMENT FOR PURPOSES OF THE CONTINGENT DEBT REGULATIONS, AND (3) TO ACCRUE INTEREST WITH RESPECT TO THE SECURITY AS ORIGINAL ISSUE DISCOUNT FOR U.S. FEDERAL INCOME TAX PURPOSES ACCORDING TO THE "NONCONTINGENT BOND METHOD," SET FORTH IN THE CONTINGENT DEBT REGULATIONS, AND (4) TO BE BOUND BY THE COMPANY'S DETERMINATION OF THE "COMPARABLE YIELD" AND "PROJECTED PAYMENT SCHEDULE," WITHIN THE MEANING OF THE CONTINGENT DEBT REGULATIONS, WITH RESPECT TO THIS SECURITY. THE COMPANY AGREES TO PROVIDE PROMPTLY TO THE HOLDER OF THIS SECURITY, UPON WRITTEN REQUEST, THE ISSUE PRICE, AMOUNT OF TAX ORIGINAL ISSUE DISCOUNT, ISSUE DATE, YIELD TO MATURITY, COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE. ANY SUCH WRITTEN REQUEST SHOULD BE SENT TO THE COMPANY AT THE FOLLOWING ADDRESS: SLM CORPORATION, 11600 SALLIE MAE DRIVE, RESTON, VA 20193, ATTENTION: VICE PRESIDENT OF FINANCE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (AND ANY PAYMENT HEREON IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF THE DEPOSITORY TRUST COMPANY, OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN ARTICLE TWO OF THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

THIS SECURITY AND THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY, THE SHARES OF COMMON STOCK ISSUABLE UPON CONVERSION OF THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") WHICH IS TWO YEARS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY) ONLY (A) TO THE COMPANY OR ANY SUBSIDIARY OR AFFILIATE THEREOF, (B) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHICH NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (C) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE RIGHTS OF THE COMPANY AND THE WITHIN MENTIONED TRUSTEE PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, AND IN EACH OF THE FOREGOING CASES, A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE. THIS LEGEND WILL BE REMOVED AFTER THE RESALE RESTRICTION TERMINATION DATE UPON THE REQUEST OF THE HOLDER AND THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATES AND/OR OTHER INFORMATION SATISFACTORY TO THE COMPANY.

SLM CORPORATION

Floating Rate Convertible Senior Debentures due 2035

No. R-1
Issue Date: May 20, 2003

Original Principal Amount: \$2,000,000,000
CUSIP: 78442PAB2

SLM CORPORATION, a Delaware corporation (the “**Company**”), for value received, hereby promises to pay to Cede & Co., or registered assigns, the Accreted Principal Amount (as defined in the Indenture referred to on the reverse side of this Security) on July 25, 2035.

This Security shall bear interest and Accreted Interest (as defined in the Indenture) as specified on the reverse side of this Security and in the Indenture. Contingent Interest, if any, on this Security, will be payable as specified on the reverse side of this Security and in the Indenture.

This Security is convertible, is subject to redemption at the option of the Company or purchase at the option of the Holder hereof and is subject to remarketing, all as specified on the reverse side of this Security and in the Indenture.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

SLM CORPORATION

By: _____

Name:
Title:

Attest:

Name:
Title:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION
JPMORGAN CHASE BANK., as Trustee,
certifies that this is one of the Securities referred
to in the within-mentioned Indenture.

By: _____

Authorized Signature

OR

_____,
as Authenticating Agent for the Trustee

By: _____

Authorized Signature

Dated: May 20, 2003

REVERSE SIDE OF SECURITY

Floating Rate Convertible Senior Debentures due 2035

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities") limited in aggregate Original Principal Amount to \$2,000,000,000 (\$2,300,000,000 Original Principal Amount if the Initial Purchasers' option is exercised in full), issued under an Indenture, dated as of May 20, 2003 (the "**Indenture**"), between the Company and JPMorgan Chase Bank, as Trustee (the "**Trustee**", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. Capitalized terms used and not otherwise defined in this Security are used as defined in the Indenture.

1. Interest.

This Security will bear interest from May 20, 2003 or from the most recent date to which interest has been paid or duly provided for, quarterly in arrears on January 25, April 25, July 25 and October 25 of each year (each, an "**Interest Payment Date**"), subject to Section 1.09 of the Indenture, commencing July 25, 2003, at the rate per annum equal to 3-month LIBOR, reset quarterly on each LIBOR Reset Date, minus 0.05%, to but excluding July 25, 2007 for all interest periods other than the initial interest period. For the initial interest period from and including May 20, 2003 to but excluding July 25, 2003, the regular interest rate on the Securities is 1.2487%. Regardless of the level of 3-month LIBOR, however, the annual rate of interest on the Securities will never be less than zero. Interest on this Security shall be calculated on the basis of a 360-day year and the actual number of days elapsed during the related Interest Period. Interest payable on this Security on any Interest Payment Date will include interest for the immediately preceding Interest Period. The interest so payable and punctually paid or duly provided for on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the January 10, April 10, July 10 or October 10, as the case may be, immediately preceding the relevant Interest Payment Date. Any interest which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date shall forthwith cease to be payable to the registered Holder hereof on the relevant Regular Record Date by virtue of having been such Holder, and may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Company, notice whereof shall be given to the Holders of Securities not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture.

From and after July 25, 2007, the Company will no longer be required to pay regular cash interest. Contingent Interest, if any, will be payable in addition to the Accreted Principal

Amount. The Original Principal Amount of this Security shall accrete daily at the Applicable Yield for each Interest Period, which shall be 0% prior to July 25, 2007.

2. Contingent Interest.

From and after July 25, 2007, the Company will pay Contingent Interest on this Security under the circumstances and in the amounts described in Article 14 of the Indenture. Such Contingent Interest, if any, shall be payable quarterly in arrears on each Interest Payment Date to the Holder of this Security as of the close of business on the Regular Record Date relating to such Interest Payment Dates.

3. Interest on Overdue Amounts.

If the Accreted Principal Amount hereof or any portion of such Accreted Principal Amount is not paid when due (whether upon acceleration pursuant to Section 4.02 of the Indenture, upon the dates set for payment of the Redemption Price, Purchase Price or Change in Control Purchase Price, Remarketing Purchase Price, or upon the Stated Maturity of this Security) or if interest due hereon (including Contingent Interest and Liquidated Damages, if any) (or any portion of such interest), is not paid when due, then in each such case the overdue amount shall, to the extent permitted by law, bear interest at the rate then borne by this Security or, if any overdue amount exists on or after July 25, 2007, at the Applicable Yield of this Security for the applicable Interest Period, compounded at the end of such Interest Period, which interest shall accrue from the date such overdue amount was originally due to the date payment of such amount, including interest thereon, has been made or duly provided for. All such interest shall be payable as set forth in the Indenture.

4. Method of Payment.

Subject to the terms and conditions of the Indenture, the Company will make payments in respect of Redemption Price, Purchase Price, Remarketing Purchase Price, Change in Control Purchase Price and at Stated Maturity to Holders who surrender Securities to a Paying Agent to collect such payments in respect of the Securities; *provided* that if any Redemption Date, Purchase Date, Remarketing Purchase Date or Change in Control Date is an Interest Payment Date, accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) shall be paid to the Holder of record as of the applicable Regular Record Date. The Company will pay cash amounts in money of the United States that at the time of payment is legal tender for payment of public and private debts. However, the Company may make such cash payments by check payable in such money; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of and interest (including Contingent Interest, if any) on all Global Securities and all Securities of Holders of more than \$25,000,000 aggregate Original Principal Amount of Securities that have requested such method of payment and provided wire transfer instructions to the Company or the Paying Agent. If any Interest Payment Date (other than an Interest Payment Date coinciding with the Stated Maturity or earlier Redemption Date, Purchase Date, Remarketing Purchase Date or Change in Control Purchase Date) falls on a day that is not a Business Day, such Interest Payment Date will be postponed to the next succeeding Business Day and no interest on such payment will accrue for the period from and after the Interest Payment Date to such next succeeding Business Day. If the

Stated Maturity, Redemption Date, Purchase Date, Remarketing Purchase Date or Change in Control Purchase Date of this Security would fall on a day that is not a Business Day, the required payment of interest, if any, and principal will be made on the next succeeding Business Day and no interest on such payment will accrue and no principal will accrete for the period from and after the Stated Maturity, Redemption Date, Purchase Date, Remarketing Purchase Date or Change in Control Purchase Date to such next succeeding Business Day.

5. Paying Agent, Conversion Agent, Calculation Agent and Registrar.

Initially, the Company will act as Calculation Agent and JPMorgan Chase Bank will act as Paying Agent, Conversion Agent and Registrar. The Company may appoint and change any Paying Agent, Conversion Agent, Calculation Agent, Registrar or co-registrar without notice, other than notice to the Trustee. The Company or any of its Subsidiaries or any of their Affiliates may act as Paying Agent, Conversion Agent, Calculation Agent, Registrar or co-registrar.

6. Indenture.

The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as in effect from time to time (the “TIA”). The Securities are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of those terms.

The Securities are general unsecured obligations. The Indenture does not limit other indebtedness of the Company, secured or unsecured.

7. Redemption at the Option of the Company.

No sinking fund is provided for the Securities. Prior to July 25, 2007, the Securities shall not be redeemable at the option of the Company. Beginning on July 25, 2007 and until Stated Maturity, the Securities are redeemable for cash as a whole, or from time to time in part, at the option of the Company at a Redemption Price equal to 100% of the Accreted Principal Amount of the Securities, plus accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding, the Redemption Date, as provided in Article 10 of the Indenture.

If a Remarketing Reset Event has occurred, and the Securities are successfully remarketed, the Securities will not be redeemable at the option of the Company until on or after the next Remarketing Reset Event Date.

If the Company redeems less than all of the outstanding Securities, the Trustee will select the Securities to be redeemed (i) by lot; (ii) pro rata; or (iii) by another method the Trustee considers fair and appropriate. If the Trustee selects a portion of a Holder’s Securities for partial redemption and the Holder converts a portion of the same Securities, the converted portion shall be deemed to be from the portion selected for redemption.

8. Notice of Redemption.

Notice of redemption will be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Securities to be redeemed at the Holder's registered address. If money sufficient to pay the Redemption Price of all Securities (or portions thereof) to be redeemed on the Redemption Date is deposited with the Paying Agent prior to or on the Redemption Date, immediately after such Redemption Date interest shall cease to accrue and principal will cease to accrete on such Securities or portions thereof. Securities in denominations larger than \$1,000 Original Principal Amount may be redeemed in part but only in integral multiples of \$1,000.

9. Purchase by the Company at the Option of the Holder.

Unless a Remarketing Reset Event occurs and there is a successful remarketing on such Remarketing Reset Event Date, each Holder has the right to require the Company to purchase the Securities held by such Holder on July 25, 2007, 2011, 2015, 2019, 2023, 2027 and 2031, or if any such day is not a Business Day, the next succeeding Business Day (each, a "**Purchase Date**"), if this Security is not immediately convertible into Common Stock on such Purchase Date. If there is a Failed Remarketing or a remarketing does not occur as a result of a notice of redemption by the Company, Holders may require the Company to purchase all or a portion of their Securities. If required by any Holder, the Company shall purchase Securities for cash at a Purchase Price equal to 100% of the Accreted Principal Amount thereof, plus accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding, the Purchase Date, upon delivery of a Purchase Notice containing the information set forth in the Indenture, at any time from the opening of business on the date that is 21 Business Days prior to such Purchase Date until the close of business on such Purchase Date and upon delivery of the Securities to the Paying Agent by the Holder as set forth in the Indenture.

At the option of the Holder and subject to the terms and conditions of the Indenture, the Company shall purchase all or a portion of the Securities held by such Holder as of the date that is not less than 20 nor more than 35 Business Days after the occurrence of a Change in Control of the Company occurring prior to Stated Maturity for a Change in Control Purchase Price equal to 100% of the Accreted Principal Amount thereof, plus accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding, the Change in Control Purchase Date, unless such Change in Control Purchase Date falls after a Regular Record Date and on or prior to the corresponding Interest Payment Date, in which case the Company shall pay the full amount of accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) payable on such Interest Payment Date to the Holder at the close of business on such Regular Record Date.

Holders have the right to withdraw any Purchase Notice or Change in Control Purchase Notice, as the case may be, by delivering to the Paying Agent a written notice of withdrawal in accordance with the provisions of the Indenture.

As provided in the Indenture, if cash sufficient to pay the Purchase Price, Remarketing Purchase Price or Change in Control Purchase Price, as the case may be, of all Securities or portions thereof to be purchased as of the Purchase Date, Remarketing Purchase Date or the

Change in Control Purchase Date, as the case may be, is deposited with the Paying Agent on the Business Day following the Purchase Date, Remarketing Purchase Date or the Change in Control Purchase Date, as the case may be, all interest (including Contingent Interest, if any) ceases to accrue and principal ceases to accrete on such Securities (or portions thereof) immediately after such Purchase Date, Remarketing Purchase Date or Change in Control Purchase Date, as the case may be, and the Holder thereof shall have no other rights as such (other than the right to receive the Purchase Price, Remarketing Purchase Price or Change in Control Purchase Price, as the case may be, upon surrender of such Security).

10. Conversion.

Subject to the terms of the Indenture, the Holder of a Security may convert the Security into shares of Common Stock at the Conversion Rate under the circumstances set forth in Sections 11.02, 11.03, 11.04, 11.05 and 11.06 of the Indenture. A Security in respect of which a Holder has delivered a Purchase Notice or a Change in Control Purchase Notice exercising the option of such Holder to require the Company to purchase such Security may be converted only if such notice of exercise is withdrawn in accordance with the terms of the Indenture. The Conversion Rate for the Securities on any Conversion Date shall be determined as set forth in the Indenture.

The Company shall deliver cash in lieu of any fractional share of Common Stock.

A Holder's right to convert the Securities into Common Stock of the Company is also subject to the Company's right to elect to pay such Holder the amount of cash set forth in the next succeeding sentence in lieu of delivering all or part of such Common Stock; *provided, however*, that if such payment of cash is not permitted pursuant to the provisions of the Indenture, the Company shall deliver Common Stock (and cash in lieu of fractional shares of Common Stock) in accordance with the Indenture, whether or not the Company has delivered a notice pursuant to the Indenture to the effect that the Securities will be paid in cash. If the Company shall elect to make such payment in shares of Common Stock or a combination of cash and Common Stock, the Company shall deliver, directly or through its stock registrar, to the Holder through the Conversion Agent, no later than the third Business Day following the date on which the Applicable Stock Price is determined, a certificate for, or other evidence of, the number of whole shares of Common Stock issuable upon the conversion and, if applicable, cash in lieu of such Common Stock and cash in lieu of any fractional shares. If, however, the Company shall elect to make all or a portion of such payment solely in cash, the Company shall deliver to the Holder surrendering a Security the amount of cash per Security (or a portion of a Security) equal to the Applicable Stock Price multiplied by the Conversion Rate in effect with respect to such Conversion Date no later than the tenth Business Day following such Conversion Date. The payments referred to in the preceding two sentences shall be subject to the limitations set forth in Section 11.06(b) of the Indenture.

If an Event of Default (other than a default in a cash payment upon conversion of the Securities) shall have occurred and be continuing, the Company shall deliver Common Stock in accordance with the terms of the Indenture, whether or not the Company has delivered a notice pursuant to Section 11.07 of the Indenture to the effect that the Securities would be paid in cash or a combination of cash and Common Stock.

A Holder may convert a portion of a Security if the Original Principal Amount of such portion is \$1,000 or an integral multiple of \$1,000. No payment or adjustment shall be made for dividends on the Common Stock except as provided in the Indenture. On conversion of a Security, except for conversion during the period from the close of business on any Regular Record Date immediately preceding any Interest Payment Date to the close of business on the Business Day immediately preceding such Interest Payment Date, in which case the Holder on such Regular Record Date shall receive the interest payable on such Interest Payment Date, that portion of accrued and unpaid interest (including Contingent Interest, if any) on the converted Security attributable to the period from the most recent Interest Payment Date (or, if no Interest Payment Date has occurred, from the Issue Date) through the Conversion Date shall not be cancelled, extinguished or forfeited, but rather shall be deemed to be paid in full to the Holder thereof through delivery of the Common Stock (together with the cash payment, if any, in lieu of fractional shares), or cash in lieu thereof, in exchange for the Security being converted pursuant to the provisions hereof.

Securities or portions thereof surrendered for conversion after the close of business on any Regular Record Date but prior to the next succeeding Interest Payment Date, Holders of such Securities at the close of business on such Regular Record Date will receive the interest payable on such Securities on the corresponding Interest Payment Date notwithstanding the conversion. Such Securities, upon surrender for conversion, will be accompanied by payment to the Company or its order, in New York Clearing House funds or other funds acceptable to the Company, of an amount equal to the interest payable on such Interest Payment Date with respect to the Original Principal Amount of Securities or portions thereof being surrendered for conversion; *provided* that no such payment need be made if (1) the Company has specified a Redemption Date that is after the close of business on a Regular Record Date and prior to the date the three Business Days following the next Interest Payment Date to which such Regular Record Date relates, (2) the Company has specified a Change in Control Purchase Date during such period or (3) only to the extent of overdue interest or overdue Contingent Interest, any overdue interest or overdue Contingent Interest exists on the Conversion Date with respect to the Securities converted.

No fractional shares will be issued upon conversion; in lieu thereof, an amount will be paid in cash based upon the Closing Sale Price of the Common Stock on the Trading Day immediately preceding the Conversion Date.

The Company agrees, and each Holder and any beneficial owner of a Security by its purchase thereof agrees, to treat, for U.S. federal income tax purposes, the fair market value of the Common Stock received upon the conversion of a Security (together with any cash payment in lieu of fractional shares) or cash, or a combination of cash and Common Stock as a contingent payment on the Security for purposes of Treasury Regulations Section 1.1275-4.

To convert a Security, a Holder must (a) complete and manually sign the conversion notice set forth below or a facsimile thereof and deliver such notice to the Conversion Agent, (b) surrender the Security to the Conversion Agent, (c) furnish appropriate endorsements and transfer documents (including any certification that may be required under applicable law) if required by the Conversion Agent, (d) pay any transfer or similar tax, if required and (e) if required pay funds equal to the interest payable on the next Interest Payment Date.

The Conversion Rate will be adjusted as set forth in Article 11 of the Indenture.

11. Conversion Arrangement on Call for Redemption.

Any Securities called for redemption, unless surrendered for conversion before the close of business on the Business Day immediately preceding the Redemption Date, may be deemed to be purchased from the Holders of such Securities at an amount not less than the Redemption Price, by one or more investment bankers or other purchasers who may agree with the Company to purchase such Securities from the Holders, to convert them into Common Stock of the Company and to make payment for such Securities to the Trustee in trust for such Holders.

12. Denominations; Transfer; Exchange.

The Securities are in fully registered form, without coupons, in denominations of \$1,000 of Original Principal Amount and integral multiples of \$1,000. A Holder may transfer or exchange Securities in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not transfer or exchange any Securities selected for redemption (except, in the case of a Security to be redeemed in part, the portion of the Security not to be redeemed) or any Securities in respect of which a Purchase Notice or Change in Control Purchase Notice has been given and not withdrawn (except, in the case of a Security to be purchased in part, the portion of the Security not to be purchased) or any Securities for a period of 15 days before the mailing of a notice of redemption of Securities to be redeemed.

13. Persons Deemed Owners.

The registered Holder of this Security may be treated as the owner of this Security for all purposes.

14. Unclaimed Money or Securities.

The Trustee and the Paying Agent shall return to the Company upon written request any money or securities held by them for the payment of any amount with respect to the Securities that remains unclaimed for two years subject to applicable unclaimed property law. After return to the Company, Holders entitled to the money or securities must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

15. Amendment; Waiver.

Subject to certain exceptions set forth in the Indenture, (i) the Indenture or the Securities may be amended with the written consent of the Holders of at least a majority in aggregate Original Principal Amount of the Securities at the time outstanding and (ii) certain Defaults may be waived with the written consent of the Holders of a majority in aggregate Original Principal Amount of the Securities at the time outstanding. The Company and the Trustee may amend the Indenture under certain circumstances without the consent of the Holders, as described in the Indenture.

16. Defaults and Remedies.

If an Event of Default occurs and is continuing, the Trustee, or the Holders of at least 25% in aggregate Original Principal Amount of the Securities at the time outstanding, may declare all the Securities to be due and payable immediately. Certain events of bankruptcy or insolvency are Events of Default which will result in the Securities becoming due and payable immediately upon the occurrence of such Events of Default.

Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may refuse to enforce the Indenture or the Securities unless it receives reasonable indemnity or security. Subject to certain limitations, Holders of a majority in aggregate Original Principal Amount of the Securities at the time outstanding may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing Default (except a Default in payment of amounts specified in clause (a) or (b) of Section 4.01 of the Indenture) if it determines that withholding notice is in their interests.

17. Yield Reset and Remarketing.

If a Remarketing Reset Event occurs, then following the applicable Remarketing Reset Event Date, the yield and the Conversion Rate on the Securities will be reset on such Remarketing Reset Event Date and the right of the Holder to require the Company to purchase Securities on a Purchase Date or upon a Change in Control shall cease.

On each Remarketing Reset Event Date, the Conversion Rate will be reset to equal the Accreted Principal Amount of the Securities on such Remarketing Reset Event Date divided by 175% of the Applicable Stock Price; provided that in no event will the Conversion Rate exceed the Maximum Conversion Rate. The yield on the Securities shall be reset to the Reset Yield and the Securities shall be remarketed at the option of the Holder, as provided in Article 15 of the Indenture.

If a Failed Remarketing occurs on any Remarketing Reset Event Date or the Company gives notice of redemption prior to the Remarketing Reset Event Date, each Holder of Securities will have the right to require the Company to purchase all or a portion of its Securities on such Remarketing Reset Event Date for cash. The Company shall purchase such Securities at a purchase price equal to 100% of the Accreted Principal Amount thereof as of the applicable Remarketing Reset Event Date, plus accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding such Remarketing Reset Event Date as provided in the Indenture.

If Holders elect pursuant to the Indenture to have less than \$50 million aggregate Original Principal Amount of Securities remarketed on any Remarketing Reset Event Date, there will not be a remarketing and such Holders, but only such Holders, will have the right to require the Company to purchase all or a portion of its Securities on such Remarketing Reset Event Date for cash. The Company shall purchase such Securities at a purchase price equal to 100% of the Accreted Principal Amount thereof as of the applicable Remarketing Reset Event Date, plus accrued and unpaid interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding such Remarketing Reset Event Date as provided in the Indenture.

18. Trustee Dealings with the Company.

Subject to certain limitations imposed by the TIA, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with and collect obligations owed to it by the Company or its Affiliates and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

19. No Recourse Against Others.

A director, officer, employee or stockholder, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Security, each Holder waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

20. Authentication.

This Security shall not be valid until an authorized signatory of the Trustee or any Authenticating Agent manually signs the Trustee's Certificate of Authentication on the other side of this Security.

21. Abbreviations.

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

22. GOVERNING LAW.

THE LAWS OF THE STATE OF NEW YORK SHALL GOVERN THE INDENTURE AND THIS SECURITY, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture.

SLM Corporation
11600 Sallie Mae Drive
Reston, VA 20193

Attention: Michael Sheehan

[Include Schedule I only for a Global Security]

SLM CORPORATION
Floating Rate Convertible Senior Debenture Due 2035

No. _____

Date	Original Principal Amount	Notation Explaining Original Principal Amount Recorded	Authorized Signature of Trustee or Custodian
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ASSIGNMENT FORM

To assign this Security, fill in the form below:

For value received _____ hereby sell(s), assign(s) and transfer(s) unto _____ (Please insert social security or other Taxpayer Identification Number of assignee) the within Security, and hereby irrevocably constitutes and appoints _____ attorney to transfer said Security on the books of the Company, with full power of substitution in the premises.

In connection with any transfer of the Security prior to the expiration of the holding period applicable to sales thereof under Rule 144(k) under the Securities Act (or any successor provision) (other than any transfer pursuant to a registration statement that has been declared effective under the Securities Act), the undersigned confirms that such Security is being transferred:

- To SLM Corporation (the "Company") or a subsidiary or affiliate thereof; or
- To a "**qualified institutional buyer**" in compliance with Rule 144A under the Securities Act of 1933, as amended; or
- Pursuant to a Registration Statement which has been declared effective under the Securities Act of 1933, as amended, and which continues to be effective at the time of transfer; or
- Pursuant to and in compliance with another available exemption from the registration requirements of the Securities Act of 1933, as amended.

Unless one of the boxes is checked, the Trustee or Registrar will refuse to register any of the Securities evidenced by this certificate in the name of any person other than the registered holder thereof.

Dated: _____

Signature(s)

Signature(s) must be guaranteed by an "**eligible guarantor institution**" meeting the requirements of the Security registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("**STAMP**") or such other "**signature guarantee program**" as may be determined by the Security registrar in addition

to, or in substitution for, STAMP, al in accordance with the Securities Exchange Act of 1934, as amended.

Signature Guarantee

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CONVERSION NOTICE

To convert this Security into Common Stock of the Company, check the box:

To convert only part of this Security, state the Original Principal Amount to be converted (which must be \$1,000 or an integral multiple of \$1,000): \$

If you want the stock certificate made out in another person's name, fill in the form below:

(Insert other person's soc. sec. or tax ID no.)

(Print or type other person's name, address and zip code)

Your
Signature: _____

(Sign exactly as your name appears on the other side of this Security)

PURCHASE NOTICE

TO: SLM CORPORATION

The undersigned registered owner of this Security hereby irrevocably acknowledges receipt of a notice from SLM Corporation (the “**Company**”) regarding the right of holders to elect to require the Company to purchase the Securities and requests and instructs the Company to purchase the entire Original Principal Amount of this Security, or portion thereof (which is \$1,000 Original Principal Amount or an integral multiple thereof) designated below, in accordance with the terms of the Indenture at the price of 100% of the Accreted Principal Amount or proportional portion thereof, together with accrued interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding, the Purchase Date, to the registered holder hereof. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. The Securities shall be purchased by the Company as of the applicable Purchase Date or Remarketing Purchase Date pursuant to the terms and conditions specified in the Indenture. This election is made pursuant to:

Article 12, Purchase at Option of Holders at July 25, 2007, 2011, 2015, 2019, 2023, 2027 and 2031,

or

Section 15.04(a), Right to Require Repurchase Upon a Failed Remarketing.

Dated:

Signature(s):

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Security in every particular without alteration or enlargement or any change whatever.

Security Certificate Number (if applicable):

Original Principal Amount to be purchased (if less than all):

Social Security or Other Taxpayer Identification Number:

OPTION OF HOLDER TO ELECT PURCHASE ON CHANGE IN CONTROL

TO: SLM CORPORATION

The undersigned registered owner of this Security hereby irrevocably acknowledges receipt of a notice from SLM Corporation (the “**Company**”) regarding the right of holders to elect to require the Company to purchase the Securities upon a Change in Control and requests and instructs the Company pursuant to Section 13.01 to purchase the entire Original Principal Amount of this Security, or portion thereof (which is \$1,000 Original Principal Amount or an integral multiple thereof) designated below, in accordance with the terms of the Indenture at the price of 100% of the Accreted Principal Amount or proportional portion thereof, together with accrued interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding, the Change in Control Purchase Date, to the registered holder hereof. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. The Securities shall be repurchased by the Company as of the Change in Control Purchase Date pursuant to the terms and conditions specified in the Indenture.

Dated:

Signature(s):

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Security in every particular without alteration or enlargement or any change whatever.

Security Certificate Number (if applicable):

Original Principal Amount to be purchased (if less than all):

Social Security or Other Taxpayer Identification Number:

ELECTION TO REMARKET SECURITIES

TO: JPMORGAN CHASE BANK

The undersigned registered owner of this Security hereby elects to have remarketed the entire Original Principal Amount of this Security, or portion thereof (which is \$1,000 Original Principal Amount or an integral multiple thereof) designated below, on the next Remarketing Reset Event Date if a Remarketing Reset Event occurs in accordance with the terms of the Indenture and the Remarketing Agreement. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Indenture. The undersigned acknowledged that in the event of a Failed Remarketing, a notice of Redemption by the Company or the failure of Holders of at least \$50 million aggregate Original Principal Amount of Securities to elect remarketing, this election also serves as an election to require the Company to purchase the Securities in accordance with the terms of the Indenture at the price of 100% of the Accreted Principal Amount or proportional portion thereof, together with accrued interest (including Contingent Interest and Liquidated Damages, if any) to, but excluding, the Remarketing Purchase Date, to the registered holder hereof.

Dated:

Signature(s):

NOTICE: The above signatures of the holder(s) hereof must correspond with the name as written upon the face of the Security in every particular without alteration or enlargement or any change whatever.

Security Certificate Number (if applicable):

Original Principal Amount to be purchased (if less than all):

Social Security or Other Taxpayer Identification Number:

[Letterhead of Cadwalader, Wickersham & Taft LLP]

November 5 , 2003

SLM Corporation
11600 Sallie Mae Drive
Reston, VA 20193

Ladies and Gentlemen:

We have acted as counsel to SLM Corporation, a Delaware corporation (“SLM”), in connection with the preparation of a Registration Statement on Form S-3, File Number 333-107779 (the “Registration Statement”), and the filing thereof with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended (the “Securities Act”), relating to the registration of the resale by selling securityholders of \$2,000,000,000 Floating Rate Convertible Senior Debentures due 2035 issued by SLM (the “Debentures”) and the associated shares of SLM’s common stock, par value \$.20 per share, into which the Debentures are convertible.

In rendering the opinion set forth below, we have examined and relied upon the originals, copies or specimens, certified or otherwise identified to our satisfaction, of (i) the Offering Memorandum, dated May 14, 2003, relating to the Debentures, (ii) the Purchase Agreement, dated May 14, 2003, among SLM and the initial purchasers named therein, (iii) the Registration Statement and Prospectus contained therein relating to the Debentures, and (iv) such other documents, certificates, and records as we have deemed necessary or appropriate as a basis for the opinion set forth herein. In rendering our opinion, we have assumed the genuineness of all signatures, the authenticity of all documents, certificates and records we have examined as originals, the conformity to original documents, certificates and records of all copies or specimens of documents, certificates and records we have examined, the authenticity of the originals of such copies or specimens of documents, certificates and records we have examined and the accuracy of the matters set forth in the documents, certificates and records we reviewed. We have further assumed that all statements, facts, and representations made therein are and

remain true (without regard to any qualifications as to knowledge or belief or any qualifications stated therein and without undertaking to verify such statements, facts and representations by independent investigation), that the respective parties thereto and all parties referred to therein will act in all respects at all relevant times in conformity with the requirements and provisions of such documents, and that none of the terms and conditions contained therein has been or will be waived or modified in any respect.

As to any facts material to the opinion expressed below that are not known to us, we have relied upon statements and representations of officers and other representatives of SLM. We have not undertaken any independent investigation to determine the existence or absence of the facts that are material to our opinion, and no inference as to our knowledge concerning such facts should be drawn from our reliance on the representations of SLM in connection with the preparation and delivery of this letter. We express no opinion concerning the laws of any jurisdiction other than the federal tax laws of the United States of America. In rendering our opinion, we have made such investigations of law as we have deemed appropriate as a basis for the opinion expressed below.

Based upon and subject to the foregoing, we are of the opinion that the statements made in the Registration Statement under the heading "Material U.S. Federal Income Tax Considerations," to the extent such statements summarize material federal tax consequences of the purchase, beneficial ownership and disposition of the Debentures to the holders thereof described therein, are correct in all material respects. All such statements are based upon current law, which is subject to change, possibly with retroactive effect. Further, there can be no assurance that the Internal Revenue Service will not take a contrary position.

We assume no obligation to update or supplement this letter to reflect any facts, circumstances, laws, rules or regulations, or any changes thereto, or any court or other authority or body decisions or governmental or regulatory authority determinations which may hereafter occur or come to our attention.

This opinion is delivered in accordance with the requirements of Item 601(b)(8) of Regulation S-K under the Securities Act. We express no opinion on any other issue relating to the Debentures or the Registration Statement. We are furnishing this opinion letter to you solely for your benefit in connection with the Registration Statement. This opinion letter is not to be relied upon, used, circulated, quoted or otherwise referred to by any other person or for any other purpose without our prior written consent.

We hereby consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the reference to us under the caption "Legal Matters" in the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules or regulations of the Commission thereunder.

Very truly yours,

SLM Corporation

November 5, 2003

Cadwalader, Wickersham & Taft LLP