

SLM CORP
 Form 424B3
 November 17, 2004

Pricing Supplement No. 48 dated November 8, 2004
 (to Prospectus dated August 6, 2003
 and Prospectus Supplement dated August 6, 2003)

Filed under Rule 424(b)(3)
 File No. 333-107132

SLM Corporation
 Medium Term Notes, Series A
 Due 9 Months or Longer From the Date of Issue

Principal Amount: \$35,000,000 Floating Rate Notes: Fixed Rate Notes:

Original Issue Date: November 16, 2004 Closing Date: November 16, 2004 CUSIP Number: 78442F DB 1

Maturity Date: December 15, 2014 Option to Extend Maturity: No Specified Currency: U.S. Dollars
 If Yes, Final Maturity Date: Yes

Redeemable at the option of the Company: No Redemption Price: Not Applicable.

Yes Redemption Dates: Not Applicable.

Repayment at the option of the Holder: No Repayment Price: Not Applicable.

Yes Repayment Dates: Not Applicable.

Applicable to Floating Rate Notes Only:

Floating Rate Index:

Floating Rate Index:

CD Rate

For the period from and including December 1, 2004 through and including November 30, 2006, the Floating Rate Index will be the 91-Day Treasury Bill Rate, subject to the Minimum Interest Rate.

Commercial Paper Rate

CMT Rate

Federal Funds Rate

For the period from and including December 1, 2006 to but excluding the Maturity Date, the Floating Rate Index will be the Consumer Price Index-Linked Rate, subject to the Minimum Interest Rate.

LIBOR Telerate

LIBOR Reuters

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o Prime Rate

Spread:

ý 1.00% with respect to the period from and including December 1, 2004 through and including November 30, 2006; and

ý 2.00% with respect to the period from and including December 1, 2006 to but excluding the Maturity Date.

Index Rate Reset Period: Monthly.

Index Maturity: Not Applicable.

Interest Rate for the Interest
Period beginning November 16, 2004:

3.115%. This rate
includes the Spread.

Calculation Agent: SLM Corporation

Minimum Interest Rate:

0.00%.

Barclays Capital

November 8, 2004

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| | | | |
|----------------|--|---------------------------|---|
| Reset Date(s): | For the period from December 1, 2004 through and including November 30, 2006, weekly on the calendar day following each 91-day Treasury Bill Auction (as defined below). | Interest Payment Date(s): | The 1 st of each month during the term of the Notes, beginning December 1, 2004. If an Interest Payment Date falls on a day that is not a Business Day, we will pay the interest on the next Business Day. No interest will accrue on that payment for the period from and after the original Interest Payment Date to the date we make the payment. |
| | For the period from and including December 1, 2006 to but excluding the Maturity Date, the 1 st of each month with no adjustment. | | |

| | | | |
|---------------------------------|------------------|---------------------|--|
| Interest Determination Date(s): | Each Reset Date. | Interest Period(s): | From and including the previous Reset Date (or the Closing Date, in the case of the Interest Period beginning on November 16, 2004) to but excluding the current Reset Date (or Maturity Date, in the case of the last Interest Period) with no adjustment to interest period end dates. |
|---------------------------------|------------------|---------------------|--|

| | |
|-----------------------|---|
| Rate Cut-Off Date(s): | For each Interest Period from December 1, 2004 to and including November 30, 2006, six New York Business Days. If, during that period, a Reset Date would have occurred in the six New York Business Days immediately preceding an Interest Payment Date, the rate in effect on that Rate Cut-Off Date shall remain in effect for the period from and including that Rate Cut-Off Date to but excluding that Interest Payment Date. |
|-----------------------|---|

Day Count Convention: Actual/Actual.

Form: Book-entry.

Denominations: \$10,000 minimum and integral multiples of \$1,000 in excess thereof.

Trustee: JPMorgan Chase Bank, formerly known as The Chase Manhattan Bank.

Agent: Barclays Capital Inc. is acting as the underwriter in connection with this issuance.

Issue Price: Variable Price Reoffer. The underwriter proposes to offer the Notes for sale, from time to time, in one or more negotiated transactions, at prices that may be different than par. These sales may occur at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Net Proceeds: Under the terms of this variable price reoffer, the underwriter has agreed to purchase the Notes from us at 98.50% of their principal amount (\$34,475,000 aggregate proceeds to us, before deducting expenses payable by us), plus accrued interest, if any, from November 16, 2004 to the date of delivery.

CUSIP Number: 78442F DB 1.

ISIN Number: US78442FDB13.

An affiliate of the underwriter has entered into a swap transaction in connection with the Notes and may receive compensation for that transaction.

Investing in the Notes involves a number of risks. See "Risk Factors" beginning on page 6 of this Pricing Supplement.

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

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ADDITIONAL TERMS OF THE NOTES

Interest Rates for the Notes. The interest rate for the Notes being offered by this Pricing Supplement is a floating rate. The rate applicable to the Notes will be calculated by reference to different indexes at different times during the life of the notes as follows:

The interest rate for the Notes for the Interest Period from and including the Closing Date to but excluding December 1, 2004 will be 3.115% including the Spread;

the interest rate for the Notes for each Interest Period from and including December 1, 2004 to and including November 30, 2006 will be the 91-Day Treasury Bill Rate, adjusted on a weekly basis, plus the applicable Spread; and

the interest rate for the Notes for each Interest Period from and including December 1, 2006 to but excluding the Maturity Date will be derived from a formula based on the Consumer Price Index, adjusted on a monthly basis, plus the applicable Spread.

In no case, however, will the interest rate for the Notes be less than the Minimum Interest Rate listed on page 1 of this Pricing Supplement.

Calculation of the 91-Day Treasury Bill Rate. The interest rate for the Notes **from and including December 1, 2004 to and including November 30, 2006** will be equal to the 91-day Treasury Bill Rate (as defined below) plus 1.000%. The rate will be adjusted weekly on the calendar day following each 91-day Treasury Bill Auction (as defined below), except that (i) the interest rate in effect from the first day of each Interest Period through the day of the first 91-day Treasury Bill Auction on or after the first day of each Interest Period shall be based upon the results of the most recent 91-day Treasury Bill Auction prior to such day and (ii) the interest rate in effect for the period beginning six New York Business Days prior to an Interest Payment Date and ending on the calendar day preceding such Interest Payment Date shall be based upon the results of the most recent 91-day Treasury Bill Auction prior to such period.

Accrued interest from the Closing Date or the preceding Interest Payment Date, as the case may be, through the current date is calculated by multiplying the principal amount of the Notes by an accrued interest factor. This factor is computed by adding the interest rates applicable to each day on which the Notes have been outstanding since the Closing Date, or the preceding Interest Payment Date, as the case may be, and dividing the sum by 365 (or by 366 in the case of accrued interest which is payable on an Interest Payment Date in a leap year).

The "91-day Treasury Bill Rate" is equal to the weighted average per annum discount rate (expressed on a bond equivalent basis and applied on a daily basis) for direct obligations of the United States with a maturity of thirteen weeks ("*91-day Treasury Bills*") sold at the applicable 91-day Treasury Bill auction, as published by the Board of Governors of the Federal Reserve System in H.15(519) or otherwise or as reported by the U.S. Department of the Treasury ("*91-day Treasury Bill Auction*"). In the event that the results of the auctions cease to be published or reported as provided above, or that no such auction is held in a particular week, then the 91-day Treasury Bill Rate in effect as a result of the last such publication or report will remain in effect until such time, if any, as the results of auctions of 91-day Treasury Bills shall again be so published or reported or such auction is held, as the case may be.

"H.15(519)" means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System.

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Calculation of the Consumer Price Index-Linked Rate. The interest rate for the Notes being offered by this Pricing Supplement for each Interest Period from and including December 1, 2006 to but excluding the Maturity Date will be the rate determined as of the applicable Interest Determination Date pursuant to the following formula:

$$[(CPI_t - CPI_{t-12}) / CPI_{t-12}] + \text{Spread}$$

Where:

CPI_t = Current Index Level of CPI (as defined below), as reported on Bloomberg CPURNSA;

CPI_{t-12} = Index Level of CPI 12 months prior to CPI_t ; and

Spread = 2.00%.

CPI_t for each Reset Date is the CPI for the third calendar month prior to such Reset Date as published and reported in the second calendar month prior to such Reset Date or determined as set forth in this Pricing Supplement. For example, for the Interest Period from and including December 1, 2006 to but excluding January 1, 2007, CPI_t will be the CPI for September 2006 and CPI_{t-12} will be the CPI for September 2005. The CPI for September 2006 will be published by BLS (as defined below) and reported on Bloomberg CPURNSA in October 2006 and the CPI for September 2005 will be published and reported in October 2005.

Consumer Price Index. The amount of interest payable on the Notes on each Interest Payment Date will be linked to changes in the Consumer Price Index. The Consumer Price Index for purposes of the Notes is the non-seasonally adjusted U.S. City Average All Items Consumer Price Index for All Urban Consumers ("*CPI*"), published monthly by the Bureau of Labor Statistics of the U.S. Department of Labor ("*BLS*") and reported on Bloomberg CPURNSA or any successor service. The CPI for a particular month is published during the following month. The CPI is a measure of the average change in consumer prices over time for a fixed market basket of goods and services, including food, clothing, shelter, fuels, transportation, charges for doctors and dentists services, and drugs. In calculating the index, price changes for the various items are averaged together with weights that represent their importance in the spending of urban households in the United States. The contents of the market basket of goods and services and the weights assigned to the various items are updated periodically by the BLS to take into account changes in consumer expenditure patterns. The CPI is expressed in relative terms in relation to a time base reference period for which the level is set at 100.0. The base reference period for the Notes is the 1982-1984 average.

The following table sets forth the CPI from January 1999 to September 2004, as published by the BLS and reported on Bloomberg CPURNSA:

| MONTH | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|-----------|-------|-------|-------|-------|-------|-------|
| January | 185.2 | 181.7 | 177.1 | 175.1 | 168.8 | 164.3 |
| February | 186.2 | 183.1 | 177.8 | 175.8 | 169.8 | 164.5 |
| March | 187.4 | 184.2 | 178.8 | 176.2 | 171.2 | 165.0 |
| April | 188.0 | 183.8 | 179.8 | 176.9 | 171.3 | 166.2 |
| May | 189.1 | 183.5 | 179.8 | 177.7 | 171.5 | 166.2 |
| June | 189.7 | 183.7 | 179.9 | 178.0 | 172.4 | 166.2 |
| July | 189.4 | 183.9 | 180.1 | 177.5 | 172.8 | 166.7 |
| August | 189.5 | 184.6 | 180.7 | 177.5 | 172.8 | 167.1 |
| September | 189.9 | 185.2 | 181.0 | 178.3 | 173.7 | 167.9 |
| October | | 185.0 | 181.3 | 177.7 | 174.0 | 168.2 |
| November | | 184.5 | 181.3 | 177.4 | 174.1 | 168.3 |
| December | | 184.3 | 180.9 | 176.7 | 174.0 | 168.3 |

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As stated in the risk factors, movements in the CPI that have occurred in the past are not necessarily indicative of changes that may occur in the future. Actual changes in the CPI may be wider or more confined than those that have occurred in the past.

If the CPI is not reported on Bloomberg CPURNSA for a particular month by 3:00 PM on a Reset Date, but has otherwise been published by the BLS, SLM Corporation, in its capacity as the Calculation Agent, will determine the CPI as published by the BLS for such month using such other source as it deems appropriate.

In calculating CPI_t and CPI_{t-12} , the Calculation Agent will use the most recently available value of the CPI determined as described above on the applicable Reset Date, even if such value has been adjusted from a prior reported value for the relevant month. However, if a value of CPI_t and CPI_{t-12} used by the Calculation Agent on any Reset Date to determine the interest rate on the Notes (an "Initial CPI") is subsequently revised by the BLS, the Calculation Agent will continue to use the Initial CPI, and the interest rate determined will not be revised.

If the CPI is rebased to a different year or period, the base reference period for the Notes will continue to be the 1982-1984 reference period as long as the 1982-1984 CPI continues to be published.

If, while the Notes are outstanding, the CPI is discontinued or substantially altered, as determined in the sole discretion of the Calculation Agent, the applicable substitute index for the Notes will be that chosen by the Secretary of the Treasury for the Department of Treasury's Inflation-Indexed Securities as described at 62 Federal Register 846-874 (January 6, 1997) or, if no such securities are outstanding, will be determined by the Calculation Agent in accordance with general market practice at the time.

Rounding. All values used in the interest rate formula for the Notes will be rounded to the nearest fifth decimal place (one-one hundred thousandth of a percentage point), rounding upwards if the sixth decimal place is five or greater (e.g., 9.876555% (or .09876555) would be rounded up to 9.87656% (or .0987656) and 9.876554% (or .09876554) would be rounded down to 9.87655% (or .0987655)). All decimals resulting from the calculation of the interest rate with the interest rate formula will be converted to a percentage. All percentages resulting from any calculation of the interest rate will be rounded to the nearest third decimal place (one thousandth of a percentage point), rounding upwards if the fourth decimal place is five or greater (e.g., 9.8765% (or .098765) would be rounded up to 9.877% (or .09877) and 9.8764% (or .098764) would be rounded down to 9.876% (or .09876)). All dollar amounts used in or resulting from such calculation on the Notes will be rounded to the nearest cent (with one-half cent being rounded upward).

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RISK FACTORS

After December 1, 2006, interest payable on the Notes is linked to changes in the level of the CPI during twelve-month measurement periods. An investment in notes indexed to the consumer price index entails significant risks that are not typically associated with investments in conventional floating rate or fixed-rate debt securities. Accordingly, prospective investors should consult their financial and legal advisors as to the risks entailed by an investment in these Notes and the suitability of the Notes in light of their particular circumstances. In addition, prospective investors should consider these special factors:

DURING CERTAIN INTEREST PERIODS, THE INTEREST RATE IS BASED UPON THE CPI. THE CPI ITSELF AND THE WAY THE BLS CALCULATES THE CPI MAY CHANGE IN THE FUTURE OR THE CPI MAY NO LONGER BE PUBLISHED.

After December 1, 2006, interest payable on the Notes is linked to changes in the level of the CPI during twelve-month measurement periods. There can be no assurance that the BLS will not change the method by which it calculates the CPI. In addition, changes in the way the CPI is calculated could reduce the level of the CPI and lower the interest payment with respect to the Notes. Accordingly, the amount of interest, if any, payable on the Notes, and therefore the value of the Notes, may be significantly reduced. If the CPI is substantially altered (as determined in the sole discretion of the Calculation Agent), a substitute index will be employed to calculate the interest payable on the Notes as described above.

DURING THESE PERIODS, THE INTEREST RATE ON THE NOTES MAY BE BELOW THE RATE OTHERWISE PAYABLE ON SIMILAR FIXED OR FLOATING RATE DEBT SECURITIES ISSUED BY US.

The interest rate on the Notes, if equal to the Spread or lower, including the minimum interest rate, would be below what we would currently expect to pay as of the date of this pricing supplement if we issued non-callable senior debt securities with a fixed or floating rate and similar maturity to that of the Notes.

DURING THESE PERIODS, THE INTEREST RATE ON THE NOTES MAY BE LESS THAN THE SPREAD AND, IN SOME CASES, COULD BE ZERO.

If the CPI does not increase during a relevant measurement period, which is likely to occur when there is little or no inflation, owners of the Notes will receive interest payments for that interest period equal to 2.00%, which is the Spread.

If the CPI decreases during a relevant measurement period, which is likely to occur when there is deflation, owners of the Notes will receive interest payments for that interest period less than the Spread. In some cases, owners of the Notes could receive only the minimum interest rate, which is 0.00%.

PAST LEVELS OF THE CPI ARE NOT AN INDICATION OF THE FUTURE LEVELS OF THE CPI AND THOSE LEVELS MAY CHANGE SUBSTANTIALLY.

Past levels of the CPI are not an indication of the future levels of the CPI during the term of the Notes. In the past, the CPI has experienced periods of volatility, including on a monthly basis, and such volatility may occur in the future. Fluctuations and trends in the CPI that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

Holders of the Notes will receive interest payments that will be affected by changes in the CPI. Such changes may be significant. Changes in the CPI are a function of the changes in specified consumer prices over time, which result from the interaction of many factors over which we have no control.

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**ADDITIONAL UNITED STATES FEDERAL
INCOME TAX CONSIDERATIONS**

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

This summary applies only to holders that purchase the Notes at initial issuance and hold the Notes as capital assets and not as part of a "straddle," "hedge," "synthetic security," or a "conversion transaction" for federal income tax purposes, or as part of some other integrated investment.

This summary does not discuss all of the tax consequences that may be relevant to a holder in light of the holder's particular circumstances or to holders subject to special rules (such as banks, thrifts, or other financial institutions, insurance companies, small business investment companies, S corporations, retirement plans or persons holding Notes in tax-deferred or tax-advantaged accounts, mutual funds, real estate investment trusts, regulated investment companies, securities dealers or brokers, investors whose functional currency is not the U.S. dollar, certain former citizens or residents of the United States, persons subject to the alternative minimum tax or tax-exempt organizations). This summary does not discuss the tax consequences under the laws of any foreign, state or local taxing jurisdictions.

Except as provided below under "*U.S. Federal Income Tax Treatment for Non-U.S. Holders*", this summary only deals with a beneficial holder that is a U.S. holder.

As used in this Pricing Supplement, the term "*U.S. holder*" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

a citizen or resident of the United States;

a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state or political subdivision thereof (including the District of Columbia);

an estate whose income is subject to U.S. federal income tax regardless of its source; or

a trust, if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership (including any entity that is treated as a partnership for U.S. federal tax purposes) is a beneficial owner of a Note, the treatment of a partner in the partnership will generally depend upon the status of the partner and upon the activities of the partnership. A beneficial owner of a Note that is a partnership, and partners in such a partnership, should consult their tax advisors about the U.S. federal income tax consequences of holding and disposing of a Note.

An individual may, subject to exceptions, be deemed to be a resident of the United States if that individual is present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three year period ending in the current calendar year (counting for such purposes all of the days present in the United States in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year). The term "*non-U.S. holder*" means a beneficial owner of a Note that is not a "U.S. holder."

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U.S. Federal Income Tax Treatment for U.S. Holders

Accruals of Original Issue Discount on the Notes

For U.S. federal income tax purposes, the Notes will be treated as "contingent payment debt instruments" ("CPDIs") subject to taxation under the "noncontingent bond method." Under the noncontingent bond method, U.S. Holders of the Notes will accrue original issue discount ("OID") over the term of the Notes based on the Notes' "comparable yield." As a result, U.S. holders that employ the cash method of tax accounting will be required to include OID with respect to their Notes in gross income each year, subject to the adjustments described below. Therefore, a U.S. holder may recognize taxable OID in a taxable year in excess of actual interest received.

In general, the comparable yield of a CPDI is equal to the yield at which its issuer would issue a fixed-rate debt instrument with terms and conditions similar to those of the CPDI, including level of subordination, term, timing of payments and general market conditions. If a hedge of the CPDI is available that, if integrated with the CPDI, would produce a synthetic debt instrument with a determinable yield to maturity, the comparable yield will be equal to the yield of the synthetic debt instrument. However, if such a hedge is not available, but fixed-rate debt instruments of the issuer trade at a price that reflects a spread above a benchmark rate, the comparable yield is the sum of the benchmark rate on the issue date and the spread. Under the noncontingent bond method, the issuer's reasonable determination of a comparable yield is respected and binding on holders of the CPDI.

The actual comparable yield will not be determined until after the Notes are issued. After that date, the comparable yield of the Notes can be obtained by calling our Investor Relations Department at either 1-800-321-7179 or 1-703-984-4902.

U.S. holders will accrue OID in respect of the Notes at a rate equal to this comparable yield. The amount of OID allocable to each monthly accrual period will be the product of the "adjusted issue price" of the Notes as of the beginning of each such monthly accrual period, and the comparable yield. The "adjusted issue price" of the Notes at the beginning of an accrual period will equal the issue price of the Notes, plus the amount of OID previously includible in the gross income of the U.S. Holder (determined without regard to any adjustments described below), less the projected amount of any payments previously made with respect to the Notes, as reflected in the "projected payment schedule" (described below), without regard to the actual payments made. The "issue price" of the Notes is expected to be par. Except as adjusted as described below, the amount of OID includible in income of each U.S. holder for each taxable year will equal the sum of the "daily portions" of the total OID on the Notes allocable to each day during the taxable year in which a U.S. holder held the Notes, regardless of the U.S. holder's method of accounting. The daily portion of the OID is determined by allocating to each day in any accrual period a ratable portion of the OID allocable to such accrual period.

Under the noncontingent bond method, the comparable yield of a CPDI is used to construct a projected payment schedule that produces the comparable yield. U.S. holders can obtain the projected payment schedule for the Notes by calling our Investor Relations Department at either 1-800-321-7179 or 1-703-984-4902. Under the noncontingent bond method, the projected payment schedule is not revised to account for changes in circumstances that occur while the Notes are outstanding.

The comparable yield and the projected payment schedule for the Notes are used to determine accruals of OID for tax purposes only, and are not assurances by us with respect to the actual yield or payments on the Notes and do not represent our expectations regarding a Note's yield or the interest payment amounts.

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A U.S. holder will generally be bound by our determination of the comparable yield and projected payment schedule for the Notes, unless the U.S. holder determines its own projected payment schedule and comparable yield, explicitly discloses such schedule to the Internal Revenue Service (the "IRS"), and explains to the IRS the reason for preparing its own schedule. We believe that the projected payment schedule and comparable yield for the Notes as set forth above are reasonable and will therefore be respected by the IRS. Our determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other projected payment schedule or comparable yield should be used for the Notes.

Adjustments for Differences Between the Projected Interest Payments and Actual Interest Payments for the Taxable Year

If the actual interest payments on the Notes in any taxable year of a U.S. holder exceed the amounts reflected on the projected payment schedule for such year (a "*net positive adjustment*"), the U.S. holder will be required to include such excess in income as ordinary OID income for the year. Alternatively, if the actual interest payments on the Notes in any taxable year of a U.S. holder are less than the amounts reflected on the projected payment schedule for such year (a "*net negative adjustment*"), the shortfall will (i) be applied first to reduce any OID otherwise includible in income by the U.S. holder with respect to the Note for such year, and (ii) to the extent of any excess, will give rise to an ordinary loss equal to that portion of that excess which does not exceed the excess of (A) the amount of all previous OID inclusions under the Note, over (B) the total amount of the U.S. holder's net negative adjustment treated as ordinary loss on the Note in prior taxable years. A net negative adjustment is not subject to the two percent floor limitation imposed on miscellaneous deductions under section 67 of the Code. Any net negative adjustment in excess of the amounts described in (i) and (ii) will be carried forward to offset future interest income in respect of the Notes or to reduce the amount realized on a sale, exchange, conversion or retirement of the Notes.

Sale, Exchange, Retirement, or Other Disposition of the Notes

When a U.S. holder's Note is sold, exchanged, retired or otherwise disposed of prior to maturity, the U.S. holder's gain (or loss) on the disposition will equal the difference between the amount received by the U.S. holder for the Note and the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note will be equal to the U.S. holder's original purchase price for the Note, plus any OID accrued by the U.S. holder (determined without regard to the adjustments described above), less the aggregate amount of any projected interest payments that were scheduled to have been made with respect to the Note prior to the disposition (without regard to the amount of any interest payments actually made). Any gain realized by a U.S. holder on a disposition will be treated as ordinary income. Any loss realized by a U.S. holder on a disposition will first offset any OID inclusions for the year of the sale and thereafter will be treated as ordinary loss to the extent of the U.S. holder's prior OID inclusions with respect to the Note (taking into account the adjustments described above). Any additional loss generally will be treated as a capital loss. Any capital loss recognized by a U.S. holder will be a long-term capital loss if such U.S. holder has held such Note for more than one year, and a short-term capital loss in other cases. The deductibility of capital losses by a U.S. holder is subject to limitations.

Disclosure Requirements for U.S. Holders Recognizing Significant Losses or Experiencing Significant Book-Tax Differences

A U.S. holder that claims significant losses in respect of a Note (generally (i) \$10 million or more in a taxable year or \$20 million or more in any combination of taxable years for corporations or partnerships all of whose partners are corporations or (ii) \$2 million or more in a taxable year or \$4 million or more in any combination of taxable years for all other taxpayers) or reports any item or items of income, gain, expense, or loss in respect of a Note for tax purposes in an amount that differs from the amount reported for book purposes by more than \$10 million on a gross basis in any taxable year may be subject to certain disclosure requirements for "reportable transactions." Prospective investors should consult their tax advisors concerning any possible disclosure obligation with respect to the Notes.

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U.S. Federal Income Tax Treatment for Non-U.S. Holders

Payments on the Notes to non-U.S. holders will not be subject to U.S. federal income or withholding tax if the following conditions are satisfied:

the non-U.S. holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;

the non-U.S. holder is not a controlled foreign corporation for U.S. federal income tax purposes that is related to us through actual or constructive stock ownership;

the non-U.S. holder is not a bank receiving interest on a loan made in the ordinary course of its trade or business, and

the payments are not effectively connected with a trade or business conducted by the non-U.S. holder in the United States and either (a) the non-U.S. holder provides a correct, complete and executed IRS Form W-8BEN or Form W-8IMY (or successor form) with all of the attachments required by the IRS, or (b) the non-U.S. holder holds its Note through a qualified intermediary (generally a foreign financial institution or clearing organization or a non-U.S. branch or office of a U.S. financial institution or clearing organization that is a party to a withholding agreement with the IRS) which has provided to us an IRS Form W-8IMY stating that it is a qualified intermediary and has received documentation upon which it can rely to treat the payment as made to a foreign person.

If any of these exceptions apply, interest (including OID) on the Notes will be subject to a 30% withholding tax when paid, unless an income tax treaty reduces or eliminates the tax or the interest is effectively connected with the conduct of a U.S. trade or business and the non-U.S. holder provides a correct, complete and executed IRS Form W-8 ECI.

In general, gain realized on the sale, exchange or retirement of the Notes by a non-U.S. holder will not be subject to U.S. federal income tax, unless:

the non-U.S. holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition and certain other conditions are met; or

the gain is effectively connected with the conduct of a U.S. trade or business by the non-U.S. holder in the United States.

If the first exception applies, the non-U.S. holder generally will be subject to tax at a rate of 30% on the amount by which the gains derived from the sales that are from U.S. sources exceed capital losses allocable to U.S. sources. If the second exception applies, the non-U.S. holders generally will be subject to U.S. federal income tax with respect to the gain in the same manner as U.S. holders, as described above. Additionally, in that case, non-U.S. holders that are corporations could be subject to a branch profits tax on such income.

Treatment of Notes for U.S. Federal Estate Tax Purposes.

A Note will not be subject to U.S. federal estate tax, provided the non-U.S. holder is not at the time of death a "10% shareholder" of our stock (as specifically defined for U.S. federal income tax purposes) and payments of interest on the Note would not have been considered U.S. trade or business income.

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U.S. Information Reporting Requirements and Backup Withholding Tax

Information reporting will apply to certain payments on a Note (including interest and OID) and proceeds of the sale of a Note held by a U.S. holder that is not an exempt recipient (such as a corporation).

Backup withholding may apply to payments made to a U.S. holder if (a) the U.S. holder has failed to provide its correct taxpayer identification number on IRS Form W-9, (b) we have been notified by the IRS of an underreporting by the U.S. holder (underreporting generally refers to a determination by the IRS that a payee has failed to include in income on its tax return any reportable dividend and interest payments required to be shown on a tax return for a taxable year) or (c) we have been notified by the IRS that the tax identification number provided to the IRS on an information return does not match IRS records or that the number was not on the information return.

Backup withholding will not be required with respect to non-U.S. holders, so long as we have received from the non-U.S. holder a correct and complete IRS Form W-8BEN or Form W-8IMY with all of the attachments required by the IRS, signed under penalty of perjury, identifying the non-U.S. holder and stating that the non-U.S. holder is not a United States person. In addition, IRS Form W-8BEN will be required from the beneficial owners of interests in a non-U.S. holder that is treated as a partnership for U.S. federal income tax purposes. Interest paid to a non-U.S. holder will be reported on IRS Form 1042-S, which is filed with the IRS and sent to non-U.S. holders.

Information reporting and backup withholding may apply to the proceeds of a sale of a Note by a non-U.S. holder made within the United States or conducted through certain U.S. related financial intermediaries, unless the payor receives the statement described above.

Backup withholding is not an additional tax and may be refunded (or credited against your U.S. federal income tax liability, if any), provided, that certain required information is furnished. The information reporting requirements may apply regardless of whether withholding is required. For non-U.S. holders, copies of the information returns reporting such interest and withholding also may be made available to the tax authorities in the country in which a non-U.S. holder is a resident under the provisions of an applicable income tax treaty or agreement.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN OF THE TAX IMPLICATIONS OF AN INVESTMENT IN THE NOTES. PROSPECTIVE PURCHASERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS PRIOR TO INVESTING TO DETERMINE THE TAX IMPLICATIONS OF SUCH AN INVESTMENT IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

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