

SLM CORP
Form PRER14A
July 11, 2007

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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:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

SLM CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Proposed maximum aggregate value of transaction:

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12061 Bluemont Way
Reston, Virginia 20190

July [], 2007

Dear Stockholder:

The board of directors of SLM Corporation, acting upon the unanimous recommendation of the transaction committee of the board of directors, has approved a merger agreement providing for the acquisition of SLM Corporation by Mustang Holding Company Inc., an entity owned by an investor group consisting of affiliates of J.C. Flowers & Co. LLC and each of JPMorgan Chase Bank, N.A. and Bank of America, N.A. If the merger contemplated by the merger agreement is completed, you will be entitled to receive \$60.00 in cash, without interest and less any applicable withholding taxes, in exchange for each share of common stock owned by you at the effective time of the merger (unless you have exercised your appraisal rights with respect to the merger).

At a special meeting of our stockholders, you will be asked to vote on a proposal to approve and adopt the merger agreement. The special meeting will be held on August [], 2007 at 11:00 a.m. local time, at the Company's offices located at 12061 Bluemont Way, Reston, Virginia 20190. Notice of the special meeting and the related proxy statement are enclosed.

The accompanying proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to the proxy statement. We encourage you to read the entire proxy statement and the merger agreement carefully. You may also obtain more information about SLM Corporation from documents we have filed with the Securities and Exchange Commission.

Our board of directors has determined that the merger is fair to and in the best interests of SLM Corporation and its stockholders and recommends that you vote FOR the approval and adoption of the merger agreement.

This recommendation is based, in part, upon the unanimous recommendation of the transaction committee of the board of directors consisting of four independent directors.

Your vote is very important. We cannot complete the merger unless a majority of the votes entitled to be cast by the holders of the outstanding shares of common stock are cast in favor of the approval and adoption of the merger agreement. **The failure of any stockholder to vote on the proposal to approve and adopt the merger agreement will have the same effect as a vote against the approval and adoption of the merger agreement.**

Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope, or submit your proxy by telephone or the Internet. If you have Internet access, we encourage you to record your vote via the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

Thank you in advance for your cooperation and continued support.

Sincerely,

Albert L. Lord
Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement is dated July [], 2007, and is first being mailed to stockholders on or about July [], 2007.

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12061 Bluemont Way
Reston, Virginia 20190

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
To Be Held On August [], 2007**

July [], 2007

Dear Stockholder:

A special meeting of stockholders of SLM Corporation, a Delaware corporation, will be held on August [], 2007 at 11:00 a.m. local time, at the Company's offices located at 12061 Bluemont Way, Reston, Virginia 20190, for the following purposes:

1. To consider and vote on a proposal to approve and adopt the Agreement and Plan of Merger, dated as of April 15, 2007, by and among SLM Corporation, Mustang Holding Company Inc., a Delaware corporation and Mustang Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Mustang Holding Company Inc. A copy of the merger agreement is attached as Annex A to the accompanying proxy statement. Pursuant to the terms of the merger agreement, Mustang Merger Sub, Inc. will merge with and into SLM Corporation and each outstanding share of SLM Corporation's common stock, par value \$0.20 per share (other than shares held by the SLM Corporation as treasury stock or owned by Mustang Holding Company Inc. or Mustang Merger Sub, Inc. and shares held by stockholders, if any, who have properly demanded statutory appraisal rights), will be converted into the right to receive \$60.00 in cash, without interest and less any applicable withholding taxes.
2. To approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to approve and adopt the merger agreement.

Only stockholders of record on June 29, 2007 are entitled to notice of and to vote at the special meeting or at any adjournment or postponement of the special meeting. All stockholders of record are cordially invited to attend the special meeting in person.

The approval and adoption of the merger agreement requires the affirmative vote of a majority of the votes entitled to be cast by the holders of SLM Corporation's common stock. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares will be represented at the special meeting if you are unable to attend. **If you have Internet access, we encourage you to record your vote via the Internet.** If you fail to return your proxy card or fail to submit your proxy by telephone or the Internet, your shares will not be counted for purposes of determining whether a quorum is present at the meeting and will have the same effect as a vote against the approval and adoption of the merger agreement, but will not affect the outcome of the vote regarding the adjournment proposal, if necessary. If you are a stockholder of record, voting in person at the meeting will revoke any proxy previously submitted. If you hold your shares through a bank, broker or other custodian, you must obtain a legal proxy from such custodian in order to vote in person at the meeting.

If your shares are held by a bank or broker, please bring to the special meeting your statement evidencing your beneficial ownership of SLM Corporation common stock and photo identification.

Stockholders of SLM Corporation who do not vote in favor of the approval and adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares of common stock if they deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all requirements of Delaware law, which are

summarized in the accompanying proxy statement.

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY IN THE ACCOMPANYING REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. IF YOU HAVE INTERNET ACCESS, WE ENCOURAGE YOU TO RECORD YOUR VOTE VIA THE INTERNET. STOCKHOLDERS WHO ATTEND THE MEETING MAY REVOKE THEIR PROXIES AND VOTE IN PERSON.

Mary F. Eure
Corporate Secretary

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SUMMARY

*The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that topic. See *Where You Can Find More Information* beginning on page 71.*

The Parties to the Merger (Page 16)

SLM Corporation, a Delaware corporation, which we refer to as the Company, is the nation's leading provider of saving-and paying-for-college programs. The Company originates education loans and serves nearly 10 million student and parent customers. The Company and its subsidiaries offer debt management services as well as business and technical products to a range of business clients, including higher education institutions, student loan guarantors and state and federal agencies.

Mustang Holding Company Inc., which we refer to as Parent, is a newly formed Delaware corporation. Parent was formed solely for the purpose of effecting the merger and the transactions related to the merger. Parent has not engaged in any business except activities incidental to its formation and in connection with the transactions contemplated by the Agreement and Plan of Merger, dated as of April 15, 2007, by and among the Company, Parent and Mustang Merger Sub, Inc., which we refer to as the merger agreement. Following completion of the merger, Parent will be owned 50.2% by investment vehicles affiliated with J.C. Flowers & Co. LLC, which we refer to as J.C. Flowers, and 24.9% by each of JPMorgan Chase Bank, N.A., which we refer to as JPMorgan Chase, and Bank of America, N.A., which we refer to as Bank of America. We refer to each of J.C. Flowers, JPMorgan Chase and Bank of America as an Investor and collectively as the Investor Group.

Mustang Merger Sub, Inc., which we refer to as Merger Sub, is a newly formed Delaware corporation and a wholly owned subsidiary of Parent that was formed solely for the purpose of completing the merger. Merger Sub has not engaged in any business except activities incidental to its organization and in connection with the transactions contemplated by the merger agreement.

The Merger (Page 20)

The merger agreement provides that Merger Sub will merge with and into the Company at the effective time of the merger, which we refer to as the merger. The Company will be the surviving corporation in the merger and following the merger will continue to do business as SLM Corporation or Sallie Mae. We refer to the Company after the completion of the merger as the surviving corporation. In the merger, each outstanding share of the Company's common stock, par value \$0.20 per share (other than shares held by the Company as treasury stock or owned by Parent or Merger Sub and shares held by stockholders who have properly demanded statutory appraisal rights), will be converted into the right to receive \$60.00 in cash, without interest and less any applicable withholding taxes, which we refer to in this proxy statement as the merger consideration. Prior to completion of the merger, the Company will not pay dividends on the Company's common stock.

Effects of the Merger (Page 49)

If the merger is completed, you will be entitled to receive \$60.00 in cash, without interest and less any applicable withholding taxes, for each share of the Company's common stock owned by you, unless you have exercised your

statutory appraisal rights with respect to the merger. As a result of the merger, the Company will cease to be a publicly traded company. You will not own any shares of the surviving corporation.

The Special Meeting (Page 17)

Time, Place and Date

The special meeting will be held on August [], 2007 at 11:00 a.m. local time, at the Company's offices located at 12061 Bluemont Way, Reston, Virginia 20190.

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Purpose

At the special meeting, you will be asked to consider and vote upon the approval and adoption of the merger agreement, pursuant to which Merger Sub will merge with and into the Company.

Record Date and Quorum

You are entitled to vote at the special meeting if you owned shares of the Company's common stock at the close of business on June 29, 2007, the record date for the special meeting. You will have one vote for each share of the Company's common stock that you owned on the record date. As of the record date there were 412,049,301 shares of the Company's common stock outstanding and entitled to vote. A majority of the total voting power of the Company's common stock issued, outstanding and entitled to vote at the special meeting constitutes a quorum for the purpose of considering the proposals.

Vote Required

The approval and adoption of the merger agreement requires the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding shares of the Company's common stock. Approval of the proposal to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of a majority of the Company's common stock represented in person or by proxy at the special meeting and entitled to vote on the matter, whether or not a quorum is present.

Common Stock Ownership of Directors and Executive Officers

As of the record date, the directors and executive officers of the Company held less than 4% in the aggregate of the shares of the Company's common stock entitled to vote at the special meeting. All of our directors and executive officers have advised the Company that they plan to vote all of their shares in favor of the approval and adoption of the merger agreement.

Voting and Proxies

Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, the Internet, returning the enclosed proxy card by mail or voting in person by appearing at the special meeting. If your shares of the Company's common stock are held in "street name" by your broker, you should instruct your broker on how to vote your shares of the Company's common stock using the instructions provided by your broker. If you do not provide your broker with instructions, your shares of the Company's common stock will not be voted and that will have the same effect as a vote **AGAINST** the approval and adoption of the merger agreement. The persons named in the accompanying proxy will also have discretionary authority to vote on any adjournments or postponements of the special meeting.

Revocability of Proxy

Any stockholder of record who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted at the special meeting in any one of the following ways:

if you hold your shares in your name as a stockholder of record, by notifying our Secretary, Mary F. Eure, in writing, at 12061 Bluemont Way, Reston, Virginia 20190;

by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy