UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

/X/
Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999 OR

/ /
Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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 (State or other jurisdiction of incorporation or organization)	52-2013874 (I.R.S. Employer Identification No.)
11600 SALLIE MAE DRIVE, RESTON, VIRGINIA (Address of principal executive offices)	20193 (Zip Code)

Registrant's telephone number, including area code: (703) 810-3000

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 JUNE 30, 1999
Common Stock, $.20 par value	160,907,908 shares

SLM HOLDING CORPORATION

FORM 10-Q

INDEX

JUNE 30, 1999

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	JUNE 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
ASSETS		
Student loans	$ 31,820,195	$ 28,282,505
Warehousing advances	1,199,456	1,542,732
Academic facilities financings		
Bonds-available-for-sale	685,104	734,994
Loans	422,580	445,418
Total academic facilities financings	1,107,684	1,180,412
Investments		
Available-for-sale	2,914,148	3,306,972
Held-to-maturity	622,431	683,452
Total investments	3,536,579	3,990,424
Cash and cash equivalents	54,993	115,912
Other assets, principally accrued interest receivable	2,139,980	2,098,024
Total assets	$ 39,858,887	$ 37,210,009
LIABILITIES		
Short-term borrowings	$ 32,030,251	$ 26,588,504
Long-term notes	5,929,143	8,810,597
Other liabilities	1,026,227	943,399
Total liabilities	38,985,621	36,342,500
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, 184,976,111 and 184,453,866 shares issued, respectively	36,995	36,891
Additional paid-in capital	34,964	26,871
Unrealized gains on investments (net of tax of $178,216 and $200,167, respectively)	330,973	371,739
Retained earnings	1,249,278	1,060,334
Stockholders' equity before treasury stock	1,652,210	1,495,835
Common stock held in treasury at cost: 24,068,203 and 20,327,213 shares, respectively	992,827	842,209
Total stockholders' equity	659,383	653,626
Total liabilities and stockholders' equity	$ 39,858,887	$ 37,210,009

See accompanying notes to consolidated financial statements.

SLM HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(DOLLARS AND SHARES IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
INTEREST INCOME:				
Student loans	$ 570,742	$ 535,721	$ 1,092,148	$ 1,104,540
Warehousing advances	18,403	27,718	40,259	58,133
Academic facilities financings:				
Taxable	10,196	11,250	20,089	22,603
Tax-exempt	8,867	10,436	18,126	21,507
Total academic facilities financings	19,063	21,686	38,215	44,110
Investments	50,019	76,910	102,970	168,192
Total interest income	658,227	662,035	1,273,592	1,374,975
INTEREST EXPENSE:				
Short-term debt	402,922	318,810	757,713	666,768
Long-term debt	82,599	176,907	185,521	367,312
Total interest expense	485,521	495,717	943,234	1,034,080
Net interest income	172,706	166,318	330,358	340,895
Less: provision for losses	13,029	2,183	20,665	11,677
Net interest income after provision for losses	159,677	164,135	309,693	329,218
OTHER INCOME:				
Gains on sales of student loans	7,913	56,894	7,913	117,068
Servicing and securitization revenue	80,762	62,509	166,633	115,373
Gains/(losses) on sales of securities	1,090	3,405	1,073	5,799
Other	21,866	22,997	42,651	41,948
Total other income	111,631	145,805	218,270	280,188
OPERATING EXPENSES:				
Salaries and benefits	44,950	49,327	89,110	98,126
Other	41,460	44,405	83,568	86,468
Total operating expenses	86,410	93,732	172,678	184,594
Income before income taxes and minority interest in net earnings of subsidiary	184,898	216,208	355,285	424,812
INCOME TAXES:				
Current	46,114	70,452	163,069	140,217
Deferred	12,447	(1,149)	(50,603)	(3,991)
Total income taxes	58,561	69,303	112,466	136,226
Minority interest in net earnings of subsidiary	2,674	2,674	5,347	5,347
NET INCOME	$ 123,663	$ 144,231	$ 237,472	$ 283,239
Basic earnings per share	$ .77	$ .86	$ 1.46	$ 1.67
Average common shares outstanding	161,344	168,282	162,249	169,998
Diluted earnings per share	$ .76	$ .84	$ 1.44	$ 1.64
Average common and common equivalent shares outstanding	163,803	171,108	164,736	172,593

See accompanying notes to consolidated financial statements.

SLM HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)
(UNAUDITED)

	COMMON STOCK SHARES					
	ISSUED	TREASURY	OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
BALANCE AT MARCH 31, 1998	183,923,227	(13,902,544)	170,020,683	$ 36,785	$ 22,030	$ 769,115
Comprehensive income:						
Net income						144,231
Other comprehensive income, net of tax:						
Unrealized gains (losses) on investments, net of tax						
Comprehensive income						
Cash dividends ($.14 per share)						(23,429)
Issuance of common shares	118,508		118,508	23	2,763	
Premiums on equity forward purchase contracts					(2,483)	
Repurchase of common shares		(2,663,325)	(2,663,325)			
BALANCE AT JUNE 30, 1998	184,041,735	(16,565,869)	167,475,866	$ 36,808	$ 22,310	$ 889,917
BALANCE AT MARCH 31, 1999	184,773,592	(21,896,197)	162,877,395	$ 36,955	$ 34,100	$1,149,720
Comprehensive income:						
Net income						123,663
Other comprehensive income, net of tax:						
Unrealized gains (losses) on investments, net of tax						
Comprehensive income						
Cash dividends ($.15 per share)						(24,105)
Issuance of common shares	202,519		202,519	40	7,076	
Premiums on equity forward purchase contracts					(6,212)	
Repurchase of common shares		(2,172,006)	(2,172,006)			
BALANCE AT JUNE 30, 1999	184,976,111	(24,068,203)	160,907,908	$ 36,995	$ 34,964	$1,249,278

	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL STOCKHOLDERS' EQUITY
BALANCE AT MARCH 31, 1998	$(580,199)	$ 373,701	$ 621,432
Comprehensive income:			
Net income			144,231
Other comprehensive income, net of tax:			
Unrealized gains (losses) on investments, net of tax		(2,066)	(2,066)
Comprehensive income			142,165
Cash dividends ($.14 per share)			(23,429)
Issuance of common shares			2,786
Premiums on equity forward purchase contracts			(2,483)
Repurchase of common shares	(110,091)		(110,091)
BALANCE AT JUNE 30, 1998	$(690,290)	$ 371,635	$ 630,380
BALANCE AT MARCH 31, 1999	$(903,827)	$ 343,402	$ 660,350
Comprehensive income:			
Net income			123,663
Other comprehensive income, net of tax:			
Unrealized gains (losses) on investments, net of tax		(12,429)	(12,429)
Comprehensive income			111,234
Cash dividends ($.15 per share)			(24,105)
Issuance of common shares			7,116
Premiums on equity forward purchase contracts			(6,212)
Repurchase of common shares	(89,000)		(89,000)
BALANCE AT JUNE 30, 1999	$(992,827)	$ 330,973	$ 659,383

See accompanying notes to consolidated financial statements.

SLM HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)
(UNAUDITED)

	COMMON STOCK SHARES					
	ISSUED	TREASURY	OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
BALANCE AT DECEMBER 31, 1997	183,632,694	(10,221,757)	173,410,937	$ 36,726	$ 28,838	$ 654,135
Comprehensive income:						
Net income						283,239
Other comprehensive income, net of tax:						
Unrealized gains (losses) on investments, net of tax						
Comprehensive income						
Cash dividends ($.28 per share)						(47,457)
Issuance of common shares	409,041		409,041	82	10,566	
Premiums on equity forward purchase contracts					(17,094)	
Repurchase of common shares		(6,344,112)	(6,344,112)			
BALANCE AT JUNE 30, 1998	184,041,735	(16,565,869)	167,475,866	$ 36,808	$ 22,310	$ 889,917
BALANCE AT DECEMBER 31, 1998	184,453,866	(20,327,213)	164,126,653	$ 36,891	$ 26,871	$1,060,334
Comprehensive income:						
Net income						237,472
Other comprehensive income, net of tax:						
Unrealized gains (losses) on investments, net of tax						
Comprehensive income						
Cash dividends ($.30 per share)						(48,528)
Issuance of common shares	522,245		522,245	104	17,797	
Premiums on equity forward purchase contracts					(12,201)	
Tax benefit related to employee stock option and purchase plan					2,497	
Repurchase of common shares		(3,740,990)	(3,740,990)			
BALANCE AT JUNE 30, 1999	184,976,111	(24,068,203)	160,907,908	$ 36,995	$ 34,964	$1,249,278

	TREASURY STOCK	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL STOCKHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 1997	$(423,863)	$ 378,736	$ 674,572
Comprehensive income:			
Net income			283,239
Other comprehensive income, net of tax:			
Unrealized gains (losses) on investments, net of tax		(7,101)	(7,101)
Comprehensive income			276,138
Cash dividends ($.28 per share)			(47,457)
Issuance of common shares			10,648
Premiums on equity forward purchase contracts			(17,094)
Repurchase of common shares	(266,427)		(266,427)
BALANCE AT JUNE 30, 1998	$(690,290)	$ 371,635	$ 630,380
BALANCE AT DECEMBER 31, 1998	$(842,209)	$ 371,739	$ 653,626
Comprehensive income:			
Net income			237,472
Other comprehensive income, net of tax:			
Unrealized gains (losses) on investments, net of tax		(40,766)	(40,766)
Comprehensive income			196,706
Cash dividends ($.30 per share)			(48,528)
Issuance of common shares			17,901
Premiums on equity forward purchase contracts			(12,201)
Tax benefit related to employee stock option and purchase plan			2,497
Repurchase of common shares	(150,618)		(150,618)
BALANCE AT JUNE 30, 1999	$(992,827)	$ 330,973	$ 659,383

See accompanying notes to consolidated financial statements.

SLM HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,	
	1999	1998
	(UNAUDITED)	(UNAUDITED)
OPERATING ACTIVITIES		
Net income	$ 237,472	$ 283,239
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains on sales of student loans	(7,913)	(117,068)
Provision for losses	20,665	11,677
(Increase) decrease in accrued interest receivable	(88,721)	15,432
(Decrease) in accrued interest payable	(15,309)	(21,248)
Decrease (increase) in other assets	30,835	(76,445)
Increase (decrease) in other liabilities	120,086	(113,593)
Total adjustments	59,643	(301,245)
Net cash provided by (used in) operating activities	297,115	(18,006)
INVESTING ACTIVITIES		
Insured student loans purchased	(6,451,143)	(3,852,690)
Reduction of insured student loans purchased:		
Installment payments	1,632,028	1,386,246
Claims and resales	270,064	405,839
Proceeds from securitization of student loans	1,014,982	6,035,218
Warehousing advances made	(314,279)	(468,680)
Warehousing advance repayments	657,555	829,470
Academic facilities financings made	(29,987)	(4,220)
Academic facilities financings reductions	86,546	96,961
Investments purchased	(6,168,361)	(5,908,311)
Proceeds from sale or maturity of investments	6,575,217	6,310,404
Net cash (used in) provided by investing activities	(2,727,378)	4,830,237
FINANCING ACTIVITIES		
Short-term borrowings issued	269,023,264	225,168,686
Short-term borrowings repaid	(266,841,347)	(226,700,340)
Long-term notes issued	6,422,085	3,193,882
Long-term notes repaid	(6,043,709)	(6,147,786)
Equity forward contracts and common stock issued	8,197	(6,446)
Common stock repurchased	(150,618)	(266,427)
Dividends paid	(48,528)	(47,457)
Net cash provided by (used in) financing activities	2,369,344	(4,805,888)
Net (decrease) increase in cash and cash equivalents	(60,919)	6,343
Cash and cash equivalents at beginning of period	115,912	54,022
Cash and cash equivalents at end of period	$ 54,993	$ 60,365
Cash disbursements made for:		
Interest	$ 828,418	$ 973,665
Income taxes	$ 163,500	$ 175,000

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(INFORMATION AT JUNE 30, 1999 AND 1998 AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 1999 AND 1998 IS UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

1. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of SLM Holding Corporation (the "Company") have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP 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 GAAP 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 six months ended June 30, 1999 are not necessarily indicative of the results for the year ending December 31, 1999.

2. NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities," which requires that every derivative instrument, including derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133, as amended by Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities--Deferral of Effective Date of FASB Statement No. 133," is effective for the Company's financial statements beginning January 1, 2001. SFAS 133 requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for derivative financial instruments that qualify as fair value hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the income statement and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment. Derivative financial instruments that qualify as cashflow hedges are reported as an adjustment to stockholders' equity as a component of other comprehensive income. SFAS 133 could result in increased period to period volatility in reported net income. Management is continuing to assess the potential impact of SFAS 133 on the Company's reported results of operations and financial position. The Company has not determined when it will implement the new standard.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

3. ALLOWANCE FOR LOSSES

The following table summarizes changes in the allowance for losses for the three and six months ended June 30, 1999 and 1998, respectively. Certain reclassifications have been made to the balances as of June 30, 1998 to be consistent with classifications adopted for June 30, 1999.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
BALANCE AT BEGINNING OF PERIOD	$ 298,136	$ 275,159	$ 293,185	$ 273,412
Additions				
Provisions for losses	13,029	2,183	20,665	11,677
Recoveries	748	525	3,031	1,091
Deductions				
Reductions for sales of student loans	(1,067)	(3,288)	(1,067)	(7,474)
Write-offs	(12,142)	(5,845)	(17,110)	(9,972)
BALANCE AT END OF PERIOD	$ 298,704	$ 268,734	$ 298,704	$ 268,734

4. STUDENT LOAN SECURITIZATION

Due to improving market conditions, the Company reentered the securitization market in the second quarter of 1999. For the three months ended June 30, 1999 and 1998, the Company securitized $1.0 billion and $3.0 billion, respectively, of student loans and recorded pre-tax gains of $8 million and $57 million, respectively. For the six months ended June 30, 1999 and 1998, the Company securitized $1.0 billion (in one transaction) and $6.0 billion (in two transactions), respectively, of student loans and recorded pre-tax gains of $8 million and $117 million, respectively. At June 30, 1999 and December 31, 1998, securitized student loans outstanding totaled $17.6 billion and $17.9 billion, respectively.

5. COMMON STOCK

Basic earnings per share are calculated using the weighted average number of shares of common stock outstanding during each period. Diluted earnings per share reflect the potential dilutive effect of additional common shares that are issuable upon exercise of outstanding stock options and warrants,

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

5. COMMON STOCK (CONTINUED)

determined by the treasury stock method, and equity forwards, determined by the reverse treasury stock method, as follows:

	NET INCOME	AVERAGE SHARES	EARNINGS PER SHARE
	(THOUSANDS)	(THOUSANDS)	
THREE MONTHS ENDED JUNE 30, 1999			
Basic earnings per share	$ 123,663	161,344	$ .77
Dilutive effect of stock options, warrants and equity forwards	--	2,459	(.01)
Diluted earnings per share	$ 123,663	163,803	$ .76
THREE MONTHS ENDED JUNE 30, 1998			
Basic earnings per share	$ 144,231	168,282	$ .86
Dilutive effect of stock options, warrants, and equity forwards	--	2,826	(.02)
Diluted earnings per share	$ 144,231	171,108	$ .84

	NET INCOME	AVERAGE SHARES	EARNINGS PER SHARE
	(THOUSANDS)	(THOUSANDS)	
SIX MONTHS ENDED JUNE 30, 1999			
Basic earnings per share	$ 237,472	162,249	$ 1.46
Dilutive effect of stock options, warrants and equity forwards	--	2,487	(.02)
Diluted earnings per share	$ 237,472	164,736	$ 1.44
SIX MONTHS ENDED JUNE 30, 1998			
Basic earnings per share	$ 283,239	169,998	$ 1.67
Dilutive effect of stock options, warrants, and equity forwards	--	2,595	(.03)
Diluted earnings per share	$ 283,239	172,593	$ 1.64

6. SUBSEQUENT EVENT

On July 12, 1999, the Company completed its acquisition of Nellie Mae Corporation ("Nellie Mae") by purchasing all of its issued and outstanding shares of common stock for $320 million in cash. Nellie Mae is engaged in the business of originating, purchasing and holding education loans. During the first six months of 1999, Nellie Mae originated $174 million in federally insured and privately insured education loans. Nellie Mae and its subsidiaries own a $2.6 billion education portfolio, making it the seventh largest education loan holder in the nation. The Company effected the acquisition through the GSE. A portion of Nellie Mae's business was transferred to a subsidiary of SLM Holding Corporation in which the GSE has an indirect, non-voting minority interest.

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

OVERVIEW

SLM HOLDING CORPORATION ("SLM HOLDING") WAS FORMED ON FEBRUARY 3, 1997 AS A WHOLLY OWNED SUBSIDIARY OF THE STUDENT LOAN MARKETING ASSOCIATION (THE "GSE"). ON AUGUST 7, 1997, PURSUANT TO THE STUDENT LOAN MARKETING ASSOCIATION REORGANIZATION ACT OF 1996 (THE "PRIVATIZATION ACT") AND APPROVAL BY SHAREHOLDERS OF AN AGREEMENT AND PLAN OF REORGANIZATION, THE GSE WAS REORGANIZED INTO A SUBSIDIARY OF SLM HOLDING (THE "REORGANIZATION"). SLM HOLDING IS A HOLDING COMPANY THAT OPERATES THROUGH A NUMBER OF SUBSIDIARIES INCLUDING THE GSE. REFERENCES HEREIN TO THE "COMPANY" REFER TO THE GSE AND ITS SUBSIDIARIES FOR PERIODS PRIOR TO THE REORGANIZATION AND TO SLM HOLDING AND ITS SUBSIDIARIES FOR PERIODS AFTER THE REORGANIZATION.

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. Discussions that utilize the words "anticipate," "believe," "estimate," "intend" and "expect" and similar expressions 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, which may reduce the volume, average term and costs of yields on student loans under the Federal Family Education Loan Program ("FFELP"), or may result in loans being originated or refinanced under non-FFELP programs or may affect the terms upon which banks and others agree to sell FFELP loans to the Company. The Company could also be affected by changes in the demand for educational financing or in financing preferences of lenders, educational institutions, students and their families; and changes in the general interest rate environment and in the securitization markets for student loans, which may increase the costs or limit the availability of financings necessary to initiate, purchase or carry student loans; and interruptions in the Company's or others' operations resulting from the inability of computer or other systems to process Year 2000-related information, which may impact the Company's liquidity and its ability to obtain, generate or process documents or payments received from or due to others.

Set forth below is Management's Discussion and Analysis of Financial Condition and Results of Operations of SLM Holding for the three and six months ended June 30, 1999 and 1998. This section should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations for the years ended December 31, 1996-98 presented in the Company's Annual Report on Form 10-K as filed with the Securities and Exchange Commission. All dollar amounts are in millions, except per share amounts or as otherwise noted.

SELECTED FINANCIAL DATA

CONDENSED STATEMENTS OF INCOME

	THREE MONTHS ENDED JUNE 30,		INCREASE (DECREASE)		SIX MONTHS ENDED JUNE 30,		INCREASE (DECREASE)	
	1999	1998	$	%	1999	1998	$	%
Net interest income..........	$173	$166	$ 7	4%	$ 331	$ 341	$ (10)	(3)%
Less: provision for losses....	13	2	11	497	21	12	9	77
Net interest income after provision for losses........	160	164	(4)	(3)	310	329	(19)	(6)
Gains on sales of student loans......................	8	57	(49)	(86)	8	117	(109)	(93)
Servicing and securitization revenue.....................	81	63	18	29	167	115	52	44
Other income.................	22	26	(4)	(13)	42	48	(6)	(8)
Operating expenses...........	86	94	(8)	(8)	173	185	(12)	(6)
Income taxes.................	58	69	(11)	(16)	112	136	(24)	(17)
Minority interest in net earnings of subsidiary......	3	3	--	--	5	5	--	--
Net income...................	$124	$144	$ (20)	(14)%	$ 237	$ 283	$ (46)	(16)%
Basic earnings per share......	$.77	$.86	$(.09)	(11)%	$1.46	$1.67	$(.21)	(13)%
Diluted earnings per share....	$.76	$.84	$(.08)	(10)%	$1.44	$1.64	$(.20)	(12)%
Dividends per share..........	$.15	$.14	$ .01	7%	$ .30	$ .28	$ .02	7%

CONDENSED BALANCE SHEETS

	JUNE 30, 1999	DECEMBER 31, 1998	INCREASE (DECREASE) $	%
ASSETS				
Student loans....................................	$31,820	$ 28,283	$ 3,537	13%
Warehousing advances.............................	1,199	1,543	(344)	(22)
Academic facilities financings...................	1,108	1,180	(72)	(6)
Cash and investments.............................	3,592	4,106	(514)	(13)
Other assets.....................................	2,140	2,098	42	2
Total assets.....................................	$39,859	$ 37,210	$ 2,649	7%
LIABILITIES AND STOCKHOLDERS' EQUITY				
Short-term borrowings............................	$32,030	$ 26,589	$ 5,441	20%
Long-term notes..................................	5,929	8,810	(2,881)	(33)
Other liabilities................................	1,027	943	84	9
Total liabilities................................	38,986	36,342	2,644	7
Minority interest in subsidiary..................	214	214	--	--
Stockholders' equity before treasury stock........	1,652	1,496	156	10
Common stock held in treasury at cost............	993	842	151	18
Total stockholders' equity.......................	659	654	5	1
Total liabilities and stockholders' equity........	$39,859	$ 37,210	$ 2,649	7%

RESULTS OF OPERATIONS

EARNINGS SUMMARY

For the three months ended June 30, 1999, the Company's net income was $124 million ($.76 diluted earnings per share), versus net income of $144 million ($.84 diluted earnings per share) in the second quarter of 1998. For the six months ended June 30, 1999, the Company earned net income of $237 million ($1.44 diluted earnings per share) versus $283 million ($1.64 diluted earnings per share) for the six months ended June 30, 1998.

During the second quarter of 1999, conditions in the global financial markets improved to a point such that management believed it was economically feasible for the Company to reenter the securitization market. Accordingly, the Company securitized $1.0 billion of student loans and recorded an after-tax securitization gain of $5 million. This was a decrease of $32 million from an after-tax securitization gain of $37 million recorded on the $3.0 billion of student loans securitized in the second quarter of 1998. The decrease in the 1999 second quarter securitization gain as a percentage of loans securitized is mainly due to portfolio characteristics and the higher financing spreads in the 1999 transaction. In the first six months of 1998, the Company securitized $6.0 billion of student loans and recorded an after-tax securitization gain of $76 million.

The financial market turbulence in the third quarter of 1998 also increased the funding spreads on the Company's on-balance sheet financings; as a result, the spread earned on the Company's portfolio of student loans has decreased versus the second quarter of 1998. The negative effect of the higher funding spreads was partially offset by lower average 91-day Treasury bill rates in the second quarter of 1999, as a significant portion of the Company's portfolio of managed student loans earned interest at the minimum borrower rate, while their floating rate funding (exclusive of funding spreads) continued to decrease. In the second quarter of 1999, the Company continued to lower operating expenses, which as a percentage of managed student loans, were .71 percent versus .85 percent in the second quarter of 1998.

In addition to reporting results of operations in accordance with generally accepted accounting principles, the Company also presents pro-forma results of operations, which treat securitization transactions as financings rather than sales, thereby eliminating gains on such sales. Management refers to these pro-forma results as "cash basis" earnings and believes that they assist in better understanding the Company's results of operations. The Company's "cash basis" net income was $124 million in the second quarter of 1999 ($.75 diluted earnings per share) versus $113 million ($.66 diluted earnings per share) in the second quarter of 1998. The Company's "cash basis" net income was $242 million in the first six months of 1999 ($1.47 diluted earnings per share) versus $217 million in the first six months of 1998 ($1.26 diluted earnings per share). See "Pro-forma Statements of Income."

NET INTEREST INCOME

Net interest income is derived largely from the Company's on-balance sheet portfolio of student loans. The Taxable Equivalent Net Interest Income analysis set forth below is designed to facilitate a comparison of non-taxable asset yields to taxable yields on a similar basis. Additional information regarding the return on the Company's student loan portfolio is set forth below under "Student Loans-Student Loan Spread Analysis."

Taxable equivalent net interest income for the three months ended June 30, 1999 increased by $6 million while the net interest margin decreased by .04 percent versus the three months ended June 30, 1998. The $21 million increase in taxable equivalent net interest income attributable to the change in volumes for the three months ended June 30, 1999 was principally due to the $4.2 billion increase in the average balance of student loans in the second quarter of 1999 versus 1998. The $15 million decrease in taxable equivalent net interest income attributable to the change in rates for the three months ended June 30, 1999 was principally due to the decrease in the student loan spread discussed below. This margin decrease was partially offset by the increased percentage of higher yielding student loans remaining on-balance sheet relative to other earning assets (84 percent in the second quarter of 1999 versus 77 percent in the second quarter of 1998).

Taxable equivalent net interest income for the six months ended June 30, 1999 versus the six months ended June 30, 1998 decreased by $13 million as the decrease in the net interest margin of .05 percent and the decrease in non student loan interest earning assets of $2.6 billion more than offset the increase of $2.1 billion in the average balance of student loans. The increase in the average balance of student loans is principally due to the Company's acquisition of $6.45 billion of student loans in the first six months of 1999 compared with $3.85 billion in the prior year and to the absence of student loan securitizations from October 1998 through May 1999. The decrease in the net interest margin is principally due to the decrease in the student loan spread discussed below, partially offset by the increased percentage of higher yielding student loans remaining on-balance sheet relative to other earning assets (83 percent in the first six months of 1999 versus 76 percent in the first six months of 1998).

TAXABLE EQUIVALENT NET INTEREST INCOME

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 JUNE 30,		INCREASE (DECREASE)		SIX MONTHS ENDED JUNE 30,		INCREASE (DECREASE)	
	1999	1998	$	%	1999	1998	$	%
Interest income								
Student loans.........................	$ 571	$ 536	$ 35	7%	$1,092	$1,105	$ (13)	(1)%
Warehousing advances..................	18	28	(10)	(34)	40	58	(18)	(31)
Academic facilities financings........	19	22	(3)	(12)	38	44	(6)	(13)
Investments...........................	50	77	(27)	(35)	103	168	(65)	(39)
Taxable equivalent adjustment.........	8	8	-	(11)	16	18	(2)	(14)
Total taxable equivalent interest income................................	666	671	(5)	(1)	1,289	1,393	(104)	(7)
Interest expense........................	485	496	(11)	(2)	943	1,034	(91)	(9)
Taxable equivalent net interest income..	$ 181	$ 175	$ 6	3%	$ 346	$ 359	$ (13)	(4)%

AVERAGE BALANCE SHEETS

The following table reflects the rates earned on earning assets and paid on liabilities for the three and six months ended June 30, 1999 and 1998.

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
	1999		1998		1999		1998	
	BALANCE	RATE	BALANCE	RATE	BALANCE	RATE	BALANCE	RATE
Average Assets								
Student loans	$ 31,868	7.18%	$ 27,641	7.77%	$ 30,662	7.18%	$ 28,563	7.80%
Warehousing advances	1,328	5.56	1,840	6.04	1,446	5.61	1,930	6.08
Academic facilities financings	1,165	8.20	1,337	8.19	1,185	8.17	1,366	8.22
Investments	3,383	6.31	4,994	6.44	3,546	6.19	5,503	6.40
Total interest earning assets	37,744	7.08%	35,812	7.51%	36,839	7.06%	37,362	7.52%
Non-interest earning assets	1,894		1,950		2,003		1,917	
Total assets	$ 39,638		$ 37,762		$ 38,842		$ 39,279	
AVERAGE LIABILITIES AND STOCKHOLDERS' EQUITY								
Six month floating rate notes	$ 4,832	5.16%	$ 2,873	5.55%	$ 4,466	5.20%	$ 2,974	5.58%
Other short-term borrowings	26,972	5.07	20,416	5.48	25,648	5.05	21,302	5.53
Long-term notes	5,986	5.53	12,434	5.71	6,868	5.45	12,942	5.72
Total interest bearing liabilities	37,790	5.15%	35,723	5.57%	36,982	5.14%	37,218	5.60%
Non-interest bearing liabilities	1,206		1,449		1,220		1,455	
Stockholders' equity	642		590		640		606	
Total liabilities and stockholders' equity	$ 39,638		$ 37,762		$ 38,842		$ 39,279	
Net interest margin		1.92%		1.96%		1.89%		1.94%

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 JUNE 30, 1999 VS. THREE MONTHS ENDED JUNE 30, 1998			
Taxable equivalent interest income	$ (5)	$ (45)	$ 40
Interest expense	(11)	(30)	19
Taxable equivalent net interest income	$ 6	$ (15)	$ 21
SIX MONTHS ENDED JUNE 30, 1999 VS. SIX MONTHS ENDED JUNE 30, 1998			
Taxable equivalent interest income	$ (104)	$ (98)	$ (6)
Interest expense	(91)	(74)	(17)
Taxable equivalent net interest income	$ (13)	$ (24)	$ 11

STUDENT LOANS

STUDENT LOAN SPREAD ANALYSIS

The following table analyzes the reported earnings from student loans both on-balance sheet and those off-balance sheet in securitization trusts. The line captioned "Adjusted student loan yields" reflects contractual student-loan yields adjusted for the amortization of premiums paid to purchase loan portfolios and the estimated costs of borrower benefits as required by GAAP. For student loans off-balance sheet, the Company will continue to earn servicing fee revenues over the life of the securitized student loan portfolios. The off-balance sheet information presented in "Securitization Program Servicing and Securitization Revenue" analyzes the on-going servicing revenue and residual interest earned on the securitized portfolios of student loans. For an analysis of the Company's student loan spread for the entire portfolio of managed student loans on a similar basis to the on-balance sheet analysis see "Cash Basis' Student Loan Spread and Net Interest Income."

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
ON-BALANCE SHEET				
Adjusted student loan yields................	7.53%	8.12%	7.54%	8.15%
Consolidated loan rebate fees...............	(.21)	(.24)	(.22)	(.24)
Offset fees.................................	(.14)	(.11)	(.14)	(.11)
Student loan income.........................	7.18	7.77	7.18	7.80
Cost of funds...............................	(5.12)	(5.50)	(5.10)	(5.54)
Student loan spread.........................	2.06%	2.27%	2.08%	2.26%
OFF-BALANCE SHEET				
Servicing and securitization revenue........	1.92%	1.50%	1.95%	1.50%
AVERAGE BALANCES				
Student loans...............................	$ 31,868	$ 27,642	$ 30,662	$ 28,563
Securitized loans...........................	16,889	16,727	17,255	15,518
Managed student loans.......................	$ 48,757	$ 44,369	$ 47,917	$ 44,081

The Company earns interest at the greater of the borrower's rate or a floating rate determined by reference to the average of the weekly auctions of the 91-day Treasury bills by the government, plus a fixed spread, which is dependent upon when the loan was originated. In all cases, the rate the borrower pays sets a minimum rate for determining the yield the Company earns on the loan. The Company generally finances its student loan portfolio with floating rate debt tied to the average of the 91-day Treasury bill auctions, either directly or through the use of derivative financial instruments, to mimic the interest rate characteristics of the student loans. Such borrowings, however, do not have minimum rates. As a result, in periods of declining interest rates, the portfolio of managed student loans may be earning at the minimum borrower rate while the Company's funding costs (exclusive of funding spreads) will generally decline along with Treasury bill rates. For loans where the borrower's interest rate is fixed to term, declining interest rates may benefit the spread earned on student loans for extended periods of time. For loans where the borrower's interest rate is reset annually, any benefit of a low interest rate environment will only enhance student loan spreads through the next annual reset of the borrowers' interest rates, which occurs on July 1 of each year. Assuming the decline in interest rates on the Company's floating rate debt exactly matched the decline in Treasury bill rates, then the effect of lower Treasury bill rates on the Company's on-balance sheet student loan spread, net of payments under Floor Interest Contracts (discussed below), was $25 million and $46 million for the three and six months ended June 30, 1999, respectively, of which $15 million and $28 million, respectively, is attributable to student loans with minimum borrower rates fixed to term and $10 million and $18 million, respectively, is attributable to student loans whose minimum borrower rates adjust annually on July 1. For the three and six months ended June 30, 1998, the Company earned $16 million and $28 million, respectively, from loans earning at the minimum borrower rate, of which $8 million and $15 million, respectively, was attributable to student loans whose minimum borrower rates were fixed to term and $8 million and $13 million, respectively, was attributable to those whose minimum borrower rates adjust annually on July 1.

The decrease in the student loan spread for the three months ended June 30, 1999 versus the corresponding period is mainly due to higher funding spreads on the Company's debt along with higher premium amortization and higher offset fees, whose combined effect reduced the student loan spread by 32 basis points, partially offset by lower Treasury bill rates in 1999 that resulted in an increase of 8 basis points earned on loans earning at the minimum borrower rate. The decrease in the student loan spread for the six months ended June 30, 1999 versus the corresponding period is mainly due to higher funding spreads on the Company's debt along with higher premium amortization and higher offset fees, whose combined effect reduced the student loan spread by 26 basis points, partially offset by lower Treasury bill rates in 1999 that resulted in an increase of 9 basis points earned on loans earning at the minimum borrower rate. Lower consolidation lender fees and the restructuring of the Company's Joint Venture with Chase Manhattan Bank (the "Joint Venture") in December of 1998 also benefited the student loan spread.

The following table analyzes the ability of the FFELP student loans in the Company's managed student loan portfolio to earn at the minimum borrower interest rate at June 30, 1999 and 1998, based on the last Treasury bill auctions of May 1998 and 1997 for variable rate loans (5.16 percent in both years) and based on the last Treasury bill auctions of June 1999 and 1998 for fixed rate loans (4.89 percent and 5.13 percent, respectively) which were applicable to those periods. Beginning on July 1, 1999 the minimum rate for variable rate loans was reset at 4.62% based on the last treasury bill auction in May 1999, at which time no variable rate loans were earning at the minimum rate.

	JUNE 30, 1999			JUNE 30, 1998		
	FIXED	VARIABLE	TOTAL	FIXED	VARIABLE	TOTAL
Student loans eligible to earn at the minimum borrower rate	$ 12.5	$ 27.9	$ 40.4	$ 13.4	$ 22.3	$ 35.7
Less notional amount of floor interest contracts	(3.8)	(16.7)	(20.5)	(5.9)	(18.6)	(24.5)
Net student loans eligible to earn at the minimum borrower rate	$ 8.7	$ 11.2	$ 19.9	$ 7.5	$ 3.7	$ 11.2
Net student loans earning at the minimum borrower rate	$ 5.7	$ 11.1	$ 16.8	$ 4.9	$ --	$ 4.9

STUDENT LOAN FLOOR INTEREST CONTRACTS

Periodically the Company and third parties have entered into contracts to monetize the value of the minimum borrower interest rate feature of its portfolio of FFELP student loans. These contracts are referred to as "Floor Interest Contracts" under which the Company receives an upfront payment and agrees to pay the difference between: (i) the minimum borrower interest rate less the applicable Special Allowance Payment ("SAP") rate (the "Strike Rate") and (ii) the average of the 91-day Treasury bill rates over the period of the contract. If the Strike Rate is less than the average of the Treasury bill rates, then no payment is required. These upfront payments are being amortized over the average life of the contracts. Floor Interest Contracts sold on loans where the borrower rate is reset annually have historically been sold through the next reset date, a period of one year or less, while Floor Interest Contracts sold on loans where the borrower rate is fixed to term have been sold for multi-year periods. The $3.8 billion of outstanding fixed borrower rate Floor Interest Contracts at June 30, 1999 have expiration dates through the year 2003, while the $16.7 billion of annually reset borrower rate contracts outstanding at June 30, 1999 expire on July 1, 1999.

For the three months ended June 30, 1999 and 1998, the amortization of the upfront payments received from the sale of Floor Interest Contracts with annually reset borrower rates was $12 million and $9 million, respectively. For the six months ended June 30, 1999 and 1998, the amortization of the upfront payments received from the sale of Floor Interest Contracts with annually reset borrower rates was $20 million and $14 million, respectively.

PROVISION FOR LOSSES

The provision for losses for the three months ended June 30, 1999 and 1998 included $7 million for potential losses on the non-federally insured portfolio versus none in the year-ago quarter, and $6 million and $2 million, respectively, for potential losses due to risk-sharing and other claims on FFELP loans. The provision for losses for the six months ended June 30, 1999 and 1998 included $11 million and $8 million, respectively, for potential losses on the non-federally insured portfolio and $10 million and $4 million, respectively, for potential losses due to risk sharing and other claims on FFELP loans. Management believes that the provision for losses is adequate to cover anticipated losses. However, this evaluation is inherently subjective as it requires material estimates that may be susceptible to significant changes.

ON-BALANCE SHEET 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 on-balance sheet debt (by index, after giving effect to the impact of interest rate swaps) for the three and six months ended June 30, 1999 and 1998.

	THREE MONTHS ENDED JUNE 30,				SIX MONTHS ENDED JUNE 30,			
	1999		1998		1999		1998	
	AVERAGE BALANCE	AVERAGE RATE	AVERAGE BALANCE	AVERAGE RATE	AVERAGE BALANCE	AVERAGE RATE	AVERAGE BALANCE	AVERAGE RATE
Treasury bill, principally 91-day...	$ 28,466	5.18%	$ 27,925	5.49%	$ 28,496	5.14%	$ 28,528	5.52%
LIBOR..............................	2,517	4.86	4,915	5.52	2,529	4.92	4,954	5.57
Discount notes.....................	4,924	4.76	1,160	5.46	4,062	4.78	2,012	5.50
Fixed..............................	868	6.03	641	7.11	871	6.07	645	7.15
Zero coupon........................	151	11.14	138	11.14	149	11.14	138	11.13
Other..............................	864	4.74	944	5.56	875	4.75	941	5.51
Total..............................	$ 37,790	5.15%	$ 35,723	5.57%	$ 36,982	5.14%	$ 37,218	5.60%

The following table details the spreads for the Company's Treasury bill indexed borrowings and London Interbank Offered Rate ("LIBOR") indexed borrowings:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
INDEXED BORROWINGS	1999	1998	1999	1998
TREASURY BILL				
Weighted average Treasury bill..........	4.71%	5.25%	4.70%	5.27%
Borrowing spread........................	.47	.24	.44	.25
Weighted average borrowing rate.........	5.18%	5.49%	5.14%	5.52%
LIBOR				
Weighted average LIBOR..................	5.08%	5.76%	5.16%	5.81%
Borrowing spread........................	(.22)	(.24)	(.24)	(.24)
Weighted average borrowing rate.........	4.86%	5.52%	4.92%	5.57%

SECURITIZATION PROGRAM

During the second quarter of 1999, conditions in the global financial markets improved to a point such that management believed it was economically feasible for the Company to reenter the securitization market. Accordingly, the Company securitized $1.0 billion of student loans and recorded a pre-tax securitization gain of $8 million, which was .79 percent of the portfolio securitized. In the second quarter of 1998 the Company securitized $3.0 billion of student loans and recognized a pre-tax securitization gain of $57 million, which was 1.89 percent of the portfolio securitized. The decrease in the 1999 second quarter securitization gain as a percentage of loans securitized is mainly due to portfolio characteristics and the higher financing spreads in the 1999 transaction. The adverse financial market conditions, which first arose in August 1998 after the Russian bond default, persisted through the first quarter of 1999. The Company did not complete a securitization during that period. In the first six months of 1998, the Company completed two securitization transactions in which it securitized $6.0 billion of student loans and recorded a pre-tax securitization gain of $117 million or 1.95 percent of the portfolios securitized.

SERVICING AND SECURITIZATION REVENUE

The following table summarizes the components of servicing and securitization revenue:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
Servicing revenue less amortization of servicing asset......	$ 38	$ 39	$ 78	$ 72
Securitization revenue....................................	43	24	89	43
Total servicing and securitization revenue.................	$ 81	$ 63	$ 167	$ 115

In the three and six months ended June 30, 1999, servicing and securitization revenue was 1.92 percent and 1.95 percent, respectively, of average securitized loans versus 1.50 percent and 1.50 percent, respectively, in the corresponding year ago periods. The Company's securitized loan portfolios benefit from declining Treasury bill rates in a manner similar to the on-balance sheet portfolio of student loans. The increase in securitization revenue in the three months ended June 30, 1999 versus 1998 is due to the decline in Treasury bill rates, which increased securitization revenue by $16 million over the three months ended June 30, 1998 as more loans were earning at the minimum borrower rate. For the six months ended June 30, 1999 the decline in Treasury bill rates increased securitization revenue by $36 million over the six months ended June 30, 1998. The increase in securitization revenue in the three months ended June 30, 1999 is also due to the increase in the average balance of the interest residual to $708 million from $593 million in the three months ended June 30, 1998. For the six months ended June 30, 1999 the average balance of the interest residual increased to $714 million from $538 million in the six months ended June 30, 1998. The increase in servicing revenue for the six months ended June 30, 1999 versus 1998 is mainly due to the increase in the average balance of securitized student loans to $17.3 billion in 1999, from $15.5 billion in 1998.

OTHER INCOME

Exclusive of gains on sales of student loans and servicing and securitization revenue, other income totaled $22 million and $26 million for the three months ended June 30, 1999 and 1998, respectively, and $42 million and $48 million for the six months ended June 30, 1999 and 1998, respectively. The decrease in other income in 1999 versus 1998 can be attributed to lower servicing fees from the Joint Venture as a result of the restructuring in the fourth quarter of 1998. Under the terms of the restructuring, the student loans are no longer co-owned in the Joint Venture by the Company and Chase and serviced by the Company for a fee. Instead, the Company now purchases all loans originated by Chase. As of June 30, 1999, the $5.0 billion of loans owned jointly by the Company and Chase in the Joint Venture at the time of the restructuring have been sold to the Company. The decrease in other income from reduced servicing fees was partially offset by $8 million and $16 million, respectively, in late fee revenues earned in the three and six months ended June 30, 1999 versus none in the corresponding year-ago periods as the Company began assessing late fees in the second half of 1998.

OPERATING EXPENSES

In the three months ended June 30, 1999 and 1998, total operating expenses were $86 million and $94 million, respectively, or as a percentage of managed student loans .71 percent and .85 percent, respectively. For the six months ended June 30, 1999 and 1998, total operating expenses were $173 million and $185 million, respectively, or as a percentage of managed student loans .73 percent and .84 percent, respectively. The decrease in operating expenses, both in absolute terms and as a percentage of managed student loans was due principally to lower servicing costs as a result of the closing of two satellite servicing centers in the second quarter of 1998, for which the Company took a $9 million charge, and to cost savings attained through the ongoing servicing center reconfiguration.

STUDENT LOAN PURCHASES

	THREE MONTHS ENDED,		SIX MONTHS ENDED,	
	JUNE 30, 1999	JUNE 30, 1998	JUNE 30, 1999	JUNE 30, 1998
ExportSS, origination and servicing clients	$ 2,529	$ 1,095	$ 4,776	$ 2,522
Other commitment clients	288	264	565	614
Spot purchases	34	185	73	212
Consolidations	391	6	542	65
Other	249	206	495	439
Total	$ 3,491	$ 1,756	$ 6,451	$ 3,852

For the three months ended June 30, 1999, Sallie Mae purchased $3.49 billion of student loans compared with $1.76 billion in the year-ago period. For the six months ended June 30, 1999, Sallie Mae purchased $6.45 billion of student loans compared with $3.85 billion in the year-ago period. As mentioned above, in the fourth quarter of 1998, the Company restructured the Joint Venture and now purchases all loans originated by Chase. The purchases in the first half of 1999 include $1.6 billion of loans in the Joint

Venture that were previously funded by Chase's half of the participations. The Company purchased $.6 billion of such loans in the second quarter.

In the three and six months ended June 30, 1999, $480 million and $2.2 billion, respectively, of student loans were originated and transferred to Sallie Mae's ExportSS system versus $484 million and $2.2 billion, respectively, in the corresponding year-ago periods. The pipeline of loans currently serviced and committed for purchase by Sallie Mae was $3.1 billion at June 30, 1999 versus and $3.4 billion at June 30, 1998.

The Department of Education offers existing FFELP borrowers the opportunity to refinance FFELP loans into Federal Direct Student Loan Program ("FDSLP") loans. During the three months ended June 30, 1999 and 1998, approximately $287 million and $119 million, respectively, of the Company's managed student loans were accepted for refinancing into the FDSLP. During the six months ended June 30, 1999 and 1998, approximately $599 million and $186 million, respectively, of the Company's managed student loans were accepted for refinancing into the FDSLP. The increase in the number of loans accepted for refinancing into the FDSLP is due to legislation that allowed borrowers to consolidate student loans into the FDSLP at advantageous rates through January 31, 1999. Applications to these borrowers will continue to be processed through the third quarter of 1999. In connection with this increase in consolidations, the Company increased its provision for losses at December 31, 1998 by $10 million.

The following table summarizes the activity in the Company's managed portfolio of student loans for the three and six months ended June 30, 1999 and 1998.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
BEGINNING BALANCE	$ 47,523	$ 44,200	$ 46,192	$ 43,547
Purchases	3,491	1,756	6,451	3,852
Capitalized interest on securitized loans	94	79	200	170
Repayments, claims, other	(1,330)	(1,375)	(2,628)	(2,812)
Loans consolidated away from SLM Holding	(391)	(170)	(828)	(267)
Ending balance	$ 49,387	$ 44,490	$ 49,387	$ 44,490

PRO-FORMA STATEMENTS OF INCOME

Under GAAP, the Company's securitization transactions have been treated as sales. At the time of sale, in accordance with Statement of Financial Accounting Standards No. 125 ("SFAS 125"), the Company records a gain equal to the present value of the estimated future net cash flows from the portfolio of loans sold. Interest earned on the interest residual and fees earned for servicing the loan portfolios are recognized over the life of the securitization transaction as servicing and securitization revenue. Under SFAS 125, income recognition is effectively accelerated through the recognition of a gain at the time of sale while the ultimate realization of such income remains dependent on the actual performance, over time, of the loans that were securitized.

Management believes that, in addition to results of operations as reported in accordance with GAAP, another important performance measure is pro-forma results of operations under the assumptions that the securitization transactions are financings and that the securitized student loans were not sold. The following pro-forma statements of income present the Company's results of operations under those assumptions. As such, no gain on sale or subsequent servicing and securitization revenue is recognized. Instead, the earnings of the student loans in the trusts and related financing costs are reflected over the life of the underlying pool of loans. Management refers to these pro-forma results as "cash basis" statements of income. Management monitors the periodic "cash basis" earnings of the Company's managed student loan portfolio and believes that they assist in a better understanding of the Company's student loan business.

The following table presents the "cash basis" statements of income and reconciliations to GAAP net income as reflected in the Company's consolidated statements of income.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
"CASH BASIS" STATEMENTS OF INCOME:				
Insured student loans	$ 891	$ 860	$ 1,743	$ 1,705
Advances/Facilities/Investments	88	128	183	273
Total interest income	979	988	1,926	1,978
Interest expense	(713)	(746)	(1,405)	(1,498)
Net interest income	266	242	521	480
Less: provision for losses	17	7	29	20
Net interest income after provision for losses	249	235	492	460
OTHER INCOME:				
Gains on sales of student loans	--	--	--	--
Servicing and securitization revenue	--	--	--	--
Gains on sales of securities	1	4	1	6
Other	21	22	42	41
Total other income	22	26	43	47
Total operating expenses	86	94	173	185
Income before taxes and minority interest in earnings of subsidiary	185	167	362	322
Income taxes	58	52	114	100
Minority interest in earnings of subsidiary	3	2	6	5
"Cash basis" net income	$ 124	$ 113	$ 242	$ 217
"Cash basis" diluted earnings per share	$ .75	$ .66	$ 1.47	$ 1.26

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
RECONCILIATION OF GAAP NET INCOME TO "CASH BASIS" NET INCOME:				
GAAP net income	$ 124	$ 144	$ 237	$ 283
"Cash basis" adjustments:				
Gains on sales of student loans	(8)	(57)	(8)	(117)
Servicing and securitization revenue	(81)	(63)	(167)	(116)
Net interest income	93	76	190	139
Provision for losses	(4)	(5)	(8)	(8)
Total "cash basis" adjustments	--	(49)	7	(102)
Net tax effect (A)	--	18	(2)	36
"Cash basis" net income	$ 124	$ 113	$ 242	$ 217

- ------------------------

(A) Such tax effect is based upon the Company's marginal tax rate for the respective period.

"CASH BASIS" STUDENT LOAN SPREAD AND NET INTEREST INCOME

The following table analyzes the reported earnings from the Company's portfolio of managed student loans, which includes those on-balance sheet and those off-balance sheet in securitization trusts. The line captioned "Adjusted student loan yields" reflects contractual student-loan yields adjusted for the amortization of premiums paid to purchase loan portfolios and the estimated costs of borrower benefits.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
Adjusted student loan yields	$ 7.54%	$ 7.96%	$ 7.55%	$ 8.00%
Consolidated loan rebate fees	(.15)	(.15)	(.15)	(.16)
Offset fees	(.09)	(.07)	(.09)	(.07)
Student loan income	7.30	7.74	7.31	7.77
Cost of funds	(5.18)	(5.63)	(5.17)	(5.66)
Student loan spread	2.12%	2.11%	2.14%	2.11%
AVERAGE BALANCES				
Managed student loans	$ 48,757	$ 44,369	$ 47,917	$ 44,081

The Company earns interest at the greater of the borrower's rate or a floating rate determined by reference to the average of the weekly auctions of the 91-day Treasury bills by the government, plus a fixed spread, which is dependent upon when the loan was originated. In all cases, the rate the borrower pays sets a minimum rate for determining the yield the Company earns on the loan. The Company generally finances its student loan portfolio with floating rate debt tied to the average of the 91-day Treasury bill auctions, either directly or through the use of derivative financial instruments, to mimic the interest rate characteristics of the student loans. Such borrowings, however, do not have minimum rates. As a result, in periods of declining interest rates, the portfolio of managed student loans may be earning at the minimum borrower rate while the Company's funding costs (exclusive of funding spreads) will generally decline along with Treasury bill rates. For loans where the borrower's interest rate is fixed to term, declining interest rates may benefit the spread earned on student loans for extended periods of time. For loans where the borrower's interest rate is reset annually, any benefit of a low interest rate environment will only enhance student loan spreads through the next annual reset of the borrowers interest rates, which occurs on July 1 of each year. Assuming the decline in interest rates on the Company's floating rate debt exactly matched the decline in Treasury bill rates, then the effect of lower Treasury bill rates on the Company's "cash basis" student loan spread, net of payments under Floor Interest Contracts (discussed below), was $43 million and $84 million for the three and six months ended June 30, 1999, respectively, of which, $18 million and $34 million, respectively, is attributable to student loans with minimum borrower rates fixed to term and $25 million and $50 million, respectively, is attributable to student loans whose minimum borrower rate adjusts annually on July 1.

The increase in the three and six months ended June 30, 1999 "cash basis" student loan spread versus the year ago period is mainly due to the lower Treasury bill rates in 1999 which resulted in an increase of 19 and 21 basis points, respectively, earned from loans earning at the minimum borrower rate. The student loan spread also benefited from the restructuring of the Joint Venture. These increases in the spread were offset by an increase in financing spreads, relative to the Treasury bill rates in 1999 versus 1998, higher loan premium amortization and higher offset fees. The combined effect of higher funding costs along with higher loan premium amortization and offset fees was a decrease in the student loan spread of 21 and 16 basis points for the three and six months ended June 30, 1999. The increase in financing costs was mainly due to wider on-balance sheet financing

For the three and six months ended June 30, 1999, the amortization of the upfront payments received from the sale of Floor Interest Contracts with annually reset borrower rates was $14 million and

$23 million, respectively, versus $9 million and $14 million, respectively, for the for the three and six months ended June 30, 1998. At June 30, 1999, the unamortized balance of upfront payments received from the sale of fixed borrower rate Floor Interest Contracts totaled $29 million. There was no unamortized balance of upfront payments received on annually reset borrower rate contracts

In the three months ended June 30, 1999, "cash basis" net interest income was $266 million compared with $242 million in the year-ago period. In the six months ended June 30, 1999, "cash basis" net interest income was $521 million compared with $480 million in the year-ago period. The increase in net interest income earned in the three and six months ended June 30, 1999 versus the year ago periods was due to the increase in the student loan spread discussed above, the increase in the average balance of managed student loans, and the increase in student loans as a percentage of average earning assets.

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 32 percent for each of the three and six month periods ended June 30, 1999 and 1998. 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. However, this tax exemption applies only to the GSE and does not apply to SLM Holding or its other operating subsidiaries, that are subject to taxation at the state and local level. State taxes were immaterial in the three and six months ended June 30, 1999 and 1998 as the majority of the Company's business activities were conducted in the GSE.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary requirements for capital are to fund the Company's operations, its purchases of student loans and the repayment of its debt obligations while continuing to meet the GSE's statutory capital adequacy ratio test. The Company's primary sources of liquidity are through the debt issuances by the GSE, off-balance sheet financings through securitizations, cash generated by its subsidiaries' operations and distributed through dividends to the Company and bank borrowings.

The Company's unsecured financing requirements are driven by three principal factors: refinancing of existing liabilities as they mature; financing of student loan portfolio growth and the Company's level of securitization activity. As discussed under "Securitization Program," turmoil in the global financial markets has caused financing spreads in the asset-backed market to widen. Until market conditions improve, management intends to continue to finance its student loan portfolio through unsecured GSE debt issuances. The uncertainty in the financial markets has also caused funding spreads on the Company's unsecured debt to widen. Management believes that the current adverse spread environment is temporary so to mitigate its effect on the Company's cost of funds, the Company has been meeting its funding needs through short term financings in the GSE. Should these market conditions persist over an extended period of time, the increased cost of the Company's funding could have a material adverse effect on the Company's earnings.

During the six months ended June 30, 1999, the Company used repayments and claim payments on student loans and securitization proceeds of $2.9 billion, net proceeds from the issuance of debt of $2.6 billion, and net proceeds from sale or maturity of investments of $407 million to purchase student loans of $6.5 billion and to repurchase $151 million of the Company's common stock.

Operating activities provided $297 million of cash in the six months ended June 30, 1999, an increase in cash flow of $315 million from the net cash outflows of $18 million in the corresponding period in the prior year. This increase was mainly attributable to the increase in other liabilities caused by the timing of payments for student loan purchases and the payment of deferred tax liabilities in 1998 in the first six months of 1999, partially offset by the increase in net income exclusive of non-cash gains on sales of student loans.

During the six months ended June 30, 1999, the GSE issued $6.4 billion of long-term notes to refund maturing obligations. At June 30, 1999, the GSE had $5.9 billion of outstanding long-term debt issues, of which $2.0 billion had stated maturities that could be accelerated through call provisions. The GSE 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."

At June 30, 1999, the GSE's statutory capital adequacy ratio, after the effect of the dividends to be paid in the second quarter of 1999, was 2.00 percent. The Privatization Act prohibits the GSE from issuing new debt obligations that mature beyond September 30, 2008 and requires the GSE to transfer any remaining GSE obligations into a defeasance trust for the benefit of the holders of such obligations, along with cash or full-faith and credit obligations of the United States, or an agency thereof, in amounts sufficient, as determined by the Secretary of the Treasury, to pay the principal and interest of the deposited obligations on or before that date.

INTEREST RATE RISK MANAGEMENT

INTEREST RATE GAP ANALYSIS

The Company's principal objective in financing its operations is to minimize its sensitivity to changing interest rates by matching the interest rate characteristics of its borrowings to specific assets in order to lock in spreads. The Company's asset-backed securities generally match the interest rate characteristics of the majority of the student loans in the trusts by being indexed to the 91-day Treasury bill.

In the following table, 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. The following gap analysis reflects rate-sensitive positions at June 30, 1999 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	1 TO 2 YEARS	2 TO 5 YEARS	OVER 5 YEARS
ASSETS						
Student loans	$ 31,820	$ --	$ --	$ --	$ --	$ --
Warehousing advances	1,183	--	--	--	--	16
Academic facilities financings	10	31	28	82	376	581
Cash and investments	1,679	22	32	16	38	1,805
Other assets	28	33	67	132	254	1,626
Total assets	34,720	86	127	230	668	4,028
LIABILITIES AND STOCKHOLDERS' EQUITY						
Short-term borrowings	28,227	627	3,176	--	--	--
Long-term notes	2,374	--	--	2,969	133	453
Other liabilities	--	--	--	--	--	1,027
Minority interest in subsidiary	--	--	--	--	--	214
Stockholders' equity	--	--	--	--	--	659
Total liabilities and stockholders' equity	30,601	627	3,176	2,969	133	2,353
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS						
Interest rate swaps	(5,042)	425	3,159	2,584	--	(1,126)
Total off-balance sheet financial instruments	(5,042)	425	3,159	2,584	--	(1,126)
Period gap	$ (923)	$ (116)	$ 110	$ (155)	$ 535	$ 549
Cumulative gap	$ (923)	$ (1,039)	$ (929)	$ (1,084)	$ (549)	$ --
Ratio of interest-sensitive assets to interest-sensitive liabilities	113.4%	8.5%	1.9%	3.3%	311.3%	530.2%
Ratio of cumulative gap to total assets	2.3%	2.6%	2.3%	2.7%	1.4%	--%

INTEREST RATE SENSITIVITY ANALYSIS

The effect of short-term movements in interest rates on the Company's results of operations and financial position has been limited through the Company's risk management activities. The Company performed a sensitivity analysis to determine the effect of a hypothetical increase in market interest rates of 10 percent on the Company's variable rate assets and liabilities and a hypothetical 10 percent increase in spreads to their underlying index. Based on this analysis there has not been a material change in market risk from December 31, 1998 as reported in Company's Form 10-K.

AVERAGE TERMS TO MATURITY

The following table reflects the average terms to maturity for the Company's earning assets and liabilities at June 30, 1999 (in years):

	ON-BALANCE SHEET	OFF-BALANCE SHEET	MANAGED
EARNING ASSETS			
Student loans	6.5	4.0	5.5
Warehousing advances	2.5	--	2.5
Academic facilities financings	7.0	--	7.0
Cash and investments	6.5	--	6.5
Total earning assets	6.5	4.0	6.0
BORROWINGS			
Short-term borrowings	.5	--	.5
Long-term borrowings	2.5	4.0	4.0
Total borrowings	.5	4.0	2.0

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 6.5 years. The mismatch in the average terms to maturity between the Company's on-balance sheet assets and liabilities is due to the Company's use of short term financing to meet its funding needs in response to the adverse spread environment in the world financial markets. As student loans are securitized, the need for long-term on-balance sheet financing will decrease.

COMMON STOCK

The Company continued to reduce its investment portfolio and to reduce the portfolio of other non-student loan earning assets using the released capital to repurchase the Company's common stock. The Company repurchased 3.7 million shares of common stock during the six months ended June 30, 1999, lowering outstanding shares to 161 million at June 30, 1999. The Company continued to supplement its open market common stock purchases during the year by entering into equity forward contracts to purchase 3.0 million shares of common stock. At June 30, 1999, the total common shares that could potentially be acquired over the next five years under outstanding equity forward contracts was 20.6 million, and the Company has remaining authority to enter into additional share repurchases and equity forward contracts for 8.8 million shares.

The following table summarizes the Company's common share repurchase and equity-forward activity for the three and six months ended June 30, 1999 and 1998. (All amounts in the tables are common shares in millions.)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
Common shares repurchased:				
Open market	.7	1.8	.9	5.1
Equity forwards	1.5	.9	2.9	1.3
Total shares repurchased	2.2	2.7	3.8	6.4
Average purchase price per share	$ 40.84	$ 41.21	$ 40.19	$ 41.93
Equity forward contracts:				
Outstanding at beginning of period	20.6	14.1	20.5	7.0
New contracts	1.5	5.0	3.0	12.5
Exercises	(1.5)	(.9)	(2.9)	(1.3)
Outstanding at end of period	20.6	18.2	20.6	18.2
Board of director authority remaining at end of period	8.8	8.7	8.8	8.7

As of June 30, 1999, the expiration dates and range of purchase prices for outstanding equity forward contracts are as follows:

	JUNE 30, 1999	
YEAR OF MATURITY	OUTSTANDING CONTRACTS	RANGE OF MARKET PRICES
1999	2.4	$39.03-$42.20
2000	4.0	41.01- 46.13
2001	8.7	32.11- 46.68
2002	3.0	42.94- 46.23
2003	2.5	41.20- 45.77
Total	20.6	

OTHER RELATED EVENTS AND INFORMATION

LEGISLATIVE AND OTHER DEVELOPMENTS

On June 16, 1999, the United States Department of Education announced a reduction in fees on student loans under the William D. Ford Direct Loan Program. The reduced fees include:

- a one percentage point reduction in the up-front origination fee on Direct Loans, from four percent to three percent of the total loan balance;

- a 0.25 percentage point interest rate reduction for borrowers that pay their Direct Loans electronically; and

- a 0.6 percentage point interest rate reduction for borrowers that consolidate their Direct Loan while they are in school or during the grace period prior to the loan entering repayment.

Management believes that these fee reductions will not result in the loss of any loan volume.

On July 12, 1999, the Company completed its acquisition of Nellie Mae by purchasing all of its issued and outstanding shares of common stock for $320 million in cash. Nellie Mae is engaged in the business of originating, purchasing and holding education loans. During the first six months of 1999, Nellie Mae originated $174 million in federally insured and privately insured education loans. Nellie Mae and its subsidiaries own a $2.6 billion education loan portfolio, making it the seventh largest education loan holder in the nation. The Company effected the acquisition through the GSE. A portion of Nellie Mae's business was transferred to a third tier subsidiary of SLM Holding Corporation in which the GSE has an indirect, non-voting minority interest.

YEAR 2000 ISSUE

The "Year 2000 issue" refers to a wide variety of potential computer program processing and functionality issues that may arise from the inability of computer programs to properly process date-sensitive information relating to the Year 2000, years thereafter and to a lesser degree the Year 1999.

THE COMPANY'S STATE OF READINESS

During 1996, the Company commenced a Year 2000 readiness project to assess and remediate its internal software and hardware systems to avoid or mitigate Year 2000 problems and to evaluate Year 2000 problems that may arise from entities with which the Company interacts. In 1997, a comprehensive project structure was implemented and a Year 2000 project team was formed. The Year 2000 project team briefs senior executives of the Company and the Company's board of directors on the progress of the Year 2000 effort. The Company's Year 2000 readiness project encompasses the Company's information technology (IT) systems, as well as its non-IT systems, such as systems embedded in its office equipment and facilities. The Company has completed the assessment of its internal software and hardware. On December 31, 1998, the Company achieved Year 2000 readiness for all Sallie Mae internal applications that were scheduled to be completed by 1998. With the completion of this critical milestone, the corporation is directing its attention to 1999 project objectives. These objectives include the completion of 1999 inventory. The 1999 inventory includes those vendor supplied applications whose readiness date did not align with the Company's December 31, 1998 readiness date, new software/hardware purchased in 1999 and new internally developed products, such as Laureate. These vendor products will be upgraded upon the vendor distribution of any Year 2000 ready release in 1999, or, if no such release is issued, replaced with a Year 2000 ready alternative, a Year 2000 ready work-around, or eliminated from use. Additional objectives include Year 2000 readiness testing with our external business partners and the development of Year 2000 contingency and business continuity plans.

The Company's Year 2000 readiness project is divided into five phases: Awareness, Assessment, Remediation, Testing and Implementation. The Awareness phase, which is 100 percent complete, involved the dissemination of Year 2000 information throughout the Company and the education of all levels of management about Year 2000 issues and their potential impact on the Company's operation. The Assessment phase, which is also 100 percent complete, involved a comprehensive inventory of and the determination of the requirements for fixes, upgrades and replacements for all hardware, application software, embedded systems (e.g., the microcontrollers in the Company's elevators) and desktop applications. The Remediation phase, the Year 2000 project phase where hardware, systems and applications are fixed, upgraded or replaced to be Year 2000 ready, is 100 percent complete for applications scheduled to complete in 1998. Testing, the phase in which Year 2000 remediation is validated, is also 100 percent complete for all applications scheduled to complete in 1998. As part of this testing effort, the Company staged a Year 2000 disaster recovery exercise in August 1998. Finally, production installations have been completed for all of the Company's core applications.

While the phases described above have been completed, during 1999 the Company intends to continue to disseminate information throughout the corporation regarding Year 2000 issues; to monitor its inventory and update as required; and to remediate and test all applications in the 1999 inventory.

The following describes the Company's state of readiness with respect to the IT systems that support the Company's core business-loan delivery and acquisition and loan servicing:

- CLASS-SM-, the Company's Consolidated Loan Administration and Servicing System, is the system that services the Company's managed student loans and the student loan portfolios of our

ExportSS-Registered Trademark- and TransportSS-SM- clients. In July 1998, remediation of CLASS was completed and it was installed into production. A second, full round of comprehensive functional testing and integration testing of all internal application interfaces with CLASS was completed in December 1998. Testing of external interfaces is currently in process and scheduled to be completed in 1999.

- SALLIENET, the Company's translation and communication system used to electronically exchange data with our customers, completed remediation in September 1998 and was installed into production in October 1998. SallieNet successfully completed integration testing with CLASS in December 1998.

- PORTSS-REGISTERED TRADEMARK- III, the Company's PC-based system used by lenders to originate loans, was developed in 1997 to be Year 2000 ready. Minor remediation was completed on PortSS III in mid-October 1998. Integration testing is complete and a Year 2000 ready version of the software has been distributed to our customers.

- LINESS-SM-, the Company's PC-based product used by colleges and universities to process financial aid loan application information, was developed in 1993 to be Year 2000 ready. The LineSS disbursement component used to transmit disbursement roster information from Sallie Mae's CLASS system to the college or university, was developed in 1995 to be Year 2000 ready. LineSS utilizes the industry approved CommonLine-SM- formats for all communications. Minor remediation on LineSS was completed in mid-October 1998. Integration testing is complete and a Year 2000 ready version of the software has been distributed to our customers.

- IMDOC-REGISTERED TRADEMARK-, the Company's document imaging system, has completed remediation and functional testing and successfully completed integration testing with CLASS in December 1998.

- LAUREATE-SM-, the Company's new Internet-based loan delivery system allowing online loan application, guarantee, approval and disbursement services to students and financial aid administrators, was implemented into production on July 1, 1999. Laureate was developed with Year 2000 readiness in mind, using fully qualified dates with four digit years. Year 2000 data was successfully tested during functional testing of Laureate. We are currently migrating Laureate to our Year 2000 test environment, where Laureate and its interfaces will be tested. This is scheduled to be completed during the fall of 1999.

In addition, certain significant financial and administrative systems, including the Company's payroll and human resources, debt accounting, investment management and financial accounting and control systems have all completed remediation and have successfully completed integration testing with other internal systems.

The Company's non-IT systems principally support the Company's facilities and telecommunications. As of October 1998, all of the Company's headquarters core facilities systems, including elevators, internal security and fire alarms, were determined to be Year 2000 ready in accordance with the procedures established by the Company to make such a determination. The Company completed Year 2000 readiness testing of its Lucent telecommunications components in December 1998. In addition, the Company is working closely with all of its utility providers to make a reasonable assessment of the Company's potential exposure to any failure on their part to resolve their Year 2000 issues. Although the Company's Reston, Virginia headquarters building is equipped with five emergency powered generators designed to back up building power without refueling for a period of two weeks, there can be no assurance that such back-up systems will adequately insulate the Company from any business interruptions caused by any widespread power outages or power outages in any service area where its loan servicing centers are located.

The Company has surveyed its third party service providers and business partners and has completed the review of these surveys. In addition to requesting readiness information, the Company has tested all third-party developed software that the vendor claimed was Year 2000 ready, to confirm compliance or determine the potential impact of noncompliance. In addition, the Company plans to work with select third party service providers and business partners to ascertain their current Year 2000 compliance status and to coordinate testing efforts throughout 1999. The Company's testing strategy is to ensure that the existing system interfaces between Sallie Mae and its clients continue to function smoothly in the Year 2000 and beyond. It is impracticable to test with all business partners. Sallie Mae is concentrating efforts on a select number of external parties that represent a cross-section of our business relationships and results in testing the majority of critical business processes. Testing with key business partners began, on schedule, in May 1999. There can be no assurance that the computer systems of other companies or counterparties on which the Company relies will be Year 2000 ready on a timely basis, or that a failure to resolve Year 2000 issues by another party, or remediation or conversion that is incompatible with the Company's computer systems, will not have a material adverse effect on the Company.

THE RISKS OF THE COMPANY'S YEAR 2000 ISSUES

Generally, the failure by the Company or any of its significant third-party service providers or business partners to resolve a material Year 2000 issue could result in the interruption in, or a failure of, certain normal business activities or operations such as servicing loans or processing payments. Such failures could materially and adversely affect the Company's liquidity and/or results of operations. For example, the Company submits claims for payment, including special allowance payments and interest subsidy payments, directly to the U.S. Department of Education (the "DOE"). To the extent that the DOE is unable to timely process the payments because of its failure to remediate its Year 2000 problem, the Company's liquidity could be adversely affected, possibly to a material extent. In addition, the Company submits claims to various state or private nonprofit guarantee agencies for payment of all or a portion of the unpaid principal balance on loans plus accrued interest if a borrower defaults on a student loan and in certain other circumstances such as the death, permanent or total disability of or the filing for bankruptcy by the borrower. The Company has surveyed each of the guarantee agencies and continues to make follow-up telephone inquiries to determine the level of their Year 2000 compliance and the potential impact of noncompliance. To the extent that any of the larger guarantee agencies are unable to timely process the payments because of its failure to remediate its Year 2000 problem, the Company's liquidity could be adversely affected, possibly to a material extent.

THE COSTS TO ADDRESS THE COMPANY'S YEAR 2000 ISSUES

Costs to modify computer systems have been, and will continue to be, expensed as incurred and are not expected to have a material impact on the Company's future financial results or condition. The Company spent approximately $2 million in 1997, $8 million in 1998 and expects to spend approximately $2 million in 1999 on this project. In addition, Year 2000 readiness has been addressed and accounted for as part of the costs of routine systems development and modification. Moreover, there can be no guarantee that these estimates will be achieved, and actual results could differ materially from these estimates. Specific factors that might cause such material differences include, but are not limited to, the availability and cost of personnel trained in this area, the ability to locate and correct all relevant computer codes and similar uncertainties.

THE COMPANY'S CONTINGENCY PLANS

The Company has developed high level contingency plans for its core applications. In addition, the Company has committed resources in 1999 to evaluate and prepare contingency plans for systems and operations that could be adversely affected by Year 2000-related interruptions. The business process and system inventories have been identified. Contingency plans are required for all mission critical processes and systems. As of August 2, 1999, 98% of these contingency plans have been completed. The remaining 2%, which are related to new systems, are scheduled for completion prior to September 30, 1999. In addition, Sallie Mae has elected to develop contingency plans for a second tier of business processes which, although not critical, are important to operations. As of August 2, 1999, 88% of the contingency plans for these processes have been developed. The remaining are scheduled for completion prior to September 30, 1999. There can be no assurance that the Company's remediation efforts and contingency plans will be sufficient to avoid unforeseen business disruptions or other problems resulting from the Year 2000 issue.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Nothing to report.

ITEM 2. CHANGES IN SECURITIES.

Nothing to report.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Nothing to report.

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

At the Company's annual meeting of shareholders held on May 20, 1999, the following proposals were approved by the margins indicated:

		NUMBER OF SHARES	
		VOTES FOR	VOTES WITHHELD
1.	To elect 15 directors to serve on the Board of Directors for one-year terms or until their successors are elected and qualified.		
	James E. Brandon, Esq.	137,054,197	540,890
	Charles L. Daley	137,094,992	500,095
	William M. Diefenderfer, III	137,105,806	489,281
	Edward A. Fox	137,100,307	494,717
	Diane Suitt Gilleland	137,085,212	509,875
	Ann Torre Grant	137,101,146	493,941
	Ronald F. Hunt, Esq.	137,105,468	489,619
	Benjamin J. Lambert, III	137,103,189	491,898
	Albert L. Lord	137,071,825	523,262
	Marie V. McDemmond	137,095,848	499,239
	Barry A. Munitz	137,087,571	507,516
	A. Alexander Porter, Jr.	137,105,593	489,494
	Wolfgang Schoellkopf	137,099,611	495,476
	Steven L. Shapiro	137,114,529	480,558
	Randolph H. Waterfield, Jr.	137,086,326	508,761

		NUMBER OF SHARES		
		VOTES FOR	VOTES AGAINST	ABSTAIN
2.	To ratify the appointment of Arthur Andersen LLP as independent auditors for 1999	137,096,996	104,607	393,484

ITEM 5. OTHER INFORMATION.

Effective May 3, 1999, Thomas Green joined the Company's executive team as Senior Vice President and President, Higher Education Outsourcing. Before joining the Company, Mr. Green worked for 22 years for Affiliated Computer Services, Government Services Division (formerly Computer Data Systems, Inc.), serving in various capacities, most recently as President.

In connection with the Company's acquisition of Nellie Mae, Lawrence O'Toole and Jack Remondi became members of the Company's executive management team. Mr. O'Toole, the President and Chief Executive Officer of Nellie Mae will also serve as Executive Vice President of the Company with responsibility for strategic planning, as well as government and industry relations. Mr. Remondi will continue to serve as Chief Financial Officer of Nellie Mae as well as Senior Vice President and Treasurer of the Company.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

27 Financial Data Schedule

(b) Reports on Form 8-K

The Company filed the following Current Report on Form 8-K during the second quarter of 1999:

DATE	ITEMS REPORTED	FINANCIAL STATEMENTS
June 3, 1999	Acquisition of Nellie Mae	None

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)

/s/ MARK G. OVEREND

Mark G. Overend
Senior Vice President &
Chief Financial Officer
(Principal Financial and Accounting
Officer and Duly Authorized Officer)

Date: August 16, 1999

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6-MOS
JUN-30-1999
JAN-01-1999
JUN-30-1999
54,993
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0
3,599,252
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237,472
1.46
1.44
1.89
0
700,000
0
0
293,185
18,177
3,031
298,704
298,704
0
0