

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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IN RE SLM CORPORATION SECURITIES
LITIGATION

Case No. 08 Civ. 1029 (WHP)

ORDER PRELIMINARILY APPROVING SETTLEMENT

WHEREAS, on September 3, 2009, Lead Plaintiff SLM Ventures (“Lead Plaintiff”) filed a Second Amended Class Action Complaint on behalf of itself and all other persons or entities who bought or otherwise acquired SLM Corporation (“SLM”) common stock between January 18, 2007 and January 23, 2008, inclusive, alleging that Defendants SLM and Albert L. Lord (“Settling Defendants”), and others, had made materially false and misleading statements and omissions in Settling Defendants’ public statements, filings with the Securities and Exchange Commission (“SEC”) and other public documents to the investing public regarding the loan underwriting standards, forbearance practices and loss allowances of SLM, its subsidiaries and/or affiliates with respect to certain student loans known as private education loans (“PELs”) originated, acquired, serviced or collected by SLM, its subsidiaries and/or affiliates, thereby understating SLM’s loan loss reserves and overstating SLM’s profitability, and allegedly artificially inflating the price of SLM’s common stock;

WHEREAS, the Second Amended Class Action Complaint further alleges that Lead Plaintiff and other class members purchased the common stock of SLM during this period at prices artificially inflated as a result of the dissemination by Settling Defendants and others of false and misleading statements regarding the profitability of SLM’s PEL portfolio, in violation

of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, 15 U.S.C. § 78j(b) and 78t(a), and Rule 10b-5, 17 C.F.R. § 240.10b-5, promulgated thereunder;

WHEREAS, on January 24, 2012, this Court granted Lead Plaintiff's motion for class certification and certified a class, pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure, of all persons or entities who purchased or otherwise acquired SLM common shares between January 18, 2007 and January 23, 2008, inclusive, and who possessed any of those shares over one or more of the dates of December 19, 2007, January 3, 2008, and January 23, 2008 (the "Certified Class"). Excluded from the Certified Class are the two Settling Defendants in this action; members of the immediate families (parents, spouses, siblings and children) of Mr. Lord; any person, firm, trust, corporation, officer, director or other individual or entity in which any Settling Defendant has a controlling interest; any person who was an officer, director, partner, or controlling person of SLM (including any officer, director, partner or controlling person of any of its subsidiaries or any other entity in which SLM had a majority or controlling interest) during the Class Period; and the legal representatives, heirs, successors in interest or assigns of any such persons or entities; and

WHEREAS, on March 23, 2012, Lead Plaintiff and Settling Defendants entered into a Stipulation and Agreement of Settlement (the "Stipulation") which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions for the proposed settlement of the claims alleged in the Action as against the Settling Defendants and for dismissal of the Action on the merits and with prejudice; and

WHEREAS, the Court having read and considered the Stipulation and the accompanying documents; and the parties to the Stipulation having consented to the entry of this Order; and all capitalized terms used herein having the meanings defined in the Stipulation.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. This Order (the “Preliminary Approval Order”) incorporates by reference the definitions in the Stipulation, and all capitalized terms used herein, and not otherwise defined herein, shall have the same meanings set forth in the Stipulation.

2. The Court preliminarily approves the Stipulation, including the releases contained therein, and preliminarily approves the Settlement as being fair, reasonable, and adequate to the Certified Class.

3. Any motions for final approval of the Settlement and for an award of attorneys’ fees and reimbursement of litigation expenses shall be filed no later than May 18, 2012. Reply papers in support of final approval of the Settlement and the fee and expense award shall be filed no later than July 27, 2012.

4. A hearing (the “Settlement Fairness Hearing”) pursuant to Rule 23(e) of the Federal Rules of Civil Procedure shall be held on August 7, 2012 at 10:00 a.m., before the Honorable William H. Pauley, United States District Judge, at the United States District Court for the Southern District of New York, 500 Pearl Street, Courtroom 11D, New York, New York 10007 for the following purposes:

(a) to determine whether the proposed Settlement as set forth in the Stipulation is fair, reasonable, and adequate, and should be approved by the Court;

(b) to determine whether the Order of Final Judgment substantially in the form of Exhibit B to the Stipulation should be entered;

(c) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable, and should be approved by the Court;

(d) to consider Lead Counsel's motion for an award of attorneys' fees and expenses; and

(e) to rule upon such other matters as the Court may deem appropriate.

5. The Court may adjourn and/or continue the Settlement Fairness Hearing from time to time and without further notice to the Certified Class. The Court reserves the right to approve the Settlement at or after the Settlement Fairness Hearing with such modifications as may be consented to by the Settling Parties and without further notice to the Settlement Class. The Court further reserves the right to enter its Order of Final Judgment approving the Stipulation and dismissing the Second Amended Complaint as against the Settling Defendants on the merits and with prejudice regardless of whether it has approved the Plan of Allocation or awarded attorneys' fees and expenses.

6. The Court approves the form, substance and requirements of the Notice of (1) Pendency and Proposed Settlement of Class Action; (2) Hearing on Proposed Settlement; and (3) Motion for Attorneys' Fees and Reimbursement of Litigation Expenses (the "Settlement Notice"), and the Proof of Claim form annexed hereto as Exhibits 1 and 2 respectively.

7. The Court approves the appointment of A.B. Data, Ltd. as the Claims Administrator. The Claims Administrator shall cause the Settlement Notice and the Proof of Claim, substantially in the forms annexed hereto, to be mailed, by first class mail, postage prepaid, on or before May 3, 2012 to all Certified Class Members who can be identified with reasonable effort. SLM shall cooperate in making its transfer records and shareholder information available to the Claims Administrator for the purpose of identifying and giving

notice to the Certified Class. The Claims Administrator shall use reasonable efforts to give notice to nominee owners such as brokerage firms and other persons or entities who purchased SLM common shares during the Class Period but not as beneficial owners. Such nominee purchasers or holders are directed, within seven (7) days of their receipt of the Settlement Notice, to either forward copies of the Settlement Notice and Proof of Claim to their beneficial owners or to provide the Claims Administrator with lists of the names and addresses of the beneficial owners, and the Claims Administrator is ordered to send the Settlement Notice and Proof of Claim promptly to such beneficial owners. Nominee purchasers who elect to send the Settlement Notice and Proof of Claim to their beneficial owners are directed to send a statement to the Claims Administrator confirming that the mailing was made as directed. Additional copies of the Notice shall be made available to any record holder requesting such for the purpose of distribution to beneficial owners, and such record holders shall be reimbursed from the Gross Settlement Fund, upon receipt by the Claims Administrator of proper documentation, for the reasonable expense of sending the Settlement Notices and Proofs of Claim to beneficial owners. Lead Counsel shall, at or before the Settlement Fairness Hearing, file with the Court proof of mailing of the Settlement Notice and Proof of Claim.

8. The Court approves the form of the Summary Notice of Pendency and Proposed Settlement of Class Action (“Publication Notice”) in substantially the form and content annexed hereto as Exhibit 3 and directs that Lead Counsel shall cause the Publication Notice to be published once in the national edition of Investors Business Daily within ten days of the mailing of the Settlement Notice. Lead Counsel shall, at or before the Settlement Fairness Hearing, file with the Court proof of publication of the Publication Notice.

9. The date and time of the Settlement Fairness Hearing shall be added to the Settlement Notice and the Publication Notice before they are mailed and published.

10. All reasonable costs and expenses incurred in identifying and providing notice to Certified Class Members and in administering the Gross Settlement Fund shall be paid as set forth in the Stipulation.

11. The form and content of the Settlement Notice and the Publication Notice, and the method set forth herein of notifying the Certified Class of the Settlement and its terms and conditions, meet the requirements of Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Securities Exchange Act of 1934, 15 U.S.C. § 78u-4(a)(7) as amended by the Private Securities Litigation Reform Act of 1995, and due process, constitute the best notice practicable under the circumstances, and shall constitute due and sufficient notice to all persons and entities entitled thereto.

12. In order to be entitled to participate in the Net Settlement Fund, in the event the Settlement is effected in accordance with all of the terms and conditions set forth in the Stipulation, each Certified Class Member shall take the following actions and be subject to the following conditions:

(a) A properly executed Proof of Claim (the "Proof of Claim"), substantially in the form attached hereto as Exhibit 2, must be submitted to the Claims Administrator, at the post office box indicated in the Settlement Notice, postmarked not later than August 31, 2012. Such deadline may be further extended by Court order. Each Proof of Claim shall be deemed to have been submitted when postmarked (if properly addressed and mailed by first class mail, postage prepaid) provided such Proof of Claim is actually received prior to the motion for an order of the Court approving distribution of the Net Settlement Fund. Any Proof of Claim

submitted in any other manner shall be deemed to have been submitted when it was actually received at the address designated in the Notice.

(b) The Proof of Claim submitted by each Certified Class Member must satisfy the following conditions: (i) it must be properly completed, signed and submitted in a timely manner in accordance with the provisions of the preceding subparagraph; (ii) it must be accompanied by adequate supporting documentation for the transactions reported therein, in the form of broker confirmation slips, broker account statements, an authorized statement from the broker containing the transactional information found in a broker confirmation slip, or such other documentation as is deemed adequate by the Claims Administrator; (iii) if the person executing the Proof of Claim is acting in a representative capacity, a certification of his current authority to act on behalf of the Certified Class Member must be included in the Proof of Claim; and (iv) the Proof of Claim must be complete and contain no material deletions or modifications of any of the printed matter contained therein and must be signed under penalty of perjury.

(c) As part of the Proof of Claim, each Certified Class Member shall submit to the jurisdiction of the Court with respect to the claim submitted, and shall (subject to effectuation of the Settlement) release all Settled Claims as provided in the Stipulation.

13. Claims administration shall be completed by the Claims Administrator by no later than February 28, 2013.

14. Unless otherwise ordered by the Court, all Persons who fall within the definition of the Certified Class and who do not timely and validly request to be excluded from the Certified Class in accordance with the instructions set forth in the Settlement Notice and the Publication Notice shall be subject to and bound by the provisions of the Stipulation, the releases contained therein, and the Judgment with respect to all Released Claims, regardless of whether

such Persons seek or obtain by any means, including, without limitation, by submitting a Proof of Claim and Release or any similar document, any distribution from the Gross Settlement Fund or the Net Settlement. A Certified Class Member wishing to be excluded from the Certified Class shall mail the request in written form by first class mail postmarked no later than June 29, 2012 to the address designated in the Settlement Notice. Such request for exclusion shall clearly indicate the name, address and telephone number of the person seeking exclusion, that the sender “requests to be excluded from the Class in the SLM Corporation Securities Litigation,” and must be signed by such person. Such persons requesting exclusion must also list the date(s), price(s), and number(s) of shares of all purchases and sales of SLM common shares during the Class Period. The request for exclusion shall not be effective unless it provides the required information and is made within the time stated above, or the exclusion is otherwise accepted by the Court.

15. Upon the Effective Date, the Lead Plaintiff and each Certified Class Member who does not timely and validly request exclusion, on behalf of themselves, their successors and assigns, and any other Person claiming (now or in the future) through or on behalf of them, and regardless of whether any such Lead Plaintiff or Certified Class Member ever seeks or obtains by any means, including, without limitation, by submitting a Proof of Claim, any distribution from the Gross Settlement Fund, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Settling Defendants and Released Parties and shall have covenanted not to sue the Settling Defendants and Released Parties with respect to all such Released Claims, and shall be permanently barred and enjoined from instituting, commencing, prosecuting or asserting any such Released Claim against the the Settling Defendants and Released Parties.

16. Certified Class Members who validly request exclusion from the Certified Class shall not be entitled to receive any payment out of the Net Settlement Fund as described in the Stipulation and Settlement Notice. Any person who requests exclusion from the Certified Class shall immediately waive any right to object or comment upon the Settlement, the Plan of Allocation, or the award of attorneys' fees and reimbursement of expenses and any objections made by such persons shall be entirely void and without any legal effect.

17. Any Certified Class Member may appear and show cause (if he, she, or it has any) why the Court should or should not (a) approve the proposed Settlement as set forth in the Stipulation as fair, reasonable, and adequate; or (b) enter the Judgment substantially in the form annexed as Exhibit B to the Stipulation. The Court will consider objections to the Settlement, the Plan of Allocation, or the award of attorneys' fees and reimbursement of expenses only if such objections and any supporting papers are filed in writing with the Clerk of the Court, United States District Court for the Southern District of New York, 500 Pearl Street, New York, New York 10007-1312, and copies of all such papers are served, on or before June 29, 2012, upon each of the following: Jonathan K. Levine, Esq., Girard Gibbs LLP, 601 California Street, Suite 1400, San Francisco, California, on behalf of Lead Plaintiff; and Christopher Harris, Esq., Latham & Watkins LLP, 885 Third Avenue, New York, New York 10022 on behalf of the Settling Defendants. Attendance at the hearing is not necessary; however, persons wishing to be heard orally in opposition to the approval of the Settlement, the Plan of Allocation, and/or the request for attorneys' fees are required to indicate in their written objection their intention to appear at the hearing. Persons who intend to object to the Settlement, the Plan of Allocation, and/or counsel's application for an award of attorneys' fees and expenses and desire to present evidence at the Settlement Fairness Hearing must include in their written objections the identity

of any witnesses they may call to testify and copies of all exhibits they intend to introduce into evidence at the Settlement Fairness Hearing. Certified Class Members do not need to appear at the hearing or take any other action to indicate their approval. Persons who submit any objections may be subject to discovery, including deposition, by any party to this Action on ten calendar days' notice.

18. Any person who fails to comply with the requirements regarding objections set forth herein, including discovery requirements, shall be deemed to have waived his or her right to object. Any objections made by such persons shall be entirely void and without any legal effect.

19. If: (a) the Settlement is terminated pursuant to ¶ 29 of the Stipulation; (b) any specified condition to the Settlement set forth in the Stipulation is not satisfied and the satisfaction of such condition is not waived in writing by Lead Counsel and Counsel for the Settling Defendants; (c) the Court rejects, in any respect, the Order of Final Judgment in substantially the form and content annexed to the Stipulation as Exhibit B and Lead Counsel and Counsel for the Settling Defendants fail to consent to the entry of another form of order in lieu thereof; (d) the Court rejects the Stipulation, including any amendment thereto approved by Lead Counsel and Counsel for the Settling Defendants; or (e) the Court approves the Stipulation, including any amendment thereto approved by Lead Counsel and Counsel for the Settling Defendants, but such approval is reversed on appeal and such reversal becomes final by lapse of time or otherwise, then, in any such event, the Stipulation, including any amendment(s) thereof, and this Order shall be null and void, of no further force or effect, and without prejudice to any party, and may not be introduced as evidence or referred to in any actions or proceedings by any

person or entity, and each party shall be restored to his, her or its respective position as it existed prior to the execution of the Stipulation.

20. Pending final determination as to whether the Settlement should be approved, no Certified Class Member shall commence, prosecute, pursue or litigate any Released Claim against the Settling Defendants, whether directly, representatively or in any other capacity, and regardless of whether or not any such Certified Class Member has appeared in the Action.

21. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement: (a) is or may be deemed to be or may be used as an admission of, or evidence of, the validity of any Released Claims, of any allegation made in the Action, or of any wrongdoing or liability of the Settling Defendants or Released Parties; or (b) is or may be deemed to be or may be used as an admission of, or evidence of, any liability, fault or omission of the Settling Defendants or Released Parties in any civil, criminal, or administrative proceeding in any court, administrative agency, or other tribunal. Neither the Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement, and except that the Settling Defendants or Released Parties may file this Stipulation and/or the Judgment in any action for any purpose, including, but not limited to, in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar, or reduction, or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.


22. The Settlement Amount and any accrued interest thereon held by the Escrow Agent shall be deemed and considered to be in *custodia legis* of the Court and shall remain

subject to the jurisdiction of the Court until such time as such funds shall be distributed pursuant to the Stipulation, further notice to the Certified Class and/or further order(s) of the Court.

23. Without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any of the provisions of this Preliminary Approval Order or the Stipulation.

24. The Court retains exclusive jurisdiction over the Action to consider all further matters arising out of or connected with the Stipulation and/or Settlement.

Dated: April 18, 2012
New York, New York


HONORABLE WILLIAM H. PAULEY III
UNITED STATES DISTRICT JUDGE