

SLM CORP  
Form POS AM  
September 02, 2004

**As filed with the Securities and Exchange Commission on September 2, 2004**

**Registration No. 333-107779**

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**POST-EFFECTIVE  
AMENDMENT NO. 14  
TO  
Form S-3**

**REGISTRATION STATEMENT**

**UNDER  
THE SECURITIES ACT OF 1933**

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**SLM CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware 52-2013874** *(State or other  
jurisdiction of (I.R.S. Employer incorporation  
or organization) Identification No.)* **12061  
Bluemont Way  
Reston, VA 20190  
(703) 984-3000**

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

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**Robert S. Lavet, Esq.  
Senior Vice President and Deputy General Counsel  
SLM Corporation  
12061 Bluemont Way  
Reston, VA 20190  
(703) 984-3000**

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

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**Copy to:**

**Diana de Brito, Esq.**

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

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

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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.

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**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 <sup>(3)</sup>	(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.**

**Prospectus**

**\$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 6.**

**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.**

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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 \_\_\_\_\_, 2004

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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;

our quarterly report on Form 10-Q for the third fiscal quarter ended September 30, 2003, which we filed on November 13, 2003;

our annual report of Form 10-K for the fiscal year ended December 31, 2003, which we filed on March 15, 2004;

our quarterly report on Form 10-Q for the first fiscal quarter ended March 31, 2004, which we filed on May 10, 2004;

our quarterly report on Form 10-Q for the second fiscal quarter ended June 30, 2004, which we filed on August 9, 2004;

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  
12061 Bluemont Way  
Reston, VA 20190  
(703) 984-3000

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 12061 Bluemont Way, Reston, VA 20190, and our telephone number is (703) 984-3000.

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	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.

After July 25, 2007, we will not pay regular interest on the debentures.

## 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, 2003 and the six month period ended June 30, 2003 and June 30, 2004.

	Years Ended December 31,					Six Months Ended	
						June 30,	
	1999	2000	2001	2002	2003	2003	2004
Ratio of Earnings to Fixed Charges(1)	1.34	1.24	1.27	2.00	3.12	3.34	3.25

(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 June 30, 2004, the last reported bid price of the common stock on the NYSE was \$40.46 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, 2003 and 2004.

	<u>High</u>	<u>Low</u>	<u>Dividend Paid</u>
<b>Fiscal Year Ended December 31, 2001</b>			
Quarter ended March 31	\$25.50	\$18.62	\$0.06
Quarter ended June 30	25.18	21.18	0.06
Quarter ended September 30	28.20	24.36	0.06
Quarter ended December 31	29.33	26.82	0.07
<b>Fiscal Year Ended December 31, 2002</b>			
Quarter ended March 31	\$33.08	\$25.67	\$0.07
Quarter ended June 30	33.28	30.10	0.07
Quarter ended September 30	33.02	26.58	0.07
Quarter ended December 31	35.65	30.87	0.08
<b>Fiscal Year Ended December 31, 2003</b>			
Quarter ended March 31	\$37.72	\$33.73	\$0.08
Quarter ended June 30	42.92	36.32	0.17
Quarter ended September 30	42.42	37.88	0.17
Quarter ended December 31	40.11	35.70	0.17
<b>Fiscal Year Ended December 31, 2004</b>			
Quarter ended March 31	\$42.76	\$37.04	\$0.17
Quarter ended June 30	\$42.27	\$37.37	\$0.19

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, 2004 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.

	<b>June 30, 2004</b>
	<b>Actual</b>
<b>Borrowed funds:</b>	
Short-term borrowings	
\$8,063,041	
Borrowings collateralized by loans in trust	
31,958,701	
Long-term borrowings	
30,078,062	
<hr/>	
Total borrowed funds	
70,099,804	
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:	
478,722,527 shares issued <sup>(a)</sup>	
95,745	
Additional paid-in capital	
1,747,284	
Accumulated other comprehensive income, net of tax	
355,955	
Retained earnings	
1,683,563	
<hr/>	
Stockholders' equity before treasury stock	
4,047,547	
Common stock held in treasury at cost: 39,760,083 shares	
1,126,881	
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Total stockholders equity  
2,920,666

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Total capitalization  
73,020,470

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- (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) 17.4 million shares available for grants of awards under our stock option plans; and (3) 43.9 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			