UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

[x] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee required)

For the Quarterly period ended September 30, 1997 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No fee required)

For the transition period from ______________ to ______________________

(Amended by Exch Act Rel No. 312905. eff 4/26/93.)

Commission file number 001-13251

SLM HOLDING CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Delaware	52-2013874
(State of Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

11600 Sallie Mae Drive Reston, VA 20193

(Address of Principal Executive Offices) (Zip Code)

(703) 810-3000

(Registrant's Telephone Number, Including Area Code)

1050 Thomas Jefferson Street, NW Washington, DC 20007

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT SEPTEMBER 30, 1997
Common Stock, $. 20 par value	50,466,913 shares

SLM HOLDING CORPORATION

FORM 10 - Q

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September 30, 1997

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SLM HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	SEPTEMBER 30, 1997 (UNAUDITED)	DECEMBER 31, 1996
ASSETS		
Insured student loans purchased	$28,461,948	$32,307,930
Student loan participations	1,938,984	1,445,596
Insured student loans	30,400,932	33,753,526
Warehousing advances	2,442,419	2,789,485
Academic facilities financings		
Bonds-- available-for-sale	894,569	934,481
Loans	521,540	538,850
Total academic facilities financings . . .	1,416,109	1,473,331
Investments		
Available-for-sale	6,135,153	6,833,695
Held-to-maturity	564,491	601,887
Total investments	6,699,644	7,435,582
Cash and cash equivalents	92,117	270,887
Other assets, principally accrued interest receivable	1,966,958	1,907,079
Total assets	$43,018,179	$47,629,890
LIABILITIES		
Short-term borrowings	$23,989,205	$22,517,627
Long-term notes	16,541,742	22,606,226
Other liabilities	1,585,563	1,458,207
Total liabilities	42,116,510	46,582,060
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST IN SUBSIDIARY	213,883	213,883
STOCKHOLDERS' EQUITY		
Common stock, par value $.20 per share, 250,000,000 shares authorized: 52,378,319 and 65,695,571 shares issued, respectively	10,476	13,139
Additional paid-in capital	18,361	--
Unrealized gains on investments (net of tax of $194,675 and $188,050, respectively) . .	361,540	349,235
Retained earnings	572,020	1,008,737
Stockholders' equity before treasury stock	962,397	1,371,111
Common stock held in treasury at cost: 1,911,406 and 12,004,976 shares, respectively	274,611	537,164
Total stockholders' equity	687,786	833,947
Total liabilities and stockholders' equity	$43,018,179	$47,629,890

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

SLM HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
	(UNAUDITED)	(UNAUDITED)
Interest income:		
Insured student loans purchased	$574,543	$646,213
Student loan participations	32,586	-
Insured student loans	607,129	646,213
Warehousing advances	36,403	45,755
Academic facilities financings:		
Taxable	11,810	13,090
Tax-exempt	11,786	13,109
Total academic facilities financings	23,596	26,199
Investments	144,674	136,487
Total interest income	811,802	854,654
Interest expense:		
Short-term debt	364,417	292,638
Long-term debt	277,043	353,028
Total interest expense	641,460	645,666
NET INTEREST INCOME	170,342	208,988
Other income:		
Gain on sale of student loans	159,959	12,028
Servicing and securitization revenue . . .	44,449	14,401
Gains on sales of securities	6,373	1,750
Other	11,393	7,032
Total other income	222,174	35,211
Operating expenses:		
Salaries and benefits	71,902	50,696
Other	101,043	49,379
Total operating expenses	172,945	100,075
Income before federal income taxes, minority interest in net earnings of subsidiary and premiums on debt extinguished	219,571	144,124
Federal income taxes:		
Current	85,679	43,181
Deferred	(13,639)	(304)
Total federal income taxes	72,040	42,877
Minority interest in net earnings of subsidiary	2,674	2,673
Income before premiums on debt extinguished	144,857	98,574
Premiums on debt extinguished, net of tax . .	(2,264)	--
NET INCOME	$142,593	$ 98,574
Earnings per common share before premiums on debt extinguished	$ 2.78	$ 1.79
EARNINGS PER COMMON SHARE	$ 2.74	$ 1.79

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

SLM HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
	(UNAUDITED)	(UNAUDITED)
Interest income:		
Insured student loans purchased	$1,795,073	$1,969,479
Student loan participations	85,630	--
Insured student loans	1,880,703	1,969,479
Warehousing advances	114,606	152,675
Academic facilities financings:		
Taxable	36,341	39,661
Tax-exempt	35,073	35,128
Total academic facilities financings	71,414	74,789
Investments	457,140	406,495
Total interest income	2,523,863	2,603,438
Interest expense:		
Short-term debt	1,103,181	813,313
Long-term debt	843,853	1,128,897
Total interest expense	1,947,034	1,942,210
NET INTEREST INCOME	576,829	661,228
Other income:		
Gain on sale of student loans	224,589	31,431
Servicing and securitization revenue	101,640	30,069
Gains on sales of securities	13,755	4,804
Other	36,185	18,560
Total other income	376,169	84,864
Operating expenses:		
Salaries and benefits	174,683	152,792
Other	215,104	146,201
Total operating expenses	389,787	298,993
Income before federal income taxes, minority interest in net earnings of subsidiary, and premiums on debt extinguished	563,211	447,099
Federal income taxes:		
Current	203,800	155,867
Deferred	(26,121)	(20,682)
Total federal income taxes	177,679	135,185
Minority interest in net earnings of subsidiary	8,021	8,020
Income before premiums on debt extinguished	377,511	303,894
Premiums on debt extinguished, net of tax	(2,264)	(4,792)
NET INCOME	$ 375,247	$ 299,102
Earnings per common share before premiums on debt extinguished	$ 7.13	$ 5.40
EARNINGS PER COMMON SHARE	$ 7.09	$ 5.32

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

SLM HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
	(UNAUDITED)	(UNAUDITED)
COMMON STOCK:		
Balance, beginning of period	$ 13,231	$ 24,911
Issuance of common shares	90	8
Retirement of treasury shares	(2,845)	--
Balance, end of period	10,476	24,919
ADDITIONAL PAID-IN CAPITAL:		
Balance, beginning of period	28,218	555,569
Proceeds in excess of par value from issuance of common stock	25,831	1,335
Tax benefit related to employee stock option and purchase plans	--	--
Issuance of warrants	12,393	--
Retirement of treasury shares	(48,081)	--
Balance, end of period	18,361	556,904
UNREALIZED GAINS ON INVESTMENTS, NET OF TAX:		
Balance, beginning of period	344,628	335,620
Unrealized gains as of January 1, 1994	--	--
Change in unrealized gains	16,912	1,372
Balance, end of period	361,540	336,992
RETAINED EARNINGS:		
Balance, beginning of period (as restated, see note 2)	1,194,769	2,883,682
Net income	142,593	98,574
Retirement of treasury shares	(742,719)	--
Cash dividends:		
Common stock ($.44 and $.40, per share, respectively)	(22,623)	(21,985)
Balance, end of period	572,020	2,960,271
COMMON STOCK HELD IN TREASURY AT COST:		
Balance, beginning of period	738,260	2,996,491
Repurchase of 2,309,317 and 1,082,281 common shares, respectively	329,994	79,495
Retirement of 14,221,473 treasury shares	(793,643)	--
Balance, end of period	274,611	3,075,986
TOTAL STOCKHOLDERS' EQUITY	$ 687,786	$ 803,100

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

SLM HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	NINE MONTHS ENDED SEPTEMBER 30, 1997 (UNAUDITED)	NINE MONTHS ENDED SEPTEMBER 30, 1996 (UNAUDITED)
COMMON STOCK:		
Balance, beginning of period	$ 13,139	$ 24,824
Issuance of common shares	182	95
Retirement of treasury shares	(2,845)	--
Balance, end of period	10,476	24,919
ADDITIONAL PAID-IN CAPITAL:		
Balance, beginning of period	--	537,818
Proceeds in excess of par value from issuance of common stock	54,049	19,086
Tax benefit related to employee stock option and purchase plans	--	--
Issuance of warrants	12,393	--
Retirement of treasury shares	(48,081)	--
Balance, end of period	18,361	556,904
UNREALIZED GAINS ON INVESTMENTS, NET OF TAX:		
Balance, beginning of period	349,235	370,846
Unrealized gains as of January 1, 1994	--	--
Change in unrealized gains	12,305	(33,854)
Balance, end of period	361,540	336,992
RETAINED EARNINGS:		
Balance, beginning of period (as restated, see note 2)	1,008,737	2,728,383
Net income	375,247	299,102
Retirement of treasury shares	(742,719)	--
Cash dividends:		
Common stock ($1.32 and $1.20, per share, respectively)	(69,245)	(67,214)
Balance, end of period	572,020	2,960,271
COMMON STOCK HELD IN TREASURY AT COST:		
Balance, beginning of period	537,164	2,794,549
Repurchase of 4,127,903 and 3,721,230 common shares, respectively	531,090	281,437
Retirement of 14,221,473 treasury shares	(793,643)	--
Balance, end of period	274,611	3,075,986
TOTAL STOCKHOLDERS' EQUITY	$ 687,786	$ 803,100

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

SLM HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED SEPTEMBER 30,	
	1997	1996
	(UNAUDITED)	(UNAUDITED)
OPERATING ACTIVITIES		
Net income	$ 142,593	$ 98,574
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in accrued interest receivable	130,924	90,525
Increase (decrease) in accrued interest payable	(66,979)	(150,501)
(Increase) in other assets . . .	(111,395)	(50,930)
Increase (decrease) in other liabilities	139,867	(176,308)
Total adjustments	92,417	(287,214)
Net cash provided by operating activities	235,010	(188,640)
INVESTING ACTIVITIES		
Insured student loans purchased . .	(2,203,282)	(1,802,323)
Reduction of insured student loans purchased:		
Installment payments	496,168	774,947
Claims and resales	238,879	305,883
Proceeds from securitization of student loans	2,575,000	1,506,750
Participations purchased	(80,404)	--
Participation repayments	60,291	--
Warehousing advances made	(213,351)	(488,109)
Warehousing advance repayments . .	266,110	444,202
Academic facilities financings made	(90,383)	(82,676)
Academic facilities financings reductions	33,073	123,853
Investments purchased	(3,360,492)	(3,836,015)
Proceeds from sale or maturity of investments	5,046,689	3,169,733
Net cash provided by (used in) investing activities	2,768,298	116,245
FINANCING ACTIVITIES		
Short-term borrowings issued . . .	166,556,935	76,856,513
Short-term borrowings repaid . . .	(169,478,105)	(72,429,577)
Long-term notes issued	1,137,556	854,598
Long-term notes repaid	(3,024,320)	(4,935,010)
Common stock issued	25,921	1,343
Common stock repurchased	(329,994)	(79,495)
Dividends paid	(22,623)	(21,985)
Net cash provided by (used in) financing activities	(5,134,630)	246,387
Net increase (decrease) in cash and cash equivalents	(2,131,322)	173,992
Cash and cash equivalents at beginning of period	2,223,439	311,533
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 92,117	$ 485,525

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

SLM HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(DOLLARS IN THOUSANDS)

	NINE MONTHS ENDED SEPTEMBER 30, 1997	NINE MONTHS ENDED SEPTEMBER 30, 1996
	(UNAUDITED)	(UNAUDITED)
OPERATING ACTIVITIES		
Net income	$ 375,247	$ 299,102
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in accrued interest receivable	117,836	100,666
Increase (decrease) in accrued interest payable	(38,453)	(143,941)
(Increase) in other assets	(159,574)	(175,076)
Increase in other liabilities	159,183	(114,073)
Total adjustments	78,992	(332,424)
Net cash provided by (used in) operating activities	454,239	(33,322)
INVESTING ACTIVITIES		
Insured student loans purchased	(5,756,529)	(6,442,279)
Reduction of insured student loans purchased:		
Installment payments	1,627,343	2,442,179
Claims and resales	854,518	946,838
Proceeds from securitization of student loans	7,120,650	4,521,780
Participations purchased	(670,840)	--
Participation repayments	177,452	--
Warehousing advances made	(499,208)	(1,222,919)
Warehousing advance repayments	846,274	2,072,288
Academic facilities financings made	(144,103)	(384,245)
Academic facilities financings reductions	205,643	181,219
Investments purchased	(12,708,312)	(12,170,044)
Proceeds from sale or maturity of investments	13,453,113	11,928,323
Net cash provided by (used in) investing activities	4,506,001	1,873,140
FINANCING ACTIVITIES		
Short-term borrowings issued	542,486,582	178,617,457
Short-term borrowings repaid	(539,955,481)	(174,086,159)
Long-term notes issued	3,397,681	4,524,847
Long-term notes repaid	(10,521,688)	(11,333,888)
Common stock issued	54,231	19,181
Common stock repurchased	(531,090)	(281,437)
Dividends paid	(69,245)	(67,214)
Net cash provided by (used in) financing activities	(5,139,010)	(2,607,213)
Net increase (decrease) in cash and cash equivalents	(178,770)	(767,395)
Cash and cash equivalents at beginning of period	270,887	1,252,920
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 92,117	$ 485,525

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

SLM HOLDING CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(INFORMATION AT SEPTEMBER 30, 1997 AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996 IS UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. ORGANIZATION AND PRIVATIZATION

On September 30, 1996, President Clinton signed into law the Student Loan Marketing Association Reorganization Act of 1996, Pub. L. 104-208 (the "Privatization Act"), authorizing the restructuring of the Student Loan Marketing Association, a government-sponsored enterprise (the "GSE"), as a fully private, state-chartered corporation. On August 7, 1997, pursuant to the Privatization Act and an Agreement and Plan of Reorganization dated April 7, 1997 (the "Reorganization") the GSE was reorganized into a wholly owned subsidiary of SLM Holding Corporation ("SLM Holding" or the "Company"), a Delaware corporation. Under the terms of this Reorganization, each outstanding share of GSE common stock was converted into one share of SLM Holding common stock. In addition, the GSE will transfer certain assets, including stock in certain subsidiaries, to SLM Holding or one of its non-GSE subsidiaries. The Reorganization is being accounted for at historical cost similar to a pooling of interests and therefore all prior period financial statements and related disclosures presented have been restated as if the Reorganization took place at the beginning of such periods. Operations performed outside the GSE after the Reorganization will be subject to state and local taxes.

The GSE was chartered by Congress to provide liquidity for originators of student loans made under federally sponsored student loan programs and otherwise to support the credit needs of students and educational institutions. The GSE's charter is subject to legislative change from time to time. The GSE is predominantly engaged in the purchase of student loans insured under federally sponsored programs. The GSE also makes secured loans (warehousing advances) to providers of education credit, and provides financing to educational institutions for their physical plant and equipment (academic facilities financings).

PRIVATIZATION

Under the terms of the Privatization Act, the GSE may continue to issue debt in the government agency market to finance student loans and other permissible asset acquisitions, although the maturity date of such issuances generally may not extend beyond September 30, 2008, the date by which the GSE must dissolve. At September 30, 1997 and December 31, 1996, the GSE had $378 million and $372 million, respectively, in carrying value of outstanding debt with maturities after September 30, 2008. Any debt remaining outstanding on the dissolution date will be transferred into a defeasance trust.

As required under the Privatization Act, after the Reorganization, SLM Holding paid $5 million to the District of Columbia Financial Responsibility and Management Assistance Authority (the "D.C. Financial Control Board") for use of the name "Sallie Mae." In addition, SLM Holding issued to the D.C. Financial Control Board warrants to purchase 555,015 shares of SLM Holding Common Stock at $72.43 per share.

Beginning in fiscal 1997 and until the GSE is dissolved, the GSE also must reimburse the U.S. Treasury Department up to $800,000 annually (subject to adjustment based on the Consumer Price Index) for its reasonable costs and expenses of carrying out its supervisory duties under the Privatization Act.

2. SIGNIFICANT ACCOUNTING POLICIES

RECLASSIFICATION

Certain prior year amounts in the Consolidated Statements of Income for the three and nine months ended September 30, 1996 have been reclassified to conform with the 1996 year-end presentation.

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of SLM Holding have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three and nine months ended September 30, 1997 are not necessarily indicative of the results for the year ending December 31, 1997.

Earnings per common share are computed based on net income divided by the weighted average common and common equivalent shares outstanding for the period. Average common and common equivalent shares outstanding for the three and nine months ended September 30, 1997 and the three and nine months ended September 30, 1996 totaled 52,112,187; 52,910,889; 55,215,411; and 56,256,511, respectively.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

During 1997, the Company adopted the requirements of Statement of Financial Accounting Standards ("FAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," which establishes the accounting for certain financial asset transfers, including securitization transactions. The effect of implementing this standard was not material on the Company's financial statements. Management also believes that this standard will not have a material effect on the financial statements in the future.

In February 1997, the Financial Accounting Standards Board issued FAS No. 128, "Earnings Per Share," which is required to be adopted for years ending on or after December 15, 1997. At that time, the Company will be required to change the method used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. The adoption is expected to have no material impact on the Company's reported earnings per share.

In June 1997, the Financial Accounting Standards Board FAS No. 130, "Reporting Comprehensive Income", which is effective for periods after December 15, 1997. FAS 130 establishes standards for reporting and displaying of comprehensive income in a full set of general purpose financial statements. The Company is currently evaluating the effect of this pronouncement on its financial statement presentation and disclosure.

3. STUDENT LOANS

The following table summarizes the reserves that the Company has recorded for estimated losses due to risk-sharing, unpaid guarantee claims on federally guaranteed student loans and defaults on privately insured loans.

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
BALANCE AT BEGINNING OF PERIOD	$82,463	$64,265	$84,063	$ 60,337
Additions				
Provisions for loan losses	12,767	3,705	18,750	12,872
Recoveries	1,091	1,996	5,561	5,735
Deductions				
Reductions for sales of student loans	(3,146)	(803)	(7,474)	(2,404)
Losses on loans	(3,084)	(3,352)	(10,809)	(10,729)
BALANCE AT END OF PERIOD	$90,091	$65,811	$90,091	$ 65,811

4. STUDENT LOAN SECURITIZATION

For the three and nine months ended September 30, 1997 and the three and nine months ended September 30, 1996, SLM Funding Corporation, a wholly-owned special purpose finance subsidiary, purchased from the GSE and sold $7.1 billion, $2.6 billion, $4.5 billion and $1.5 billion, respectively, of student loans to trusts which issued floating rate student loan asset-backed securities in underwritten public offerings. At September 30, 1997 and December 31, 1996, securitized student loans outstanding totaled $12.1 billion and $6.3 billion, respectively.

On July 23, 1997, the U.S. Department of Education (the "DOE") decided that the 30 basis point annual offset fee which the GSE is required to pay on student loans which it owns does not apply to student loans that the GSE has securitized. The DOE had been under a court order since January 10, 1997 to announce its final position on the application of the offset fee on securitized loans by July 31, 1997. The GSE initially filed suit in the U.S. District Court for the District of Columbia in April 1995 challenging the Secretary of Education's attempt to apply the offset fee to securitized loans. The GSE prevailed, and the Court of Appeals ruled that the fee applies only to loans that the GSE owns and remanded the case to the District Court with instructions to remand the matter to the Secretary of Education. In addition, the Court of Appeals upheld the constitutionality of the offset fee, which applies annually with respect to the principal amount of student loans that the GSE holds on balance sheet and that were acquired on or after August 10, 1993.

Based upon the DOE'S final decision and the favorable Court ruling in this matter, the contingent gain of approximately $97 million pre-tax that had been held in reserve pending the final outcome of the case was removed and recognized in income in the third quarter. All future securitization gains will be calculated without consideration of the offset fee.

5. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	1997		
	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER
Net interest income	$199,026	$207,461	$170,342
Other income	75,940	78,055	222,174
Operating expenses	101,559	115,283	172,945
Federal income taxes	54,570	51,069	72,040
Minority interest in net earnings of subsidiary	2,674	2,673	2,674
Income before premiums on debt extinguished	116,163	116,491	144,857
Premiums on debt extinguished, net of tax	--	--	(2,264)
Net income	$116,163	$116,491	$142,593
Earnings per common share before premiums on debt extinguished	$ 2.17	$ 2.20	$ 2.78
Earnings per common share	$ 2.17	$ 2.20	$ 2.74

	1996	
	FIRST QUARTER	SECOND QUARTER
Net interest income	$232,679	$219,561
Other income	21,754	27,899
Operating expenses	98,773	100,145
Federal income taxes	47,968	44,340
Minority interest in net earnings of subsidiary	2,673	2,674
Income before premiums on debt extinguished	105,019	100,301
Premiums on debt extinguished, net of tax	(4,792)	--
Net income	$100,227	$100,301
Earnings per common share before premiums on debt extinguished	$ 1.82	$ 1.79
Earnings per common share	$ 1.74	$ 1.79

	1996	
	THIRD QUARTER	FOURTH QUARTER
Net interest income	$208,988	$205,208
Other income	35,211	62,052
Operating expenses	100,075	106,659
Federal income taxes	42,877	48,313
Minority interest in net earnings of subsidiary	2,673	2,674
Income before premiums on debt extinguished	98,574	109,614
Premiums on debt extinguished, net of tax	--	--
Net income	$ 98,574	$109,614
Earnings per common share before premiums on debt extinguished	$ 1.79	$ 2.01
Earnings per common share	$ 1.79	$ 2.01

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

ON AUGUST 7, 1997 PURSUANT TO THE STUDENT LOAN MARKETING ASSOCIATION REORGANIZATION ACT OF 1996 (THE "PRIVATIZATION ACT") AND AN AGREEMENT AND PLAN OF REORGANIZATION (THE "REORGANIZATION"), DATED AS OF APRIL 7, 1997, THE STUDENT LOAN MARKETING ASSOCIATION (THE "GSE") WAS REORGANIZED INTO A WHOLLY OWNED SUBSIDIARY OF SLM HOLDING CORPORATION ("SLM HOLDING" OR THE "COMPANY"). UNDER THE TERMS OF THE REORGANIZATION,THE GSE WILL TRANSFER CERTAIN ASSETS, INCLUDING STOCK IN CERTAIN SUBSIDIARIES, TO SLM HOLDING OR ONE OF ITS NON-GSE SUBSIDIARIES. THIS TRANSFER OF THE SUBSIDIARIES AND ASSETS AND THE RELATED EXCHANGE OF STOCK IS BEING ACCOUNTED FOR AT HISTORICAL COST SIMILAR TO A POOLING OF INTERESTS AND THEREFORE ALL PRIOR PERIOD FINANCIAL STATEMENTS AND RELATED DISCLOSURES PRESENTED HAVE BEEN RESTATED AS IF THE REORGANIZATION TOOK PLACE AT THE BEGINNING OF SUCH PERIODS.

Set forth below is Management's Discussion and Analysis of Financial Conditions and Results of Operations of SLM Holding for the three and nine months ended September 30, 1997 and 1996. These discussions include complementary information and are intended to be read together. All dollar amounts are in millions, except per share amounts.

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996

SELECTED FINANCIAL DATA

CONDENSED STATEMENTS OF INCOME

	THREE MONTHS ENDED SEPTEMBER 30,		INCREASE (DECREASE)	
	1997	1996	$	%
Net interest income	$ 170	$ 209	$ (39)	(18)%
Other operating income	223	36	187	531
Operating expenses	173	100	73	73
Federal income taxes	72	43	29	68
Minority interest in net earnings of subsidiary	3	3	--	--
Income before premiums on debt extinguished . . .	145	99	46	47
Premiums on debt extinguished, net of tax	(2)	-	(2)	(100)
NET INCOME	$ 143	$ 99	$ 44	45%
EARNINGS PER COMMON SHARE	$ 2.74	$1.79	$ .95	53%
Dividends per common share	$ .44	$ .40	$ .04	10%
CORE EARNINGS	$ 138	$ 95	$ 43	46%

	NINE MONTHS ENDED SEPTEMBER 30,		INCREASE (DECREASE)	
	1997	1996	$	%
Net interest income	$ 577	$ 661	$ (84)	(13)%
Other operating income	376	85	291	343
Operating expenses	390	299	91	30
Federal income taxes	178	135	43	31
Minority interest in net earnings of subsidiary	8	8	---	---
Income before premiums on debt extinguished	377	304	73	24
Premiums on debt extinguished, net of tax	(2)	(5)	3	(53)
NET INCOME	$ 375	$ 299	$ 76	25%
EARNINGS PER COMMON SHARE	$ 7.09	$5.32	$1.77	33%
Dividends per common share	$ 1.32	$1.20	$ .12	10%
CORE EARNINGS	$ 362	$ 276	$ 86	31%

CONDENSED BALANCE SHEETS

	SEPTEMBER 30, 1997	DECEMBER 31, 1996	INCREASE (DECREASE) $	%
ASSETS				
Student loans	$30,401	$33,754	$ (3,353)	(10)%
Warehousing advances	2,442	2,790	(348)	(12)
Academic facilities financings	1,416	1,473	(57)	(4)
Cash and investments	6,792	7,706	(914)	(12)
Other assets	1,967	1,907	60	3
Total assets	$43,018	$47,630	$ (4,612)	(10)%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Short-term borrowings	$23,989	$22,518	$1,471	7%
Long-term notes	16,542	22,606	(6,064)	(27)
Other liabilities	1,586	1,458	128	9
Total liabilities	42,117	46,582	(4,465)	10
Minority interest in subsidiary	214	214	---	---
Stockholders' equity before treasury stock	962	1,371	(409)	(30)
Common stock held in treasury at cost	275	537	(262)	(49)
Total stockholders' equity	687	834	(147)	(18)

Total liabilities and stockholders' equity	$43,018	$47,630	$ (4,612)	(10)%

The following Management's Discussion and Analysis contains forward-looking statements and information that are based on management's current expectations as of the date of this document. When used herein, the words "anticipate," "believe," "estimate" and "expect" and similar expressions, as they relate to the Company's management, are intended to identify forward-looking statements. Such forward-looking statements are subject to risks, uncertainties, assumptions and other factors that may cause the actual results of the Company to be materially different from those reflected in such forward-looking statements. Such factors include, among others, changes in the terms of student loans and the educational credit marketplace arising from the implementation of applicable laws and regulations and from changes in such laws and regulations, changes in the demand for educational financing or in financing preferences of educational institutions, students and their families, and changes in the general interest rate environment and in the securitization markets for student loans. The Company does not intend to update these forward-looking statements prior to its next filing with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

The Company's net income was $143 million ($2.74 per common share) for the three months ended September 30, 1997 compared to $99 million ($1.79 per common share) for the three months ended September 30, 1996. For the nine months ended September 30, 1997, net income was $375 million ($7.09 per common share), compared to $299 million ($5.32 per common share) for the nine months ended September 30, 1996. Included in net income for the three and nine months ended September 30, 1997 was the reversal of a pre-tax $97 million reserve for offset fees on Sallie Mae's securitized student loans resulting from the United States Department of Education's ("DOE") determination that the 30 basis point offset fee does not apply to securitized student loans. (See Note 4 to the Company's financial statements.) In the consolidated statements of income, $94 million of the reserve reversal is included in the gain on sale of student loans and $3 million is included in servicing and securitization revenue.

During the third quarter of 1997, the Company recognized charges of $85 million for expenses and asset writedowns in connection with the reorganization of the Company to a privatized entity and to the change in business strategies being implemented by the new management. The charges specifically related to the following: the write-off of certain intangible assets and hedge losses ($24 million), severance costs as a result of staff reductions ($20 million), privatization costs ($17 million), the write-down of various non-student loan assets ($8 million), costs associated with the consolidation of staff located in the metropolitan Washington, D.C. area ($8 million), increases in reserves for privately insured student loans ($5 million) and costs associated with the proxy contest ($3 million). The net effect of the reserve reversal and charges added $4 million ($0.07 per share) to net income in the third quarter.

The net income growth, exclusive of the reserve reversal and charges discussed above, for the three months ended September 30, 1997 over the year ago period was primarily a result of higher student loan securitization gains of $35 million and a 12 percent growth in average managed student loan assets, resulting mainly in increased servicing and securitization revenue of $18 million. Earnings per common share was further enhanced by repurchases of 2.3 million common shares (4 percent of the shares outstanding) during the three months ended September 30, 1997, lowering shares outstanding to 50.5 million at September 30, 1997.

The net income increase of $76 million (25 percent) in the first nine months of 1997 was primarily a result of, on an after-tax basis, an increase in student loan securitization gains of $128 million, of which $63 million was related to the reversal of the reserve for offset fees, the growth in managed student loan assets resulting mainly in increased servicing and securitization revenue of $45 million, increased net interest earned on participations of $12 million and increased revenue from the amortization of student loan floor contracts of $8 million. These positive factors were somewhat offset by the reorganization charges of $59 million discussed above, a decrease in net interest earned of $24 million on student loans as loans were securitized, increased operating expenses of $17 million, the increase in Omnibus Budget Reconciliation Act ("OBRA") fees of $10 million discussed in detail below and a decrease in student loan floor revenues of $9 million. Earnings per common share was further enhanced by repurchases of 4.1 million shares (8 percent of shares outstanding) during the first nine months of 1997.

OBRA imposed legislated fees and risk-sharing on the GSE and other participants in the Federal Family Education Loan Program ("FFELP"), including an offset fee applicable only to the GSE, consolidation loan rebate fees and risk-sharing on defaulted loans applicable to all FFELP participants. The impact of these fees and reserves for risk-sharing on the Company's on-balance sheet portfolio of student loans reduced net income by $19 million and $15 million for the three months ended September 30, 1997 and 1996, respectively, and by $55 million and $45 million for the first nine months of 1997 and 1996, respectively. In addition to these fees, OBRA also imposed other yield reductions on all FFELP participants, principally loan origination fees paid to the federal government and reduced Special Allowance Payments ("SAP," which is described below) during the period when a borrower is not in an active repayment status. The Company effectively shares the impact of these costs through the pricing of loan portfolios it purchases in the secondary market. Management believes the spreads earned on the Company's portfolio of student loans will continue to be adversely affected as a result of these changes to the FFELP program for the next several years as older loans in its portfolio, which were not affected by OBRA, amortize and are replaced by more recently originated loans which are affected by OBRA. As of September 30, 1997 and 1996, 68% and 61% of on-balance sheet student loans were subject to OBRA fees.

CORE EARNINGS AND CORE STUDENT LOAN SPREAD

Important measures of the Company's operating performance are core earnings and the core student loan spread. Core earnings is defined as the Company's net income less the after-tax effect of floor revenues and other one-time charges. Management believes that these measures, which are not measures under generally accepted accounting principles ("GAAP"), are important because they depict the Company's earnings before the effects of floor revenues, which are largely outside of the Company's control. Management believes that core earnings as defined, while not necessarily comparable to other companies' use of similar terminology, provide for meaningful period to period comparisons as a basis for analyzing trends in the Company's core student loan operations.

The following table analyzes the earning spreads on student loans for the three and nine months ended September 30, 1997 and 1996. The line captioned "Adjusted Student Loan Yields" reflects contractual yields adjusted for premiums paid to purchase loan portfolios and the estimated costs of borrower benefits. The Company, as the servicer of student loans that the GSE securitizes, will continue to earn fee revenues over the life of the securitized student loan portfolios. The off-balance sheet information presented in the table that follows analyzes the on-going fee revenues associated with the securitized portfolios of student loans.

STUDENT LOAN SPREAD ANALYSIS

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	1997	1996	1997	1996
ON-BALANCE SHEET				
Adjusted student loan yields.............	7.82%	8.04%	7.84%	7.98%
Amortization of floor contracts...........	.10	.07	.11	.06
Floor revenues...........................	.09	.07	.09	.14
Direct OBRA Costs........................	(.36)	(.28)	(.35)	(.28)
Student loan income......................	7.65	7.90	7.69	7.90
Cost of funds............................	(5.52)	(5.56)	(5.52)	(5.51)
Student loan spread......................	2.13%	2.34%	2.17%	2.39%
Core student loan spread.................	2.04%	2.27%	2.08%	2.25%
OFF-BALANCE SHEET				
Servicing and securitization revenue......	1.70%	1.15%	1.64%	1.24%
AVERAGE BALANCES (IN MILLIONS OF DOLLARS)				
Student loans, including participations ..	$31,467	$32,543	$32,681	$33,304
Securitized loans........................	10,383	4,984	8,312	3,245
Managed student loans	$41,850	$37,527	$40,993	$36,549

The decrease in the core student loan spread in the three and nine months ended September 30, 1997 versus the corresponding periods in the prior year was due principally to higher OBRA fees, the effect of student loan participations, which contractually yield a lower rate than the underlying student loans (discussed below), and increased student loan reserves, offset by the increased revenues from the amortization of upfront payments received from student loan floor contracts. In addition, the student loan spread was reduced further by the decrease in student loan floor revenues.

STUDENT LOAN FLOOR REVENUES

As of September 30, 1997, approximately $34 billion of the Company's managed student loans were eligible to earn floors ($15 billion with fixed borrower interest rates and $19 billion with variable borrower interest rates that reset annually). During 1996, the Company entered into contracts with third parties related to $13 billion of such loans under which it agreed to pay the future floor revenues received in exchange for upfront payments ("floor revenue contracts"). These upfront payments are being amortized to student loan income over the average life of these contracts, which is approximately 2 years. During the third quarter the average notional amount of these contracts was $8 billion and $7 billion remained outstanding at September 30, 1997. (See discussion of floor revenue contracts below).

Based on interest rates during the third quarter, $4 billion of the remaining $26 billion of loans eligible earned pre-tax floor revenues of $7 million (net of $5 million in payments under the floor revenue contracts) and $6 million (net of $2 million in payments under the floor revenue contracts) in the three months ended September 30, 1997 and 1996, respectively, as the average bond equivalent 91-day Treasury Bill rate was 5.20 percent and 5.27 percent for those periods, respectively. For the nine months ended September 30, 1997 and 1996, the Company earned floor revenues of $21 million (net of $15 million in payments under the floor revenue contracts) and $35 million (net of $6 million in payments under the floor revenue contracts), respectively, as the average bond equivalent 91-day Treasury Bill rate was 5.20 percent and 5.17 percent, respectively.

Floor Revenue Contracts

During the three months ended September 30, 1997 and 1996, the amortization of the upfront payments received under floor revenue contracts where the underlying student loans earned interest at fixed rates ("fixed rate floors") contributed $8 million and $6 million, respectively, pre-tax to core earnings. For the nine months ended September 30, 1997 and 1996, the amortization of the upfront payments received under fixed rate floor revenue contracts contributed $26 million and $14 million, respectively, pre-tax to core earnings. The amortization of these payments is not dependent on future interest rate levels, and therefore is included in core earnings. In addition, for the nine months ended September 30, 1997, the Company earned $3 million on floor revenue contracts with terms tied to student loans whose interest rates reset annually ("variable rate floors"). The floor revenue from these contracts is dependent on future interest rates, and this amortization is therefore considered floor revenue and excluded from core net income.

SECURITIZATION

During each of the three month periods ended September 30, 1997 and 1996, the Company completed one securitization transaction in which a total of $2.5 billion and $1.5 billion, respectively, of student loans were sold to a special purpose finance subsidiary and by the subsidiary to trusts that issued asset-backed securities to fund the student loans to term. In each of the first nine months of 1997 and 1996, the Company completed three securitization transactions in which a total of $7.0 billion and $4.5 billion, respectively, of student loans were sold by the Company. When loans are securitized a gain on sale is recorded that is equal to the present value of the expected net cash flows from the trust to the Company over the life of the portfolio. The Company recorded pre-tax securitization gains (exclusive of the $94 million one-time gain associated with the successful outcome of the offset fee litigation) in the three months ended September 30, 1997 and 1996 of $66 million and $12 million, respectively. Total gains recorded in the nine months ended September 30, 1997 and 1996 were $131 million and $31 million, respectively. The increase in the gains in the three and nine months ended September 30, 1997 was mainly due to the increase in the size of the portfolios securitized. Also, gains as a percentage of the securitized portfolios increased due mainly to the higher average borrower indebtedness and the longer average life of the portfolios of loans securitized in 1997 versus 1996. In addition, the gain for the third quarter of 1997 was calculated without the negative effect of the 30 basis point offset fee which was included in the calculation of the 1996 third quarter gain. Gains on future securitizations will continue to vary depending on the size and the loan characteristics of the portfolios securitized and the spreads prevailing in the securitization debt markets.

NET INTEREST INCOME

To compare nontaxable asset yields to taxable yields on a similar basis, the amounts in the following table are adjusted for the impact of certain tax-exempt and tax-advantaged investments based on the marginal corporate tax rate of 35 percent.

	THREE MONTHS ENDED SEPTEMBER 30,		INCREASE (DECREASE)	
	1997	1996	$	%
Interest income				
Student loans	$ 607	$ 646	$(39)	(6)%
Warehousing advances	36	46	(10)	(20)
Academic facilities financings	24	26	(2)	(10)
Investments	145	137	8	6
Taxable equivalent adjustment	9	9	-	1
Total taxable equivalent interest income	821	864	(43)	(5)
Interest expense	641	646	(5)	(1)
Taxable equivalent net interest income	$ 180	$ 218	$(38)	(18)%

	NINE MONTHS ENDED SEPTEMBER 30,		INCREASE (DECREASE)	
	1997	1996	$	%
Interest income				
Student loans	$ 1,881	$ 1,969	$ (88)	(5)%
Warehousing advances	115	153	(38)	(25)
Academic facilities financings	71	75	(4)	(5)
Investments	457	406	51	12
Taxable equivalent adjustment	27	26	1	6
Total taxable equivalent interest income	2,551	2,629	(78)	(3)
Interest expense	1,947	1,942	5	-
Taxable equivalent net interest income	$ 604	$ 687	$ (83)	(12)%

Taxable equivalent net interest income for the three months ended September 30, 1997 declined by $38 million from the three months ended September 30, 1996. This decline was due to the increase in loans subject to OBRA fees, which reduced taxable equivalent net interest income by $25 million, the writeoff of $13 million of deferred hedge losses, lower student loan floor revenues, decreased spreads on student loans and a decrease in average student loan assets as loans were securitized. The decreases were partially offset by the $2 million increase in revenue from the amortization of upfront payments received from student loan floor contracts for the three months ended September 30, 1997 over the same year-ago period and increased earnings from student loan participations. The decrease in interest income from warehousing advances is due to the decrease in the average balance of those assets and the increase in interest income from investments is due principally to the increase in the average balance of those assets. See "-- Rate/Volume Analysis."

Taxable equivalent net interest income for the nine months ended September 30, 1997 declined by $83 million from the nine months ended September 30, 1996. This decline was due to the increase in loans subject to OBRA fees, which reduced taxable equivalent net income by $16 million for the nine months ended September 30, 1997 versus the same period in 1996. Other factors contributing to the declines were the writeoff of the deferred hedge losses, lower student loan floor revenues, decreased spreads on student loans and a decrease in average student loan assets as loans were securitized. The decreases were partially offset by increased revenue of $12 million from the amortization of upfront payments received from student loan floor contracts for the nine months ended September 30, 1997 over the same year-ago period and increased earnings from student loan participations. The decrease in interest income from warehousing advances is due to the decrease in the average balance of those assets and the increase in

interest income from investments is due principally to the increase in the average balance of those assets. See "-- Rate/Volume Analysis."

ALLOWANCE FOR STUDENT LOANS LOSSES

The allowance for student loan losses is the periodic expense of maintaining an adequate allowance at the amount estimated to be sufficient to absorb possible future losses, net of recoveries, inherent in the existing on-balance sheet student loan portfolio. In evaluating the adequacy of the allowance for loan losses the Company takes into consideration several factors, including trends in claims rejected for payment by guarantors, default rate trends on privately insured loans and the amount of FFELP loans subject to 2 percent risk-sharing. To recognize these potential losses on student loans, the Company maintained a reserve of $90 million and $66 million at September 30, 1997 and 1996, respectively. In the three and nine months ended September 30, 1997, the Company increased this reserve by $20 million and $30 million, respectively, due mainly to the growth and increased default rates in the privately insured loan portfolio and to the increase in federally insured student loans subject to risk-sharing. These increases were partially offset by decreases in the allowance of $7 million and $11 million for the respective periods resulting from improved experience in recovering unpaid guarantees on defaulted student loans. Once a student loan is charged off as a result of an unpaid claim, it is the Company's policy to continue to pursue the recovery of principal and interest.

Management believes that the allowance for student loan losses is adequate to cover anticipated losses in the on-balance sheet student loan portfolio. This evaluation is inherently subjective, however, as it requires material estimates that may be susceptible to significant changes.

AVERAGE BALANCE SHEETS

The following table reflects the rates earned on earning assets and paid on liabilities for the three and nine months ended September 30, 1997 and 1996. Managed net interest margin includes net interest income plus gains on securitization sales and servicing and securitization income divided by average managed assets.

	THREE MONTHS ENDED SEPTEMBER 30,			
	1997		1996	
	BALANCE	RATE	BALANCE	RATE
AVERAGE ASSETS				
Student loans..........................	$ 31,467	7.65%	$ 32,543	7.90%
Warehousing advances...................	2,400	6.02	3,012	6.05
Academic facilities financings.........	1,436	8.27	1,575	8.40
Investments............................	9,659	6.06	9,456	5.82
Total interest earning assets..............	44,962	7.24%	46,586	7.38%
Non-interest earning assets................	2,107		1,908	
Total assets...............................	$ 47,069		$ 48,494	
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY				
Six month floating rate notes.............	$ 2,804	5.43%	$ 2,287	5.49%
Other short-term borrowings..............	23,418	5.52	18,940	5.48
Long-term notes..........................	18,552	5.92	25,016	5.61
Total interest bearing liabilities..........	44,774	5.68%	46,243	5.55%
Non-interest bearing liabilities...........	1,483		1,450	
Stockholders' equity.......................	812		801	
Total liabilities and stockholders' equity..	$ 47,069		$ 48,494	
Net interest margin........................		1.58%		1.86%
Managed net interest margin................		2.75%		1.89%

	NINE MONTHS ENDED SEPTEMBER 30,			
	1997		1996	
	BALANCE	RATE	BALANCE	RATE
AVERAGE ASSETS				
Student loans	$ 32,681	7.69%	$ 33,304	7.90%
Warehousing advances	2,558	5.99	3,351	6.09
Academic facilities financings	1,440	8.38	1,479	8.46
Investments	10,287	6.05	9,381	5.88
Total interest earning assets	46,966	7.26%	47,515	7.39%
Non-interest earning assets	1,991		1,841	
Total assets	$ 48,957		$ 49,356	
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY				
Six month floating rate notes	$ 2,902	5.45%	$ 2,498	5.44%
Other short-term borrowings	23,965	5.49	17,491	5.43
Long-term notes	19,807	5.70	27,089	5.57
Total interest bearing liabilities	46,674	5.58%	47,078	5.51%
Non-interest bearing liabilities	1,466		1,466	
Stockholders' equity	817		812	
Total liabilities and stockholders' equity	$ 48,957		$ 49,356	
Net interest margin		1.72%		1.93%
Managed net interest margin		2.25%		1.97%

The decrease in net interest margin for the three and nine months ended September 30, 1997 from the three and nine months ended September 30, 1996 is mainly due to increased OBRA fees, lower average student loan assets as loans were securitized, the writeoff of deferred hedge losses, increased student loan reserves and lower floor revenues offset by the increased revenues from the amortization of upfront payments received from student loan floor contracts. See "--Rate/Volume Analysis." The decrease in the managed net interest margin for the three and nine months ended September 30, 1997 from the three and nine months ended September 30, 1996 is due to the factors mentioned above for the net interest margin, offset by the reversal of the reserve for offset fees of $97 million, the increase in the gains from securitization, exclusive of the reserve reversal for offset fees, of $54 million and $99 million, respectively, and the increase in servicing and securitization income of $27 million and $68 million, respectively.

FUNDING COSTS

The Company's borrowings are generally variable rate indexed principally to the 91-day Treasury bill rate. The following table summarizes the average balance of debt (by index after giving effect to the impact of interest rate swaps) for the three and nine months ended September 30, 1997 and 1996.

	THREE MONTHS ENDED SEPTEMBER 30,			
	1997		1996	
INDEX	AVERAGE BALANCE	AVERAGE RATE	AVERAGE BALANCE	AVERAGE RATE
Treasury bill, principally 91-day	$ 31,722	5.51%	$34,627	5.56%
LIBOR	6,684	5.58	7,178	5.36
Discount notes	4,870	5.53	3,292	5.40
Fixed	654	6.99	682	6.91
Zero coupon	137	11.12	123	11.15
Other	707	5.21	341	4.21
Total	$ 44,774	5.68%	$46,243	5.55%

INDEX	NINE MONTHS ENDED SEPTEMBER 30, 1997 AVERAGE BALANCE	1997 AVERAGE RATE	1996 AVERAGE BALANCE	1996 AVERAGE RATE
Treasury bill, principally 91-day	$33,145	5.51%	$35,458	5.50%
LIBOR	6,471	5.48	7,998	5.38
Discount notes	5,623	5.46	2,484	5.36
Fixed	667	7.03	734	6.78
Zero coupon	134	11.12	122	11.12
Other	634	5.14	282	4.85
Total	$46,674	5.58%	$47,078	5.51%

In the above table, for the three months ended September 30, 1997 and 1996, spreads for Treasury bill-indexed borrowings averaged .22 percent and .24 percent, respectively, over the weighted average Treasury bill rates for the same periods and spreads for London Interbank Offered Rate ("LIBOR")-indexed borrowings averaged .25 percent and .27 percent, respectively, under the weighted average LIBOR rates.

In the above table, for the nine months ended September 30, 1997 and 1996, spreads for Treasury bill-indexed borrowings averaged .24 percent and .25 percent, respectively, over the weighted average Treasury bill rates for the same periods and spreads for LIBOR-indexed borrowings averaged .25 percent and .27 percent, respectively, under the weighted average LIBOR rates.

RATE/VOLUME ANALYSIS

The Rate/Volume Analysis below shows the relative contribution of changes in interest rates and asset volumes.

	TAXABLE EQUIVALENT INCREASE (DECREASE)	INCREASE (DECREASE) ATTRIBUTABLE TO CHANGE IN RATE	VOLUME
THREE MONTHS ENDED SEPTEMBER 30, 1997 VS. THREE MONTHS ENDED SEPTEMBER 30, 1996			
Taxable equivalent interest income	$ (43)	$ (15)	$ (28)
Interest expense	(5)	21	(26)
Taxable equivalent net interest income	$ (38)	$ (36)	$ (2)

	TAXABLE EQUIVALENT INCREASE (DECREASE)	INCREASE (DECREASE) ATTRIBUTABLE TO CHANGE IN RATE	VOLUME
FIRST NINE MONTHS OF 1997 VS. FIRST NINE MONTHS OF 1996			
Taxable equivalent interest income	$ (78)	$ (43)	$ (35)
Interest expense	5	34	(29)
Taxable equivalent net interest income	$ (83)	$ (77)	$ (6)

The $36 million decrease in taxable equivalent net interest income attributable to the change in rates for the three months ended September 30, 1997 was principally due to the $13 million write-off of deferred hedge losses in the 1997 third quarter, increased student loan reserves, exclusive of the increase in reserves for risk-sharing, of $9 million and increased OBRA costs of $6 million.

The $77 million decrease in taxable equivalent net interest income attributable to the change in rates in the first nine months of 1997 was principally due to increased OBRA costs of $16 million, a decrease of $16 million in student loan revenue due to yield reductions in the form of lower SAP rates, the decrease of $14 million in floor revenues (net of payments under the floor contracts) in the first nine months of 1997 versus 1996, the $13 million write-off of deferred hedge losses, the impact of student loan participations on the student loan spread of $11 million, and the increase in student loan reserves, exclusive of the increase in the reserves for risk-sharing, of $5 million. Offsetting the decreases in taxable equivalent net interest income were $12 million of increased revenues from the amortization of the upfront payments received from student loan floor contracts.

OPERATING EXPENSES

Operating expenses include general and administrative costs, costs incurred to service the Company's managed student loan portfolio and operational costs incurred in the process of acquiring student loan portfolios. Total operating expenses as a percentage of average managed student loans were 164 basis points and 106 basis points for the three months ended September 30, 1997 and 1996, respectively, and 127 basis points and 109 basis points for the nine months ended September 30, 1997 and 1996, respectively. The increases were due principally to the one-time costs of $64 million incurred in the 1997 third quarter for expenses and asset writedowns in connection with the reorganization of the Company to a privatized entity and to the change in business strategies being implemented by the new management ($49 million to corporate operating expenses and $15 million to servicing costs). Operating expenses are summarized in the following tables:

	THREE MONTHS ENDED SEPTEMBER 30, 1997		
	CORPORATE	SERVICING AND ACQUISITION	TOTAL
Salaries and employee benefits	$ 31	$ 41	$ 72
Occupancy and equipment	12	27	39
Professional fees	7	6	13
Advertising and promotion	2	--	2
Office operations	2	8	10
Other	25	4	29
Total internal operating expenses	79	86	165
Third party servicing costs	--	8	8
Total operating expenses	$ 79	$ 94	$ 173

	THREE MONTHS ENDED SEPTEMBER 30, 1996		
	CORPORATE	SERVICING AND ACQUISITION	TOTAL
Salaries and employee benefits	$ 17	$ 34	$ 51
Occupancy and equipment	6	14	20
Professional fees	4	2	6
Advertising and promotion	1	--	1
Office operations	2	9	11
Other	2	1	3
Total internal operating expenses	32	60	92
Third party servicing costs	--	8	8
Total operating expenses	$ 32	$ 68	$ 100

	THREE MONTHS ENDED SEPTEMBER 30,		INCREASE/(DECREASE)	
	1997	1996	$	%
Servicing costs	$ 74	$ 51	$ 23	46%
Acquisition costs	20	17	3	17
Total servicing and acquisition costs	$ 94	$ 68	$ 26	39%

	NINE MONTHS ENDED SEPTEMBER 30, 1997		
	CORPORATE	SERVICING AND ACQUISITION	TOTAL
Salaries and employee benefits. . . .	$ 62	$ 113	$ 175
Occupancy and equipment	21	57	78
Professional fees	19	14	33
Advertising and promotion	7	--	7
Office operations	6	21	27
Other	32	9	41
Total internal operating expenses . .	147	214	361
Third party servicing costs	--	29	29
Total operating expenses.	$ 147	$ 243	$ 390
Employees at end of the period. . . .	562	4,177	4,739

	NINE MONTHS ENDED SEPTEMBER 30, 1996		
	CORPORATE	SERVICING AND ACQUISITION	TOTAL
Salaries and employee benefits . . .	$ 51	$ 102	$ 153
Occupancy and equipment	19	44	63
Professional fees	10	6	16
Advertising and promotion	4	--	4
Office operations	6	24	30
Other	7	--	7
Total internal operating expenses . .	97	176	273
Third party servicing costs	--	26	26
Total operating expenses	$ 97	$ 202	$ 299
Employees at end of the period. . . .	743	3,941	4,684

	NINE MONTHS ENDED SEPTEMBER 30,		INCREASE/(DECREASE)	
	1997	1996	$	%
Servicing costs	$ 195	$152	$ 43	28%
Acquisition costs	48	50	(2)	(3)
Total servicing and acquisition costs	$ 243	$202	$ 41	20%

In the three months and nine months ended September 30, 1997, corporate operating expenses increased by $47 million and $50 million, respectively, over the corresponding year-ago periods. As mentioned above, the increase can be attributed to the one-time charges of $49 million that relate to the Reorganization of the Company. Specifically, these charges are related to: privatization costs ($17 million), severance costs as a result of staff reductions ($16 million), costs associated with the consolidation of staff located in the metropolitan Washington D.C. area ($8 million), write-down of various non-student loan assets ($5 million) and costs associated with the proxy contest ($3 million). In the three and nine months ended September 30, 1997, servicing expenses increased by $23 million and $43 million, respectively, over the corresponding year-ago periods. These increases were due to $15 million in a one-time write-down of servicing assets ($11 million) and severance costs as a result of staff reductions ($4 million) related to the third quarter Reorganization of the Company and to an increase in the number of loans serviced. Also contributing to the increase for the nine months ended September 30, 1997 over the corresponding year-ago period was a one-time cost of $8 million in connection with the early transfer of loans from a third party servicer to Sallie Mae Servicing Corporation ("SMSC"), a wholly owned subsidiary of the Company.

Servicing costs include all operations and systems costs incurred to service the Company's portfolio of managed student loans, including fees paid to third party servicers. The 1992 legislated expansion of student eligibility and increases in loan limits resulted in higher average student loan balances, which generally command a higher price in the secondary market and contribute to lower servicing costs as a percentage of the average balance of managed student loans. When expressed as a percentage of the managed student loan portfolio, servicing costs averaged 70 basis points and 54 basis points for the three months ended September 30, 1997 and 1996, respectively, and 64 basis points and 56 basis points for the nine months ended September 30, 1997 and 1996, respectively. These increases were due principally to the one-time costs discussed above, without which servicing costs for the three and nine months ended September 30, 1997 would have been 54 basis points and 56 basis points, respectively.

Loan acquisition costs are principally costs incurred under the ExportSS(R) loan origination and administration service, the costs of converting newly acquired portfolios onto the Company's servicing platform or that of a third party servicer and costs of loan consolidation activities. Student loans added to the ExportSS(R) pipeline, which represent loan volume serviced by and committed for sale to the Company, totaled $1.3 billion during the three months ended September 30, 1997, up slightly from $1.2 billion in the three months ended September 30, 1996. For each of the nine month periods ended September 30, 1997 and 1996, $3.0 billion of student loans were added to the ExportSS(R) pipeline. The outstanding portfolio of loans serviced for ExportSS(R) lenders totaled $3.8 billion at September 30, 1997, unchanged from September 30, 1996.

FEDERAL AND STATE TAXES

The Company maintains a portfolio of tax-advantaged assets principally to support education-related financing activities. That portfolio was primarily responsible for the decrease in the effective federal income tax rate from the statutory rate of 35 percent to 33 percent and 29 percent for the three months ended September 30, 1997 and 1996, respectively, and to 32 percent and 30 percent in the first nine months of 1997 and 1996, respectively. The increase in the effective tax rate for the three months ended September 30, 1997 was due mainly to certain privatization charges which are not deductible for tax purposes. The GSE is exempt from all state, local, and District of Columbia income, franchise, sales and use, personal property and other taxes, except for real property taxes. This tax exemption is effective only at the GSE level. As a result of the Reorganization, the Company's GSE and non-GSE activities are separated and non-GSE activities are subject to state and local taxation. State taxes are expected to be immaterial in 1997 as the majority of the Company's business activities will relate to the GSE. As increasing business activities occur outside of the GSE, the effects of state and local taxes are expected to increase accordingly. When fully phased in, management estimates that the Company's effective tax rate will be increased by approximately five percentage points. In addition, state and local sales and property taxes ultimately are expected to increase operating expenses by approximately two to three percent.

LIQUIDITY AND CAPITAL RESOURCES

In the three months ended September 30, 1997, student loan purchases totaled $2.3 billion, up 27 percent from the $1.8 billion purchased in the three months ended September 30, 1996. Included in the $2.3 billion of purchases was approximately $80 million of student loan participations from the Company's joint venture with The Chase Manhattan Bank (the "Chase Joint Venture").

In each of the nine months periods ended September of 1997 and 1996, student loan purchases totaled $6.4 billion. Included in the $6.4 billion of 1997 student loan purchases was approximately $671 million of student loan participations from the Chase Joint Venture. Approximately two-thirds of non-joint venture purchase volume in both the three and nine months ended September 30, 1997 was derived from the Company's base of commitment clients, particularly those who used the ExportSS(R) loan origination service. The GSE secures financing to fund the purchase of insured student loans along with its other operations by issuing debt securities in the domestic and overseas capital markets, through public offerings and private placements of U.S. dollar-denominated and foreign currency-denominated debt of varying maturities and interest rate characteristics and through securitizations of its student loan. The GSE's debt securities are currently rated at the highest credit rating level by Moody's Investors Service and Standard & Poor's. Historically, the rating agencies' ratings of the GSE have been largely a factor of its status as a government-sponsored enterprise.

The Privatization Act effectively requires that the GSE maintain a minimum statutory capital adequacy ratio (the ratio of stockholders' equity to total assets plus 50 percent of the credit equivalent amount of certain off-balance sheet items) of at least 2 percent until January 1, 2000 and 2.25 percent thereafter or be subject to certain "safety and soundness" requirements designed to restore such statutory ratio. Management anticipates being able to fund the increase in required capital from the GSE's current and retained earnings. At September 30, 1997, the GSE's statutory capital adequacy ratio was 2.75 percent. In addition, the Privatization Act now requires management, before the payment of dividends by the GSE, to certify to the Secretary of the Treasury that, after giving effect to the payment of dividends, the statutory capital ratio test would have been met at the time the dividend was declared.

The Company uses interest rate and foreign currency swaps (collateralized where appropriate), purchases of U.S. Treasury securities and other hedging techniques to reduce the exposure to interest rate and currency fluctuations that arise from its financing activities and to match the characteristics of its variable interest rate-earning assets (See "Interest Rate Risk Management"). During the first nine months of 1997, the Company issued $3.4 billion of long-term notes to refund maturing and repurchased obligations. At September 30, 1997, the Company had $16.5 billion of outstanding long-term debt issues of which $11.5 billion had stated maturities that could be accelerated through call provisions. The GSE has, in the past, also issued adjustable rate cumulative preferred stock, common stock, common stock warrants and puts, and subordinated debentures convertible to common stock, to diversify its funding sources. The Company also obtains funding through a bank line of credit.

During the first nine months of 1997, the Company repurchased 4.1 million shares of its common stock, leaving 50.5 million shares outstanding at September 30, 1997. For the past few years the GSE has operated near the statutory minimum capital ratio of 2.00 percent of risk-adjusted assets required under its charter. Capital in excess of such amounts has been used to repurchase common shares. During 1997, management anticipates using current earnings to repurchase 7 to 9 percent of the shares outstanding at the beginning of the year. In September 1997, the Company's Board of Directors authorized management to repurchase up to five million shares of the Company's common stock as part of its on-going share repurchase plan.

SECURITIZATION

The GSE uses securitizations of student loans to reduce its on-balance sheet funding needs. The GSE completed a $2.6 billion securitization transaction during the three months ended September 30, 1997, bringing the total amount securitized in the first nine months of 1997 to $7.1 billion. Management believes that securitizations will grow in importance as a source of funding for the Company.

CASH FLOWS

For the three months ended September 30, 1997, cash and cash equivalents decreased $2.1 billion, bringing the ending balance at September 30, 1997 to $92 million, compared to $486 million at September 30, 1996. The $2.1 billion decrease in cash and cash equivalents was mainly due to additional capital being temporarily invested in cash equivalent securities in the second quarter of 1997 as a result of the temporary restriction on the Company's share repurchase activity in connection with the proxy contest. For the three months ended September 30, 1997, the Company used the proceeds from the $2.6 billion student loan securitization, the $2.1 billion from the decrease in cash and cash equivalents and the proceeds from the net decrease in investments of $1.7 billion to fund the net repayment of debt of $4.8 billion, the $2.3 billion purchase of student loans and the $330 million repurchase of the Company's common stock.

In the first nine months of 1997, operating activities provided net cash inflows of $454 million, an increase of $488 million from the net cash outflows of $33 million in the first nine months of 1996. This increase was mainly due to the increase in other liabilities of $273 million in the first nine months of 1997. The Company used the proceeds from student loan securitizations of $7.1 billion, repayments and claim payments of $2.7 billion, and the net proceeds from sales of investments of $745 million to purchase student loans and participations of $6.4 billion, to retire debt of $4.6 billion and to repurchase $531 million of the Company's common stock. As student loans are securitized the need for long-term financing of these assets on balance sheet decreases.

INTEREST RATE RISK MANAGEMENT

The Company's principal objective in financing its loan assets is to minimize its sensitivity to changing interest rates by matching the interest rate characteristics of borrowings to specific assets in order to lock in spreads. The Company funds its floating rate loan assets (most of which have weekly rate resets) with variable rate debt and fixed rate debt converted to variable rates with interest rate swaps. To achieve a more precise match of interest rate characteristics between loan assets and their related liabilities, the Company has effectively converted some of its variable rate debt to a different variable rate index with interest rate swaps. At September 30, 1997, $19.3 billion of fixed rate debt and $2.1 billion of variable rate debt were matched with interest rate swaps and foreign currency agreements. Fixed rate debt at September 30, 1997 also funded fixed rate warehousing advances and academic facilities financings. Investments were funded on a "pooled" approach, i.e., the pool of liabilities that funds the investment portfolio has an average rate and maturity or reset date that corresponds to the average rate and maturity or reset date of the investments which they fund.

In both its match funding activities for its loan assets and its pool funding activities for its investments, the Company enters into various financial instrument contracts in the normal course of business to reduce interest rate risk and foreign currency exposure on certain of its borrowings. These financial instrument contracts include interest rate swaps, interest rate cap and collar agreements, foreign currency swaps, forward currency exchange agreements, options on currency exchange agreements, options on securities, and financial futures contracts.

In the table below the Company's variable rate assets and liabilities are categorized by reset date of the underlying index. Fixed rate assets and liabilities are categorized based on their maturity dates. An interest rate gap is the difference between volumes of assets and volumes of liabilities maturing or repricing during specific future time intervals. Nonperforming loans are included in the analysis based on their underlying interest rate characteristics. The following gap analysis reflects rate-sensitive positions at September 30, 1997 and is not necessarily reflective of positions that existed throughout the period.

	INTEREST RATE SENSITIVITY PERIOD		
	3 MONTHS OR LESS	3 MONTHS TO 6 MONTHS	6 MONTHS TO 1 YEAR
ASSETS			
Student loans	$ 27,780	$ 92	$ 2,529
Warehousing advances	2,399	21	2
Academic facilities financings	114	9	14
Cash and investments	4,727	4	37
Other assets	--	--	--
Total assets	35,020	126	2,582
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short-term borrowings	15,467	2,507	6,015
Long-term notes	5,633	257	--
Other liabilities	--	--	--
Minority interest in subsidiary	--	--	--
Stockholders' equity	--	--	--
Total liabilities and stockholders' equity . .	21,100	2,764	6,015
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS			
Interest rate swaps	13,983	(2,697)	(2,078)
Period gap	$ (63)	$ 59	$(1,355)
Cumulative gap	$ (63)	$ (4)	$(1,359)
Ratio of cumulative gap to total assets	.1%	--%	3.2%
Ratio of interest-sensitive assets to interest-sensitive liabilities	166.0%	4.6%	42.9%

	INTEREST RATE SENSITIVITY PERIOD		
	1 TO 2 YEARS	2 TO 5 YEARS	OVER 5 YEARS
ASSETS			
Student loans	$ --	$ --	$ --
Warehousing advances	1	--	19
Academic facilities financings	41	330	908
Cash and investments	34	185	1,805
Other assets	--	--	1,967
Total assets	76	515	4,699
LIABILITIES AND STOCKHOLDERS' EQUITY			
Short-term borrowings	--	--	--
Long-term notes	2,970	7,036	646
Other liabilities	--	--	1,586
Minority interest in subsidiary	--	--	214
Stockholders' equity	--	--	687
Total liabilities and stockholders' equity . .	2,970	7,036	3,133
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS			
Interest rate swaps	(3,042)	(6,924)	758
Period gap	$ 148	$ 403	$ 808
Cumulative gap	$(1,211)	$ (808)	$ --
Ratio of cumulative gap to total assets	2.8%	1.9%	--%
Ratio of interest-sensitive assets to interest-sensitive liabilities	2.6%	7.3%	422.9%

In low interest rate environments, floor revenues on student loans cause the margins on these loans to widen beyond the locked-in spreads. See "-- Results of Operations -- Student Loan Floor Revenues." Such loans continue to be classified in the three months or less category in the table above, reflecting the fact that as interest rates rise these assets will resume their weekly rate reset.

The weighted average remaining terms to maturity of the Company's earning assets and borrowings at September 30, 1997 were 6.0 years and 1.5 years, respectively. The following table reflects the average terms to maturity for the Company's earning assets and liabilities at September 30, 1997:

	AVERAGE TERMS TO MATURITY (IN YEARS)
EARNING ASSETS	
Student loans	6.0
Warehousing advances	3.5
Academic facilities financings .	7.5
Cash and investments	5.0
Total earning assets	6.0
BORROWINGS	
Short-term borrowings	.5
Long-term borrowings	3.0
Total borrowings	1.5

In the above table, Treasury receipts and variable rate asset-backed securities, although generally liquid in nature, extend the weighted average remaining term to maturity of cash and investments to 5.0 years. As loans are securitized, the need for long-term on-balance sheet financing will decrease.

MINORITY INTEREST

Upon the Reorganization on August 7, 1997, each outstanding share of common stock of the GSE was converted into one share of common stock of SLM Holding. The GSE's preferred stock was not affected by the Reorganization and remains outstanding. The outstanding preferred stock is reflected as a minority interest in the consolidated financial statements. The financial statements for prior periods have been restated to reflect this change.

The GSE's preferred stock dividends are cumulative and payable quarterly at 4.50 percentage points below the highest yield of certain long-term and short-term United States Treasury obligations. The dividend rate for any dividend period will not be less than 5 percent per annum nor greater than 14 percent per annum. For each of the three month periods ended September 30, 1997 and 1996, the preferred dividend rate was 5.00 percent and reduced net income by $2.7 million and for each of the nine month periods ended September 30, 1997 and 1996, the preferred stock dividend rate was also 5.00 percent and reduced net income by $8.0 million. The Privatization Act requires that on the dissolution date of September 30, 2008, the GSE shall repurchase or redeem, or make proper provisions for repurchase or redemption of any outstanding preferred stock. The Company has the option of effecting an earlier dissolution of the GSE if certain conditions are met.

OTHER RELATED EVENTS AND INFORMATION

STATUS OF DIRECT LENDING

As of September 30, 1997, approximately 1,529 colleges and universities were participating in the Federal Direct Student Loan Program ("FDSLP") for the 1996-97 academic year. The FDLSP had a legislated market share goal of 50 percent for the 1996-1997 academic year. Based on DOE reports, management estimates that the FDSLP accounted for approximately 32 percent of total student loan originations for the 1996-97 academic year. The FDSLP accounted for approximately 30 percent of total student loan volume in the 1995-96 academic year, up from approximately 7 percent in the 1994-95 academic year.

In recent years as the FDSLP has grown, the volume of loans originated by banks and other participants under the FFELP has been adversely impacted. Historically, the GSE has purchased the majority of its student loans as they near the repayment phase which commences after a borrower leaves school. On average there is a two to three year lag between the date a loan is originated and the date it enters repayment. This lag has delayed the adverse affect of FDSLP originations on the GSE's purchases of student loans. Management expects that as the volume of FDSLP loans reaching the repayment phase increases, the GSE's percentage share of the overall student loan market will decline. In 1994, the DOE began to offer existing FFELP borrowers the opportunity to refinance FFELP loans into FDSLP loans. As of September 30, 1997, approximately $697 million of FFELP loans owned by the GSE have been accepted for refinancing into FDSLP loans. Approximately $485 million have been refinanced into FDSLP loans with the remainder awaiting disbursement by the federal government.

OBRA provides for a change in the borrower interest rate and the Special Allowance Payment for certain FFELP loans made on or after July 1, 1998. The new rates are scheduled to be based on the U.S. Treasury security with a "comparable maturity" plus 1.0 percent. The Secretary of Education has not yet proposed regulations specifying the U.S. Treasury security on which the SAP rate will be based or details on setting the SAP rate. Management believes that the "comparable maturity" security will be the 10-year Treasury Note. Depending on the specifics of the regulations, these changes could adversely impact the FFELP market and the Company's business because the availability and costs of funding to support this new type of instrument are uncertain. Representatives of the student loan industry are in discussions with members of Congress concerning possible legislative modification of this OBRA provision.

OBRA also requires the GSE to act as a lender of last resort to make FFELP loans when other private lenders are not available. Such loans receive a 100 percent guarantee and are not subject to the 30 basis point offset fee on loans held by the GSE. If the Secretary of Education determines that the GSE is not adequately implementing this provision, the offset fee paid by the GSE could be increased from 30 basis points to 100 basis points.

Legislated expansion of student eligibility as well as increases in student and parent loan limits have increased the volume of national loan originations. FFELP originations rose nearly 30 percent year-to-year to about $21 billion for the 1994 federal fiscal year ended September 30, 1994. During the 1995 federal fiscal year, FFELP originations declined to $19 billion due to FDSLP originations totaling $5 billion. Although FFELP originations declined in the 1996 federal fiscal year to $18 billion, management expects, based on DOE reports, that FFELP originations will increase to $19 billion in the 1997 federal fiscal year. In the meantime, however, the competition for FFELP loans has intensified at both the originating and secondary market levels due mainly to the reduced volume and to securitization of student loans, which has developed into a significant funding alternative for FFELP lenders.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("FAS") No. 128, "Earnings Per Share", which is required to be adopted for years ending on or after December 15, 1997. At that time, the Company will be required to change the method used to compute earnings per share and to restate all prior periods. Under the new requirements for calculating primary earnings per share, the dilutive effect of stock options will be excluded. The adoption is expected to have no material impact on the Company's reported earnings per share.

In June 1997, the Financial Accounting Standards Board FAS No. 130, "Reporting Comprehensive Income", which is effective for periods after December 15, 1997. FAS 130 establishes standards for reporting and displaying of comprehensive income in a full set of general purpose financial statements. The Company is currently evaluating the effect of this pronouncement on its financial statement presentation and disclosure.

PART II--OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On April 29, 1997, U.S. District Court Judge Stanley Sporkin ordered the Department of Education ("DOE") to decide by July 31, 1997 its final position on the application of the offset fee to loans that the Student Loan marketing Association ("GSE") has securitized. On July 23, 1997, the DOE decided that the 30 basis point annual offset fee that the GSE is required to pay on student loans that it owns does not apply to student loans that the GSE has securitized. Based upon this favorable determination in this matter, the contingent gain of approximately $97 million pre-tax that had been held in reserve pending the final outcome of the case was released and recognized in income in the third quarter of 1997. All future securitization gains will be calculated without consideration of the offset fee. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - - Three and Nine Months Ended September 30, 1997 and 1996 - - Results of Operations -- Securitization".

ITEM 2. CHANGES IN SECURITIES.

Pursuant to the Privatization Act, as of the effective date of the Reorganization, the Company issued to the D.C. Financial Control Board warrants to purchase 555,015 shares of SLM Holding Common Stock at $72.43 per share, subject to certain antidilution adjustments. The warrants expire on September 30, 2008. The Company did not receive any proceeds for issuance of the warrants. The warrants were required to be issued pursuant to the federal legislation and in addition were issued, and upon exercise shares of the Company's Common Stock will be issued, in reliance upon the exemption provided under Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"). The Company has agreed to file a registration statement under the Securities Act registering resale of shares issued upon exercise of the warrants.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Nothing to report.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

(a) On July 31, 1997, a Special Meeting of Shareholders (the "Special Meeting") of the Student Loan Marketing Association, a federally-chartered government sponsored enterprise, was held at which the GSE's shareholders (1) approved and adopted an Agreement and Plan of Reorganization providing for the reorganization (the "Reorganization") of the GSE into a subsidiary of the Registrant (the "Reorganization Proposal") and (2) selected a slate of 15 nominees to be appointed as the initial board of directors of the Registrant (the "Board Slate Proposal"). On August 1, 1997 the slate selected by the GSE's shareholders was appointed as the initial board of directors of the Registrant and on August 7, 1997, the Reorganization was consummated.

(b) The names of the directors selected by the GSE's shareholders and appointed as members of the initial board of directors of the Registrant are as follows:

Edward A. Fox, Chairman	Benjamin J. Lambert, III
Albert L. Lord, Vice Chairman	Marie V. McDemmond
James E. Brandon	Barry A. Munitz
Charles L. Daley	A. Alexander Porter, Jr.
Thomas J. Fitzpatrick	Wolfgang Schoellkopf
Diane S. Gilleland	Steven L. Shapiro
Ann Torre Grant	Randolph H. Waterfield, Jr.
Ronald F. Hunt	

(c) Set forth below is a summary of the votes cast for and against, as well as the number of abstentions(1), as to each of the Reorganization Proposal and the Board Slate Proposal (there was no separate tabulation with respect to each nominee for office as shareholders selected a slate of directors to be appointed):

Reorganization Proposal	
For	43,711,713
Against	53,777
Abstain	80,356

Board Slate Proposal	
Majority Director Slate	18,106,316
CRV Director Slate	25,478,872
Abstain	260,658

(d) There was no settlement between the Registrant and any other participant terminating any solicitation subject to Rule 14a-11.

ITEM 5. OTHER INFORMATION.

Nothing to report.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27 Financial Data Schedule

(b) Reports on Form 8-K

The following reports on From 8-K were filed with the Securities and Exchange Commission during the Quarter ended September 30, 1997:

DATE	ITEMS REPORTED	FINANCIAL STATEMENTS FILED
8/14/97	Reporting the reorganization of the Student Loan Marketing Association, a federally-chartered government sponsored enterprise (the "GSE"), into a wholly-owned subsidiary of the Registrant.	None (financial statements for the GSE for the periods specified in 17 C.F.R. Section 210-3.05 were filed by amendment on 10/21/97)

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(1) Broker non-votes can not be calculated as both proposals were non-routine matters.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SLM HOLDING CORPORATION
(Registrant)

November 14, 1997	/s/ Mark G. Overend
Date	Mark G. Overend Vice President & Chief Financial Officer (Principal Financial and Accounting Officer and Duly Authorized Officer)

9-MOS
DEC-31-1997
SEP-30-1997
62,817
0
29,300
0
7,029,722
564,491
564,507
33,364,891
90,091
43,018,179
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0
10,476
677,310
43,018,179
2,027,817
496,046
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2,523,863
0
1,947,034
576,829
18,750
13,755
389,787
563,211
377,511
(2,264)
0
375,247
7.09
7.09
1.72
0
950,000
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0
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18,283
5,561
90,091
90,091
0
0