

SLM CORP  
Form DEF 14A  
April 19, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934**

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

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Pursuant to Section 240.14a-12

**SLM Corporation**

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

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**300 Continental Drive**

**Newark, Delaware 19713**

**April 19, 2013**

**NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS**

To our Stockholders:

SLM Corporation will hold its 2013 Annual Meeting of Stockholders as follows:

Date and Time: Thursday, May 30, 2013, 11:00 a.m. local time

Place: SLM Corporation's Corporate Headquarters

300 Continental Drive

Newark, Delaware 19713

- Items of Business
- (1) Elect 13 directors, each for a one-year term, to serve until their successors have been duly elected and qualified;
  - (2) Conduct an advisory vote on executive compensation;
  - (3) Ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ending December 31, 2013;
  - (4) Consider a stockholder proposal regarding disclosure of lobbying expenditures and contributions; and
  - (5) Transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Record Date Stockholders of record as of the close of business on April 2, 2013, will be entitled to notice of, and to vote at, the meeting or any adjournment or postponement of the meeting.

Your participation in the annual meeting is important. We urge you to take the time to read carefully the proposals described in the proxy statement and vote your proxy at your earliest convenience. You may vote by telephone, Internet or, if you request that proxy materials be mailed to you, by completing and signing the proxy card enclosed with those materials and returning it in the envelope provided. If you wish to attend the meeting in person, you must bring evidence of your ownership as of April 2, 2013, or a valid proxy showing that you are representing a stockholder.

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Thank you for your interest in Sallie Mae.

Sincerely,

Anthony P. Terracciano  
Chairman of the Board of Directors

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**300 Continental Drive**

**Newark, Delaware 19713**

**PROXY STATEMENT**

**GENERAL INFORMATION**

The Board of Directors (the Board) of SLM Corporation (the Company or SLM or we) is furnishing this proxy statement to solicit proxies for use at the Company's 2013 Annual Meeting of Stockholders (the Annual Meeting). A copy of the Notice of 2013 Annual Meeting of Stockholders accompanies this proxy statement. This proxy statement is being sent or made available, as applicable, to our stockholders beginning on or about April 19, 2013.

**Important Notice Regarding the Availability of Proxy Materials For the Annual Meeting of Stockholders to be Held on May 30, 2013.**

This proxy statement and the Company's annual report on Form 10-K for the year ended December 31, 2012 (the Form 10-K) are available at <http://www.salliemae.com/Investors/AnnualReports> and <http://materials.proxyvote.com>. You may also obtain these materials at the Securities and Exchange Commission (SEC) website at [www.sec.gov](http://www.sec.gov) or by contacting the Office of the Corporate Secretary at the Company's principal executive offices, located at 300 Continental Drive, Newark, DE 19713. We will provide a copy of the Form 10-K without charge to any stockholder upon his or her written request.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**Who may vote?** Only stockholders who owned shares of the Company's voting common stock, par value \$.20 per share (Common Stock), at the close of business on April 2, 2013, the record date for the Annual Meeting, can vote. On the record date, 444,237,293 shares of Common Stock were outstanding and eligible to be voted. The Company's Common Stock is listed on the NASDAQ Global Select Market stock exchange (NASDAQ) under the symbol SLM.

**Why did I receive a Notice Regarding the Availability of Proxy Materials?** We are furnishing proxy materials to our stockholders primarily via the Internet, instead of mailing printed copies of those materials to each stockholder. By doing so, we save costs and reduce the environmental impact of our Annual Meeting. On April 19, 2013, we mailed a Notice of Internet Availability of Proxy Materials (Notice of Availability) to certain of our stockholders. The Notice of Availability contains instructions on how to access our proxy materials and vote online or vote by telephone. If you would like to receive a paper copy of our proxy materials, please follow the instructions included in the Notice of Availability. The Notice of Availability also contains a 15-digit control number that you will need to vote your shares. If you previously chose to receive our proxy materials electronically, you will continue to receive access to these materials via an e-mail that will provide electronic links to these documents unless you elect otherwise.

**How do I request paper copies of the proxy materials?** You may request paper copies of the proxy materials for the 2013 Annual Meeting by following the instructions listed at [www.proxyvote.com](http://www.proxyvote.com), by telephoning 1-800-579-1639, or by sending an e-mail to [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com).

**What is the difference between holding shares as a beneficial owner in street name and as a stockholder of record?** If your shares are held in street name through a broker, bank, trustee or other nominee, you are considered the beneficial owner of shares held in street name. As the beneficial owner, you have the right to direct your broker, bank, trustee or other nominee how to vote your shares. Without your voting instructions, your broker, bank, trustee or other nominee may

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only vote your shares on routine matters. Routine matters do NOT include the election of directors, the advisory vote on executive compensation, and the stockholder proposal relating to disclosure of lobbying expenditures and contributions, but do include ratification of the appointment of the Company's independent registered public accounting firm. For non-routine matters, your shares will not be voted without your specific voting instructions. Accordingly, we encourage you to vote your shares.

If your shares are registered directly in your name with the Company's transfer agent, Computershare, you are considered to be a stockholder of record with respect to those shares. As a stockholder of record, you have the right to grant your voting proxy directly to the Company or to a third party, or to vote in person at the Annual Meeting.

**How do I vote?** We encourage you to vote in advance of the Annual Meeting, even if you plan to attend the meeting. You may vote in one of the following ways:

*By Internet.* You may vote electronically via the Internet at [www.proxyvote.com](http://www.proxyvote.com). Votes submitted via the Internet must be received by 11:59 p.m., Eastern Daylight Time, on May 29, 2013. Please have your Notice of Availability or proxy card available when you log on.

*By Telephone.* If you wish to vote by telephone you may call the toll-free telephone number on the Notice of Availability or your proxy card, which is available 24-hours a day, and follow the pre-recorded instructions. Please have your Notice of Availability or proxy card available when you call. If you hold your shares in street name, your broker, bank, trustee or other nominee may provide you additional instructions regarding voting your shares by telephone. Votes submitted telephonically must be received by 11:59 p.m., Eastern Daylight Time, on May 29, 2013.

*In Person.* If you hold shares directly in your name as a stockholder of record, you may either vote in person or be represented by another person at the Annual Meeting by executing a legal proxy designating that person as your proxy to vote your shares.

If you hold your shares in street name, you must obtain a legal proxy from your broker, bank, trustee or other nominee and present it to the inspector of elections with your ballot to be able to vote at the Annual Meeting. To request a legal proxy, please follow the instructions at [www.proxyvote.com](http://www.proxyvote.com).

*By Mail.* If you hold your shares in street name through a broker, bank, trustee or other nominee, to vote by mail you must request paper copies of the proxy materials. Once you receive your paper copies, you will need to mark, sign and date the Voting Instruction Form and return it in the prepaid return envelope provided. Your Voting Instruction Form must be received no later than the close of business on May 29, 2013.

If you hold your shares directly in your name as a stockholder of record, to vote by mail you must request paper copies of the proxy materials. Once you receive your paper copies, you will need to mark, sign and date the proxy card and return it in the prepaid return envelope provided. Your proxy card must be received no later than the close of business on May 29, 2013.

**What if I hold my shares in street name and I do not provide my broker, bank, trustee or other nominee with instructions about how to vote my shares?** You may instruct your broker, bank, trustee or other nominee on how to vote your shares using the methods described above. If you do not provide voting instructions to the firm that holds your shares prior to the Company's Annual Meeting, the firm has discretion to vote your shares with respect to Proposal 3 on the proxy card (relating to the ratification of the independent registered public accounting firm), which is considered a routine matter. However, the firm will not have discretion to vote your shares with respect to Proposals 1, 2 and 4 on the proxy card, as these are each considered to be a non-routine matter. You are encouraged to participate in the election of directors and voting on all of the proposals by returning your voting instructions to your broker, bank, trustee or other nominee.

**How do I vote shares of Common Stock held in my 401(k) Plan?** If you participate in the Company's 401(k) Plans, you may vote the number of shares equivalent to your interest, if any, as credited to your account on the record date. You will

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need to instruct the 401(k) Plan Trustee by telephone, internet or by mail on how to vote your shares. Voting instructions must be received no later than the close of business on May 29, 2013. If you own shares through the Company's 401(k) Plans and do not provide voting instructions with respect to your plan shares, the Trustee will vote your plan shares in the same proportion as other plan shares have been voted.

**How do proxies work?** The Board is requesting your proxy. Giving your proxy means that you authorize the persons named as proxies therein to vote your shares at the Annual Meeting in the manner you specify in your proxy (or to exercise their discretion as described herein). If you hold your shares as a record holder and sign and return a proxy card but do not specify how to vote on a Proposal, the persons named as proxies will vote your shares in accordance with the Board's recommendations. The Board has recommended that stockholders vote **FOR** the election of each of the director nominees named in this proxy statement, **FOR** approval of the advisory vote on executive compensation, **FOR** ratification of the appointment of the Company's independent registered public accounting firm and **AGAINST** the stockholder proposal relating to disclosure of lobbying expenditures and contributions. Giving your proxy also means that you authorize the persons named as proxies to cumulate votes in the election of directors and to vote on any other matter properly presented at the Annual Meeting in such manner as they determine. The Company does not know of any other matters to be presented at the Annual Meeting as of the date of this proxy statement.

**Can I change my vote?** Yes. If you hold your shares as a record holder, you may revoke your proxy or change your vote at any time prior to the final tallying of votes by:

Delivering a written notice of revocation to the Company's Corporate Secretary at the Office of the Corporate Secretary, 300 Continental Drive, Newark, DE 19713;

Submitting another timely vote via the Internet, by telephone or by mailing a new proxy (following the instructions listed under the *How do I vote?* section above); or

Attending the Annual Meeting and voting in person.

If your shares are held in street name, contact your broker, bank, trustee or nominee for instructions on how to revoke or change your voting instructions.

**What vote is necessary to approve each matter to be voted on at the Annual Meeting?**

*Election of Directors.* Our By-Laws generally provide that the election of a director will be by a majority of the votes cast with respect to a nominee at a meeting for the election of directors at which a quorum is present. Accordingly, a director nominee will be elected to the Board if the number of shares voted **FOR** the nominee exceeds the number of votes cast **AGAINST** the nominee's election, without regard to abstentions or votes cumulated for another nominee.

In the election of directors, stockholders are entitled to cumulative voting, which means that each holder of record of shares of Common Stock is entitled to cast as many votes as such holder would be entitled to cast for the election of directors with respect to its shares of Common Stock multiplied by the number of directors to be elected at such election and that such holder may cast all such votes for a single director or may distribute them among the director nominees as such holder determines appropriate. Therefore, each share you own is entitled to fifteen votes in the election of directors at the Annual Meeting. You may cumulate your votes and cast all your votes **FOR** one nominee or you may distribute your votes among the nominees in any manner you deem appropriate. The persons named as proxies on the proxy card also may cumulate votes and cast such votes in favor of the election of some or all of the director nominees in their sole discretion, except that a stockholder's votes will not be cast for a nominee as to whom such stockholder instructs that such votes be cast **AGAINST** or **ABSTAIN**; however, the persons named as proxies on the proxy card will not exercise discretion to cumulate votes unless another stockholder cumulates its shares when voting for directors.

Abstentions and shares that are not voted in the election of directors, including broker non-votes, have no direct effect in the election of directors.



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If any director nominee fails to receive a majority of the votes cast FOR his or her election, such nominee will automatically tender his or her resignation upon certification of the election results. The Nominations and Governance Committee will make a recommendation to the Board on whether to accept or reject such nominee's resignation. The Board will act on the Nominations and Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date of certification of the election results.

*Other Proposals.* Approval of each of the other Proposals at the Annual Meeting will require an affirmative vote of at least a majority of the votes present or represented by proxy and entitled to be voted on the matter, with each share of Common Stock entitled to one vote. Abstentions have the same effect as votes AGAINST the matter. Shares that are not voted on a matter, including broker non-votes, have no direct effect on the matter.

**What constitutes a quorum?** A quorum of stockholders is necessary to transact business at the Annual Meeting. A quorum exists if the holders of a majority of Common Stock entitled to vote are present in person or represented by proxy, at the Annual Meeting, including proxies on which abstentions (withholding authority to vote) are indicated. Abstentions and broker non-votes will be counted in determining whether a quorum exists.

**Who will count the vote?** Votes will be tabulated by the Company's Corporate Secretary.

**Who can attend the Annual Meeting?** Only stockholders as of the record date, April 2, 2013, or duly appointed proxy, may attend. No guests will be allowed to attend the Annual Meeting.

**What do I need to attend the Annual Meeting and when should I arrive?** The Annual Meeting will be held at the Company's Headquarters, 300 Continental Drive, Newark, Delaware 19713. Admission to the Annual Meeting will begin at 10:00 a.m.

In order to be admitted to the Annual Meeting, you should:

arrive shortly after 10:00 a.m. to ensure that you are seated by the commencement of the Annual Meeting at 11:00 a.m.;

be prepared to comply with security requirements, which may include security guards searching all bags and attendees passing through a metal detector, among other security measures;

leave your camera at home because cameras, transmission, broadcasting and other recording devices, including certain smart phones, will not be permitted in the meeting room; and

bring photo identification, such as a driver's license, and proof of ownership of the Company's Common Stock on the record date, April 2, 2013. If you are a holder of record, the top half of your proxy card or your Notice of Availability is your admission ticket. If you hold your shares in street name, a recent brokerage statement or a letter from your bank, broker, trustee or other nominee are examples of proof of ownership. If you want to vote your shares held in street name in person, you must get a legal proxy in your name from the broker, bank, trustee or other nominee that holds your shares of Common Stock.

Any holder of a proxy from a stockholder must present a properly executed legal proxy and a copy of the proof of ownership.

If you do not provide photo identification and comply with the other procedures outlined above for attending the Annual Meeting in person, we will be unable to admit you to the Annual Meeting.

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**OVERVIEW OF PROPOSALS**

This proxy statement contains four proposals requiring stockholder action. Proposal 1 requests the election of 13 directors to the Board. Proposal 2 requests an advisory vote on executive compensation. Proposal 3 requests ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm. Proposal 4 requests the vote on a stockholder proposal relating to disclosure of lobbying expenditures and contributions. Each of the proposals is discussed in more detail below.

**PROPOSAL 1 ELECTION OF DIRECTORS**

The Board nominated all current directors for election at the Annual Meeting. On April 17, 2013, Messrs. Porter and Strange informed the Board of their decision to resign effective upon the commencement of the Annual Meeting. At the Annual Meeting, 13 directors are to be elected to hold office until the 2014 Annual Meeting and until their successors have been elected or appointed. The 13 persons now standing for election are as follows:

Ann Torre Bates	Howard H. Newman
William M. Diefenderfer	Frank C. Puleo
Diane Suitt Gilleland	Wolfgang Schoellkopf
Earl A. Goode	Steven L. Shapiro
Ronald F. Hunt	Anthony P. Terracciano
Albert L. Lord	Barry L. Williams
Barry A. Munitz	

Biographical information and qualifications and experience with respect to each nominee appears below under the heading "Nominees for Election to the Board of Directors." Each of the 13 nominees was last elected by the stockholders at the 2012 Annual Meeting and is currently serving as a director.

In November 2012, Albert L. Lord, our Vice Chairman and Chief Executive Officer, announced that he will retire as Chief Executive Officer, Vice Chairman and Director, effective December 31, 2013. If elected at the Annual Meeting, we anticipate that Mr. Lord will serve as a director until his retirement date. As previously announced, the Board has appointed a search committee to facilitate an effective transition and consider qualified internal and external candidates to fill Mr. Lord's role as Chief Executive Officer. The Company's By-laws provide that any vacancy on the Board may be filled by a majority vote of the directors then in office.

We know of no reason why any nominee would be unable to serve. However, if any nominee should become unavailable to serve as a director, the Board may reduce its size or designate a substitute nominee. If the Board designates a substitute nominee, persons named as proxies will vote FOR that substitute nominee.

***Board Recommendation***

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF THE 13 NOMINEES NAMED ABOVE.**

**PROPOSAL 2 ADVISORY VOTE ON EXECUTIVE COMPENSATION**

As required by Section 14A of the Securities Exchange Act of 1934, as amended, the Company is providing stockholders the opportunity to participate in an advisory vote on the compensation of its chief executive officer, the chief financial officer and the three other most highly compensated executive officers of the Company (the "Named Executive Officers" or "NEOs"), as described in the "Compensation Discussion and Analysis" section of this proxy statement and the related tabular disclosure regarding Named Executive Officer compensation and the accompanying narrative disclosure in this

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proxy statement. The Board of Directors has previously adopted a policy providing for annual say on pay advisory votes. This proposal, also known as say on pay, gives stockholders the opportunity to vote on the following resolution:

Resolved, that the Company's stockholders approve, on an advisory basis, the compensation of our Named Executive Officers, as disclosed in the Compensation Discussion and Analysis and the related compensation tables and narrative disclosure in this proxy statement.

The Compensation and Personnel Committee has structured the Company's executive compensation program based on the compensation philosophy and objectives described in the Compensation Discussion and Analysis section of this proxy statement.

As part of our operating plan, the Company set out five management objectives to create stockholder value in 2012, which are described in the Compensation Discussion and Analysis section of this proxy statement. The Board believes the Company substantially achieved those operating plan goals, and the Company's executive compensation program, as described in the Compensation Discussion and Analysis, promoted such achievement. Stockholders are encouraged to read the Compensation Discussion and Analysis section which describes the Company's executive compensation program in detail, including how it is designed to achieve our compensation objectives.

This proposal is not intended to address any specific element of compensation but rather our overall compensation policies as they relate to the Named Executive Officers. Therefore, your vote will not impact or limit any existing compensation or award to any of the Named Executive Officers. Because your vote is advisory, it is not binding upon the Company and the Board, and may not be construed as overruling a decision by the Board or creating an additional fiduciary duty of the Board. However, the Compensation and Personnel Committee will as it did in the last two years carefully evaluate the outcome of the vote when considering future executive compensation decisions. At the 2012 Annual Meeting, more than 95% of the votes were cast in favor of the advisory approval of the compensation of our NEOs. The Compensation and Personnel Committee believes that this stockholder vote indicates strong support for our executive compensation program, and the Compensation and Personnel Committee recommended no significant design changes to the Company's compensation policies during 2012.

***Board Recommendation***

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS AND THE RELATED COMPENSATION TABLES AND NARRATIVE DISCLOSURE IN THIS PROXY STATEMENT.**

**PROPOSAL 3 RATIFICATION OF THE APPOINTMENT OF THE  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Company's independent registered public accounting firm, KPMG LLP ( KPMG ), is selected by the Audit Committee. On February 5, 2013, the Audit Committee engaged KPMG as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2013. Representatives of KPMG are expected to be present at the Annual Meeting and they will have the opportunity to respond to appropriate questions from stockholders and to make a statement if they desire to do so.

This proposal is put before the stockholders because the Board believes it is good corporate governance practice to provide stockholders a vote on ratification of the selection of the independent registered public accounting firm. If the appointment of KPMG is not ratified, the Audit Committee will evaluate the basis for the stockholders' vote when determining whether to continue the firm's engagement. Even if the selection of the Company's independent registered public accounting firm is ratified, the Audit Committee may direct the appointment of a different independent registered public accounting firm at any time during 2013 if, in its discretion, it determines that such a change would be in the Company's best interests.

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***Board Recommendation***

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013.**

**PROPOSAL 4 STOCKHOLDER PROPOSAL**

Two stockholders proposed to present the following resolution for adoption at the Annual Meeting. We will promptly provide the name, address and stockholdings of the stockholders making such proposal upon oral or written request to our Corporate Secretary at [corporatesecretary@salliemae.com](mailto:corporatesecretary@salliemae.com) or Office of the Corporate Secretary, 300 Continental Drive, Newark, DE 19713. As required by SEC rules, the proposal and supporting statement, for which the Company accepts no responsibility, are printed below verbatim from the proponents submission.

**Whereas**, corporate lobbying exposes our company to risks that could affect its stated goals, objectives, and, ultimately, shareholder value. We rely on the information provided by our company to evaluate goals and objectives. We therefore have a strong interest in full disclosure of our company's lobbying to assess whether it is consistent with its expressed goals and in the best interests of shareholders and the long-term value of our company.

**Resolved**, the shareholders of SLM Corporation ( Sallie Mae ) request that the Board authorize the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.
2. Payments by Sallie Mae used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.
3. Sallie Mae's membership in and payments to any tax-exempt organization that writes and endorses model legislation.
4. Description of the decision making process and oversight by management and the Board for making payments described in section 2 and 3 above.

For purposes of this proposal, a grassroots lobbying communication is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. Indirect lobbying is lobbying engaged in by a trade association or other organization of which Sallie Mae is a member.

Both direct and indirect lobbying and grassroots lobbying communications include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees of the Board and posted on the company's website.

**Supporting Statement**

As shareholders, we encourage transparency and accountability in the use of staff time and corporate funds to influence legislation and regulation both directly and indirectly. Absent a system of accountability, company assets could be used for objectives contrary to Sallie Mae's long-term interests.

Sallie Mae spent approximately \$6.82 million in 2010 and 2011 on direct federal lobbying activities (Senate reports). These figures do not include lobbying expenditures to influence legislation in states. Sallie Mae lobbies at the state level with



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at least 63 lobbyists in 9 states between 2005 and 2011 (National Institute on Money in State Politics). Sallie Mae does not comprehensively disclose its trade association memberships or payments. Sallie Mae does not disclose membership in or contributions to tax-exempt organizations that write and endorse model legislation, such as its involvement with the American Legislative Exchange Council ( After a Controversial Year, ALEC Convenes in Washington; Damage Control at Top of Agenda, PR Watch, Nov. 29, 2012).

We encourage our Board to require comprehensive disclosure related to direct, indirect and grassroots lobbying.

***Board of Directors Response to Stockholder Proposal***

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST THIS STOCKHOLDER PROPOSAL FOR THE FOLLOWING REASONS:**

The Company already complies with extensive federal, state and local lobbying registration and disclosure requirements;

The Company does not engage in grassroots lobbying;

The disclosures required by federal, state and local laws and regulations along with our public filings that discuss political risk management provide meaningful disclosure that is similar to other publicly traded companies that allow stockholders to assess the Company's activities; and

The information sought by this proposal regarding the Company's payments, if any, to trade associations and tax-exempt organizations would not, in our view, provide stockholders with meaningful information.

As a leading financial institution, the Company is subject to significant regulation at federal, state and local levels of government that may impact how we operate our business, manage our employees and serve our customers. Prudent management dictates our participation in the political process in a manner that is consistent with solid corporate governance practices and applicable legal requirements.

The Company's long-standing policy on political contributions is publicly available on our website at [www.salliemae.com](http://www.salliemae.com) under Investors, Corporate Governance. The Sallie Mae Political Contributions Policy Statement sets forth principles regarding the Company's stance on political contributions and activities. The Statement, along with our other policies and procedures, such as our Code of Government Relations policies, guide our approach to political involvement. In addition, the Nominations and Governance Committee periodically reviews the Company's legislative priorities and lobbying activities.

We believe we are in compliance with all federal, state, and local laws and regulations regarding political contributions. We regularly communicate our policy positions to government policymakers, public officials and regulators at the federal, state and local levels in order to protect and advance the long-term goals and interests of the Company, its customers and its stockholders. We also monitor legislative activities, analyze policy and regulatory trends, comment on policy and regulatory proposals and support and promote advancement of public policies that benefit the Company, its customers and its stockholders. In addition, the Company is well recognized in the market as a leader in responsible and successful policy and political advocacy. The Company regularly and publicly testifies in front of Congress, comments on regulations, generates public reports and studies, and communicates with Congress and the public in a way that defends our business, our customers and our stockholders.

We are committed to complying with all applicable lobbying laws, including those relating to registration and reporting. We publicly report our lobbying activities, including expenditures, subject matters lobbied and identification of those who lobby on our behalf, including our employees, if any, and third parties retained by us. These disclosures are publicly and easily available at any time on the House and Senate Clerk's Lobbying disclosure websites and are further aggregated and summarized by multiple third parties on their websites and in their publications. That being said, our engagement of external

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political lobbyists is limited. The vast majority of our communications with public officials and regulators are through our senior management and government relations employees and we apportion and report the internal time and costs of these activities as lobbying expenses.

As a general practice, we do not engage in grassroots lobbying communications, which means we do not directly communicate with the general public advocating they take action with respect to specific legislation or candidates.

We are members of a number of diverse trade associations, tax-exempt organizations that may or may not write and endorse model legislation and industry groups at the national, state and local level. From time to time, these organizations may take positions, endorse legislation and communicate with government officials and the public on policy issues. Although these are not primarily lobbying entities, a portion of the dues or payments that we and other members make to such organizations may be part of the funds they use, at their own discretion, to engage in lobbying activities. Because we do not direct how these funds are used and do not agree with every position taken by such organizations, we do not believe payments made to these organizations would accurately reflect our relationship with these organizations or our position on many important public policy issues. Accordingly, we do not believe disclosure of our membership in, or dues payments to, these organizations would provide our stockholders with meaningful information.

In sum, we have well established publicly available policies on political activities with appropriate senior management and Board oversight. In addition, we disclose extensive information about our advocacy efforts and the expenditures associated therewith, and we comply fully with all state and federal laws concerning the disclosure of our lobbying expenses. These reports are publicly available and provide extensive detail regarding the Company's lobbying expenses and the nature of its lobbying activities.

***Board Recommendation***

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE AGAINST THIS PROPOSAL 4.**

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**NOMINEES FOR ELECTION TO THE BOARD OF DIRECTORS**

The nominees for election to the Board consist of 13 individuals, each of whom was nominated at the recommendation of the Nominations and Governance Committee and is currently serving on the Board. In addition to fulfilling the general criteria for director nominees described below under Nominations Process, each nominee possesses experience, skills, attributes and other qualifications that the Board has determined support its oversight and management of the Company's business, operations and structure. These qualifications are discussed below along with brief biographies for each director nominee.

<b>Name and Age</b>	<b>Position, Principal Occupation, Service as a Director</b>	<b>Business Experience and Directorships</b>
<p><b>Ann Torre Bates</b> 55</p> <p>Director since July 31, 1997</p>	<p><b>Strategic and Financial Consultant</b> Strategic and Financial Consultant 1998 to present</p> <p>Professional Highlights:</p> <p>Vice President and Treasurer of US Airways</p> <p>Executive Vice President and Chief Financial Officer of NHP, Inc.</p> <p>Directorships of other public companies:</p> <p>Franklin Mutual Series Funds</p> <p>Franklin Mutual Recovery Funds</p> <p>Templeton Funds</p> <p>Ares Capital Corporation</p> <p>Ms. Bates' experience and her role as chair and a member of several public companies' audit committees, enables her to bring valuable experience to the Board in the areas of finance, accounting, financial services and capital markets.</p>	
<p><b>William M. Diefenderfer, III</b> 68</p>	<p><b>Partner</b> <b>Diefenderfer, Hoover, Boyle &amp; Wood</b> Partner, Diefenderfer, Hoover, Boyle &amp; Wood, a law firm, Pittsburgh, PA 1991 to present</p>	



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Director since  
May 20, 1999

### Professional Highlights:

Chief Executive Officer and President, Enumerate Solutions, Inc., a privately owned technology company 2000 to 2002

Deputy Director, U.S. Office of Management and Budget 1989 to 1991

### Other Professional and Leadership Experience:

Member, Public Company Accounting Oversight Board (PCAOB) Standing Advisory Group 2004 to 2005

### Directorships of other public companies:

Chairman of the Board, Cubesmart Real Estate Investment Trust

Mr. Diefenderfer's legal background, his involvement in the executive branch of government and his leadership roles in business and as chair of public companies' audit committees bring valuable experience in the areas of finance, accounting, business operations, political/government and legal.

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Name and Age	Position, Principal Occupation,
Service as a Director	Business Experience and Directorships
<b>Diane Suitt Gilleland</b>	<b>Adjunct Professor of Higher Education</b>
67	<b>University of Arkansas, Little Rock</b> Adjunct Professor of Higher Education, University of Arkansas, Little Rock 2010 to present

Director since

March 25, 1994

Professional Highlights:

Associate Professor of Higher Education, University of Arkansas, Little Rock 2003 to 2010

Deputy Director, Illinois Board of Higher Education 1999 to 2003

Chief Executive Officer, Arkansas Department of Higher Education 1990 to 1997

Chief Finance Officer, Arkansas Department of Higher Education 1986 to 1990

Other Professional and Leadership Experience:

Member, University of Arkansas Foundation Board 2005 to present

Member, University of Arkansas at Pine Bluff Foundation Fund Board 2003 to present

Dr. Gilleland's knowledge of higher education governance and finance, from a university and government perspective, enables her to bring valuable insights to the Board on a variety of matters, including in the areas of academia, student/consumer lending, finance and political/government.

**Earl A. Goode**

72

**Former Chief of Staff to the Governor of Indiana**

Former Chief of Staff to the Governor of Indiana 2006 to 2013

Director since

July 31, 2000

Professional Highlights:

Deputy Chief of Staff to the Governor of Indiana 2006

Commissioner, Department of Administration, State of Indiana 2005 to 2006

Chairman, Indiana Sports Corp. 2001 to 2006

Other Professional and Leadership Experience:

Chairman, Georgetown College Board of Trustees

Director, Indiana Sports Corporation

Member, Executive Committee & Host Committee, 2012 Super Bowl

Mr. Goode has held several leadership positions in business services and operations. This experience, combined with his involvement in the state political process, enables him to contribute to the Board in the areas of marketing and product development, business operations and political/government.

**Ronald F. Hunt**

70

**Attorney and Private Investor**

Attorney and private investor 1990 to present

Director since

July 5, 1995

Professional Highlights:

Chairman, National Student Clearinghouse 1997 to 2004

Executive Vice President and General Counsel, Student Loan Marketing Association 1984 to 1990, various officer positions 1973 to 1984

Other Professional and Leadership Experience:

Chairman, Warren Wilson College Board of Trustees 2006 to 2011

Mr. Hunt's extensive and deep involvement with the student loan industry and his legal background enables him to bring to the Board a valuable perspective in the areas of corporate governance, academia, financial services, student/consumer lending and legal.

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Name and Age	Position, Principal Occupation,
Service as a Director	Business Experience and Directorships
<b>Albert L. Lord</b>	<b>Vice Chairman and Chief Executive Officer</b>
67	<b>SLM Corporation</b> Vice Chairman (since January 2008) and Chief Executive Officer (since December 2007), SLM Corporation
Director since	Professional Highlights:
July 5, 1995	Chairman, SLM Corporation 2005 to 2008
	Vice Chairman and Chief Executive Officer, SLM Corporation 1997 to 2005
	Executive Vice President and Chief Operating Officer, Student Loan Marketing Association 1990 to 1994, various officer positions 1981 to 1990
	Other Professional and Leadership Experience:
	Director, Children's Choice Learning Centers, Inc.
	Directorship of other public companies:
	BearingPoint, Inc., 2003 to 2009
	Mr. Lord's more than 30-year history with the Company, in a variety of leadership roles, including as CEO and Chairman of the Board, enables him to bring to the Board a unique historical perspective of the Company, its operations and the evolution of the student loan industry. Mr. Lord also brings valuable insights to the Board in the areas of finance, accounting, corporate governance, academia, business operations and student/consumer lending.
<b>Barry A. Munitz</b>	<b>Trustee Professor</b>
71	<b>California State University, Los Angeles</b> Trustee Professor, California State University, LA 2006 to present

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Director since  
July 31, 1997

### Professional Highlights:

Former Chair, California P-16 Council, 2005 to 2011

President and Chief Executive Officer, The J. Paul Getty Trust 1997 to 2006

Chancellor and Chief Executive Officer, California State University System 1991 to 1997

### Other Professional and Leadership Experience:

Fellow, The American Academy of Arts and Sciences

Member, Leeds Equity Partners Advisory Board

Member, Broad Family Foundations

Member, COTSEN Foundation

### Directorship of other Public Companies:

Prospect Global Resources, Inc.

Dr. Munitz's experience in senior leadership roles, including CEO positions in higher education and the non-profit sector, enables him to bring a valuable perspective to the Board in the areas of academia, business operations and student/consumer lending.

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Name and Age	Position, Principal Occupation,
Service as a Director	Business Experience and Directorships
<b>Howard H. Newman</b>	<b>President and Chief Executive Officer</b>
66	<b>Pine Brook Road Partners, LLC</b> President and Chief Executive Officer, Pine Brook Road Partners, LLC, a private equity firm 2006 to present
Director since	Professional Highlights:
March 31, 2008	Vice Chairman and Senior Advisor, Warburg Pincus LLC, a private equity firm 1984 to 2006
	Other Professional and Leadership Experience:
	Advisory Committee, JEN Partners, LLC
	Trustee, Salk Institute for Biological Studies
	Directorships of other public companies:
	Newfield Exploration Company
	Mr. Newman's extensive experience in starting and investing in financial services and other companies, enables him to bring valuable insight to the Board in the areas of finance, accounting, business operations, financial services and capital markets.
<b>Frank C. Puleo</b>	<b>Attorney</b>
67	Attorney 2006 to present
Director since	Professional Highlights:
March 20, 2008	Co-Chair, Global Finance Group, Milbank, Tweed, Hadley & McCloy LLP, a law firm 1995 to 2006, Partner 1978 to 2006

Other Professional and Leadership Experience:

CMET Finance LLC

Syncora Capital Assurance Inc.

Directorships of other public companies:

Apollo Investment Corporation

CIFC Corp

Mr. Puleo's background as a corporate and finance lawyer enables him to bring analytical, legal and financial insight to the Board in the areas of financial services, capital markets, corporate governance and legal.

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Name and Age	Position, Principal Occupation, Business Experience and Directorships
<p><b>Wolfgang Schoellkopf</b> 80</p> <p>Director since July 31, 1997</p>	<p><b>Managing Partner, Lykos Capital Management, LLC</b> Managing Partner, Lykos Capital Management, LLC, a private equity management company 2003 to present</p> <p>Professional Highlights:</p> <p>Chief Executive Officer, Bank Austria Group USA 2000 to 2001</p> <p>Other Professional and Leadership Experience:</p> <p>Chairman of the Board, Marymount University 2002 to 2005</p> <p>Directorships of other public companies:</p> <p>The Bank of N.T. Butterfield &amp; Son Limited</p> <p>Santander Holdings USA Inc.</p> <p>Sovereign Bank</p> <p>BPW Acquisition Corporation 2008 to 2010</p> <p>Mr. Schoellkopf's leadership roles in a broad range of banking industries and his participation on the boards of other companies, enables him to bring to the Board a valuable perspective in the areas of finance, accounting, financial services, student/consumer lending, business operations and capital markets.</p>
<p><b>Steven L. Shapiro</b> 72</p> <p>Director since July 5, 1995</p>	<p><b>Certified Public Accountant and Personal Financial Specialist</b> Certified Public Accountant and Personal Financial Specialist, Alloy, Silverstein, Shapiro, Adams, Mulford, Cicalese, Wilson &amp; Co., an accounting firm, Chairman 1995 to present, various positions 1960 to present</p> <p>Other Professional and Leadership Experience:</p>



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Member, Rutgers University Executive Advisory Council

Member, American Institute of Certified Public Accountants

Member, New Jersey and Pennsylvania Societies of CPAs

Trustee, Virtua Health and Hospital Foundation Board

Directorships of other public companies:

MetLife Bank, N.A.

Mr. Shapiro's leadership role and experience in the accounting field, as well as his membership on the boards of other financial services companies, enables him to bring to the Board experience in the areas of finance, accounting, financial services and capital markets.

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Name and Age	Position, Principal Occupation, Business Experience and Directorships
Service as a Director	
<p><b>Anthony P. Terracciano</b> 74</p>	<p><b>Chairman SLM Corporation</b> Chairman, SLM Corporation 2008 to present</p>
<p>Director since  January 7, 2008</p>	<p>Professional Highlights:</p> <p>Chairman, Riggs National Company 2004 to 2005</p> <p>President, First Union Corporation (now Wachovia)</p> <p>Chairman and CEO, First Fidelity Bancorp</p> <p>President, Mellon Bank Corp.</p> <p>Vice Chairman and Chief Financial Officer, Chase Manhattan Bank 1984 to 1986</p> <p>Other Professional and Leadership Experience:</p> <p>Chairman, Board of Trustee, Monmouth Medical Center</p> <p>Mr. Terracciano has served in board leadership positions for numerous banks, and has held executive management positions during his extensive career in the banking industry. With this background, Mr. Terracciano brings to the Board unparalleled expertise in the areas of financial services, business operations, capital markets and student/consumer lending.</p>
<p><b>Barry L. Williams</b> 68</p>	<p><b>President and Retired Managing General Partner, Williams Pacific Ventures, Inc.</b> President, Williams Pacific Ventures, Inc., a consulting and investment company 1987 to present</p>
<p>Director since  July 31, 2000</p>	<p>Other Professional and Leadership Experience:</p> <p>Trustee Emeritus, American Conservatory Theater</p> <p>Director, Sutter Health</p> <p>Trustee, Resources Legacy Foundation</p>

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Retired Trustee, Harvard Business School Alumni Association

Retired Trustee, African American Experience Fund

Trustee, Management Leadership for Tomorrow

Directorships of other public companies:

Ameron International, Inc. until 2011

PG&E Corporation

CH2M Hill Companies

Northwestern Mutual Life Insurance Company

Simpson Manufacturing Co., Inc.

R.H. Donnelly & Company until January 2010

Mr. Williams' experience leading an investment and consulting firm, combined with other leadership roles in business and service as a director of a number of public companies, including service on several audit committees, enables him to bring expertise in the areas of finance, financial services, business operations and capital markets.

### **CORPORATE GOVERNANCE**

#### ***Role and Responsibilities of the Board of Directors***

Our Board believes strong corporate governance is critical to achieving our performance goals and to maintaining the trust and confidence of investors, employees, regulatory agencies and other stakeholders.

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The primary responsibilities of the Board are to:

Review the Company's long-term strategies and set long-term performance metrics;

Review risks affecting the Company and the Company's processes for managing those risks, and oversee assignment of various aspects of risk management, compliance and governance;

Select, evaluate and compensate the Chief Executive Officer ( CEO );

Plan for succession of the CEO and members of the executive management team;

Review and approve the Company's annual business plan and multi-year strategic plan and periodically review performance against plan;

Review and approve major transactions;

Through its Audit Committee, select and oversee the Company's independent accountant;

Recommend director candidates for election by stockholders; and

Evaluate its own effectiveness.

### ***Board Governance Guidelines***

The Board's Governance Guidelines ( Guidelines ) are reviewed each year by the Nominations and Governance Committee, which from time to time may recommend proposed changes to the Board. The Guidelines are published at [www.salliemae.com](http://www.salliemae.com) under the tab Investors, Corporate Governance and a written copy may be obtained by contacting the Corporate Secretary at [corporatesecretary@salliemae.com](mailto:corporatesecretary@salliemae.com). The Guidelines, along with the Company's Bylaws, embody the following governance practices, among others:

A majority of the members of the Board must be independent directors and all members of the Audit, Nominations and Governance and Compensation and Personnel Committees must be independent.

All directors stand for re-election each year. Directors are elected under a majority vote standard in uncontested elections and stockholders are entitled to cumulate their shares for the election of directors. Directors are not eligible to stand for re-election after reaching age 75; however, since 2008 the Board has annually waived this requirement for Mr. Schoellkopf, who was again this year asked by the Board to stand for re-election.

The Board has an independent director as Chairman, Mr. Terracciano ( Independent Chairman ), and a lead independent director, Mr. Schoellkopf ( Lead Director ).

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Each regularly scheduled Board meeting concludes with a session in which only members of the Board, including the CEO and Vice Chairman, Mr. Lord, participate. In addition, each regularly scheduled Board meeting includes an executive session that excludes Mr. Lord and is presided over by the Independent Chairman or, if he is not in attendance, the Lead Director. Each regularly scheduled committee meeting also generally concludes with an executive session presided over by the committee Chair.

We maintain stock ownership and retention guidelines for directors and executive officers.

Our Board and its committees conduct performance reviews annually.

The Board and its committees may engage their own advisors.

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### ***Board Leadership Structure***

The Board has been led by the Independent Chairman since the beginning of 2008. We believe the Company is best served by separating the roles of chairman and CEO. We believe this structure best serves the interests of stockholders because it allows our CEO to focus primarily on our business strategy and operations and leverage the experience of the Independent Chairman. Whereas our CEO and senior management set the strategic direction for the Company, working with the Board, and our CEO provides day-to-day leadership, the Independent Chairman leads the Board in the performance of its duties and serves as the principal liaison between the independent directors and the CEO.

The Guidelines also provide for a lead independent director. Mr. Schoellkopf is the Lead Director. In the absence of the Independent Chairman, the Lead Director leads the annual performance review of the CEO and presides over executive sessions of the Board.

### ***Director Independence***

For a director to be considered independent, the Board must determine the director does not have any direct or indirect material relationship with the Company. The Guidelines include the standards for determining director independence which conform to the independence requirements of the NASDAQ listing standards.

The Board has affirmatively determined 14 of our 15 directors are independent, including Messrs. Porter and Strange each of whom will not stand for election at the Annual Meeting. In so doing, the Board determined each of these individuals met the NASDAQ listing standards and our own director independence standards. In addition, the Board considered transactions and relationships between each director and any member of his or her immediate family on one hand, and the Company and its affiliates on the other, to confirm that there were no transactions and relationships that would vitiate such director's independence.

Each member of the Board's Audit, Compensation and Personnel and Nominations and Governance Committees is independent within the meaning of the NASDAQ listing standards, Securities Exchange Act Rule 10A-3 and our own director independence standards. We anticipate that the Board will elect additional independent Board members to the Audit Committee either before or immediately following the Annual Meeting.

Mr. Lord, the current Vice Chair and Chief Executive Officer, is not independent, because of his role as an executive officer of the Company.

### ***Board, Committee and Annual Meetings Attendance***

The full Board met 10 times in 2012. Each of the incumbent directors attended at least 75 percent of the total number of meetings of the Board and committees on which he or she served. Directors are expected to attend the Annual Meeting, and all 15 members of the Board attended the Annual Meeting in May 2012.

### ***Board Committees***

The Board has established the following committees to assist in its oversight responsibilities, or, in the case of the Executive Committee, to act by delegation: Audit, Compensation and Personnel, Nominations and Governance, Finance and Operations, Executive, Strategy and Preferred Stock Committees. Each committee is governed by a Board-approved written charter, which is evaluated annually and sets forth the respective committee's functions and responsibilities. The Board changes committee membership as part of a regular rotation.

For the following committees, an annual work-plan is created from the charters so that responsibilities of the committee are addressed at appropriate times throughout the year: Audit, Compensation and Personnel, Nominations and Governance and Finance and Operations. For the Preferred Stock Committee, their responsibilities are determined by the respective Certificate of Designations of each series of Preferred Stock. During 2012, each of these committees completed a review of its work-plan and updated its respective work-plan, as needed. Agendas for committee meetings are developed based on

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each committee's work-plan and all other current matters the committee Chair or management believes should be addressed at the meeting. The Chair of each committee provides regular reports to the Board regarding the subject of the committee's meetings and any committee actions.

Committee charters are available at [www.salliemae.com](http://www.salliemae.com) under Investors, Corporate Governance. Stockholders may obtain a written copy of a committee charter by contacting the Corporate Secretary at [corporatesecretary@salliemae.com](mailto:corporatesecretary@salliemae.com) or SLM Corporation, 300 Continental Drive, Newark, DE 19713.

	Audit Committee	Compensation and Personnel Committee	Finance and Operations Committee	Nominations and Governance Committee	Preferred Stock Committee	Executive Committee
Ann Torre Bates	ü				ü	
William M. Diefenderfer						ü
Diane Suitt Gilleland		ü		ü		
Earl A. Goode		ü				ü
Ronald F. Hunt	ü					
Albert L. Lord						ü
Barry A. Munitz			ü			
Howard H. Newman			ü			
A. Alexander Porter, Jr. <sup>1</sup>	ü					
Frank C. Puleo				ü		ü
Wolfgang Schoellkopf		ü		ü		ü
Steven L. Shapiro			ü		ü	
J. Terry Strange <sup>1</sup>						ü
Anthony P. Terracciano						
Barry L. Williams			ü			
<b>Number of Meetings in 2012</b>	23	13	15	6	1	5

ü = Chair

ü = Committee Member

<sup>1</sup> Messrs. Porter's and Strange's service on the Board and the respective committees will end upon the commencement of the Annual Meeting

**Audit Committee.** The Audit Committee assists the Board in fulfilling its responsibilities by providing oversight relating to: (1) the integrity of the Company's financial statements; (2) the Company's system of internal controls; (3) the qualifications, performance and independence of the Company's independent registered accounting firm; (4) the performance of the Company's internal audit function; (5) risks related to the Company's compliance, legal and regulatory matters and (6) the review of related persons transactions. In addition, the Audit Committee prepares the report of the Audit Committee for the Company's annual proxy statement, as required by the SEC.

The Board has determined that the following members of the Audit Committee qualify as financial experts: Ms. Bates and Messrs. Porter and Strange. Except for Mr. Strange, none of the Audit Committee members serves on the audit committee of more than three public companies. In addition to his service on the Audit Committee of the Company, Mr. Strange also serves on the audit committees of three other public companies. The Board has determined, however, that such simultaneous service does not impair Mr. Strange's ability to effectively serve on the Company's Audit Committee.

**Compensation and Personnel Committee.** The Compensation and Personnel Committee (the Compensation Committee): (1) approves or recommends, as appropriate, compensation, benefits and employment arrangements for the Company's CEO and executive officers with a title of Executive Vice President and higher (Executive Management), and





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independent members of the Board; (2) reviews and approves benefit plans, compensation plans and incentive plans applicable to Executive Management; (3) reviews, approves and administers all equity-based plans of the Company; (4) oversees the administration of employee benefit plans of the Company as required by law or the plan terms or as otherwise appropriate; (5) receives periodic reports regarding the Company's compensation programs as they relate to all employees; (6) reviews the Company's management development and recommends to the Board succession plans applicable to Executive Management; (7) reviews and considers current and developing compensation and personnel related topics as appropriate and (8) prepares the report of the Compensation Committee for the Company's annual proxy statement, as required by the SEC. The Compensation Committee also reviews the risks arising from the Company's compensation policies and practices to determine whether such policies and practices are reasonably likely to have a material adverse effect on the Company.

The Compensation Committee considers executive officer and director compensation on an annual basis. In January or February of each year, after consultation with the Independent Chairman and other independent directors, the Compensation Committee will set CEO and Executive Management level compensation. At that time the Compensation Committee will also make a recommendation to the Board regarding director compensation. In addition, throughout the year, the Compensation Committee considers executive compensation consistent with its responsibilities, as warranted by any personnel changes.

*Compensation Consultant and Independence.* The Compensation Committee has selected and retained Pearl Meyer LLC as its independent compensation consultant (the "Compensation Consultant"). The Compensation Consultant reports directly to the Compensation Committee and the Compensation Committee may replace the Compensation Consultant or hire additional consultants at any time. A representative of the Compensation Consultant attends meetings of the Compensation Committee, as requested, and communicates with the Compensation Committee Chair between meetings; however, the Compensation Committee makes all decisions regarding the compensation of our Named Executive Officers. The Compensation Consultant provides various executive compensation services to the Compensation Committee pursuant to a written consulting agreement with the Compensation Committee. Generally, these services include advising the Compensation Committee on the principal aspects of our executive compensation program and evolving industry practices and providing market information and analysis regarding the competitiveness of our compensation program design. During 2012, the Compensation Consultant performed the following services:

Recommended a peer group of companies for benchmarking executive and director compensation;

Provided market-relevant information as to the composition of director and executive compensation;

Provided an update on legislative and regulatory changes that affect director and executive compensation;

Provided views on the reasonableness of amounts and forms of director and executive compensation;

Reviewed drafts and commented on the Compensation Discussion and Analysis and related compensation tables for the proxy statement; and

Identified trends and gave presentations on executive compensation trends and external developments.

In April 2013, the Compensation Committee considered the independence of the Compensation Consultant in light of new SEC rules and NASDAQ listing standards. The Compensation Committee provided a questionnaire and received responses from the Compensation Consultant addressing the consulting firm's independence, including the following factors: (1) other services provided to us by the consulting firm; (2) fees paid by us as a percentage of the consulting firm's total revenue; (3) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest; (4) any business or personal relationships between the individual consultants involved in the engagement and a member of the Compensation Committee; (5) any Common Stock owned by the individual consultants involved in the engagement; and (6) any business or personal relationships between our executive officers and the consulting firm or the individual consultants



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involved in the engagement. The Compensation Committee discussed these considerations and concluded that the work of the Compensation Consultant did not raise any conflict of interest. For more information on the Compensation Committee and the Compensation Consultant, please see the Compensation Discussion and Analysis section in this proxy statement.

*Compensation Committee Interlocks and Insider Participation.* Ms. Gilleland, Mr. Goode, Mr. Puleo, and Mr. Schoellkopf were members of the Compensation Committee throughout fiscal year 2012. All members of the Compensation Committee were independent directors, and no member was an employee or former employee of the Company. During fiscal year 2012, none of our executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on our Compensation Committee.

**Nominations and Governance Committee.** The Nominations and Governance Committee assists the Board in establishing appropriate standards for the governance of the Company, the operations of the Board and the qualifications of directors. The Nominations and Governance Committee also identifies individuals qualified to become Board members and recommends to the Board the director nominees for each annual meeting of stockholders. The Nominations and Governance Committee also oversees the evaluation of the Board and recommends governance guidelines to the Board. The nominations process is described below, in *Nominations Process*.

**Executive Committee.** Membership of the Executive Committee includes Board committee chairs, the Lead Director, the CEO and the Independent Chairman. The Executive Committee has authority to act on behalf of the Board when the Board is not in session, assists the Board in fulfilling its oversight responsibilities with regard to establishing risk tolerances and parameters for the Company and oversees the allocation of risk oversight responsibilities among Board committees.

**Finance and Operations Committee.** The Finance and Operations Committee assists the Board by providing oversight with respect to (1) material corporate finance matters, including investments, acquisitions, capital management, financing and funding strategy; (2) technology and operations; (3) marketing and product development and (4) the Company's lending programs. The Finance Committee also reviews the financial risk profile of the Company including capital market access, credit, interest rate and currency risks and reviews with management steps to manage those risks.

**Strategy Committee.** Historically, the Strategy Committee was periodically utilized to engage the CEO and senior management to develop and exchange ideas regarding the Company's long-term strategic agenda and initiatives in advance of significant Board discussions regarding strategy. The Strategy Committee did not have any authority to act for or on behalf of the Board without prior delegation of authority by the Board. In 2012, our Board and senior management took significant steps to further enhance, formalize and centralize our existing enterprise risk management activities. Among the steps taken, our Board chose to take a much more active and centralized role in the consideration and development of our long-term strategy. The Board agreed to the addition of a new, extended meeting of our Board to focus exclusively on our strategic direction and priorities. This meeting will now occur annually in advance of management's development and presentation of its business plan for the next fiscal year. As a result of these developments, the Strategy Committee did not meet in 2012 and the Board determined to eliminate this committee as a standing committee of the Board in April of 2013.

**Preferred Stock Committee.** The Preferred Stock Committee monitors proposed actions of the Company that may impact the rights of holders of the Company's preferred stock.

***The Board's Role in Risk Oversight***

The Board and its standing committees oversee the Company's overall strategic direction, including setting risk management philosophy, tolerance and parameters; and establishing procedures for assessing the risks of each business line as well as the risk management practices the management team develops and utilizes. Management escalates to the Board any significant departures from established tolerances and parameters and reviews new and emerging risks. In general, the Board committees oversee the following risks:

The Executive Committee is responsible for allocation of oversight of specific risks to various Board committees.

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The Audit Committee has oversight over the establishment of standards related to our monitoring and control of legal and compliance risks and the qualification of employees overseeing these risk management functions.

The Finance Committee oversees the credit standing and financial risk profile of the Company, including capital market access, in addition to credit, interest rate and currency risks.

The Compensation Committee oversees our compensation programs so that they do not incentivize excessive risk-taking.

The Nominations and Governance Committee oversees Board processes and corporate governance-related risks. In 2012, our Board and senior management took significant steps to further enhance, formalize and centralize our existing enterprise risk management activities. We expect these efforts to continue into 2013. The steps taken in 2012 included:

The development and, then, adoption in early 2013 of a formal Risk Appetite Framework which reinforces our commitment to an organized enterprise risk management program that identifies, measures, monitors, reports and escalates risks to our senior management and Board in line with developed and agreed risk profiles, tolerances and escalation mechanisms.

The initial development and testing of a strategy and stress testing tool designed to overlay our previously existing, well-developed, financial models.

Enhancement to our existing incentive compensation plan risk oversight policies and procedures which included the creation of the Corporate Incentive Compensation Plan Committee.

Our Risk Appetite Framework establishes the level of risk we are willing to accept within each risk category in pursuit of our business strategy. By having a uniform Risk Appetite Framework, it creates linkages across our businesses to ensure business decisions, monitoring and reporting are made on a consistent basis. Management and our various corporate committees monitor approved limits and escalation triggers to ensure that our businesses are operating within the approved risk limits. Risk limits are monitored and reports are provided to various corporate committees and our Board and its committees, as appropriate. Through ongoing monitoring of risk exposures, management is able to identify potential risks and develop appropriate responses and mitigation strategies.

During 2012, the Board received reports on the most important strategic issues and risks facing the Company. In addition, the Board and committees receive regular reports from the Company's Chief Audit Officer, Chief Compliance Officer and other senior management regarding compliance with applicable risk-related policies, procedures and limits.

### ***Risk Assessment of Compensation Policies***

In 2012, we formed the Corporate Incentive Compensation Plan Committee (the ICP Committee). The ICP Committee is comprised of a cross-functional team of our senior officers from human resources, risk and legal to have oversight over our incentive compensation plans. The ICP Committee's responsibilities include oversight of the annual risk review and assessment of our incentive compensation plans to ensure that our employees are not incented to take inappropriate risks which could impact our financial position and controls, reputation and operations; and to develop policies and procedures to ensure our incentive compensation plans are designed to achieve our business goals within acceptable risk parameters. The ICP Committee periodically reports to the Compensation Committee on the controls and reviews of our incentive compensation plans. In 2012, the ICP Committee conducted risk assessments of the Company's incentive compensation plans to ascertain any potential material risks that may be created by those plans. The ICP Committee presented their findings to the Compensation Committee and the Compensation Committee agreed with its conclusion that the risks were within our ability to effectively monitor and manage and were not reasonably likely to have a material adverse effect on the Company.

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*Nominations Process*

The Nominations and Governance Committee considers director candidates recommended by stockholders and also receives suggestions for candidates from Board members. The Nominations and Governance Committee may also engage third party search firms to assist in identifying director candidates. Candidates are evaluated based on the needs of the Board and the Company at that time, given the then-current mix of Board members. We do not have a formal diversity policy but the Board seeks representation that reflects gender, ethnic and geographic diversity as reflected in the Guidelines. The Nominations and Governance Committee, through its charter, is charged with reviewing the composition and diversity of the Board, and as part of the process, the Nominations and Governance Committee incorporates into the Board's annual evaluation process, opportunity for each Board member to provide input regarding the current and desired composition of the Board and desired attributes of Board members. The minimum qualifications and attributes that the Nominations and Governance Committee believes a director nominee must possess include:

Knowledge of the business of the Company;

Proven record of accomplishment;

Willingness to commit the time necessary for Board service;

Integrity and sound judgment in areas relevant to the business;

Impartiality in representing stockholders;

Ability to challenge and stimulate management; and

Independence.

In addition, the following skills and attributes are desired to be represented collectively on the Board as a whole:

Finance expertise;

Accounting expertise;

Corporate governance expertise;

Academia expertise;

Financial services expertise;

Business operations expertise;

Capital markets expertise;

Student/Consumer lending expertise;

Marketing and product development expertise;

Political/Government expertise; and

Legal expertise.

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The Nominations and Governance Committee considers and evaluates candidates recommended by stockholders in the same manner that it considers and evaluates all other director candidates. To recommend a candidate, stockholders should send, in writing, the candidate's name, credentials, contact information, and his or her consent to be considered as a candidate to the Chairman of the Nominations and Governance Committee at [corporatesecretary@salliemae.com](mailto:corporatesecretary@salliemae.com) or c/o Corporate Secretary, SLM Corporation, 300 Continental Drive, Newark, DE 19713. The stockholder should also include his or her contact information and a statement of his or her share ownership. A stockholder wishing to nominate a candidate must comply with the notice and other requirements described under "Stockholder Proposals for the 2014 Annual Meeting" in this proxy statement.

### ***Stockholder Communications with the Board***

Stockholders and other interested parties may submit communications to the Board, the non-management directors as a group, the Lead Director, the Independent Chairman, or any other individual member of the Board by contacting the Independent Chairman or the Lead Director in writing at the following address: [corporatesecretary@salliemae.com](mailto:corporatesecretary@salliemae.com) or c/o Corporate Secretary, SLM Corporation, 300 Continental Drive, Newark, DE 19713.

### ***Code of Business Conduct***

The Company has a Code of Business Conduct that applies to Board members and all employees, including the chief executive officer, the principal financial officer and the principal accounting officer. The Code of Business Conduct is available on the Company's website ([www.salliemae.com](http://www.salliemae.com) under "Investors, Corporate Governance") and a written copy is available from the Corporate Secretary. The Company intends to post amendments to or waivers of the Code of Business Conduct (to the extent applicable to the Company's chief executive officer, principal financial officer or principal accounting officer or any director) at this location on its website.

**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM*****Fees Paid to Independent Registered Public Accounting Firms for 2011 and 2012***

KPMG was the Company's independent registered accounting firm for the fiscal year ending December 31, 2012. PricewaterhouseCoopers (PwC) was the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011. As previously reported, on November 30, 2011, the Audit Committee approved the dismissal of PwC as the Company's independent registered public accounting firm, and such dismissal became effective upon completion by PwC of its procedures on the financial statements of the Company as of and for the year ended December 31, 2011 and the filing of the related Form 10-K. The audit reports of PwC: (i) on the consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2011 and 2010 did not contain any adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principle; and (ii) on the effectiveness of internal control over financial reporting as of December 31, 2011 and 2010 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principle. During the two fiscal years ended December 31, 2011 and 2010, and through February 27, 2012 (the date of filing the Annual Report on Form 10-K for the year ended December 31, 2011 with the SEC), there were (i) no disagreements between the Company and PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures, which, if not resolved to the satisfaction of PwC would have caused PwC to make reference thereto in their reports on the consolidated financial statements for such years, and (ii) no reportable events. Aggregate fees billed for services performed for the Company by KPMG for fiscal year ended December 31, 2012, and for services performed by PwC for the fiscal year ended December 31, 2011, are set forth below.

	<b>KPMG 2012</b>	<b>PwC 2011</b>
Audit Fees	\$ 2,313,626	\$ 4,395,330
Audit-Related Fees	2,790,823	2,938,986
Tax Fees	610,750	709,025
All Other Fees	30,000	0
<b>Total</b>	<b>\$ 5,745,199</b>	<b>\$ 8,043,341</b>

*Audit Fees.* Audit fees include fees for professional services rendered for the audits of the consolidated financial statements of the Company and statutory and subsidiary audits, issuance of comfort letters, consents, income tax provision procedures, and assistance with review of documents filed with the SEC.

*Audit-Related Fees.* Audit-related fees include fees for assurance and other services related to service provider compliance reports, trust servicing and administration reports, internal control reviews, attest services that are not required by statute or regulation and consultations concerning financial accounting and reporting standards.

*Tax Fees.* Tax fees include fees for tax compliance, tax planning and state tax assistance.

*All Other Fees.* All other fees for the fiscal years ended December 31, 2012 and December 31, 2011 were \$30,000 and \$0, respectively. The fees for 2012 related to an information security assessment performed by KPMG on an affiliate of the Company.

***Pre-Approval Policies and Procedures***

The Audit Committee has a policy that addresses the approval of audit and non-audit services to be provided by the independent registered public accounting firm to the Company. The policy requires that all services to be provided by the Company's independent registered public accounting firm be pre-approved by the Audit Committee or its Chair. Each approval of the Audit Committee or the Audit Committee Chair must describe the services provided and set a dollar limit for the services. The Audit Committee, or its Chair, pre-approved all audit and non-audit services provided by KPMG during 2012. Reporting is provided to the Audit Committee regarding services that the Audit Committee Chair pre-approved between



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committee meetings. The Audit Committee receives regular reports from management regarding the actual provision of all services by KPMG. No services provided by our independent registered public accounting firm were approved by the Audit Committee pursuant to the de minimis exception to the pre-approval requirement set forth in paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

**REPORT OF THE AUDIT COMMITTEE**

The Audit Committee has reviewed and discussed with management and the Company's independent registered accounting firm, KPMG LLP, the Company's audited financial statements as of and for the year ended December 31, 2012. The Audit Committee also discussed with KPMG LLP the matters under Public Company Accounting Oversight Board standards, including among other things, matters related to the conduct of the audit of our financial statements.

The Audit Committee received and reviewed the written disclosures and the letter from KPMG LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with KPMG LLP the firm's independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, for filing with the Securities and Exchange Commission.

*Audit Committee*

J. Terry Strange, Chairman

Ann Torre Bates

Ronald F. Hunt

A. Alexander Porter, Jr.

**Table of Contents****OWNERSHIP OF COMMON STOCK**

The following table provides information about each stockholder known to us to beneficially own more than five percent of the outstanding shares of our Common Stock, based solely on the information filed by each such stockholder in 2013 for the year ended December 31, 2012, on Schedule 13G under the Exchange Act.

<b>Name and Address of Beneficial Owner</b>	<b>Shares</b>	<b>Percent of Class</b>
Barrow, Hanley, Mewhinney & Strauss, LLC <sup>(1)</sup> 2200 Ross Avenue 31st Floor Dallas, TX 75201-2761	45,823,594	9.92
Highfields Capital Management LP <sup>(2)</sup> John Hancock Tower 200 Clarendon Street 59th Floor Boston, MA 02116	39,616,773	8.60
FMR LLC <sup>(3)</sup> 82 Devonshire Street Boston, MA 02109	33,237,092	