

AUCTION DATE	BOND EQUIVALENT RATE
07/06/98	5.094%
07/13/98	5.114%
07/20/98	5.081%
07/27/98	5.053%
08/03/98	5.114%
08/10/98	5.073%
08/17/98	5.040%
08/24/98	5.050%
08/31/98	4.925%
09/08/98	4.917%
09/14/98	4.863%
09/21/98	4.757%
09/28/98	4.543%
TOTAL	64.624%
AVERAGE = 4.97%	

Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)

Attachment B Includes: Loans made or purchased with (a) funds obtained by the holder from the issuance, or refinancing, of obligations originally issued on/after 10/1/93, or (b) funds derived from default reimbursements, collections, interest, or other income resulting from loans made or purchased with such tax-exempt funds.

- I. -- Stafford (subsidized and unsubsidized), PLUS (fixed-rate; includes student-borrower component of the PLUS Program), and Consolidation loans:
 - made prior to 10/1/81.

Formula: (4.97) plus (3.5%) less (applicable interest rate), rounded up to the nearest 1/8th of 1% = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE ¹	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD ¹
7%	.015	.00375
9%	.00	.000000

¹ The "Special Allowance at Annual Rate" and "Special Allowance for 3-month Period" figures are shown as decimals throughout this memo, e.g., 0.5% (one-half of one percent) is shown as ".005", 1.5% (one and one-half percent) is shown as ".015", etc.

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- II. -- Stafford (subsidized only) and PLUS (fixed-rate, includes student borrower component of the PLUS program) loans:
- made on/after 10/1/81, but prior to 10/17/86.
 - made on/after 10/17/86, but prior to 11/16/86, for periods of enrollment beginning prior to 11/16/86.
- Consolidation loans:
- made on/after 10/1/81, but prior to 11/16/86.
- Also, certain taxable obligations of South Carolina and Maine.

Formula: (4.97%) plus (3.5%) less (applicable interest rate) = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7%	.0147	.003675
8%	.0047	.001175
9%	.00	.000000
12%	.00	.000000
14%	.00	.000000

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- III. -- Stafford loans:
- (subsidized) made on/after 10/17/86, but prior to 11/16/86, for periods of enrollment beginning on/after 11/16/86.
 - (subsidized) made on/after 11/16/86, but prior to 10/1/92.
 - (unsubsidized, made pursuant to §428H of the Act) made prior to 10/1/92 for periods of enrollment beginning on/after 10/1/92.
- PLUS/SLS loans:
- (fixed-rate) made on/after 10/17/86, but prior to 11/16/86, for periods of enrollment beginning on/after 11/16/86.
 - (fixed-rate) made on/after 11/16/86, but prior to 7/1/87.
 - (variable-rate) made on/after 7/1/87, but prior to 10/1/92, *only* if the variable-rate for each July 1 - June 30 period reaches the statutory maximum of 12%.
- Consolidation loans:
- made on/after 11/16/86, but prior to 10/1/92.

Formula: (4.97%) plus (3.25%) less (applicable interest rate) = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7% ¹	.0122	.00305
8% ²	.0022	.00055
8.26% ³	.00	.000000
8.41% ⁴	.00	.000000
9%	.00	.000000
10%	.00	.000000
11%	.00	.000000
12%	.00	.000000
13%	.00	.000000
14%	.00	.000000

Also included for the period 7/1/98 - 6/30/99 (Fixed-rate Stafford loans that were subject to the "windfall profits" provisions of §427A(i)(3) or §427A(i)(1) of the Act and that have been converted to a variable rate):

- ¹ Fixed-rate 7% Stafford loans (1992 Amendments).
- ² (a) Fixed-rate 8% Stafford loans and (b) 8/10% Stafford loans (prior to the 49th month of repayment) (199
- ³ (a) Fixed-rate 9% Stafford loans and (b) 8/10% Stafford loans (on/after the 49th month of repayment) (1992 Amendments).
- ⁴ Fixed-rate 8/10% Stafford loans (on/after the 49th month of repayment) (1986 Amendments).
See §427A(i)(7)(D) of the Act.

- IV. -- Stafford loans:
- (subsidized) made on/after 10/1/92, but prior to 7/1/95.

Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)

- (unsubsidized) made on/after 10/1/92, but prior to 7/1/95, for periods of enrollment beginning on/after 10/1/92.
 - (subsidized and unsubsidized) made on/after 7/1/95 but prior to 7/1/98, *except* during the in-school, grace, and deferment periods.
- PLUS/SLS loans:
- (variable-rate) made on/after 10/1/92 but prior to 7/1/94, *only* if the variable-rate for each July 1 - June 30 period reaches the statutory maximum of 11% (SLS) or 10% (PLUS).
- PLUS loans:
- (variable-rate) made on/after 7/1/94 but prior to 7/1/98.
 - (variable-rate) made on or after 7/1/98 but prior to 10/1/98 (special allowance shall not be paid unless the calculated interest rate exceeds the 9% cap).
- Consolidation loans:
- made on/after 10/1/92.

Formula: (4.97%) plus (3.1%) less (applicable interest rate) = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
6% ⁵	.0207	.005175
7% ⁶	.0107	.002675
8% ⁷	.0007	.000175

[continued...]

⁵ The 6% interest and special allowance rates *only* apply to Consolidation loans made on/after 7/1/94 with tax-exempt funds; the 10%, 11%, 13% and 14% interest and special allowance rates *only* apply to Consolidation loans made with tax-exempt funds.

Also included for the period 7/1/98 - 6/30/99 (Fixed-rate Stafford loans that were subject to the "windfall profits" provisions of §427A(i)(3) of the Act and that have been converted to a variable rate):

⁶ Fixed-rate 7% Stafford loans.

⁷ (a) Fixed-rate 8% Stafford loans and (b) 8/10% Stafford loans (prior to the 49th month of repayment) (1992 Amendments).

See §427A(i)(7)(D) of the Act.

Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)

IV. [...continued]

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
8.25% ⁸	.00	.000000
8.26% ⁹	.00	.000000
8.53% ¹⁰	.00	.000000
9%	.00	.000000
10%	.00	.000000
11%	.00	.000000
12%	.00	.000000
13%	.00	.000000
14%	.00	.000000

For the period 7/1/98 - 6/30/99:

⁸ (a) All Stafford loans made for periods of enrollment that either begin on/after 7/1/94 or include that date for which the first disbursement is made on/after 7/1/94 but prior to 7/1/95 and (b) Stafford loans for which the first disbursement is made on/after 7/1/95, *except* during the in-school, grace & deferment periods.

⁹ (a) Stafford loans, made to new borrowers, for which the first disbursement is made on/after 10/1/92 but prior to 7/1/94, and (b) fixed-rate 9% Stafford loans and 8/10% Stafford loans (on/after the 49th month of repayment), that were subject to the "windfall profits" provisions of §427A(i)(3) of the Act and that have been converted to a variable rate; see §427A(i)(7)(D) of the Act (c) PLUS loans made on/after 7/1/98 but prior to 10/1/98.

¹⁰ PLUS loans made on/after 7/1/94 but prior to 7/1/98.

Attachment B - REGULAR SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)

- V. -- Stafford loans (subsidized and unsubsidized):
- made on/after 7/1/95 but prior to 7/1/98, *only* during the in-school, grace, and deferment periods.

Formula: (4.97%) plus (2.5%) less (applicable interest rate) = annual special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7.66%	.00	.000000

- VI. --Stafford loans (subsidized and unsubsidized):
- made on/after 7/1/98 but prior to 10/1/98 *only* during the in-school, grace, and deferment periods.

Formula: (4.97%) plus (2.2%) less (applicable interest rate) = special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
6.86%	.0031	.000775

- VII. --Stafford loans (subsidized and unsubsidized):
- made on/after 7/1/98 but prior to 10/1/98, *except* during the in-school, grace, and deferment periods.

Formula: (4.97%) plus (2.8%) less (applicable interest rate) = special allowance rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7.46%	.0031	.000775

Attachment C - SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)

Attachment C Includes: Loans made or purchased with (a) funds obtained by the holder from the issuance, or refinancing, or obligations originally issued prior to 10/1/93, or (b) funds derived from default reimbursements, collections, interest, or other income resulting from loans made or purchased with such tax-exempt funds.

- I. -- Tax-exempt loans, otherwise eligible for special allowance, made on/after 10/1/80, but prior to 10/1/81.

Formula: (4.97%) plus (3.5%) less (applicable interest rate), rounded up to the nearest 1/8th of 1%, divided by two = annual special allowance rate, *however* the annual special allowance rate is *not less than* 2.5% (for 7% loans) and 0.5% (for 9% loans).

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
7%	.025	.00625
9%	.005	.00125

Attachment C - SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)

II. -- Tax-exempt loans, otherwise eligible for special allowance, made on/after 10/1/81.

Formula: (4.97%) plus (3.5%) less (applicable interest rate), divided by two = annual special allowance rate, *however* the annual special allowance rate is *not less than*:

- For loans made prior to 10/1/92, 2.5% (for 7% loans), 1.5% (for 8% loans), and 0.5% (for 9% loans).
- For loans made on/after 10/1/92, 9.5% less the applicable interest rate.

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
6% ¹²	.035	.00875
6.86% ¹³	.0264	.0066
7% ¹⁴	.025	.00625
7.46% ¹⁵	.0204	.0051
7.66% ¹⁶	.0184	.0046
8% ¹⁷	.015	.00375

[continued...]

¹² The 6% interest and special allowance rates *only* apply to Consolidation loans made on/after 7/1/94 with tax-exempt funds; the 10%, 11%, 13% and 14% interest and special allowance rates *only* apply to Consolidation loans made with tax-exempt funds.

¹³ **For the period 7/1/98 - 6/30/99:** Stafford loans made on/after 7/1/98 but prior to 10/1/98, *only* during the in-school, grace, and deferment periods.

¹⁴ **Also included for the period 7/1/98 - 6/30/99:** Fixed-rate 7% Stafford loans that were subject to the "windfall profits" provisions of §427A(i)(3) of the Act and that have been converted to a variable rate, see §427A(i)(7)(D) of the Act.

¹⁵ **For the period 7/1/98 - 6/30/99:** Stafford loans made on/after 7/1/98 but prior to 10/1/98, *except* during the in-school, grace and deferment periods.

¹⁶ **For the period 7/1/98 - 6/30/99:** Stafford loans for which the first disbursement is made on/after 7/1/95, *only* during the in-school, grace, and deferment periods.

¹⁷ **Also included for the period 7/1/98 - 6/30/99:** (a) Fixed-rate 8% Stafford loans and (b) 8/10% Stafford loans (prior to the 49th month of repayment), that were subject to the "windfall profits" provisions of §427A(i)(3) of the Act and that have been converted to a variable rate; see §427A(i)(7)(D) of the Act.

Attachment C - SPECIAL ALLOWANCE RATES (QUARTER ENDING 09/30/98)

II. [...continued]

APPLICABLE ANNUAL INTEREST RATE	SPECIAL ALLOWANCE AT ANNUAL RATE	SPECIAL ALLOWANCE FOR 3-MONTH PERIOD
8.25% ¹⁸	.0125	.003125
8.26% ¹⁹	.0124	.0031
8.41% ²⁰	.0109	.002725
8.53% ²¹	.0097	.002425
9%	.005	.00125
10%	.00	.000000
11%	.00	.000000
12%	.00	.000000
13%	.00	.000000
14%	.00	.000000

For the period 7/1/98 - 6/30/99:

¹⁸ (a) All Stafford loans made for periods of enrollment that either begin on/after 7/1/94 or include that date for which the first disbursement is made on/after 7/1/94 but prior to 7/1/95 and (b) Stafford loans for which the first disbursement is made on/after 7/1/95, *except* during the in-school, grace & deferment periods.

¹⁹ (a) Stafford loans, made to new borrowers, for which the first disbursement is made on/after 10/1/92 but prior to 7/1/94, and (b) fixed-rate 9% Stafford loans and 8/10% Stafford loans (on/after the 49th month of repayment), that were subject to the "windfall profits" provisions of §427A(i)(3) of the Act and that have been converted to a variable rate; see §427A(i)(7)(D) of the Act (c) PLUS loans made on/after 7/1/98 but prior to 10/1/98.

²⁰ Fixed-rate 8/10% Stafford loans that were subject to the "windfall profits" provisions of §427A(i)(1) of the Act and that have been converted to a variable rate; see §427A(i)(7)(D) of the Act.

²¹ PLUS loans made on/after 7/1/94 but prior to 7/1/98.