

TERM SUPPLEMENT TO ATTACHED OFFERING MEMORANDUM

The Bonds offered under this Term Supplement have not been structured to afford investors therein any exclusion from federal, state or local income or other taxation.

\$400,000,000

ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION

Student Loan Program Revenue Bonds

consisting of

\$80,000,000 Senior Series IV-A-14 Bonds (Taxable)(Auction Rate)	\$80,000,000 Senior Series IV-A-16 Bonds (Taxable)(Auction Rate)	\$80,000,000 Senior Series IV-A-17 Bonds (Taxable)(Auction Rate)
\$80,000,000 Senior Series IV-A-15 Bonds (Taxable)(Auction Rate)		\$80,000,000 Senior Series IV-A-18 Bonds (Taxable)(Auction Rate)

Dated: Date of Issuance

Price of 100%

Due: October 1, 2042

Access to Loans for Learning Student Loan Corporation ("ALL Student Loan" or the "Issuer"), a non-profit public benefit corporation organized under the laws of the State of California (the "State") has authorized the issuance of its Student Loan Program Revenue Bonds, consisting of Senior Series IV-A-14 in the principal amount of \$80,000,000 (the "Series IV-A-14 Bonds"), Senior Series IV-A-15 in the principal amount of \$80,000,000 (the "Series IV-A-15 Bonds"), Senior Series IV-A-16 in the principal amount of \$80,000,000 (the "Series IV-A-16 Bonds"), Senior Series IV-A-17 in the principal amount of \$80,000,000 (the "Series IV-A-17 Bonds") and Senior Series IV-A-18 in the principal amount of \$80,000,000 (the "Series IV-A-18 Bonds," and collectively with the Series IV-A-14 Bonds, the Series IV-A-15 Bonds, the Series IV-A-16 Bonds and the Series IV-A-17 Bonds, the "Offered Bonds"), as described in this Term Supplement and the attached Offering Memorandum. The Offered Bonds will be issued pursuant to a Trust Indenture, dated as of May 1, 1998, by and among the Issuer, ALL Student Credit Corporation ("ALL Student Credit"), a nonprofit public benefit corporation organized and existing under the laws of the State, and The Bank of New York Trust Company, National Association, as successor trustee (the "Trustee"), as heretofore supplemented and as will be further supplemented in connection with the issuance of the Offered Bonds by a Ninth Supplemental Indenture, to be dated as of October 1, 2007, by and among the Issuer, ALL Student Credit and the Trustee (as so supplemented and as it may be further supplemented, the "Indenture"). The Offered Bonds are the fourteenth through eighteenth series of Senior Bonds and the eighteenth through twenty-second series of Bonds issued under the Indenture. Reference should be made to the attached Offering Memorandum for a more complete description of the Bonds and for definitions of terms used in this Term Supplement.

Each series of the Offered Bonds is being issued bearing interest at an auction rate ("Auction Bonds"). The Offered Bonds are issuable only as fully registered bonds and when issued shall be registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"), which shall act as securities depository for the Offered Bonds. Purchases and sales by the beneficial owners of the Offered Bonds shall be made in book-entry form in the principal amount of \$25,000 or any integral multiple of \$25,000 in excess thereof. See **EXHIBIT III** of the attached Offering Memorandum — "BOOK-ENTRY-ONLY SYSTEMS."

The Series IV-A-14 Bonds will bear interest at an initial rate determined upon the sale thereof through and including November 5, 2007, and thereafter will bear interest at an Auction Rate based on a 28-day Auction Period commencing on November 6, 2007. The Series IV-A-15 Bonds will bear interest at an initial rate determined upon the sale thereof through and including November 12, 2007, and thereafter will bear interest at an Auction Rate based on a 28-day Auction Period commencing on November 13, 2007. The Series IV-A-16 Bonds will bear interest at an initial rate determined upon the sale thereof through and including November 19, 2007, and thereafter will bear interest at an Auction Rate based on a 28-day Auction Period commencing on November 20, 2007. The Series IV-A-17 Bonds will bear interest at an initial rate determined upon the sale thereof through and including November 26, 2007, and thereafter will bear interest at an Auction Rate based on a 28-day Auction Period commencing on November 27, 2007. The Series IV-A-18 Bonds will bear interest at an initial rate determined upon the sale thereof through and including November 14, 2007, and thereafter will bear interest at an Auction Rate based on a 28-day Auction Period commencing on November 15, 2007. Interest on each series of the Offered Bonds, while Outstanding as Auction Bonds, will be computed on the basis of a year of 360 days for the number of days actually elapsed. Interest on each series of the Offered Bonds, prior to a change in the Interest Payment Dates as described herein, is payable on the first Business Day immediately following each Auction Period, and on the maturity date and each redemption date.

The applicable Auction Rate and Auction Periods shall be established from time to time pursuant to the Auction Procedures described herein. The Offered Bonds are subject to acceleration and optional and mandatory redemption prior to maturity, conversion to a fixed rate or to an adjustable rate other than the Auction Rate, and optional and mandatory tender for purchase, all as more fully described herein under "Redemption Provisions" and in the attached Offering Memorandum under the captions "INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - CONVERSION - AND - OPTIONAL AND MANDATORY TENDER."

The Offered Bonds are issued to provide the Issuer with moneys to (i) finance eligible student, parental and consolidation loans guaranteed by a guarantor qualified to act as such under the Higher Education Act of 1965, as amended (together with the regulations promulgated thereunder; the "Higher Education Act"), and reinsured by the Secretary of the United States Department of Education (the "Secretary"), or fully insured by the Secretary, pursuant to the Higher Education Act, as set forth herein, (ii) fund certain accounts, including the Reserve Account and (iii) pay the costs of issuing the Offered Bonds.

Potential investors should review the information in this Term Supplement and the attached Offering Memorandum in its entirety, including information under "CERTAIN RISK FACTORS" in the attached Offering Memorandum.

THE OFFERED BONDS ARE LIMITED OBLIGATIONS PAYABLE BY THE ISSUER SOLELY FROM THE PLEDGED ASSETS DESCRIBED HEREIN. THE OFFERED BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE ISSUER. THE OFFERED BONDS DO NOT CONSTITUTE OR GIVE RISE TO A PERSONAL OR PECUNIARY OBLIGATION OF THE INCORPORATORS, OFFICERS, EMPLOYEES, AGENTS OR DIRECTORS OF THE ISSUER.

The Offered Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice and to the approval of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Issuer. Certain legal matters will be passed upon for the Issuer by Ballard Spahr Andrews & Ingersoll, LLP, Counsel to the Issuer. Certain legal matters will be passed upon for the Underwriters by Calfee, Halter & Griswold LLP, Cleveland, Ohio. The Offered Bonds in definitive form are expected to be available for delivery through the facilities of DTC in New York, New York on or about October 18, 2007.

JPMorgan

First Southwest Company

Morgan Stanley

Dated: October 11, 2007

OFFERED BONDS

Dated: Date of Delivery

Maturity: October 1, 2042

The Offered Bonds will bear interest initially at an Auction Period Rate for a 28-day Auction Period, from the date of their issuance and delivery, payable on the first Business Day immediately following each Auction Period. The final Interest Payment Date shall be their Maturity Date. The Broker-Dealers shall be as listed below.

<u>CUSIP*</u>	<u>SUBSERIES</u>	<u>PRINCIPAL AMOUNT</u>	<u>AUCTION DATE</u>	<u>AUCTION PERIOD</u>	<u>BROKER- DEALER</u>
00433T AA1	Series IV-A-14	\$80,000,000	November 5, 2007, then every fourth Monday thereafter.	Generally 28 days.	J.P. Morgan Securities Inc.
00433T AB9	Series IV-A-15	\$80,000,000	November 9, 2007, then every fourth Monday thereafter.	Generally 28 days.	J.P. Morgan Securities Inc.
00433T AC7	Series IV-A-16	\$80,000,000	November 19, 2007, then every fourth Monday thereafter.	Generally 28 days.	J.P. Morgan Securities Inc.
00433T AD5	Series IV-A-17	\$80,000,000	November 26, 2007, then every fourth Monday thereafter.	Generally 28 days.	Morgan Stanley & Co. Incorporated
00433T AE3	Series IV-A-18	\$80,000,000	November 14, 2007, then every fourth Wednesday thereafter.	Generally 28 days.	First Southwest Company

* Copyright © 2007; American Bankers Association. CUSIP data herein are approved by Standard's & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of the Holders of the Offered Bonds only as of this date, and the Issuer makes no representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP Number for a specific maturity is subject to being changed after the date hereof as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Offered Bonds.

ADDITIONAL INFORMATION ON THE OFFERED BONDS

THE OFFERED BONDS

The Offered Bonds will be issued in Authorized Denominations (\$25,000 and integral multiples thereof) and will initially bear interest at an Auction Period Rate as described on the cover and inside cover pages of this Term Supplement. Interest on the Offered Bonds, while bearing interest at an Auction Period Rate, will be computed on the basis of a year of 360 days for the number of days actually elapsed. Accrued and unpaid interest on the Offered Bonds shall be paid on the first Business immediately following each Auction Period.

Until a Conversion Date with respect to all or any series of the Offered Bonds, or a change in the length of the Auction Period with respect to all or a series of the Offered Bonds, the Offered Bonds will bear interest for each Auction Period at an Auction Period Rate, based upon a 28-day Auction Period as determined by the Auction Agent pursuant to the Auction Procedures described herein, but in no event greater than 17% per annum. The 28-day Auction Period for the Offered Bonds of any series may be adjusted to an Auction Period that may be not less than one day or up to an Auction Period which may be in effect through maturity, pursuant to the procedures set forth in the hereinafter described Indenture. See **EXHIBIT IV - "AUCTION PROCEDURES FOR AUCTION BONDS - CHANGES IN AUCTION TERMS"** in the attached Offering Memorandum. The Offered Bonds are subject to mandatory tender upon conversion to another Rate Period. See **"INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS"** in the attached Offering Memorandum.

No dealer, broker, salesman or other person has been authorized by the Issuer or Underwriters herein to give any information or to make any representations, other than those contained in this Term Supplement and the attached Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Term Supplement and attached Offering Memorandum do not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Offered Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth or included in this Term Supplement and attached Offering Memorandum has been provided by the Issuer and obtained from other sources which are believed to be reliable. While the Underwriters have performed a review sufficient to form a reasonable basis for their belief in the accuracy and completeness of the key representations of the Issuer and the other parties contained in this Term Supplement and attached Offering Memorandum, the Underwriters do not guarantee the accuracy or completeness of this Term Supplement and attached Offering Memorandum. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Term Supplement and attached Offering Memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial condition or operations of the Issuer and other parties described herein since the date hereof. This Term Supplement and attached Offering Memorandum contain, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

IN CONNECTION WITH ANY OFFERING OF THE OFFERED BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING ANY INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS TERM SUPPLEMENT OR THE ATTACHED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements in this Term Supplement and the accompanying Offering Memorandum, including, but not limited to, those about the Issuer's ability to acquire Eligible Loans, the composition of the portfolio of Eligible Loans and the performance of the assets to be held under the Indenture, constitute "forward-looking statements" within the meaning of the United State Private Securities Litigation Reform Act of 1995, the United State Securities Exchange Act of 1934, as amended, and the United States Securities Act of 1933, as amended. These forward-looking statements are generally identifiable by the use and terminology such as "may," "could," "should," "believe," "expect," "anticipate," "estimate," "intend," "plan," "assume" or expressions of similar intent.

The achievement of certain results or other expectations contained in these forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The Issuer does not plan to issue any updates or revisions to these forward-looking statements if and when expectations, events, conditions, or circumstances change, except to the extent, if any, that its compliance with Securities and Exchange Commission Rule 15c2-12 may constitute such an update or revision.

TERM SUPPLEMENT RELATING TO
\$400,000,000
ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION
STUDENT LOAN PROGRAM REVENUE BONDS, SERIES IV

consisting of

\$80,000,000 Senior Series IV-A-14 Bonds (Taxable)(Auction Rate)	\$80,000,000 Senior Series IV-A-16 Bonds (Taxable)(Auction Rate)	\$80,000,000 Senior Series IV-A-17 Bonds (Taxable)(Auction Rate)
\$80,000,000 Senior Series IV-A-15 Bonds (Taxable)(Auction Rate)		\$80,000,000 Senior Series IV-A-18 Bonds (Taxable)(Auction Rate)

Terms used in this Term Supplement, including the cover page hereto, and not otherwise defined shall have the meanings assigned to such terms in the attached Offering Memorandum, dated October, 2007 (the “*Offering Memorandum*”), relating to the issuance of Student Loan Program Revenue Bonds (the “*Bonds*”), to be issued pursuant to a Trust Indenture, dated as of May 1, 1998, as supplemented from time to time (as so supplemented, the “*Indenture*”), by and among Access to Loans for Learning Student Loan Corporation (the “*Issuer*”), ALL Student Credit Corporation (“*ALL Student Credit*”) and The Bank of New York Trust Company, National Association, as successor trustee (the “*Trustee*”).

OUTSTANDING SERIES IV BONDS

The Indenture permits the issuance of Bonds in any of four priority levels. Prior to the issuance of the Offered Bonds, there were Bonds outstanding under the Indenture in the aggregate principal amount of \$637,538,000. The Offered Bonds consist of the fourteenth through eighteenth series of Senior Bonds and the eighteenth through twenty-second series of Bonds to be issued under the Indenture, and upon their issuance, Bonds will be outstanding under the Indenture as follows:

CLASS OF BONDS	SERIES	TAX STATUS	AMOUNT TO BE OUTSTANDING	ISSUE DATE	FINAL MATURITY DATE	INTEREST RATE MODE
SENIOR	IV-A-3	TAX-EXEMPT	35,000,000	7/12/00	7/1/35	AUCTION
SENIOR	IV-A-4	TAX-EXEMPT	25,000,000	6/26/02	6/1/37	AUCTION
SENIOR	IV-A-5	TAX-EXEMPT	61,500,000	6/26/02	6/1/37	AUCTION
SENIOR	IV-A-6	TAXABLE	69,838,000	1/29/03	1/25/13	LIBOR FRN
SENIOR	IV-A-7	TAXABLE	34,500,000	1/29/03	7/1/37	AUCTION
SENIOR	IV-A-8	TAXABLE	34,000,000	1/29/03	7/1/37	AUCTION
SENIOR	IV-A-9	TAX-EXEMPT	25,500,000	1/29/03	7/1/31	AUCTION
SENIOR	IV-A-10	TAX-EXEMPT	23,200,000	1/29/03	7/1/37	AUCTION
SENIOR	IV-A-11	TAX-EXEMPT	38,800,000	6/11/03	7/1/37	AUCTION
SENIOR	IV-A-12	TAX-EXEMPT	38,700,000	6/11/03	7/1/37	AUCTION
SENIOR	IV-A-13	TAXABLE	200,000,000	10/26/04	4/25/24	LIBOR FRN
SENIOR	IV-A-14	TAXABLE	80,000,000	10/18/07	10/01/42	AUCTION
SENIOR	IV-A-15	TAXABLE	80,000,000	10/18/07	10/01/42	AUCTION
SENIOR	IV-A-16	TAXABLE	80,000,000	10/18/07	10/01/42	AUCTION
SENIOR	IV-A-17	TAXABLE	80,000,000	10/18/07	10/01/42	AUCTION
SENIOR	IV-A-18	TAXABLE	80,000,000	10/18/07	10/01/42	AUCTION
SUBORDINATE	IV-C-1	TAX-EXEMPT	30,000,000	6/11/98	1/1/33	AUCTION
SUBORDINATE	IV-C-2	TAX-EXEMPT	10,000,000	1/29/03	7/1/31	AUCTION
JR. SUBORDINATE	IV-D-1	TAX-EXEMPT	5,000,000	6/11/98	1/1/18	FIXED
JR. SUBORDINATE	IV-D-2	TAX-EXEMPT	<u>6,500,000</u>	7/12/00	7/1/30	FIXED
TOTAL			\$1,037,538,000			

The Senior Series IV-A-14 Bonds (the “*Series A-14 Bonds*”), the Senior Series IV-A-15 Bonds (the “*Series A-15 Bonds*”), the Senior Series IV-A-16 Bonds (the “*Series A-16 Bonds*”), the Senior

Series IV-A-17 Bonds (the “*Series A-17 Bonds*”) and the Senior Series IV-A-18 Bonds (the “*Series A-18 Bonds*”) are collectively referred to herein either as the “*Offered Senior Bonds*” or the “*Offered Bonds*,” as is consistent with the context.

PRIORITY OF PAYMENT

For a description of the four respective priority levels of Bonds, and additional obligations which may be payable from the Pledged Assets, see the information in the attached Offering Memorandum under the caption “**INTRODUCTION - FINANCING PROGRAM - *Additional Bonds; Other Obligations***” and in **EXHIBIT I - “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”**

PURPOSE OF THE OFFERED BONDS

The proceeds of the Offered Bonds are to be used, among other things, for the financing or refinancing of eligible student, parent and consolidation loans guaranteed by a guarantor qualified to act as such under the Higher Education Act of 1965, as amended (together with the regulations promulgated thereunder, the “*Higher Education Act*”), and reinsured by the Secretary of the United States Department of Education (the “*Secretary*”), or fully insured by the Secretary, pursuant to the Higher Education Act. For further information on the use of the proceeds of the Offered Bonds, see “APPLICATION OF OFFERED BOND PROCEEDS” in this Term Supplement.

TERMS OF OFFERED BONDS

Determination of the Interest Rate on the Offered Bonds; Interest Payment Dates. Each series of the Offered Bonds will be issued initially bearing interest at an Auction Period Rate (“*Auction Bonds*” and as applicable to the Offered Bonds individually by series or collectively, as the context requires, the “*Offered Auction Bonds*”). For additional information on the determination of the Auction Rates applicable to the Offered Auction Bonds, as well as the Auction Periods during which such Rates are applicable, see “**AUCTION PROCEDURES FOR AUCTION BONDS**” in **EXHIBIT IV** to the attached Offering Memorandum.

Interest on the Offered Bonds, while outstanding as Auction Bonds, will be computed on the basis of a 360-day year for the number of days actually elapsed and will be payable on the first Business Day immediately following each Auction Period (each an “*Interest Payment Date*”), until the principal of the Offered Bonds has been paid in full.

For additional information about the calculation of interest on the Offered Bonds, the Rate Periods applicable to such Bonds, Conversion of such Bonds to another Rate Period and optional and mandatory tender of such Bonds, see the information under the headings “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES,**” “**CONVERSION**” and “**OPTIONAL AND MANDATORY TENDER**” in the attached Offering Memorandum.

REDEMPTION PROVISIONS

Optional Redemption of Offered Bonds. The Offered Bonds of each series, while outstanding as Auction Bonds, are subject to redemption at the option of the Issuer on the first Business Day of the Auction Period applicable to that series, as a whole or in part, in Authorized Denominations (\$25,000 and any integral multiple thereof while bearing interest at an Auction Period Rate) at the principal amount thereof plus accrued interest to the date fixed for redemption, from available moneys held by the Trustee. See “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - OPTIONAL REDEMPTION**” in the attached Offering Memorandum.

Redemption After Conversion. Following any conversion of the interest rate on a series of the Offered Auction Bonds to a different Adjustable Rate or to a Fixed Rate, such series of Offered Auction Bonds will be subject to redemption as set forth in the Indenture. See “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - OPTIONAL REDEMPTION**” in the attached Offering Memorandum.

Special Redemption of Offered Bonds from Moneys in the Loan Account. Each series of the Offered Bonds is subject to special optional redemption at the determination of the Issuer, at any time, in whole or in part in Authorized Denominations, at a price of par plus accrued interest to the date of redemption, from amounts representing Revenues or Recoveries of Principal (other than from the voluntary sale of Eligible Loans) or from other moneys on deposit in the Loan Account not expected to be used to finance Eligible Loans.

The Indenture provides that no transfers of Revenues from the Revenue Account to the Loan Account and no Recoveries of Principal on deposit in the Loan Account may be used to acquire Eligible Loans after December 31, 2008. Such date may be extended in a Supplemental Indenture or with a Credit Confirmation. In the absence of a Credit Confirmation or Supplemental Indenture, unexpended sale proceeds and such Revenues and Recoveries of Principal will be used to redeem the Offered Bonds after such date.

Special Redemption of the Offered Bonds from Cash Flow. In the absence of a Credit Confirmation or Supplemental Indenture that establishes a later date, each series of the Offered Bonds will be subject to mandatory redemption after December 31, 2008 to the extent of Revenues and Recoveries of Principal from the Eligible Loans financed with the proceeds of such series of Offered Bonds that have not been used to finance Eligible Loans. In the case of a partial redemption of a series of the Offered Bonds, the Trustee shall select the Offered Bonds to be redeemed in accordance with the provisions of the Indenture. For a description of the selection of Bonds to be redeemed in the event of partial redemption, see “**THE BONDS - GENERAL PROVISIONS REGARDING REDEMPTION AND ACCELERATION**” in the attached Offering Memorandum.

Conditions to Redemption of Offered Bonds. No optional redemption of Offered Bonds eligible for such redemption shall occur unless the Trustee shall have received either (i) a Certificate of an Authorized Officer to the effect that, after giving effect to such optional redemption, (a) the Asset Requirement Ratio (as referenced in the definition of “Asset Requirement” in **EXHIBIT I** to the attached Offering Memorandum — “**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - DEFINITIONS**”) will be at least 102%, taking into account all Outstanding Bonds, other than Junior Subordinate Bonds, (b) the Asset Requirement Ratio will be at least 106%, taking into account all Outstanding Senior Bonds and Senior Subordinate Bonds, and (c) the Asset Requirement Ratio will be at least 110%, taking into account all Outstanding Senior Bonds, or, in each case, any lower percentage if the Trustee has received a Credit Confirmation; or (ii) a Credit Confirmation.

Conditional Notice of Redemption. The Indenture provides that any notice of redemption, other than a notice of mandatory sinking fund redemption, may state that it is conditional and may be rescinded by notice given by the Trustee, in the same manner that notices of redemption are given, at any time before the date fixed for redemption. Any notice of redemption given by the Trustee without Direction from the Issuer, other than notice of mandatory sinking fund redemption, shall contain such statement. Upon receipt by the Trustee of a Direction from the Issuer to rescind any such conditional notice of redemption, accompanied by a Credit Confirmation, in sufficient time for the Trustee to give notice of rescission to the Bondholders at least two Business Days before the redemption date, the Trustee shall give such notice of rescission in the same manner that notice of the redemption was given.

TENDER PROVISIONS

The Offered Bonds shall be subject to optional and mandatory tender as set forth in “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - OPTIONAL AND MANDATORY TENDER**” in the attached Offering Memorandum.

ADDITIONAL RISK FACTORS

*In addition to the risk factors set forth in the attached Offering Memorandum (see “**CERTAIN RISK FACTORS**” in the attached Offering Memorandum), each prospective purchaser of the Offered Bonds should consider the following risk factors that could affect the sufficiency of the trust estate to meet required payments on the Offered Bonds.*

Changes In The Higher Education Act Or Other Relevant Law

Since its original enactment in 1965, the Higher Education Act, which provides for, among other things, the Federal Family Education Loan Program (“*FFEL Program*” or “*FFELP*”) has been amended and reauthorized numerous times. During the reauthorization process, proposed amendments to the Higher Education Act, including the FFEL Program, are commonplace. The Higher Education Act (other than the FFEL Program) is currently subject to reauthorization by the U.S. Congress as its present authorization extends to October 31, 2007. The Higher Education Reconciliation Act of 2005 (the “*2005 HERA Amendment*”), signed by President Bush on February 8, 2006, with many of the new provisions taking effect on July 1, 2006, extended various provisions of the FFEL Program through September 30, 2012. For additional information about the effect of the 2005 HERA Amendment on the FFEL Program, see **EXHIBIT II — “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM”** in the attached Offering Memorandum.

There can be no assurance that the Higher Education Act will be reauthorized by Congress prior to or after the present authorization through October 31, 2007 or that such reauthorization will not amend current provisions of the Higher Education Act or the FFEL Program and that such future amendments will not be made to all or portions of the Higher Education Act, including the FFEL Program, any or all of which may materially adversely affect the availability and sufficiency of the Loans constituting the Pledged Assets and the revenues to be derived with respect to the Pledged Assets to pay principal of and interest on the Bonds and other expenses under the Indenture. For a summary of certain provisions of the Higher Education Act, see **EXHIBIT II — “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM”** in the attached Offering Memorandum.

The FFEL Program is an entitlement program, funding is provided for this program on a permanent, indefinite basis, not subject to appropriation; however the FFEL Program is subject to reauthorization from time to time, typically every five years. During the reauthorization process, proposed amendments to the Higher Education Act and the FFEL Program are commonplace. Interest subsidies, such as special allowance payments authorized to be made under the Higher Education Act, can be modified through reauthorization or subsequent legislation. In recent years, federal budget legislation has contained provisions that restricted payments made under the FFEL Program to achieve reductions in federal spending. Future federal budget legislation may adversely affect expenditures by the U.S. Department of Education, and the financial condition of the guarantee agencies. Congressional amendments to the Higher Education Act or other relevant federal laws, and rules and regulations promulgated by the Secretary, may adversely affect holders of FFEL Programs Loans in ways that could restrict the future ability of the FFEL Program participants such as the Issuer to finance student loans.

On September 7, 2007 each house of the United States Congress passed the College Cost Reduction and Access Act (the “*CCR Act*”), which made significant changes to (among other things) the FFEL Program. The President signed the CCR Act into law on September 27, 2007. Although the provisions of the CCR Act may result in decreased revenues, the cash flows presented to the Rating Agencies by the Issuer in connection with the issuance of the Offered Bonds anticipated the material adverse changes effected by the Higher Education Act for loans originated after October 1, 2007. For more information about the CCR Act, see **EXHIBIT II — “SUMMARY OF CERTAIN PROVISION OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM”** in the attached Offering Memorandum.

MARKETING PARTIES

Simultaneously with the issuance of the Offered Auction Bonds, (i) in connection with the issuance of the Offered Auction Bonds, the Issuer will designate Deutsche Bank Trust Company Americas, New York, New York as the initial Auction Agent; (ii) in connection with the issuance of the Series A-14 Bonds, the Series A-15 Bonds and the Series A-16 Bonds, the Issuer will designate J.P. Morgan Securities Inc. (“*JP Morgan*”) as the initial Broker-Dealer, (iii) in connection with the issuance of the Series A-17 Bonds, the Issuer will designate Morgan Stanley & Co. Incorporated (“*Morgan Stanley*”) as the initial Broker-Dealer; and (iv) in connection with the issuance of the Series A-18 Bonds, the Issuer will designate First Southwest Company (“*First Southwest*”) as the initial Broker-Dealer.

RESERVE ACCOUNT REQUIREMENT AND RESERVE ACCOUNT BALANCE

The Reserve Account Requirement for the Bonds has been established initially at the greater of (i) 0.75% of the principal amount of Bonds Outstanding or (ii) \$1,000,000, or in either case such lesser

amount as shall be set forth in a Supplemental Indenture or a Credit Confirmation, and on the date of initial issuance and delivery of the Offered Bonds will be \$7,781,535. Prior to issuance of the Offered Bonds, the Reserve Account Requirement was \$4,781,535. The increase in the Reserve Account Requirement arising from the issuance and sale of the Offered Bonds, \$3,000,000, will be satisfied with a deposit of \$3,000,000 from the proceeds of the Offered Bonds.

APPLICATION OF OFFERED BOND PROCEEDS

The Issuer estimates that the proceeds of the sale of the Offered Bonds will be applied as follows:

Deposit to the Loan Account*	\$ 395,145,000
Deposit to Reserve Account.....	3,000,000
Underwriters' compensation and other costs of issuance	1,855,000
Total	<u>\$ 400,000,000</u>

*This includes \$118,067,856 to be used to retire conduit financing that was used by the Issuer prior to the issuance of the Offered Bonds to purchase Eligible Loans. These Eligible Loans are included in the information under "PORTFOLIO OF ELIGIBLE LOANS" below.

COLLATERAL RATIOS BY PRIORITY OF BONDS (PLEGGED ASSETS TO PRINCIPAL AMOUNTS)

It is expected that upon issuance of the Offered Bonds, and after providing for the payment of certain issuance costs, the ratio of Pledged Assets to principal amounts of Bonds (including interest accrued thereon) having the same or higher priority of payment, will be approximately as follows:

Pledged Assets to Senior Bonds	107.2%
Pledged Assets to Senior Bonds and Subordinate Bonds (excluding any Junior Subordinate Bonds)	103.1%
Pledged Assets to all Bonds	101.9%

The Issuer and ALL Student Credit may, upon receipt of a Credit Confirmation and in the case of ALL Student Credit the consent of all of the Holders of the Senior Series IV-A-6 Bonds and the Series IV-A-13 Bonds, issue Additional Bonds in the future on a parity with Senior Bonds, Senior Subordinate Bonds (if any), Subordinate Bonds or Junior Subordinate Bonds then Outstanding. If issued as Additional Bonds, a portion of the proceeds of such Additional Bonds may be used to pay costs of issuance, loan purchase premiums, loan origination fees and loan transfer fees, which may reduce the initial collateral ratios described above. The Indenture does not require that these collateralization levels be maintained but does require that certain ratios be satisfied prior to certain redemptions of Bonds and prior to the removal of Pledged Assets from the Indenture. See "REDEMPTION PROVISIONS — *Conditions to Redemption of Offered Bonds*" herein and EXHIBIT I to the attached Offering Memorandum — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — CREATION AND OPERATION OF ACCOUNTS — *Revenue Account; Payment Accounts.*"

ELIGIBLE LOANS

The proceeds of the Offered Bonds are to be used, among other things, for the financing or refinancing of eligible student, parent and consolidation loans guaranteed by a guarantor qualified to act as such under the Higher Education Act, and reinsured by the Secretary, or fully insured by the Secretary, pursuant to the Higher Education Act. As of August 31, 2007, the principal amount of Eligible Loans financed by the Issuer pursuant to the Indenture aggregated approximately \$638 million.

Eligible Loans financed and held under the Indenture must be made to students, or to parents for the benefit of students, to finance or refinance such students' post-secondary education at eligible institutions and, with respect to Eligible Loans made under the Higher Education Act ("*Federal Loans*"), must have been originated by entities which qualify as "eligible lenders" ("*Eligible Lenders*") under the provisions of the Higher Education Act. In order for a Federal Loan to qualify for financing under the Issuer's student loan programs, the Issuer must first determine, among other things, that with respect to such Loan:

(1) the payment of the principal of and interest on such Federal Loan is guaranteed by a Guarantor to the extent applicable to such Federal Loan as provided by the Higher Education Act, and that the Secretary is required, by the Higher Education Act at the time of the financing, to reimburse the

Guarantor to the maximum extent permitted for amounts expended by the Guarantor in discharge of its insurance obligation on such Federal Loan; and

(2) if not originated by the Issuer or the Trustee on behalf of the Issuer, (i) that the Federal Loan is subject to being repurchased by the seller if such Loan does not comply with the provisions of the applicable purchase agreement or other documentation relating to such Federal Loan and (ii) that the seller or other transferor of such Federal Loan represents that the Federal Loan subject to such transfer is free of any encumbrance or lien.

BORROWER BENEFIT PROGRAMS

The Issuer has offered, and intends to continue to offer, various incentive programs to student loan borrowers, and the Issuer participates in similar programs offered by certain third-party sellers of student loans (collectively, "*Borrower Benefit Programs*"). The Issuer offers various interest rate reductions to borrowers that have their loan payments automatically withdrawn from a bank account. Certain borrowers may also participate in interest rate reduction programs that reward borrowers that make timely loan payments. A credit of the federal origination fee is made for new Stafford loans first disbursed on or after June 1, 2005, for students attending California institutions. Certain loans made to students or their parents on or after July 1, 2006 qualify for a credit of the federal default fee payable to certain guarantors.

The Issuer's reduced interest rate and fee credit programs may be modified or terminated by the Issuer at any time, upon receipt of a Rating Confirmation, and the applicable interest rate reductions will cease if a borrower becomes delinquent.

PORTFOLIO OF ELIGIBLE LOANS

All of the Eligible Loans financed with proceeds of the previously issued Series IV Bonds and to be financed under the Indenture in connection with the issuance of the Offered Bonds will be Federal Loans guaranteed by a guarantor qualified to act as such under the Higher Education Act, and reinsured by the Secretary, or fully insured by the Secretary.

The following tables describe the expected composition of the portfolio of Eligible Loans that will secure the Outstanding Series IV Bonds upon issuance of the Offered Bonds and upon disbursement from the Loan Account to acquire Eligible Loans under a purchase commitment with an approximate principal balance outstanding of \$114 million. These characteristics have been incorporated into the Closing Cash Flow Projections based upon balances as of August 31, 2007.

Expected Composition of Eligible Loans	
Aggregate Principal Balance	\$752,840,099
Aggregate Accrued Interest	2,210,930
Aggregate Outstanding Balance	\$755,051,029
Number of Borrowers	41,981
Average Outstanding Balance Per Borrower	\$17,933
Weighted Average Remaining Term (months)	228
Weighted Average Interest Rate	5.87%

Expected Distribution of Eligible Loans to be Held in the Trust Estate by Loan Type			
Loan Type	Number of Loans *	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
Stafford-Subsidized	15,128	\$ 61,895,482	8.22%
Stafford-Unsubsidized	8,645	39,205,430	5.21%
PLUS/SLS	1,627	8,474,900	1.13%
Grad PLUS	15	229,491	.03%
FFELP Consolidation	24,007	643,034,796	85.41%
TOTAL	49,422	\$752,840,099	100.00%

* Borrowers may hold multiple loan types.

Expected Distribution of Eligible Loans to be Held in the Trust Estate by Range of Outstanding Balances

Outstanding Balance	Number of Borrowers	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
Less than \$10,000.00	20,983	\$ 82,913,772	11.0%
\$10,000.00 - \$19,999.99	8,923	129,002,015	17.1%
\$20,000.00 - \$29,999.99	4,195	102,056,827	13.6%
\$30,000.00 - \$39,999.99	2,490	86,432,065	11.5%
\$40,000.00 - \$49,999.99	1,524	67,958,961	9.0%
\$50,000.00 - \$59,999.99	1,081	59,192,090	7.9%
\$60,000.00 - \$69,999.99	692	44,668,292	5.9%
\$70,000.00 - \$79,999.99	465	34,826,855	4.6%
\$80,000.00 - \$89,999.99	308	26,093,070	3.5%
\$90,000.00 - \$99,999.99	227	21,535,632	2.9%
\$100,000.00 or greater	1,093	98,160,520	13.0%
TOTAL	41,981	\$752,840,099	100.0%

Expected Distribution of Eligible Loans to be Held in the Trust Estate by Range of Borrower Interest Rates

Borrower Interest Rate	Number of Borrowers *	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
Less than 3.9%	3,959	\$ 170,669,755	22.7%
4.0 - 5.9%	6,189	198,807,372	26.4%
6.0 - 7.9%	14,368	208,243,672	27.7%
8.0 - 9.9%	18,750	170,873,035	22.7%
10.0% or Greater	245	4,246,265	0.5%
TOTAL	43,511	\$752,840,099	100.0%

*Borrowers may hold more than one loan with different interest rates.

Expected Distribution of Eligible Loans to be Held in the Trust Estate by Borrower Payment Status

Borrower Payment Status	Number of Borrowers*	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
School	1,274	\$ 11,547,342	1.5%
Grace	803	4,984,356	0.7%
Repayment	32,539	548,130,984	72.8%
Deferment	5,238	131,894,443	17.5%
Forbearance	2,251	56,282,974	7.5%
TOTAL	42,105	\$752,840,099	100.0%

*May include Borrowers with \$0 loan balance PIF.

Expected Distribution of Eligible Loans to be Held in the Trust Estate by Status of Borrowers in Repayment

Repayment Breakdown	Number of Borrowers in Repayment	Aggregate Outstanding Principal Balance in Repayment	Percent of Loans by Outstanding Balance in Repayment
Current	26,504	\$461,589,059	84.2%
31- 60 Delinquent	1,495	23,185,848	4.2%
61- 90 Delinquent	967	13,941,622	2.6%
91- 120 Delinquent	617	9,148,936	1.7%
121- 150 Delinquent	526	7,420,037	1.3%
151- 180 Delinquent	475	6,962,355	1.3%
181- 270 Delinquent	927	13,054,735	2.4%
271+ Delinquent	82	2,279,069	0.4%
Default/Claim Filed	946	10,549,323	1.9%
TOTAL	32,539	\$548,130,984	100.0%

Expected Distribution of Eligible Loans to be Held in the Trust Estate by SAP Benchmark

Index	Number of Borrowers*	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
Federal T-Bill Indexed	20,703	\$ 186,751,558	24.8%
CP Indexed	22,104	566,088,541	75.2%
Total	42,807	\$ 752,840,099	100.0%

*Borrowers may hold multiple loans in different SAP indexes.

Expected Distribution of Eligible Loans to be Held in the Trust Estate by Servicer

Servicer	Number of Borrowers	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
SLMA	26,344	\$315,138,504	41.8%
GLELSI	11,099	390,518,653	51.9%
ACS	4,538	47,182,942	6.3%
Total	41,981	\$752,840,099	100.0%

Expected Distribution of Eligible Loans to be Held in the Trust Estate by Guarantor

Guarantor	Number of Borrowers *	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
CSAC	8,217	\$ 95,405,839	12.7%
NYSHESC	5,628	53,309,491	7.1%
GLHEGC	11,367	392,992,457	52.2%
USAF	14,286	178,808,792	23.7%
All Others	2,671	32,323,520	4.3%
TOTAL	42,169	\$752,840,099	100.0%

*Borrowers may hold multiple loans with different guarantors.

Expected Weighted Average Months Remaining in Status by Current Borrower Payment Status

Current Borrower Payment Status	Months Remaining in Status
Deferment	14
Forbearance	4
Repayment	222

Expected Distribution of Eligible Loans to be Held in the Trust Estate by Remaining Term to Scheduled Maturity

Remaining Months to Scheduled Maturity	Number of Borrowers*	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
0 – 24	6,743	\$ 14,300,412	1.9%
25 – 48	4,922	18,286,378	2.4%
49 – 72	4,260	25,994,399	3.5%
73 – 96	4,272	39,310,602	5.2%
97 – 120	4,833	59,697,610	7.9%
121 - 144	2,541	32,782,451	4.4%
145 - 168	2,199	35,486,548	4.7%
169 - 192	3,409	59,022,533	7.8%
193 - 216	1,356	36,419,818	4.8%
217 - 240	3,127	87,671,806	11.6%
241 or greater	5,390	343,867,542	45.8%
TOTAL	43,052	\$752,840,099	100.0%

*Borrowers may hold multiple loans with different payment terms.

Expected Distribution of Eligible Loans to be Held in the Trust Estate by School Type

School Type	Number of Borrowers	Aggregate Outstanding Principal Balance	Percent of Loans by Outstanding Balance
4 Year	14,439	\$ 94,922,611	12.61%
2 Year	2,640	10,224,744	1.36%
Prop. & Vocational	767	2,585,018	0.34%
Consolidation Loans	24,135	645,107,726	85.69%
Total	41,981	\$752,840,099	100.0%

The Closing Cash Flow Projections assume that the Eligible Loans will (i) have been financed on or prior to June 30, 2008 to the extent of the proceeds of the Offered Bonds, (ii) be comprised of Stafford Loans, PLUS/SLS Loans, Graduate Plus Loans or Consolidation Loans, (iii) include select Eligible Loans that will be eligible for the interest rate reduction programs, each as described herein under “BORROWER BENEFIT PROGRAMS,” (iv) be originated by ALL Management Corporation (“*ALL Management*”), Sallie Mae Servicing L.P. (“*Sallie Mae Servicing*”), ACS Education Services, Inc. (“*ACS*”) or Great Lakes Educational Loan Services, Inc. (“*GLELSI*”), (v) be serviced by ALL Student Loan Servicing Corporation (“*ALLSLSC*”), Sallie Mae Servicing, ACS or GLELSI, and (vi) be guaranteed as to principal and accrued interest by a Guarantor to the maximum amount permitted under the Higher Education Act. Notwithstanding the above assumption concerning loan servicers, the Issuer may engage one or more other loan servicers or loan origination services providers (or provide for some or all of such services itself or through an affiliate) provided that such action will not materially adversely affect the ending surplus of the Closing Cash Flow Projections.

ASSET REQUIREMENT FOR PURPOSES OTHER THAN REDEMPTIONS

The term “*Asset Requirement*,” as used in **EXHIBIT I — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — DEFINITIONS,”** with respect to any transfer of Pledged Assets to either of the Issuer or ALL Student Credit as described in paragraph ELEVENTH under the caption “CREATION AND OPERATION OF ACCOUNTS — *Revenue Account; Payments Accounts*,” and with respect to certain dispositions of Loans as described under the caption “STUDENT LOAN PROGRAM” means (i) 100% of all Outstanding Bonds, (ii) 102% of all Outstanding Bonds other than Junior Subordinated Bonds, (iii) 106% of all Outstanding Senior Bonds and Senior Subordinate Bonds and (iv) 110% of all Outstanding Senior Bonds or, in each case any lower percentage if the Trustee shall have received a Credit Confirmation, but in any event not less than 100% of all Outstanding Series IV Bonds.

OTHER FINANCING ACTIVITIES

As of August 31, 2007, the Issuer owned approximately \$1,285 million principal amount of Eligible Loans under all of its trust indentures, including the Indenture. The following table describes the Issuer’s bond issues which are not payable from Pledged Assets under the Indenture as of September 30, 2007.

<u>ISSUE</u>	<u>AMOUNT OUTSTANDING AS OF SEPTEMBER 30, 2007</u>
Student Loan Program Revenue Bonds, Senior Series II	\$ 523,100,000
Student Loan Program Revenue Bonds, Subordinate Series II	27,600,000
Student Loan Program Revenue Bonds, Senior Series V	<u>380,000,000</u>
TOTAL	<u>\$930,700,000</u>

ALL Student Credit has not issued any indebtedness as of the date hereof and does not presently own any Eligible Loans.

In addition to the above, from time to time the Issuer has incurred, and expects to continue to incur, other indebtedness to finance its student loan programs.

LOAN ORIGINATION AND SERVICING

The information included herein relating to the Servicers has been obtained from the Servicers, is not guaranteed as to accuracy or completeness by the Issuer or the Underwriters or their respective counsels or by Bond Counsel, is not to be construed as a representation by the Issuer or the Underwriters or their respective counsels or by Bond Counsel and has not been independently verified by the Issuer or the Underwriters or their respective counsels or by Bond Counsel. The Issuer and the Underwriters and their respective counsels and Bond Counsel make no representations as to the accuracy or adequacy of such information or as to the absence of any material adverse changes subsequent to the dates covered by any information contained herein.

Sallie Mae Servicing, a division of Sallie Mae, Inc. ("Sallie Mae Servicing"). Sallie Mae Servicing acts as a loan servicer for the Issuer. Sallie Mae Servicing previously was a for-profit Delaware limited partnership, the partnership interests of which were 100% owned by wholly-owned subsidiaries of SLM Corporation. Effective December 31, 2003, this limited partnership merged with, and became a division of, Sallie Mae, Inc., a for-profit Delaware corporation that also is a wholly-owned subsidiary of SLM Corporation.

As of March 31, 2007, Sallie Mae Servicing serviced approximately \$119.6 billion of FFELP loans, including approximately \$17.8 billion of loans owned by affiliates, \$92.5 billion of loans owned by 80 securitization trusts sponsored by Sallie Mae and \$9.3 billion of loans owned by other third-party clients. Sallie Mae Servicing also serviced approximately \$27.6 billion in non-FFELP loans, including approximately \$0.6 billion in HEAL loans and \$27.0 billion in non-federal, privately-insured loans. Sallie Mae Servicing's principal administrative offices are located in Reston, Virginia.

GLELSI. Great Lakes Educational Loan Services, Inc. ("*GLELSI*") acts as a loan servicing agent for the Issuer. GLELSI is a wholly owned subsidiary of Great Lakes Higher Education Corporation ("*GLHEC*"), a Wisconsin nonstock, nonprofit corporation. The primary operations center for GLHEC and its affiliates (including GLELSI) is in Madison, Wisconsin, which includes the data processing center and operational staff offices for both guarantee support services provided by GLELSI to GLHEC and third-party guaranty agencies and lender servicing and origination functions. GLHEC and affiliates also maintain regional offices in Columbus, Ohio and St. Paul, Minnesota and customer support staff located nationally.

In June 2004, GLELSI received the Exceptional Performer designation from the U.S. Department of Education ("*Department*"). As a result, lenders serviced by GLELSI are eligible to receive the maximum reimbursement on all claims submitted for insurance. Lenders risk sharing exposure is reduced as long as GLELSI retains the Exceptional Performer designation. GLELSI could lose its Exceptional Performer designation as a result of a variety of factors, including changes to the Higher Education Act. GLELSI could also lose Exceptional Performer status if subsequent audits fail to meet the Department's standards.

In March 2005, Moody's Investors Service assigned its highest servicer quality (SQ) rating of SQ1 to GLELSI as a servicer of FFELP student loans. Moody's SQ ratings represent its view of a servicer's ability to prevent or mitigate losses across changing markets. Moody's rating incorporates an assessment of performance measurements including delinquency transition rates, cure rates and claim reject rates – all valuable indicators of a servicer's ability to get maximum returns from student loan portfolios.

As of June 30, 2007, GLELSI serviced 1,954,359 student and parental accounts with an outstanding balance of \$34.3 billion for over 1,400 lenders nationwide. As of June 30, 2007, 68% of the portfolio serviced by GLELSI was in repayment status, 6% was in grace status and the remaining 26% was in interim status. GLELSI will provide a copy of GLHEC's most recent consolidated financial statements on receipt of a written request directed to 2401 International Lane, Madison, Wisconsin 53704, Attention: Chief Financial Officer.

ACS. ACS acts as a loan servicing agent for the Issuer. ACS Education Services, Inc., a Delaware corporation ("*ACS-ES*"), acts as a loan servicer for the issuing entity. ACS-ES is a for-profit corporation and a wholly-owned subsidiary of Affiliated Computer Services, Inc. ("*ACSI*"). Headquartered in Dallas, Texas, ACSI is a Fortune 500 company providing business process and technology outsourcing solutions to world-class commercial and government clients. ACSI's Class A common stock trades on the New York Stock Exchange under the symbol "ACS". As of May 2007, ACS-ES provided loan servicing for approximately \$125 billion in student and parental loans, including approximately \$90 billion in Federal Direct Student Loans under contract with the U.S. Department of Education. ACS-ES has its headquarters at One World Trade Center, Suite 2200, Long Beach, California 90831, and has regional processing centers in Long Beach and Bakersfield, California; Utica, New York; and Lombard, Illinois.

The Guaranteed Loan Servicing Group is operated by ACS-ES as an independent, third party education loan servicer with approximately 600 employees, providing full service loan origination and servicing for the Federal Stafford, PLUS and Consolidation education loan programs and many alternative/private loan programs. ACS-ES and its predecessors have over 38 years of experience

providing outsourcing services to higher education. ACS-ES currently services approximately 2.1 million education loan borrowers with loans valued at approximately \$32 billion.

ACS-ES' Guaranteed Loan Servicing Group services include Stafford, PLUS, Consolidation, and private/alternative loan origination, as well as post-origination conversion and loan servicing.

Origination services include receipt and validation of application data, underwriting (if required), school and borrower customer service, guaranty processing and loan disbursement. A wide range of schools and guarantors are supported, as well as a variety of different disbursement methods, including: check, master check, automated clearinghouse (ACH), and disbursement via guarantors and national disbursing agents.

Conversion services include set-up of new accounts to the servicing platform from our in house origination system or a lender's system. This area also supports transfer of existing education loan portfolios from other servicers' systems, as well as loan sales and securitizations.

Loan servicing includes lender and borrower services, payment and transaction processing, due diligence activities as required by federal regulations or private/alternative loan program requirements, and communications with schools, guarantors, the National Student Loan Clearing House, and others. In the event of borrower default, ACS-ES prepares and submits a claim package on the lender's behalf to the appropriate guaranty agency for review and guarantee payment, if applicable.

Since March 2005, ACS-ES has received and maintained an "exceptional performer" designation from the U.S. Department of Education. This designation recognizes organizations that demonstrate an exceptional level of performance in servicing Federal Family Education Loan Program (FFELP) loans. In order to qualify, loan servicers must meet and maintain an overall compliance performance rating of 97 percent or higher for servicing requirements set by the Department on federally guaranteed loans, as determined by quarterly audits. A lender whose loan servicer receives and maintains this designation is currently eligible to receive 99 percent reimbursement on federally guaranteed education loan claims submitted for insurance during the period of designation.

ALLSLSC. ALL Student Loan Servicing Corporation ("*ALLSLSC*") will act as a loan servicer for the Issuer, effective on or about November 1, 2007. *ALLSLSC* is a Washington for-profit corporation, wholly owned by ALL Management Corporation.

ALLSLSC anticipates servicing approximately \$50,000,000 of the Issuer's Eligible Loans under the Indenture by June 30, 2008. *ALLSLSC* will initially provide loan servicing services exclusively to the Issuer. *ALLSLSC*'s principal offices are located in Vancouver, Washington.

ALL Management. The Issuer has entered into an agreement with ALL Management, dated May 1, 2003, to provide loan origination processing services exclusively for the Issuer. In turn, ALL Management has entered into an agreement, dated April 25, 2003, with V-Tek Systems Corporation, a California corporation, to license its AppWorks™ loan origination processing system on a remote basis. ALL Management transfers newly originated loans to a loan servicer as soon as practicable after each such loan is originated. For further discussion of the relationship between the Issuer and ALL Management, see the attached Offering Memorandum under the caption "**THE CORPORATION.**"

THE SERVICING AND LOAN ORIGINATION AGREEMENTS

The Issuer's servicing and loan origination agreements provide that each Servicer shall originate, collect and perform all other customary loan servicing functions and (at the request of the Issuer) examine promissory notes and certain other loan documents acquired in connection with purchased Eligible Loans. As part of the loan examination, each Servicer is required to determine if any Loans to be purchased by a Trustee under an indenture for the Issuer, including the Indenture, are not Eligible Loans, and, if so, upon reimbursement to the Issuer of the purchase price thereof, to return to the Eligible Lender any documents and information related to such ineligible loans. With respect to servicing of Eligible Loans, each Servicer is required to take all steps necessary and within its power and authority to maintain the guarantee coverage on each Eligible Loan in full force and effect at all times during the period of servicing by such Servicer. With respect to each Eligible Loan that is in default, the applicable Servicer is required to take all reasonable steps necessary to accomplish recovery thereon from the appropriate Guarantor. Each Servicer is required to prepare and deliver periodic reports to the Issuer.

The Servicing Agreements provide for the payment to each Servicer of a nonrecurring conversion fee for each Eligible Loan and a monthly servicing fee for each account being serviced by the Servicer during its term. In addition, each Servicer is entitled to fees for default claim filing and certain other services. The fees are subject to adjustment each year. Servicing fees are also subject to increase as a result of postage increases and certain legislative changes. The Issuer may indemnify each Servicer as required under the related Servicing Agreement.

The ACS FFELP Servicing Agreement, the GLELSI Student Loan Origination and Servicing and Consolidation Loan Origination Agreements, the Sallie Mae Loan Origination and Management Services and Consolidation Loan Origination Agreements, and the ALL Management Loan Origination Services Agreement provide for the origination of Eligible Loans by each Servicer. Loan origination consists of processing of loan applications, obtaining requisite certifications from the educational institution that the borrower is intending to attend, obtaining requisite guarantees by the appropriate Guarantor (or assuring that a blanket guarantee is in place), disbursing or arranging for the disbursement of funds, handling cancellations, refunds and adjustments and transferring the Loan, if appropriate, to another loan servicer.

THE GUARANTORS

The Issuer expects that the majority of Eligible Loans to be financed with proceeds of the Offered Bonds will be guaranteed by the California Student Aid Commission (“CSAC”), Great Lakes Higher Education Guaranty Corporation (“GLHEGC”), United Student Aid Funds, Inc. (“USA Funds”) or New York State Higher Education Services Corporation (“NYSHESC”). Certain information related to such Guarantors is provided in this section. The Indenture permits the Issuer to finance or otherwise acquire Eligible Loans which are guaranteed by other Guarantors. See the definition of “Guarantor” in **EXHIBIT I — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,”** in the attached Offering Memorandum. For a description of the provisions of the Guarantee Agreements, see “**GUARANTORS AND GUARANTEE AGREEMENTS**” in the attached Offering Memorandum.

The information included herein relating to the Guarantors has been obtained from the Guarantors, is not guaranteed as to accuracy or completeness by the Issuer or the Underwriters, is not to be construed as a representation by the Issuer, the Underwriters or their respective counsels or by Bond Counsel and has not been independently verified by the Issuer, the Underwriters or their respective counsels or by Bond Counsel. The Issuer and the Underwriters, their respective counsels and Bond Counsel make no representations as to the accuracy or adequacy of such information or as to the absence of any material adverse changes subsequent to the dates covered by any information contained herein.

Set forth below is certain current and historical information with respect to certain Guarantors in their capacities as Guarantors of education loans. In addition, the Corporation is aware of the enactment of California Senate Bill No. 89 (S.B. 89), approved by the California Governor on August 24, 2007, authorizing the sale of CSAC’s student loan guarantee portfolio and certain related assets and liabilities to an entity approved by the U.S. Secretary of Education (the “*Secretary of Education*”) to act as a state student loan guarantee agency under the FFEL Program. Any sale consummated under the authority of S.B. 89 will require the approval of the Secretary of Education. Whether any such sale will ultimately occur, or, if it does occur, whether it will affect the timing of guarantee payments is not known at this time. However, if a guarantor is unable to meet its insurance obligations, holders of insured loans may submit insurance claims directly to the Secretary of Education, who is obligated to pay the full insurance obligation of a guarantor until such time as the obligations are transferred to a new guarantor capable of meeting such obligations or until a successor guarantor assumes such obligations. For additional information about the role of the federal government as a reinsurer of loans under the FFEL Program, see “**FEDERAL INSURANCE AND REIMBURSEMENT OF GUARANTORS**” in **EXHIBIT II — “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM**” in the attached Offering Memorandum.

CSAC. CSAC is the designated state student loan guaranty agency for the State of California (“*State*”), responsible for the State’s participation in the FFEL Program pursuant to California Education Code Section 69760 et seq., and Section 428(c) of the Higher Education Act. CSAC’s role as a guaranty agency is to provide a source of credit to assist students in meeting post-secondary education costs while attending eligible institutions of their choice.

As authorized under California law, CSAC has established an auxiliary organization in the form of a nonprofit public benefit corporation to provide operational and administrative services related to CSAC's participation in the FFEL Program. The auxiliary organization, EDFUND, operates CSAC's federal student loan guaranty program pursuant to an operating agreement with CSAC. CSAC, as the designated state guaranty agency, continues its oversight of all revenues, expenses, and assets related to its status.

CSAC began guaranteeing student loans on April 1, 1979, and as of September 30, 2006, had cumulative principal guarantees outstanding of approximately \$27 billion.

As part of the FFEL Program, and pursuant to the 1998 Reauthorization Amendments to the Higher Education Act, the State established the Federal Student Loan Reserve Fund, referred to as CSAC's Federal Fund, and the Student Loan Operating Fund, referred to as CSAC's Operating Fund. CSAC's liability pursuant to the FFEL Program, including for any loan guarantees, is limited solely to the amounts contained in these two funds, and the State has no obligation to replenish these funds if exhausted.

As of September 30, 2006, CSAC's Federal Fund and Operating Fund balances were as follows: CSAC's Federal Fund had total assets of \$103,639,674, total liabilities of \$34,756,600 and total fund equity of \$68,883,074; and CSAC's Operating Fund had total assets of \$110,002,406, total liabilities of \$94,460,918 and total fund equity of \$15,541,488.

The 1998 Reauthorization Amendments require Guaranty Agencies to return to the U.S. Department of Education \$250 million in reserve funds from fiscal years 2002 to 2007, with each agency's share being based on a formula prescribed in the 1998 Reauthorization Amendments. The U.S. Department of Education advised CSAC that its share of this recall is \$24,871,909. The first installment payment of \$8,456,449 was paid on August 26, 2002. The second installment of \$8,207,730 was paid on August 31, 2006 and the final installment of \$8,207,730 was paid on August 31, 2007. These payments are disclosed on the financial statements, and have been recognized as liabilities.

Guaranty Volume. CSAC guaranteed the following amounts for the last five (5) fiscal years ending September 30, as follows:

<u>Fiscal Year</u>	<u>FFELP Loan Volume (\$ in millions)</u>
2002	3,523
2003	4,421
2004	5,712
2005	6,577
2006	6,878

The information in the following tables has been provided by CSAC from reports provided by or to the U.S. Department of Education. CSAC has not verified, and makes no representation as to the accuracy or completeness of, the information compiled by the U.S. Department of Education or as to any calculations other than as required by federal regulation.

Reserve Ratio. Pursuant to 34 C.F.R. 682.419, CSAC's reserve ratio (determined by dividing its fund balance by the total amount of loans outstanding) for the last five (5) fiscal years ending September 30, is as follows:

<u>Fiscal Year</u>	<u>Reserve Ratio</u>
2002	0.44
2003	0.25
2004	0.25
2005	0.25
2006	0.25

Recovery Rate. Pursuant to 34 C.F.R. 682.409, CSAC’s recovery rate for each of the past five (5) fiscal years ending September 30, is as follows:

<u>Fiscal Year</u>	<u>Recovery Rate</u>
2002	23.06
2003	27.23
2004	27.03
2005	31.12
2006	21.73

Claims Rate. Pursuant to 34 C.F.R. 682.404, CSAC’s claims rate for each of the past five (5) fiscal years ending September 30, is as follows:

<u>Fiscal Year</u>	<u>Claims Rate</u>
2002	2.52
2003	2.07
2004	2.14
2005	2.81
2006	3.01

GLHEGC. Great Lakes Higher Education Guaranty Corporation (“GLHEGC”) is a Wisconsin nonstock, nonprofit corporation the sole member of which is Great Lakes Higher Education Corporation (“GLHEC”). GLHEGC’s predecessor organization, GLHEC, was organized as a Wisconsin nonstock, nonprofit corporation and began guaranteeing student loans under the Higher Education Act in 1967. GLHEGC is the designated guarantee agency under the Higher Education Act for Wisconsin, Minnesota, Ohio, Puerto Rico and the Virgin Islands. On January 1, 2002, GLHEC (and GLHEGC directly and through its support services agreement with GLHEC), outsourced certain aspects of its student loan program guaranty support operations to GLELSI. GLHEGC continues as the “guaranty agency” as defined in Section 435(j) of the Higher Education Act and continues its default aversion, claim purchase and compliance, collection support and federal reporting responsibilities as well as custody and responsibility for all revenues, expenses and assets related to that status. GLHEGC (through its support services agreement with GLHEC) also performs oversight of all direct and outsourced student loan program operations. The primary operations center for GLHEC and its affiliates (including GLHEGC and GLELSI) is in Madison, Wisconsin, which includes the data processing center and operational staff offices for both guaranty and servicing functions. GLHEC and affiliates also maintain regional offices in Columbus, Ohio and St. Paul, Minnesota and customer support staff located nationally. GLHEGC will provide a copy of GLHEC’s most recent consolidated financial statements on receipt of a written request directed to 2401 International Lane, Madison, Wisconsin 53704, Attention: Chief Financial Officer.

GLHEGC has entered into a voluntary flexible agreement with the U.S. Department of Education pursuant to the 1998 Reauthorization Amendments. Under GLHEGC’s agreement, which commenced October 1, 2000 and is currently effective through September 30, 2007, GLHEGC’s revenues are tied directly to default aversion performance. Certain sources of GLHEGC’s Operating Fund revenues are replaced by a single fee-for-service funding source tied directly to the percentage of delinquent loans that do not default during the measurement period. In lieu of statutory collection retention amounts, the U.S. Department of Education reimburses GLHEGC only for its actual post-default collection related expenses. This agreement also calls for GLHEGC to escrow the liquid assets of GLHEGC’s Federal Fund for the benefit of the U.S. Department of Education. GLHEGC may also engage in negotiations with lenders to define whether the lender or GLHEGC will complete each of the due diligence requirements. Finally, this agreement allows GLHEGC to pilot a new approach to the claims review process, under which GLHEGC develops and implements with willing lenders and servicers a post-claim random sampling process that replaces the current claim-by-claim process.

The information in the following tables has been provided to the Issuer from reports provided by or to the U.S. Department of Education and has not been verified by the Issuer, GLHEGC or the initial purchasers. No representation is made by the Issuer, GLHEGC or the initial purchasers as to the accuracy or completeness of this information. Prospective investors may consult the United States Department of

Education Data Books and Web site <http://www.ed.gov/finaid/prof/resources/data/opeloanvol.html> for further information concerning GLHEGC or any other guarantee agency.

Guaranty Volume. GLHEGC's guaranty volume for each of the last five federal fiscal years, including Stafford, Unsubsidized Stafford, SLS, PLUS, Graduate PLUS and Consolidation loan volume, was as follows:

Federal Fiscal Year	Guaranty Volume (Millions)
2002	4,473.1
2003	8,721.3
2004	7,707.6
2005	9,686.3
2006	12,797.2

Reserve Ratio. Following are GLHEGC's reserve fund levels as calculated in accordance with 34 CFR 682.410(a)(10) for the last five federal fiscal years:

Federal Fiscal Year	Federal Guaranty Reserve Level ^{1/}
2002	1.86%
2003	1.29%
2004	0.99%
2005	0.83%
2006	0.72%

^{1/} In accordance with Section 428(c)(9) of the Higher Education Act, does not include loans transferred from the former Higher Education Assistance Foundation, Northstar Guarantee Inc., Ohio Student Aid Commission or Puerto Rico Higher Education Assistance Corporation. (The minimum reserve fund ratio under the Higher Education Act is .25%.)

The Department of Education's website at <http://www.fp.ed.gov/PORTALSWebApp/fp/whatsnew.jsp> has posted reserve ratios for GLHEGC for federal fiscal years 2003, 2004 and 2005 of 1.168%, .646% and .578%, respectively. GLHEGC believes the Department of Education has not calculated the reserve ratio in accordance with the Act and the correct ratio should be 1.29%, .99% and .83%, respectively, as shown above and as explained in the preceding footnote. On November 17, 2006, the Department of Education advised GLHEGC that beginning in Federal Fiscal Year 2006 it will publish reserve ratios that include loan loss provision and deferred revenues. GLHEGC believes this change should more closely approximate the statutory calculation. According to the Department of Education, available cash reserves may not always be an accurate barometer of a guarantor's financial health.

Claims Rate. For the past five federal fiscal years, GLHEGC's claims rate has not exceeded 5%, and, as a result, the highest allowable reinsurance has been paid on all GLHEGC's claims. The actual claims rates are as follows:

Fiscal Year	Claims Rate
2002	1.06%
2003	1.27%
2004	.68%
2005	.51%
2006	.62%

As a result of various statutory and regulatory changes over the past several years, historical rates may not be an accurate indicator of current delinquency or default trends or future claims rates.

USA Funds. United Student Aid Funds, Inc. (“USA Funds”) was organized as a private, nonprofit corporation under the General Corporation Law of the State of Delaware in 1960. In accordance with its Certificate of Incorporation, USA Funds: (i) maintains facilities for the provision of guarantee services with respect to approved education loans made to or for the benefit of eligible students who are enrolled at or plan to attend approved educational institutions; (ii) guarantees education loans made pursuant to certain loan programs under the Higher Education Act, as well as loans made under certain private loan programs; and (iii) serves as the designated guarantor for education-loan programs under the Higher Education Act of 1965, as amended (the “Act”) in Arizona, Hawaii and certain Pacific Islands, Indiana, Kansas, Maryland, Mississippi, Nevada, and Wyoming.

USA Funds contracts with Sallie Mae, Inc., a wholly owned subsidiary of SLM Corporation. USA Funds also contracts with Student Assistance Corporation, a wholly owned subsidiary of SLM Corporation. SLM Corporation and its subsidiaries are not sponsored by nor are they agencies of the United States of America.

Effective December 13, 2004, USA Funds became the sole member of the Northwest Education Loan Association, a guarantor serving the states of Washington, Idaho and the Northwest.

For the purpose of providing loan guarantees under the Act, USA Funds has entered into various agreements (collectively, the “Federal Reinsurance Agreements”) with the U.S. Secretary of Education (the “Secretary”). Pursuant to the Federal Reinsurance Agreements, USA Funds serves as a “guaranty agency” as defined in Section 435(j) of the Act. The Act allows the Secretary, after giving the guaranty agency notice and the opportunity for a hearing, to terminate the Federal Reinsurance Agreements if the Secretary determines that the administrative or financial condition of the guaranty agency jeopardizes the agency’s continued ability to perform its responsibilities under its guaranty agreement, it is necessary to protect the federal financial interest, or to ensure the continued availability of loans to student- or parent-borrowers.

Reinsurance is paid to USA Funds by the Secretary in accordance with a formula based on the annual default rate of loans guaranteed by USA Funds under the Act and the disbursement date of loans. The rate of reinsurance ranges from 100 percent to 75 percent of USA Funds’ losses on default-claim payments made to lenders. The Higher Education Amendments of 1998 (the “1998 Reauthorization Law”) reduced the reinsurance coverage for loans in default made on or after Oct. 1, 1998, to a range from 95 percent to 75 percent based upon the annual default claims rate of the guaranty agency. Reinsurance on non-default claims remains at 100 percent.

The 1998 Reauthorization Law requires guaranty agencies to establish two (2) separate funds, a federal reserve fund (property of the United States) and an agency operating fund (property of the guaranty agency). The federal reserve fund is to be used to pay lender claims and to pay a default-aversion fee to the agency operating fund. The agency operating fund is to be used by the guaranty agency to pay its operating expenses.

The 1998 Reauthorization Law requires guaranty agencies to return to the Secretary \$250 million in federal reserve funds from fiscal years 2002 to 2007. Each guaranty agency’s share is based on a formula prescribed in the 1998 Reauthorization Law. USA Funds is in compliance with the provisions of the reserve fund requirements of the Act. USA Funds remitted \$17.8 million to the Secretary in September 2002 and \$17.3 million by September 1, 2006. The remaining balance due of \$17.3 million will be remitted in 2007.

Effective for all Federal Stafford and PLUS loans that USA Funds guarantees on or after April 1, 2005, USA Funds waived the guarantee fee of up to 1 percent of the principal amount of new loans that federal law permitted a guarantor to assess. During 2006, the U.S. Congress passed the Higher Education Reconciliation Act (HERA) which required all guarantors to collect and deposit into the federal reserve fund a federal default fee of 1% of the principal amount of all Stafford and PLUS loans guaranteed on or after July 1, 2006. USA Funds is paying the federal default fee to the federal reserve fund from the operating fund on behalf of the borrower for all PLUS loans made by a lender in which the lender is paying the federal default fee on behalf of their Stafford borrowers.

As of September 30, 2006, USA Funds had total federal reserve fund assets of approximately \$226 million and net assets of approximately \$200 million. Through September 30, 2006, the outstanding, unpaid, aggregate amount of principal and interest on loans that had been directly guaranteed by USA

Funds under the Federal Family Education Loan Program was approximately \$77 billion. In addition, as of September 30, 2006, USA Funds had operating fund assets totaling approximately \$793 million.

The U.S. Department of Education published reserve ratios are based on cumulative net assets and liability for future default provisions of the federal reserve fund divided by the original principal amount of the outstanding loans guaranteed. Following this formula, the reserve ratio for federal reserve fund administered by USA Funds for the last five fiscal years was as follows: 2006 - .26%; 2005 - 0.45 percent; 2004 - 0.56 percent; 2003 - 0.67 percent; 2002 - 0.73 percent.

USA Funds' "guarantee volume" is the approximate aggregate principal amount of federally reinsured education loans (including subsidized and unsubsidized Federal Stafford and Federal PLUS loans but excluding Federal Consolidation loans) guaranteed by USA Funds. For the last five fiscal years, the "guarantee volume" was as follows (in billions): 2006 - \$12.586; 2005 - \$10.724; 2004 - \$9.907; 2003 - \$9.587; 2002 - \$8.162.

USA Funds' "recovery rate," which provides a measure of the effectiveness of the collection efforts against defaulted borrowers after the guarantee claim has been satisfied, is determined by dividing the amount recovered from borrowers by USA Funds during the fiscal year by the aggregate amount of default claims paid by USA Funds outstanding at the end of the prior fiscal year. For the last five fiscal years, the "recovery rate" was as follows: 2006 - 38.03 percent; 2005 - 35.05 percent; 2004 - 35.47 percent; 2003 - 30.14 percent; 2002 - 32.84 percent.

In addition, USA Funds' "claims rate" represents the percentage of federal reinsurance claims paid by the Secretary during any fiscal year relative to USA Funds' existing portfolio of loans in repayment at the end of the prior fiscal year. For the last five fiscal years, the "claims rate" was as follows: 2006 - 1.21 percent; 2005 - 1.41 percent; 2004 - 1.13 percent; 2003 - 1.37 percent; 2002 - 1.97 percent.

USA Funds is headquartered in Fishers, Indiana. USA Funds will provide a copy of its most recent annual report upon receipt of a written request directed to its headquarters at P.O. Box 6028, Indianapolis, Indiana 46206-6028, Attention: Vice President, Corporate Communications.

NYSHESC. NYSHESC is the designated state student loan guaranty agency for the State of New York ("State"), responsible for New York's participation in the FFEL Program pursuant to an act of the New York State Legislature, and Section 428(c) of the Higher Education Act. NYSHESC's role as a guaranty agency is to administer the FFEL Program in New York State and to assist students in meeting post-secondary education costs while attending eligible institutions of their choice.

NYSHESC began guaranteeing student loans in 1975, and as of September 30, 2006, had cumulative principal guarantees outstanding of approximately \$22.0 billion.

The 1998 Reauthorization Law requires guaranty agencies to establish two (2) separate funds, a federal reserve fund (property of the United States) and an agency operating fund (property of the guaranty agency). The federal reserve fund is to be used to pay lender claims and to pay a default-aversion fee to the agency operating fund. The agency operating fund is to be used by the guaranty agency to pay its operating expenses.

As of September 30, 2006, NYSHESC's Federal Fund and Operating Fund balances were as follows: Federal Fund had total assets of \$82.6 million, total liabilities of \$17.2 million and total fund equity of \$65.4 million; and Operating Fund had total assets of \$56.8 million, total liabilities of \$48.2 million and total fund equity of \$8.6 million.

The 1998 Reauthorization Amendments require Guaranty Agencies to return to the Department of Education \$250 million in reserve funds from fiscal years 2002 to 2007, with each agency's share being based on a formula prescribed in the 1998 Reauthorization Amendments. The Department of Education advised NYSHESC that its share of this recall is \$18.2 million. The first installment payment of \$6.2 million was paid on September 3, 2002. The second installment of \$6.0 million was paid on September 6, 2006 and another installment is due in 2007. These payments are disclosed on the financial statements, and have been recognized as liabilities.

Guaranty Volume. The following table sets forth the approximate aggregate principal amount of federally reinsured education loans (including PLUS Loans but excluding Federal Consolidation Loans) that have first become guaranteed by NYSHESC for the last five federal fiscal years:

<u>Fiscal Year</u>	<u>Guaranty Volume (\$ in millions)</u>
2002	2,156
2003	2,414
2004	2,563
2005	2,711
2006	2,970

The information in the following tables has been provided by NYSHESC from reports provided by or to the U.S. Department of Education. NYSHESC has not verified, and makes no representation as to the accuracy or completeness of, the information compiled by the Department of Education or as to any calculations other than as required by federal regulation.

Reserve Ratio. Pursuant to 34 C.F.R. 682.419, NYSHESC's reserve ratio is determined by dividing its cumulative cash reserves by the original principal amount of the outstanding loans it has agreed to guarantee. The following table sets forth the reserve ratio for NYSHESC for the last five (5) fiscal years ending September 30, is as follows:

<u>Fiscal Year</u>	<u>Reserve Ratio</u>
2002	0.67
2003	0.52
2004	0.39
2005	0.25
2006	0.25

Recovery Rate. The U.S. Department of Education calculates a guaranty agency's recovery rate by dividing the amount recovered from borrowers during a federal fiscal year by the guaranty agency's outstanding default loan portfolio at the end of the prior federal fiscal year (beginning inventory). Below are NYSHESC's recovery rates for the past 5 federal fiscal years as calculated by the U.S. Department of Education:

<u>Fiscal Year</u>	<u>Recovery Rate</u>
2002	12.52
2003	16.17
2004	13.99
2005	18.50
2006	19.59

Claims Rate. NYSHESC's claims rate for each of the past five (5) fiscal years ending September 30, is as follows:

<u>Fiscal Year</u>	<u>Claims Rate</u>
2002	1.44
2003	1.85
2004	1.49
2005	1.67
2006	1.47

Claims and Reinsurance. If a Federal Loan is guaranteed by a Guarantor, the holder of such Federal Loan is reimbursed by the Guarantor for 98% (97% for Federal Loans first disbursed on or after July 1, 2006) of the unpaid principal balance of the Federal Loan plus accrued unpaid interest on any Loan defaulted so long as the Federal Loan has been properly originated and serviced. In the attached Offering Memorandum see “**EXHIBIT II — “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM — FEDERAL INSURANCE AND REIMBURSEMENT OF GUARANTORS”**”. Nevertheless, there can be no assurance that the Guarantors will continue to receive full reimbursement for such claims. Under the Higher Education Act, Federal Loans initially disbursed on or after October 1, 1993 are to be guaranteed by a Guarantor to the extent of 98% of unpaid principal and accrued interest, and claims by such Guarantors on such Federal Loans are to be reinsured as to such principal and accrued interest by the Secretary between 78% and 98% in accordance with the Higher Education Act. The Higher Education Amendments of 1998 reduce the applicable percentages of such reinsurance to Guarantors (but not to holders) for Federal Loans first disbursed on or after October 1, 1998 to between 75% and 95%.

The Guarantor’s guarantee obligation is unaffected by its particular Recovery Rate or Claims Rate experience. However, to the extent that the Guarantor is financially unable to pay claims under its guarantee, whether due to reductions in reimbursement from the Secretary or for other reasons, and to the extent the Secretary does not step in and perform the Guarantor’s obligations as they become due but instead requires holders of defaulted Federal Loans to first make claims against the Guarantor and thereafter to make claims directly against the Secretary, payment to holders of Federal Loans may be delayed.

No assurance can be made that the respective Guarantor’s claims rate will continue to be less than 5%. Consequently, no assurance can be made that any Guarantor will continue to receive 95% reimbursement for reinsurance claims relating to Federal Loans first disbursed on or after October 1, 1998 (or the 98% maximum reimbursement for Federal Loans first disbursed from October 1, 1993 through September 30, 1998, inclusive, or the 100% reimbursement for such Loans first disbursed prior to October 1, 1993). See the description in the attached Offering Memorandum under “**EXHIBIT II — SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM — FEDERAL INSURANCE AND REIMBURSEMENT OF GUARANTORS”**”.

There can be no assurance that the claims rate experience of CSAC, GLHEGC, USA Funds and/or NYSHESC for any future year will be similar to the historical claims rate experience set forth above. See “**CERTAIN RISK FACTORS — FINANCIAL STATUS OF GUARANTORS**” in the attached Offering Memorandum.

USE OF FINANCIAL PRODUCTS

The Indenture permits the Issuer to enter into one or more Financial Products, with respect to one or more Series of Bonds, that would be secured under the Indenture. Financial Products payments payable by the Issuer under any such agreement will be payable from the Revenue Account on a parity with interest payments of amounts due on the Senior Bonds, Senior Subordinate Bonds, Subordinate Bonds or Junior Subordinate Bonds, as applicable to the Financial Product. The Issuer currently has no outstanding Financial Products. For additional information regarding the use of Financial Products under the Indenture, see **EXHIBIT I — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- CREATION AND OPERATION OF ACCOUNTS -- Revenue Accounts; Payment Accounts”** in the attached Offering Memorandum.

ERISA CONSIDERATIONS

By virtue of activities unrelated to the issuance and underwriting of the Offered Bonds, the Issuer, the trust estate, the Underwriters, parties associated with the Financed Eligible Loans (including the sellers, servicers, lenders and borrowers thereof), and their affiliates may be considered to be, with respect to an employee benefit plan, a “party in interest”, within the meaning of section 3(14) of the Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”), or a “disqualified person” within the meaning of section 4975(e)(2) of the Code. If so, an acquisition of the Offered Bonds by any such plan may constitute a “prohibited transaction” within the meaning of ERISA and the Code unless the acquisition is made pursuant to an exemption. Any such plan proposing to invest in the Offered Bonds should consult with its legal counsel.

TAX MATTERS

The Offered Bonds offered under this Term Supplement have **not** been structured to afford investors therein any exclusion from federal, state or local income or other taxation.

LEGAL MATTERS

The issuance of the Offered Bonds is subject to the approval of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A copy of the proposed form of approving opinion of Bond Counsel is attached as **EXHIBIT I** hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Term Supplement or the attached Offering Memorandum.

Certain legal matters will be passed upon for the Issuer by its counsel Ballard Spahr Andrews & Ingersoll, LLP. Certain legal matters will be passed upon for the Underwriters by their counsel Calfee, Halter & Griswold, LLP.

FINANCIAL STATEMENTS

Financial Statements. Attached as **EXHIBIT III** hereto are the audited financial statements of the Issuer as of and for the years ended June 30, 2006 and June 30, 2005, respectively, together with the report of Grant Thornton LLP, independent auditors thereon dated September 27, 2006. The Issuer has not requested and does not expect to receive the consent of Grant Thornton LLP to the inclusion of such report or the performance of any procedures subsequent to September 27, 2006 with respect to such audit.

Attached as **EXHIBIT IV** hereto are the unaudited financial statements of the Issuer as of and for the year ended June 30, 2007. Attached as **EXHIBIT V** hereto are the unaudited financial statements of the Issuer for the two-month periods ended August 31, 2007 and August 31, 2006.

RATINGS

It is expected that each series of the Offered Bonds will be rated “Aaa” by Moody’s Investors Service, Inc. (“*Moody’s*”), “AAA” by Standard & Poor’s Ratings Services, (“*S&P*”) and “AAA” by Fitch Ratings (“*Fitch*”), respectively. Explanations of the significance of such ratings may be obtained from Moody’s Investors Service, 99 Church Street, New York, New York 10007, Standard & Poor’s, 25 Broadway, New York, NY 10004, or Fitch Ratings, One State Street Plaza, New York, New York 10004. Such ratings express only the views of the applicable rating agency. There is no assurance that any such ratings will continue for any period of time or that one or more of the ratings will not be revised or withdrawn. Any such revision or withdrawal of the ratings may have an adverse effect on the market price of the Offered Bonds.

UNDERWRITING

Subject to the terms and conditions set forth in the Bond Purchase Agreement (the “*Purchase Agreement*”), between the Issuer and JP Morgan, on behalf of itself and as representative of Morgan Stanley and First Southwest, as underwriters (the “*Underwriters*”), the Issuer will agree to sell to the Underwriters, and the Underwriters will jointly and severally agree to purchase from the Issuer, the Offered Bonds.

In the Purchase Agreement, the Underwriters will agree, subject to the terms and conditions set forth therein, to purchase all of the Offered Bonds, if any Offered Bonds are purchased. It is a condition to the obligation of the Underwriters to purchase any of the Offered Bonds that all of the Offered Bonds are issued.

The Issuer will agree to pay the Underwriters total fees in the aggregate equal to \$1,036,235 (net of Underwriters’ counsel fees) for underwriting the Offered Bonds.

The Issuer has been advised by the Underwriters that the Underwriters propose initially to offer the Offered Bonds to the public at the public offering price set forth on the cover page of this Term Supplement. After the initial public offering, such public offering prices, concessions and reallowances may be changed.

The Underwriters may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specific maximum. Syndicate covering transactions involve purchases of the Offered Bonds in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit an Underwriter to reclaim a selling concession from a syndicate member when the Offered Bonds originally sold by such syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Such stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the Offered Bonds to be higher than it would otherwise be in the absence of such transactions. Such transactions, if commenced, may be discontinued at any time.

The Underwriters have provided the following sentence for inclusion in this Term Supplement: *The Underwriters have reviewed the information in this Term Supplement and the attached Offering Memorandum in accordance with, and as a part of, their respective responsibilities to their investors under the federal securities laws as applied to the facts and circumstances of this transaction, but it does not guarantee the accuracy or completeness of such information.*

CONTINUING DISCLOSURE OF INFORMATION

The Issuer has covenanted for the benefit of the Beneficial Owners of the Offered Bonds, so long as such Offered Bonds are to bear interest at Auction Period Rates, or are in Authorized Denominations of less than \$100,000, to provide certain financial information and operating data relating to the Issuer by not later than 240 days following the end of each fiscal year of the Issuer (which currently is June 30), commencing with the report for the Fiscal Year of the Issuer ending June 30, 2007 (the “*Annual Report*”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed on behalf of the Issuer by the Trustee, as initial Dissemination Agent, with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed on behalf of the Issuer by the Dissemination Agent with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth in **EXHIBIT II - “FORM OF CONTINUING DISCLOSURE AGREEMENT”** to this Term Supplement. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5). The Issuer has never failed to comply in all material respects with any previous undertakings to provide annual reports or notices of material events as provided in such Rule.

ADDITIONAL INFORMATION

The descriptions of the Offered Bonds contained herein do not purport to be definitive or comprehensive. All references herein to such documents are qualified in their entirety by reference to such documents. Copies of such documents may be obtained upon written request during the offering period from J.P. Morgan Securities Inc. at 270 Park Avenue, 10th Floor, New York, New York 10017 and thereafter from the Issuer at 6701 Center Drive West, Suite 500, Los Angeles, California 90045.

EXHIBIT I

Form of Bond Counsel Opinion

October 18, 2007

Access to Loans for Learning
Student Loan Corporation
Los Angeles, California

Re: Access to Loans for Learning Student Loan Corporation Student Loan
Program Revenue Bonds Senior Series IV-A-14, Senior Series IV-A-15, Senior
Series IV-A-16, Senior Series IV-A-17 and Senior Series IV-A-18

Ladies and Gentlemen:

We have acted as bond counsel to the Access to Loans for Learning Student Loan Corporation (the "Corporation") in connection with the issuance of \$80,000,000 principal amount of its Student Loan Program Revenue Bonds, Senior Series IV-A-14, \$80,000,000 principal amount of its Student Loan Program Revenue Bonds, Senior Series IV-A-15, \$80,000,000 principal amount of its Student Loan Program Revenue Bonds, Senior Series IV-A-16, \$80,000,000 principal amount of its Student Loan Program Revenue Bonds, Senior Series IV-A-17, and \$80,000,000 principal amount of its Student Loan Program Revenue Bonds, Senior Series IV-A-18 (collectively, the "Bonds"), issued pursuant to the provisions of a trust indenture, dated as of May 1, 1998, by and among the Corporation, ALL Student Credit Corporation ("ALLSCC") and The Bank of New York Trust Company, National Association, as successor trustee (the "Trustee"), as heretofore supplemented and as supplemented by a Ninth Supplemental Indenture, dated as of October 1, 2007 (as so supplemented, the "Indenture"), among the Corporation, ALLSCC and the Trustee. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, certificates of the Corporation, the Trustee and others, opinions of counsel to the Corporation and the Trustee and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Corporation. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture. We call attention to the fact that the rights and obligations under the Bonds and the Indenture and their

enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in any documents described herein, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of any offering memorandum or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding special obligations of the Corporation.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Corporation. The Indenture creates a valid pledge of the Pledged Assets to secure the payment of principal of and interest on the Bonds, subject to the priorities set forth in the Indenture and the provisions of the Indenture requiring or permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.
3. The Bonds are not a lien or charge upon the funds or property of the Corporation except to the extent of the aforementioned pledge, but are special obligations of the Corporation payable only from Revenues and secured only by the Pledged Assets.
4. Interest on the Bonds is not exempt from federal, state or local income or other taxation.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP
per

EXHIBIT II

FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

RELATED TO

ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION

\$80,000,000

**Student Loan Program Revenue Bonds,
Senior Series IV-A-14**

\$80,000,000

**Student Loan Program Revenue Bonds,
Senior Series IV-A-15**

\$80,000,000

**Student Loan Program Revenue Bonds,
Senior Series IV-A-16**

\$80,000,000

**Student Loan Program Revenue Bonds,
Senior Series IV-A-17**

\$80,000,000

**Student Loan Program Revenue Bonds,
Senior Series IV-A-18**

Issued October 18, 2007

This Continuing Disclosure Agreement (the “*Disclosure Agreement*”), dated as of October 1, 2007, is executed and delivered by Access to Loans for Learning Student Loan Corporation (“*Issuer*”) and The Bank of New York Trust Company, National Association, as dissemination agent (together with any successor, the “*Dissemination Agent*”) in connection with \$80,000,000 Student Loan Program Revenue Bonds, Senior Series IV-A-14, \$80,000,000 Student Loan Program Revenue Bonds, Senior Series IV-A-15 \$80,000,000 Student Loan Program Revenue Bonds, Senior Series IV-A-16, \$80,000,000 Student Loan Program Revenue Bonds, Senior Series IV-A-17, \$80,000,000 Student Loan Program Revenue Bonds, Senior Series IV-A-18 (collectively, the “*Bonds*”) of the Issuer issued pursuant to the Trust Indenture, dated as of May 1, 1998, between the Issuer and The Bank of New York Trust Company, National Association, as successor trustee (in such capacity, the “*Trustee*”), as supplemented (as so supplemented, the “*Indenture*”). This Disclosure Agreement does not apply to any other bonds or securities issued or to be issued by the Issuer other than those defined above. The Issuer and the Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Beneficial Owners of the Bonds and in order for the Underwriter or Underwriters referred to in the Offering Memorandum, dated October, 2007 (the “*Offering Memorandum*”), and the Term Supplement, dated October 11, 2007 (the “*Term Supplement*”) and collectively with the Offering Memorandum, the “*Offering Document*”), related to the Bonds to be in compliance with subsection (b)(5) of SEC Rule 15c2-12 (the “*Rule*”). The Issuer is an “obligated person” within the meaning of the Rule. There are no other “obligated persons” with respect to the Bonds within the meaning of the Rule. The Dissemination Agent is not an “obligated person” under the Rule. The financial information and operating data forming the basis of the annual reporting requirements of Sections 3 and 4 of this Disclosure Agreement are

derived from the Offering Document. As required by the Rule, this Disclosure Agreement is enforceable by Beneficial Owners of the Bonds pursuant to Section 11 hereof.

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Beneficial Owner*” shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

“*Dissemination Agent*” shall mean The Bank of New York Trust Company, National Association, acting in its capacity as dissemination agent hereunder, or any successor dissemination agent designated in writing by the Issuer and which has filed with the Dissemination Agent and the Issuer a written acceptance of such designation.

“*GAAP*” shall mean generally accepted accounting principles as in effect from time to time in the United States of America.

“*GAAS*” shall mean generally accepted auditing standards as in effect from time to time in the United States of America.

“*Issuer Disclosure Representative*” shall mean the President of the Issuer or a designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“*Listed Event*” shall mean any of the events with respect to the Bonds listed in Section 5(a) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934 (“*1934 Act*”).

“*National Repository*” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the National Repositories are as set forth at www.sec.gov/consumer/nrmsir.htm.

“*Repository*” shall mean each National Repository and each State Repository.

“*Rule*” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission (“*SEC*”) under the 1934 Act.

“*State*” shall mean the State of California.

“*State Repository*” shall mean any public or private repository or entity as may be designated by the State as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or cause the Dissemination Agent, not later than 240 days after the close of each Issuer's fiscal year, commencing with the most recently completed fiscal year, to provide to each Repository and to the Dissemination Agent, an Annual Report in compliance with the requirements of Section 4 of this Disclosure Agreement.

(b) If on the date specified in subsection (a) for providing the Annual Report to Repositories, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer Disclosure Representative to determine if the Issuer is in compliance with subsection (a). If the Issuer has not filed its Annual Report when due, the Dissemination Agent shall file a notice with the Repositories as set forth in EXHIBIT A hereto.

Section 4. Content of Annual Reports. (a) The Issuer's Annual Report shall contain or cross-reference the following:

Item 1. The audited financial statements of the Issuer for the most recently ended fiscal year. If the audited financial statements are not completed not later than 240 days after fiscal year end, the Issuer's Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the Offering Memorandum, and the audited financial statement of the Issuer shall be submitted to the Repositories promptly upon completion.

Item 2. Information regarding the ratio of Pledged Assets to principal amounts of outstanding Bonds by updating the information in the Term Supplement under the caption "COLLATERAL RATIO."

Item 3. Information concerning the Issuer's loan portfolio (a) constituting Pledged Assets by updating the information in the tables included in the Term Supplement under the caption "PORTFOLIO OF ELIGIBLE LOANS;" provided that such information shall be updated only with respect to the then-existing portfolio of loans and need not project future acquisitions and may be presented in table format and (b) including the total amount of loans administered by the Issuer listed under the heading "OTHER FINANCING ACTIVITIES".

Item 4. Information regarding any Financial Products delivered by the Issuer, to the extent that the Issuer's obligations with respect to such Financial Products are payable from amounts held under the Indenture, as generally described under the heading "FINANCIAL PRODUCTS."

Any or all of the items listed above may be incorporated by reference from other documents, including official statements or other offering documents of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories. If the document incorporated by reference is a final official statement or other offering document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference in the Issuer's Annual Report.

(b) The Issuer's annual financial statements for each fiscal year shall be prepared in accordance with GAAP, unless applicable accounting principles are otherwise disclosed in the Offering Memorandum, and audited by an independent accounting firm in accordance with GAAS.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events, if material, with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) Modifications to rights of Owners of Bonds;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing payment of the Bonds; and
- (11) Rating changes.

(b) The Dissemination Agent shall promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Indenture, the Dissemination Agent receives notice or acquires knowledge in the manner set out in the Indenture of the occurrence of a Listed Event which, if material, would require the Issuer to provide a material event notice hereunder; provided, however, that the failure of the Dissemination Agent so to advise the Issuer shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities under this Agreement or the Indenture; and, provided further, that the Dissemination Agent shall have no obligation under this Agreement to make a determination as to the materiality of any such Listed Event.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Issuer shall as soon as possible determine if such event would constitute material information for Owners of Bonds under applicable federal securities law, provided, however, that an event under subsection (a)(11) shall always be deemed material.

(d) If the Issuer has determined that the occurrence of a Listed Event is material under applicable federal securities law, the Issuer Disclosure Representative shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f) below.

(e) If in response to a notice under subsection (b), the Issuer determines that the Listed Event would not be material under applicable federal securities law, the Issuer Disclosure Representative shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f) below.

(f) If the Dissemination Agent has been instructed by the Issuer Disclosure Representative to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with each National Repository or the MSRB and each State Repository, if any. Notwithstanding the foregoing:

(i) notice of the occurrence of a Listed Event described in subsections (a)(1), (4) or (5) shall be given by the Dissemination Agent unless the Issuer Disclosure Representative gives the Dissemination Agent affirmative instructions not to disclose such occurrence; and

(ii) notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Owners of affected Bonds pursuant to the Indenture.

(g) The Dissemination Agent (i) shall have no duty or obligation to review or verify any information provided to it under this Disclosure Agreement; (ii) shall have no duty or obligation to determine whether a Listed Event constitutes material information under this Disclosure Agreement; (iii) shall have no responsibility for or liability imposed against it as a result of the Issuer's failure to prepare and file, or failure to notify and instruct the Dissemination Agent to prepare and file, a notice of the occurrence of a Listed Event; and (iv) shall not be deemed to be acting in a fiduciary capacity for the Issuer, any Owners of the Bonds or any other party.

(h) The Dissemination Agent may conclusively rely upon an opinion of counsel expert in federal securities law that the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Management Discussion of Items Disclosed in Annual Reports or as Significant Events. If an item required to be disclosed in the Issuer's Annual Report under Section 4, or as a Listed Event under Section 5, would be misleading without discussion, the Issuer shall additionally provide a statement clarifying the disclosure in order that the statement made will not be misleading in light of the circumstances in which it is made.

Section 7. Commencement, Termination of Reporting Obligation. The Issuer's and Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

All obligations of the Issuer shall terminate if and when the Issuer is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule.

This Disclosure Agreement, or any provision hereof, shall be null and void in the event that (1) the Issuer delivers to the Dissemination Agent an opinion of counsel expert in federal securities laws, addressed to the Issuer and the Dissemination Agent, to the effect that those portions of the Rule which require this Disclosure Agreement, or any of the provisions hereof, do not or no longer apply to the Bonds issued by the Issuer, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) the Dissemination Agent delivers copies of such opinion to each National Repository or the MSRB and each State Repository. The Dissemination Agent shall so deliver such opinion within one (1) Business Day after receipt.

Section 8. Substitution of Obligated Person. The Issuer shall not transfer its obligations under the Indenture unless the transferee agrees to assume all the obligations of the Issuer under this Disclosure Agreement.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement without the consent of the Owners of the Bonds (and the Dissemination Agent shall agree to any amendment so requested by the Issuer unless such amendment materially increases the duties of the Dissemination Agent) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws, acceptable to the Issuer and the Dissemination Agent, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule taking into account any subsequent change in or official interpretation of the Rule. Such amendment or waiver may provide, if supported by the above-referenced opinion, for the termination of obligations hereunder for the Issuer.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. (a) In the event of a failure of the Issuer to provide to the Repositories the Annual Report as undertaken by the Issuer in this Disclosure Agreement, the Beneficial Owner of any Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the applicable Issuer to comply with its obligations to provide Annual Reports under this Disclosure Agreement.

(b) Notwithstanding the foregoing, no Beneficial Owner of the Bonds shall have the right to challenge the content or adequacy of the information provided pursuant to Sections 3, 4 or 5 of this Disclosure Agreement by mandamus, specific performance or other equitable proceedings unless Beneficial Owners of Bonds representing at least 25% aggregate principal amount of outstanding Bonds shall join in such proceedings.

(c) A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Bonds, the rights and remedies provided by the Indenture upon the occurrence of a default or Event of Default shall not apply to any such failure, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action seeking mandamus or to compel specific performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. Article X of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to its own negligence or willful misconduct.

Such indemnity shall be separate from and in addition to that provided to the Trustee under the Indenture. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent hereunder and payment of the Bonds.

The Dissemination Agent agrees to disseminate the information provided to it hereunder in the form delivered by the Issuer. The Dissemination Agent is acting hereunder solely in an agency capacity and as such is merely a conduit for the Issuer and shall have no liability or responsibility for the form, content, accuracy or completeness of any information furnished hereunder. Any such information may contain a legend to that effect.

The Dissemination Agent shall have no obligation to make disclosure concerning the Bonds or any other matter except as expressly set out herein, provided that no provision of this Disclosure Agreement shall limit the duties or obligations of the Trustee under the Indenture. The fact that The Bank of New York Trust Company, National Association has or may have any banking, fiduciary or other relationship with the Issuer, apart from the relationship created by the Indenture and this Disclosure Agreement, shall not be construed to mean that The Bank of New York Trust Company, National Association has knowledge or notice of any event or condition relating to the Bonds except in its respective capacities under such agreements.

No provision of this Disclosure Agreement shall require or be construed to require the Issuer or the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder.

Neither the Issuer nor the Dissemination Agent shall disclose information: (1) deemed confidential or proprietary by the Issuer; (2) the disclosure of which is prohibited by applicable law; or (3) otherwise not subject to disclosure.

The Annual Report may contain such disclaimer language as the Issuer may deem appropriate. Any information disclosed hereunder by the Dissemination Agent may contain such disclaimer language as the Dissemination Agent may deem appropriate.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State; provided, however, that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be interpreted and construed in accordance with such federal securities laws and official interpretations thereof.

Section 15. Notices. All communications, notices, requests and formal actions hereunder will be in writing and mailed, telecopied or delivered, and confirmed as to receipt, to the appropriate notice parties at their respective addresses set forth below:

Access to Loans for Learning Student Loan Corporation
6701 Center Drive West, Suite 500
Los Angeles, California 90045
Attention: President
Telephone: (310) 979-4700
Telecopy: (310) 979-4714

The Bank of New York Trust Company, National Association
600 Travis Street, Suite 1150
Houston, Texas 77002-3009
Attention: Dennis Roemlein
Telephone: (713) 216-0968
Telecopy: (713) 577-5200

Section 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ACCESS TO LOANS FOR LEARNING STUDENT LOAN
CORPORATION

By: _____
Authorized Officer

THE BANK OF NEW YORK TRUST COMPANY, NATIONAL
ASSOCIATION, as Dissemination Agent

By: _____
Title: _____

EXHIBIT III

**AUDITED FINANCIAL STATEMENTS OF
ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION
FOR THE FISCAL YEARS ENDING
JUNE 30, 2006 AND 2005**

[THIS PAGE INTENTIONALLY LEFT BLANK]



ALL Student Loan Corporation

Access to Loans for Learning Student Loan Corporation

Financial Statements and Report of Independent Certified Public Accountants

For the Years Ended June 30, 2006 and 2005

June 30, 2006

C O N T E N T S

	<u>Page</u>
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	3
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Access to Loans for Learning Student Loan Corporation

We have audited the accompanying statements of financial position of Access to Loans for Learning Student Loan Corporation (the "Company"), a not-for-profit corporation, at June 30, 2006 and 2005, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the statements referred to above present fairly, in all material respects, the financial position of Access to Loans for Learning Student Loan Corporation as of June 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Los Angeles, California
September 27, 2006



ALL Student Loan Corporation

Access to Loans for Learning Student Loan Corporation

STATEMENTS OF FINANCIAL POSITION

June 30,
(in thousands of dollars)

ASSETS

	<u>2006</u>	<u>2005</u>
Cash and cash equivalents	\$ 1,088	\$ 3,838
Investments	263,961	246,103
Student loans, net	977,337	813,027
Accrued interest receivable	19,396	13,993
Deferred bond financing costs (net of accumulated amortization of \$1,442 and \$1,018)	8,209	7,344
Other assets	<u>8,168</u>	<u>3,805</u>
Total assets	<u>\$ 1,278,159</u>	<u>\$ 1,088,110</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	\$ 4,513	\$ 2,726
Interest payable	15,360	9,285
Bonds payable	1,217,971	1,039,946
Other liabilities	<u>20</u>	<u>1,188</u>
Total liabilities	1,237,864	1,053,145
Unrestricted net assets	<u>40,295</u>	<u>34,965</u>
Total liabilities and net assets	<u>\$ 1,278,159</u>	<u>\$ 1,088,110</u>

The accompanying notes are an integral part of these statements.



ALL Student Loan Corporation

Access to Loans for Learning Student Loan Corporation

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30,
(In thousands of dollars)

	<u>2006</u>	<u>2005</u>
Interest Income		
Student loan interest and special allowance	\$ 54,222	\$ 37,397
Investments	<u>13,235</u>	<u>5,861</u>
Total interest income	<u>67,457</u>	<u>43,258</u>
Interest Expense		
Interest	43,588	23,067
Letter of credit and other fees	3,213	2,758
Amortization of bond financing costs	<u>410</u>	<u>1,213</u>
Total interest expense	<u>47,211</u>	<u>27,038</u>
Net interest income	<u>20,246</u>	<u>16,220</u>
Other Income		
Consulting and other fees earned	1	117
Other Expenses		
Management fee to affiliate	4,455	3,749
Student loan servicing fees	5,050	2,843
Portfolio management fees to affiliate	4,774	4,389
Other	<u>638</u>	<u>932</u>
Total other expenses	<u>14,917</u>	<u>11,913</u>
Change in net assets	5,330	4,424
Net assets, beginning of year	<u>34,965</u>	<u>30,541</u>
Net assets, end of year	\$ <u>40,295</u>	\$ <u>34,965</u>

The accompanying notes are an integral part of these statements.



ALL Student Loan Corporation

Access to Loans for Learning Student Loan Corporation

STATEMENTS OF CASH FLOWS

For the Year Ended June 30,
(In thousands of dollars)

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,330	\$ 4,424
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization of deferred bond financing costs and loan premiums and fees	2,551	3,209
Capitalization of interest	(9,469)	(8,285)
Write-off of student loan principal and interest	182	261
Changes in operating assets and liabilities:		
Accrued interest receivable	(5,403)	(3,454)
Other assets	(4,363)	876
Accounts payable and accrued expense	1,787	589
Interest payable	6,075	6,125
Other liabilities	<u>(1,168)</u>	<u>(174)</u>
Net cash (used in) provided by operating activities	<u>(4,478)</u>	<u>3,571</u>
Cash flows from investing activities:		
Principal collected on student loans	291,834	184,315
Originations of student loans	(367,999)	(277,187)
Purchases of student loans	(80,985)	(14,015)
Purchases of investments	(1,144,287)	(800,523)
Sales of investments	<u>1,126,429</u>	<u>843,499</u>
Net cash used in investing activities	<u>(175,008)</u>	<u>(63,911)</u>
Cash flows from financing activities:		
Proceeds from issuance of bonds payable	190,000	200,000
Retirement of bonds payable	(11,975)	(135,371)
Bond financing costs paid	<u>(1,289)</u>	<u>(1,678)</u>
Net cash provided by financing activities	<u>176,736</u>	<u>62,951</u>
Net increase (decrease) in cash and cash equivalents	(2,750)	2,611
Cash and cash equivalents at beginning of year	<u>3,838</u>	<u>1,227</u>
Cash and cash equivalents at end of year	<u>\$ 1,088</u>	<u>\$ 3,838</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 37,514</u>	<u>\$ 16,942</u>

The accompanying notes are an integral part of these statements.



ALL Student Loan Corporation

Access to Loans for Learning Student Loan Corporation

NOTES TO FINANCIAL STATEMENTS

June 30, 2006 and 2005

NOTE 1 – ORGANIZATION OF THE CORPORATION

Access to Loans for Learning Student Loan Corporation (the “Corporation”), is a non-profit member public benefit corporation incorporated in California on June 23, 1980. The Corporation operates exclusively to provide financing for post-secondary education by providing loans to students and their parents that are guaranteed and reinsured under the Higher Education Act of 1965, as amended (the “Act”).

ALL Management Corporation, an unconsolidated affiliated non-profit public benefit corporation, provides administrative, management and marketing services to the Corporation, in exchange for negotiated management and administrative fees. ALL Management Corporation is the sole member and shares common officers and common boards of directors with the Corporation.

The Corporation has a consulting agreement with a similar organization that provides student loan financing. The organization was allowed to refund certain of the Corporation’s tax-exempt bonds and the Corporation agreed to provide certain consulting services for which it receives fee income. The contract provides that the Corporation receives a share of the net surplus generated by student loans financed with such refunded debt, payable as the bonds mature serially beginning in October 2002 through March 2005. As of June 30, 2006 and 2005, all amounts due in accordance with the agreement have been received.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting following the provisions of the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations (the “Guide”) and Statement of Financial Accounting Standards (“SFAS”) No. 117, “Financial Statements of Not-for-Profit Organizations.”

Under the provisions of SFAS No. 117, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. At June 30, 2006 and 2005, the net assets of the Corporation are not subject to any donor-imposed restrictions and are reported as “Unrestricted Net Assets”. The only limits on unrestricted net assets are broad limits resulting from the nature of the Corporation and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements.

The financial statements of the Corporation include all of the accounts of the indentures for the bonds and the general corporate management fund (“general fund”). All inter-account balances and transactions have been eliminated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, money market funds and other short-term investments with original maturities of 90 days or less.

Investments

The Corporation's investments are held primarily in money market funds, auction rate securities, and variable rate investment contracts. These investments are carried at cost, which approximates fair value due to the short maturity of these instruments.

Student Loans

Student loans are presented at their unpaid principal balances and include unamortized premiums and origination and transfer fees. Interest on student loans is recognized as it is earned. The Corporation defers premiums paid to acquire loans and loan origination costs and amortizes them over the average life of a student loan on a method that approximates the effective yield method.

Deferred Bond Financing Costs

Costs incurred in preparation for and connection with the original issuance of debt are deferred and amortized over the life of the bonds or the original credit facility, as appropriate, on the straight-line method, which yields a result that approximates that of the effective yield method.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Consulting and Other Fees Earned

The Corporation has a consulting agreement with a similar organization that provides student loan financing. The organization was allowed to refund certain of the Corporation's tax-exempt bonds and the Corporation agreed to provide certain consulting services for which it receives fee income. Fee income is recognized as the consulting services are performed. In addition, the contract provides that the Corporation shall receive a share of the net surplus generated by student loans financed with such refunded debt, payable as the bonds mature serially beginning in October 2002 through March 2005. There is no receivable as of June 30, 2006 or June 30, 2005 as the final payment of \$2,448,000 on this contract was received on June 29, 2005. Included in the consulting and other fees earned in the fiscal year ended June 30, 2005 was \$104,000 for fees related to this agreement.

Income Taxes

The Corporation is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501(c)(3) and the corresponding provisions of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is required.

Interest Rate Swaps

During the year ended June 30, 2002, the Corporation began to use an overall interest rate risk-management strategy that incorporates the use of derivative instruments to minimize significant unplanned fluctuations in interest expense that are caused by interest rate volatility. Interest rate swaps were used to convert a portion of the variable-rate debt to fixed-rate debt. Interest rate swaps involve the exchange of fixed- and variable-rate interest payments between two parties, based on a common notional principal amount and maturity date. All derivative contracts are governed by an International Swaps and Derivatives Association Master Agreement. Under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended, all derivative instruments are recognized on the statement of financial position at their fair values and changes in fair value are recognized immediately in the statement of activities.

NOTE 3 – STUDENT LOAN RECEIVABLES

The Corporation originates and purchases student loans, which are made under the provisions of the Federal Family Education Loan Program (“FFELP”).

The FFELP loans are Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford Loans, Federal Supplemental Loans to Students (“SLS”), Federal Parent Loans for Undergraduate Students (“PLUS”) and Federal Consolidation Loans which are available to students (or their parents) who, when the loans were originated, were enrolled in post- secondary institutions.

Generally, Stafford and PLUS loans provide for repayment in monthly installments over a period of ten years. Consolidation loans have repayment periods ranging from twelve to thirty years, based on the principal amount of the loan at the time of consolidation. Borrowers pay interest at a stated fixed rate or an annually reset variable rate that has a cap. Substantially all of the student loans held by the trust indentures currently bear interest at rates ranging from 2.8% to 10%. However, the yield to the Corporation is subsidized on the borrowers’ behalf by the federal government through quarterly special allowance payments (“SAP”) to provide for a market rate of return. SAP are paid whenever the average of all 91-day Treasury bill auctions during the quarter, plus a spread of between 2.2% and 3.5%, depending on loan status and origination date, exceeds the borrowers’ rate of interest for loans made prior to January 1, 2000. For loans made on or after that date, SAP are based on the average daily 90-day commercial paper rates, determined quarterly, plus a spread of between 1.74% and 2.64%, depending on loan type and status.

Included in student loan receivables is an allowance for uncollectible accounts of \$460,000 and \$409,000 at June 30, 2006 and 2005, respectively. The allowance for uncollectible accounts is based on the Corporation’s specific assessment of the collectibility of all past due accounts.

The following table reflects the distribution of the Corporation’s student loan portfolio by program as of June 30, 2006 and 2005 (dollars in thousands):

	2006	2005
Stafford loans	\$402,504	\$ 437,447
PLUS/SLS loans	47,145	44,192
Consolidation loans	510,713	322,747
Deferred loan premiums, consolidation fees, origination costs, and transfer fees, (net of accumulated amortization of \$18,593 and \$16,472, respectively)	16,975	8,641
Total student loans	<u>\$ 977,337</u>	<u>\$ 813,027</u>

NOTE 3 – STUDENT LOAN RECEIVABLES

Student loans financed by the Corporation, and accrued interest thereon, are generally guaranteed 98% (100% for loans first disbursed before October 1, 1993) against default, death, disability and bankruptcy by certain state or non-profit guarantee agencies (“Guaranty Agencies”) established under the Act’s Guaranty Agency Program regulations.

The Guaranty Agencies are reinsured by the U.S. Secretary of Education, under the Act, provided applicable program requirements have been met. For student loans purchased by the Corporation, the selling lenders have warranted that the student loans are guaranteed and valid obligations of the borrowers. The seller is required to repurchase any student loans that are found not to be guaranteed or otherwise do not meet the purchase criteria. These guarantees are also conditioned upon the performance of certain due diligence and loan servicing procedures in accordance with applicable program requirements. The loan of a student who defaults in repayment might not be covered by the guarantee or reinsurance if such due diligence and servicing procedures were not followed.

The Corporation contracts with three servicing corporations which act as agents for the Corporation, performing loan billing and collection, accounting, reporting, due diligence and administrative duties. Under the terms of the servicing agreements, the servicers are generally held liable for any losses that occur due to improper loan servicing performed by the servicers. Further, each of these servicers were designated Exceptional Performers by the Department of Education. So long as this designation is maintained, defaulted loans will be reimbursed to the lender at 100% instead of the 98% described previously.

Fair values of student loans are estimated using discounted cash flow analyses. Rates currently being offered for loans with similar terms to borrowers are used for discounting cash flows. As of June 30, 2006 and 2005 the carrying amounts of student loans and accrued interest approximate their fair value.

NOTE 4 – INVESTMENTS

The Corporation’s investments as of June 30, 2006 and 2005 were as follows (dollars in thousands):

	<u>2006</u>	<u>2005</u>
Guaranteed investment contracts ranging in interest rates from 2.25% to 3.02% (2005)	\$ -	\$ 85,000
Auction rate securities	4,000	1,500
Money market funds at interest rates ranging from 3.15% to 4.89% (2006); 1.14% to 2.97% (2005)	<u>259,961</u>	<u>159,603</u>
Total Investments	<u>\$263,961</u>	<u>\$246,103</u>

NOTE 4 – INVESTMENTS - Continued

The Corporation records investment revenue net of related trustee fees, if any, charged for managing the monies. For the fiscal years ended June 30, 2006 and 2005, the trustee under the indentures retained approximately \$369,000 and \$306,000, respectively, in investment management fees.

NOTE 5 – BONDS AND NOTES PAYABLE

The following table summarizes the outstanding bonds and notes payable at June 30, 2006 and 2005, the weighted average interest rates at the end of the period and maturity dates (dollars in thousands):

	June 30, 2006		
	Principal Outstanding	Weighted Average Interest Rate	Final Maturity
Auction rate bonds:			
Tax-exempt	\$ 287,700	3.69%	2031-2037
Taxable	68,500	5.30%	2037
Floating rate notes - taxable	289,571	5.30%	2013-2024
Variable rate demand notes:			
Tax-exempt	429,700	4.02%	2012-2040
Taxable	86,700	5.37%	2036
Term rate bonds – tax-exempt	44,300	3.78%	2039
Fixed rate bonds – tax-exempt	11,500	7.03%	2018-2030
Total Bonds	\$1,217,971	4.43%	

NOTE 5 – BONDS AND NOTES PAYABLE - Continued

	June 30, 2005		
	<u>Principal Outstanding</u>	<u>Weighted Average Interest Rate</u>	<u>Final Maturity</u>
Auction rate bonds:			
Tax-exempt	\$ 287,700	2.79%	2031-2037
Taxable	68,500	3.31%	2037
Floating rate notes - taxable	301,546	3.37%	2013-2024
Variable rate demand notes:			
Tax-exempt	244,000	2.32%	2012-2039
Taxable	86,700	3.32%	2036
Term rate bonds – tax-exempt	40,000	2.95%	2039
Fixed rate bonds – tax-exempt	<u>11,500</u>	7.03%	2018-2030
Total Bonds	<u>\$1,039,946</u>	2.98%	

Bonds and notes outstanding as of June 30, 2006 are due in varying amounts as shown below (dollars in thousands).

Year:	<u>Amount</u>
2007	\$ 15,695
2008	16,565
2009	34,677
2010	35,249
2011	32,509
2012 and thereafter	1,083,276

Outstanding senior bonds and any additional bonds on a parity therewith will be secured by and payable from the pledged assets held under the indenture with rights to the payment of revenues and security pledged under the indenture and other matters senior to the rights of owners of senior subordinate bonds, subordinate bonds, and junior subordinate bonds.

The bonds and notes are separately collateralized by, and payable from, trusts established under certain indentures pursuant to which the respective bonds and notes were issued. Such trusts hold student loans, investments and cash as collateral. The indentures require the maintenance of various financial ratios and restrict the use of proceeds to the purchase of student loans and permitted investment securities. As of June 30, 2006 and 2005, the trusts established under the indentures are in compliance with these covenants.

NOTE 5 – BONDS AND NOTES PAYABLE - Continued

An irrevocable direct-draw letter of credit (effective August 2001, amended June 2004), issued by a major banking institution, supports the repayment of principal and interest on the variable rate demand notes and term bonds. This letter of credit expires on June 22, 2007. Draws on the letter of credit are repaid using principal and interest receipts from the student loans and other assets held under the indenture.

The Corporation is required to maintain a reserve fund; this fund is equal to 1.03% and .75% of the auction and fixed rate bonds and floating rate notes outstanding, as of June 30, 2006 and 2005, respectively. As of June 30, 2006 and 2005, the Corporation had \$8.7 million and \$5.0 million, respectively, in investments so restricted.

As of June 30, 2006 and 2005 the fair value of bonds and notes is estimated using discounted cash flow analyses. The Corporation's current incremental borrowing rates for similar types of borrowing arrangements are used for discounting cash flows. The fair value of the Corporation's bonds and notes payable approximates the recorded values.

The Corporation refunded \$122,000,000 in auction rate bonds in October 2004. In accordance with SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections as of April 2002", \$846,000 of related unamortized bond issuance costs were written off and are included in the statement of activities as amortization of bond financing costs for the year ended June 30, 2005.

NOTE 6 – INTEREST RATE SWAPS

The Corporation entered into interest rate swap agreements to reduce the impact of changes in interest rates on its floating rate long-term debt. Amounts to be paid or received under the interest rate swap agreements are recognized as increases or reductions in interest expense on the statement of activity. Additional interest expense as a result of these agreements incurred for the year ended June 30, 2005 was \$409,000. To record the change in value of these agreements, the Corporation recognized a decrease in interest expense of \$396,000 for the year ended June 30, 2005.

SFAS No. 133 requires that derivative instruments are recorded on the statement of financial position at their fair value. There were no interest rate swap agreements outstanding at June 30, 2005 nor June 30, 2006.

NOTE 7 – RELATED PARTY TRANSACTIONS

The management and administrative fees paid to ALL Management Corporation included in the statements of activities for the fiscal years ended June 30, 2006 and 2005, amounted to approximately \$9,229,000 and \$8,138,000, respectively; \$365,000 and \$1,297,000 of these amounts remain payable as of June 30, 2006 and 2005, respectively.

The Corporation entered into a loan origination agreement with ALL Management Corporation in June 2003 to process loan applications and originate student loans. The fees for these services are capitalized as loan origination fees on the statement of financial position for the fiscal years ended June 30, 2006 and 2005 amounted to approximately \$532,000 and \$496,000, respectively; \$27,000 and \$18,000 of these amounts remain payable as of June 30, 2006 and 2005, respectively.

The Corporation also has an agreement with ALL Management Corporation to provide underwriting services for FFELP consolidation loans in exchange for fees based on the amount of loans funded. The fees for these services are capitalized as loan origination fees on the statement of financial position for the fiscal years ended June 30, 2006 and 2005 amounted to approximately \$2,412,000 and \$1,522,000, respectively; \$612,000 and \$473,000 of these amounts remain payable as of June 30, 2006 and 2005, respectively.

NOTE 8 – SUBSEQUENT EVENT

In August 2006, the Corporation issued \$190 million of tax-exempt variable rate demand notes, the proceeds of which are to be used to finance eligible student loans and to pay related costs of issuance. The bonds have a maturity of 2041 and the payment of interest and principal is insured by a bond insurance provider. Additionally, a standby bond purchase agreement (“SBPA”), issued by a major banking institution, supports the repayment of principal upon tender of the bonds by the holder. This SBPA expires on August 2, 2016.

[THIS PAGE INTENTIONALLY LEFT BLANK]

EXHIBIT IV

**Unaudited Financial Statements of
Access to Loans for Learning Student Loan Corporation
for the Fiscal Year Ending**

JUNE 30, 2007

[THIS PAGE INTENTIONALLY LEFT BLANK]

ALL Student Loan Corporation

Statement of Financial Position

Unaudited

June 30

(In Thousands of Dollars)

ASSETS	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 349	\$ 1,088
Investments	153,859	263,961
Student loans	1,268,531	977,337
Accrued student loan interest receivable	26,983	19,396
Deferred bond financing costs (Net of accumulated amortization of \$1,894 & \$1,442)	8,796	8,209
Other assets	8,242	8,168
Total assets	\$ <u>1,466,760</u>	\$ <u>1,278,159</u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 6,004	\$ 4,513
Interest payable	20,811	12,824
Bonds payable	1,392,276	1,217,971
Other liabilities	1,638	796
Total liabilities	1,420,729	1,236,104
Unrestricted net assets	46,031	40,295
Total liabilities and net assets	\$ <u>1,466,760</u>	\$ <u>1,276,399</u>

ALL Student Loan Corporation

Statement of Activities

Unaudited

For the year ended June 30

(In Thousands of Dollars)

	<u>2007</u>	<u>2006</u>
Interest Income		
Student loan interest and special allowance	\$ 72,414	\$ 54,222
Investments	13,769	13,235
Total interest income	<u>86,183</u>	<u>67,457</u>
Interest Expense		
Interest	59,871	43,588
Letter of credit and other fees	3,203	3,213
Amortization of bond financing costs	438	410
Total interest expense	<u>63,512</u>	<u>47,211</u>
Net interest income	22,671	20,246
Other Income		
Consulting and other fees earned	<u>-</u>	<u>1</u>
Other Expenses		
Management fee to affiliate	3,800	4,455
Student loan servicing fees	5,701	5,050
Portfolio management fees to affiliate	6,066	4,774
Other	1,368	638
Total other expenses	<u>16,935</u>	<u>14,917</u>
Change in net assets	5,736	5,330
Net assets, beginning of year	<u>40,295</u>	<u>34,965</u>
Net assets, end of year	\$ <u>46,031</u>	\$ <u>40,295</u>

ALL Student Loan Corporation

Statement of Cash Flows

Unaudited

For the year ended June 30

(In Thousands of Dollars)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Change in net assets	\$ 5,736	\$ 5,330
Adjustments to reconcile net assets to net cash provided by operating activities:		
Amortization of deferred bond financing costs, and loan premiums and fees	4,170	2,551
Capitalization of interest	(13,652)	(9,469)
Write-off of student loan principal and interest	478	182
Changes in operating assets and liabilities:		
Accrued interest receivables	(7,588)	(5,403)
Other assets	(74)	(4,363)
Accounts payable and accrued expenses	1,492	1,787
Interest payable	5,451	6,075
Other liabilities	1,618	(1,168)
Net cash used by operating activities	<u>(2,369)</u>	<u>(4,478)</u>
Cash flows from investing activities		
Principal collected on student loans	284,046	291,834
Originations of student loans	(349,533)	(367,999)
Purchases of student loans	(216,251)	(80,985)
Purchases of investments	(1,060,527)	(1,144,287)
Sales of investments	1,170,629	1,126,429
Net cash used in investing activities	<u>(171,636)</u>	<u>(175,008)</u>
Cash flows from financing activities		
Proceeds from issuance of bonds payable	190,000	190,000
Retirement of bonds payable	(15,695)	(11,975)
Bond financing costs paid	(1,039)	(1,289)
Net cash provided by financing activities	<u>173,266</u>	<u>176,736</u>
Net increase in cash and cash equivalents	(739)	(2,750)
Cash and cash equivalents at beginning of year	1,088	3,838
Cash and cash equivalents at end of year	<u>\$ 349</u>	<u>\$ 1,088</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 54,421</u>	<u>\$ 37,514</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

EXHIBIT V

**Unaudited Financial Statements of
Access to Loans for Learning Student Loan Corporation
for the Two-Month Periods Ending August 31, 2007 and 2006**

Statement of Financial Position

(In Thousands of Dollars)

[THIS PAGE INTENTIONALLY LEFT BLANK]

ALL Student Loan Corporation

Statement of Financial Position

Unaudited

August 31

(In Thousands of Dollars)

ASSETS	<u>2007</u>	<u>2006</u>
Cash and cash equivalents	\$ 193	\$ 1,104
Investments	87,860	395,258
Student loans	1,441,526	1,027,048
Accrued student loan interest receivable	28,602	16,984
Deferred bond financing costs (Net of accumulated amortization of \$1,970 & \$1,514)	8,726	8,817
Other assets	9,048	9,573
Total assets	\$ <u>1,575,955</u>	\$ <u>1,458,784</u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 7,676	\$ 4,496
Interest payable	8,411	7,714
Notes payable	122,791	-
Bonds payable	1,388,238	1,404,399
Other liabilities	1,055	904
Total liabilities	<u>1,528,171</u>	<u>1,417,513</u>
Unrestricted net assets	<u>47,784</u>	<u>41,271</u>
Total liabilities and net assets	\$ <u>1,575,955</u>	\$ <u>1,458,784</u>

ALL Student Loan Corporation
Statement of Activities
 Unaudited
 For the two months ended August 31
 (In Thousands of Dollars)

	<u>2007</u>	<u>2006</u>
Interest Income		
Student loan interest and special allowance	\$ 15,529	\$ 10,689
Investments	<u>1,060</u>	<u>2,987</u>
Total interest income	<u>16,589</u>	<u>13,676</u>
Interest Expense		
Interest	10,989	9,632
Letter of credit and other fees	539	510
Amortization of bond financing costs	<u>74</u>	<u>71</u>
Total interest expense	<u>11,602</u>	<u>10,213</u>
Net interest income	4,987	3,463
Other Expenses		
Management fee to affiliate	931	384
Student loan servicing fees	953	1,015
Portfolio management fees to affiliate	1,056	922
Other	<u>294</u>	<u>166</u>
Total other expenses	<u>3,234</u>	<u>2,487</u>
Change in net assets	1,753	976
Net assets, beginning of year	<u>46,031</u>	<u>40,295</u>
Net assets, end of year	\$ <u><u>47,784</u></u>	\$ <u><u>41,271</u></u>

ALL Student Loan Corporation
Statement of Cash Flows
Unaudited
For the two months ended August 31
(In Thousands of Dollars)

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Change in net assets	\$ 1,753	\$ 976
Adjustments to reconcile net assets to net cash provided by operating activities:		
Amortization of deferred bond financing costs, and loan premiums and fees	863	672
Capitalization of interest	(2,011)	(1,533)
Write-off of student loan principal and interest	75	16
Changes in operating assets and liabilities:		
Accrued interest receivables	(1,618)	2,411
Other assets	(807)	(1,406)
Accounts payable and accrued expenses	1,672	(17)
Interest payable	(12,401)	(7,646)
Other liabilities	(582)	884
Net cash used by operating activities	<u>(13,056)</u>	<u>(5,643)</u>
Cash flows from investing activities		
Principal collected on student loans	41,329	64,730
Originations of student loans	(74,534)	(90,583)
Purchases of student loans	(138,641)	(22,940)
Purchases of investments	(183,503)	(364,660)
Sales of investments	249,502	233,364
Net cash used in investing activities	<u>(105,847)</u>	<u>(180,089)</u>
Cash flows from financing activities		
Proceeds from issuance of bonds payable	-	190,000
Conduit note payable	118,436	
Retirement of bonds payable	(4,038)	(3,572)
Note payable to related party	4,355	
Bond financing costs paid	(6)	(680)
Net cash provided by financing activities	<u>118,747</u>	<u>185,748</u>
Net increase in cash and cash equivalents	(156)	16
Cash and cash equivalents at beginning of year	349	1,088
Cash and cash equivalents at end of year	<u>\$ 193</u>	<u>\$ 1,104</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 23,390</u>	<u>\$ 17,278</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFERING MEMORANDUM

Relating to

ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION

AND

ALL STUDENT CREDIT CORPORATION STUDENT LOAN PROGRAM REVENUE BONDS SERIES IV

consisting of

Senior Series IV-A Bonds Senior Subordinate Series IV-B Bonds Subordinate Series IV-C Bonds and Junior Subordinate Series IV-D Bonds

Access to Loans for Learning Student Loan Corporation (“*ALL Student Loan*”) and ALL Student Credit Corporation (“*ALL Student Credit*”), formerly Access to Loans for Learning Student Credit Corporation, each a non-profit public benefit corporation organized under the laws of the State of California and affiliates of each other under common control, have provided for the issuance of Student Loan Program Revenue Bonds consisting of Senior Bonds, Senior Subordinate Bonds, Subordinate Bonds and Junior Subordinate Bonds (collectively, the “*Bonds*”). Bonds of any series may be issued by either ALL Student Loan or ALL Student Credit (individually, a “*Corporation*” and collectively, the “*Corporations*”). The Bonds are issuable only as fully registered bonds and when issued shall be registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (“*DTC*”) or such other securities depository (a “*Depository*” and collectively with DTC, the “*Depositories*”) that is designated as a securities depository for the Bonds by the applicable Corporation. Each such Depository shall act as securities depository for the Bonds. Purchases and sales by the beneficial owners of the Bonds shall be made in book-entry form in authorized denominations set forth in the applicable Term Supplement. See EXHIBIT III — “BOOK-ENTRY-ONLY SYSTEM OF DTC.”

Payments of principal, redemption price and interest with respect to the Bonds are to be made directly to the applicable Depository by The Bank of New York Trust Company, National Association, as successor trustee (the “*Trustee*”) or its successors as Trustee, so long as such Depository is the registered owner of the applicable series of Bonds. Disbursement of such payments to DTC Participants (as defined herein) or participants of any other Depository is the respective responsibility of DTC and such other Depository and disbursement of such payments to the beneficial owners is the respective responsibility of DTC Participants and participants of any other Depository, as more fully described herein. Interest on the Bonds will be payable as set forth in the applicable Term Supplement. Bonds may be issued as term bonds with their term fixed to their maturity or adjustable rate bonds, including LIBOR Floating Rate Notes and Auction Bonds (“*Auction Bonds*”). For Bonds issued as LIBOR Floating Rate Notes, the initial LIBOR Floating Rate shall be a Quarterly LIBOR Rate established at the time of sale of the LIBOR Floating Rate Notes for the initial Quarterly LIBOR Accrual Period and thereafter the Quarterly LIBOR Rate shall be established from time to time on the Quarterly LIBOR Rate Determination Date for the immediately following Quarterly LIBOR Accrual Period pursuant to the Indenture. For Bonds issued as Auction Bonds, the applicable Auction Period Rate and Auction Rate Periods shall be established from time to time pursuant to the Auction Procedures described herein. The Bonds are subject to acceleration and redemption prior to maturity, as described herein and in the applicable Term Supplement. The Bonds issued as Auction Bonds are also subject to conversion to a Term Rate fixed to the stated maturity of the Bonds or to an Adjustable Rate other than the Auction Rate, as described herein.

The Bonds are issued to provide ALL Student Loan or ALL Student Credit, as applicable, with moneys (i) to finance eligible student, parental and consolidation loans guaranteed by a guarantor qualified to act as such under the Federal Higher Education Act of 1965, as amended (the “*Higher Education Act*”), and insured or reinsured by the Secretary of the United States Department of Education (the “*Secretary*”), pursuant to the Higher Education Act, or other educational loans, as set forth herein and in the applicable Term Supplement (“*Eligible Loans*”), (ii) to fund certain accounts, including the Reserve Account, (iii) to refund obligations of the Corporations, including but not limited to, Bonds Outstanding under the Indenture and (iv) to pay costs of issuance.

The Bonds are issued pursuant to a Trust Indenture, dated as of May 1, 1998 by and among ALL Student Loan, ALL Student Credit and the Trustee, as supplemented and amended from time to time (as so supplemented and amended, the “*Indenture*”). Principal of and interest on the Bonds are payable from revenues to be derived from the Eligible Loans financed and from other amounts held under the Indenture. See “**INTRODUCTION — FINANCING PROGRAM**” herein.

Potential investors should review the information in this Offering Memorandum in its entirety, including the applicable Term Supplement, and information under “CERTAIN RISK FACTORS,” and if applicable, “CERTAIN CONSIDERATIONS AFFECTING VARIABLE RATE DEMAND BONDS” or “CERTAIN CONSIDERATIONS AFFECTING AUCTION BONDS” herein.

THE BONDS ARE LIMITED OBLIGATIONS PAYABLE BY THE APPLICABLE CORPORATION SOLELY FROM THE PLEDGED ASSETS DESCRIBED HEREIN. THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE APPLICABLE CORPORATION. THE BONDS DO NOT CONSTITUTE OR GIVE RISE TO A PERSONAL OR PECUNIARY OBLIGATION OF THE INCORPORATORS, OFFICERS, EMPLOYEES, AGENTS OR DIRECTORS OF SUCH CORPORATION.

The Bonds offered pursuant to the applicable Term Supplement and this Offering Memorandum, when, as and if issued and received by the Underwriter or Underwriters of such Bonds set forth on the cover page of the Term Supplement to which this Offering Memorandum is appended, are subject to prior sale, withdrawal or modification of the offer without notice and to the approval of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel to the Corporations. Certain legal matters will be passed upon for the Corporations by their counsel or respective counsels set forth on the cover page of the Term Supplement to which the Offering Memorandum is appended. Certain legal matters will be passed upon for such Underwriter or Underwriters by the counsel thereto set forth on the cover page of the Term Supplement to which the Offering Memorandum is appended. The Bonds in definitive form are expected to be available for delivery when issued through the facilities of DTC in New York, New York or the facilities of such other Depositories at their established locations.

Dated: October, 2007

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

<u>HEADING</u>	<u>PAGE</u>
SUMMARY STATEMENT	i
INTRODUCTION	1
FINANCING PROGRAM.....	2
THE BONDS	4
GENERAL	4
SECURITY FOR THE BONDS.....	4
ADDITIONAL BONDS; FINANCIAL PRODUCTS; LIQUIDITY FACILITY; AND CREDIT ENHANCEMENT AND CONDITION TO CERTAIN ACTIONS TAKEN WITHOUT CONSENT OF HOLDERS.....	5
GENERAL PROVISIONS REGARDING REDEMPTION AND ACCELERATION	7
INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS	8
INTEREST	8
ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES	9
AUCTION PERIOD RATES.....	14
CONVERSION	15
OPTIONAL REDEMPTION	17
SPECIAL REDEMPTION	18
OPTIONAL AND MANDATORY TENDER.....	18
CERTAIN RISK FACTORS	21
GENERAL	21
FACTORS AFFECTING SUFFICIENCY AND TIMING OF RECEIPT OF REVENUES	21
BASIS RISK	23
FAILURE TO COMPLY WITH LOAN ORIGATION AND SERVICING PROCEDURES	23
A SERVICER DEFAULT MAY HAVE AN ADVERSE EFFECT ON THE BONDS	23
CHANGES IN THE HIGHER EDUCATION ACT OR OTHER RELEVANT LAW	24
FEDERAL DIRECT STUDENT LOAN PROGRAM	24
FINANCIAL STATUS OF GUARANTORS	24
CERTAIN FACTORS RELATING TO SECURITY	25
UNCERTAINTY AS TO AVAILABLE REMEDIES.....	25
PRIOR REDEMPTION OF THE BONDS.....	25
INSUFFICIENT REVENUES TO PAY BONDS	26
POSSIBLE REDUCTION IN SPECIAL ALLOWANCE PAYMENTS.....	26
GENERAL ECONOMIC CONDITIONS	26
CREDIT CONFIRMATIONS	27
LACK OF RATING, LIQUIDITY FOR THE JUNIOR SUBORDINATE BONDS.....	28
OTHER INFORMATION	28
CERTAIN CONSIDERATIONS AFFECTING VARIABLE RATE DEMAND BONDS	28
IMMEDIATE TERMINATION OF THE LIQUIDITY FACILITY	28
THE REMARKETING AGENT IS PAID BY THE APPLICABLE CORPORATION	28

<u>HEADING</u>	<u>PAGE</u>
THE REMARKETING AGENT MAY ROUTINELY PURCHASE VARIABLE RATE DEMAND BONDS FOR ITS OWN ACCOUNT	29
VARIABLE RATE DEMAND BONDS MAY BE OFFERED AT DIFFERENT PRICES ON ANY DATE, INCLUDING A DATE ON WHICH THE APPLICABLE RATE IS BEING DETERMINED	29
THE ABILITY TO SELL VARIABLE RATE DEMAND BONDS OTHER THAN THROUGH THE TENDER PROCESS MAY BE LIMITED	29
UNDER CERTAIN CIRCUMSTANCES, THE REMARKETING AGENT MAY BE REMOVED, MAY RESIGN OR CEASE REMARKETING THE VARIABLE RATE DEMAND BONDS, WITHOUT A SUCCESSOR BEING NAMED	30
CERTAIN CONSIDERATIONS AFFECTING AUCTION BONDS	30
ROLE OF BROKER-DEALERS	30
BIDDING BY BROKER-DEALERS	30
PRICE TALK	31
"ALL-OR-NOTHING" BIDS.....	32
NO ASSURANCES REGARDING AUCTION OUTCOMES.....	32
DEADLINES	32
EXISTING OWNERS' ABILITY TO RESELL AUCTION BONDS MAY BE LIMITED.....	32
AUCTION AGENT NOT LIABLE FOR NON-PERFORMANCE IN CERTAIN CIRCUMSTANCES	33
RESIGNATION OF THE AUCTION AGENT OR THE BROKER-DEALER COULD IMPACT THE ABILITY TO HOLD AUCTIONS.....	33
SECURITIES AND EXCHANGE COMMISSION SETTLEMENT	34
THE CORPORATIONS	34
ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION.....	34
ALL STUDENT CREDIT CORPORATION	36
THE SERVICERS	36
GUARANTORS AND GUARANTEE AGREEMENTS	36
TAX MATTERS	37
LEGAL MATTERS.....	38
LITIGATION	38
OTHER MATTERS	38
EXHIBIT I — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE	
EXHIBIT II — SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM	
EXHIBIT III — BOOK-ENTRY-ONLY SYSTEM OF DTC	
EXHIBIT IV — AUCTION PROCEDURES FOR AUCTION BONDS	

SUMMARY STATEMENT

The Summary Statement is subject in all respects to more complete information contained in this Offering Memorandum. The offering of the Bonds to potential investors is made only by means of this entire Offering Memorandum and the Term Supplement accompanying it. No person is authorized to detach this Summary Statement from this Offering Memorandum or otherwise to use it without this entire Offering Memorandum or to detach this Offering Memorandum from the Term Supplement that accompanies it. All capitalized terms used in this Summary Statement and not otherwise defined have the meanings assigned in the Offering Memorandum.

ALL Student Loan Access to Loans for Learning Student Loan Corporation (“*ALL Student Loan*”), a non-profit public benefit corporation organized and existing under the laws of the State of California.

ALL Student Credit ALL Student Credit Corporation (“*ALL Student Credit*”), formerly Access to Loans for Learning Student Credit Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California.

The Bonds The Bonds will be issued and secured pursuant to the Indenture. The Bonds may be issued by either ALL Student Loan or ALL Student Credit (individually, a “*Corporation*” and collectively, the “*Corporations*”) with any one of the four following priority levels: Senior Bonds, Senior Subordinate Bonds, Subordinate Bonds and Junior Subordinate Bonds. Bonds of a given priority level, regardless of the issuing Corporation, have rights to the payment of revenues and security pledged under the Indenture and other matters on a parity with all other Bonds of such level. For a description of the availability of Pledged Assets of a Corporation to be used to pay principal of and interest on Bonds of the other Corporation and the relative priorities affecting such transfers, see **EXHIBIT I— “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — DEFICIENCIES AND ADVANCES.”**

Under the Trust Indenture, as amended by the Ninth Supplemental Indenture, a series of Bonds may be issued bearing interest at any one of the following interest rates: an Auction Rate, a Quarterly LIBOR Rate, a Daily Rate, a Weekly Rate, a Monthly Rate, a Term Rate, which may or may not be fixed to the stated maturity of the series of Bonds, or a Commercial Paper Rate. See the attached Term Supplement for information about the interest rates applicable to the series of Bonds being offered under this Offering Memorandum and the Term Supplement.

**Priority of Payment;
Other Obligations.....**

Senior Bonds will be secured by and payable from Pledged Assets held under the Indenture with rights to the payment of revenues and security pledged under the Indenture and other matters senior to the rights of owners of Senior Subordinate Bonds, Subordinate Bonds and Junior Subordinate Bonds.

Senior Subordinate Bonds will be secured by and payable from Pledged Assets held under the Indenture with rights to the payment of revenues and security pledged under the Indenture and other matters senior to the rights of owners of Subordinate Bonds and Junior Subordinate Bonds, but subordinate to the rights of owners of Senior Bonds.

Subordinate Bonds will be secured by and payable from Pledged Assets held under the Indenture with rights to the payment of revenues and security pledged under the Indenture and other matters senior to the rights of owners of Junior Subordinate Bonds, but subordinate to the rights of owners of Senior Bonds and Senior Subordinate Bonds.

Junior Subordinate Bonds will be secured by and payable from Pledged Assets held under the Indenture, with rights to the payment of revenues and other matters subordinate to the rights of owners of Senior Bonds, Senior Subordinate Bonds and Subordinate Bonds.

Non-payment of the principal of or the interest on Lower Priority Bonds (as defined herein) shall not in and of itself result in an Event of Default under the Indenture giving rise to an acceleration of Bonds or the exercise of any other remedy so long as the Bonds of any series of Higher Priority Bonds (as defined herein) outstanding under the Indenture are currently being paid.

The Indenture permits both ALL Student Loan and ALL Student Credit to make use of Financial Products, payments under which may be secured by and payable from the assets held under the Indenture and in each case, on parity with the Senior Bonds, Senior Subordinate Bonds, Subordinate Bonds or Junior Subordinate Bonds. For a description of the conditions precedent to taking such actions, see the information herein under the caption “**INTRODUCTION --- FINANCING PROGRAM --- Additional Bonds; Other Obligations**” and in “**EXHIBIT I - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.**”

Credit Enhancement or a Liquidity Facility may be provided for any series of Bonds. In such event, the Trustee shall pay to the provider of any such credit enhancement such amounts as shall be due from the applicable Corporation or the Trustee under the Indenture in such order of priority as may be specified in a Supplemental Indenture. In addition, the obligation to pay any such Credit Provider may be secured by the Pledged Assets. See “**EXHIBIT I - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.**”

**Change in Interest Rate Mode
on Auction Bonds;
Mandatory Tender**.....

Under certain circumstances, the interest rate on all or a portion of Bonds outstanding as Auction Bonds may be converted to a different adjustable rate or a fixed rate. See “**THE BONDS — CONVERSION OF BONDS**” herein. In the event of such a conversion, such Auction Bonds will be subject to mandatory tender for purchase. See “**THE BONDS — MANDATORY TENDER UPON CONVERSION**” herein.

Sources of Revenue and Security.....

The Bonds are limited obligations of the applicable Corporation secured by and payable solely from the Pledged Assets under the Indenture. The Pledged Assets include:

- (1) Eligible Loans financed with proceeds of the Bonds issued under the Indenture;
- (2) All moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding the Rebate Account and the Non-Pledged Account) and any and all other real or personal property of every name and nature, from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind, as and for additional security under the Indenture, by either Corporation or by anyone on its behalf or with its written consent to the Trustee; and
- (3) All Revenues and Recoveries of Principal, as defined herein.

**Eligible Loan Guarantee
and Reinsurance**.....

“Eligible Loans” may include both “Federal Loans” and “Private Loans.” Under the Federal Higher Education Act, Federal Loans initially disbursed on or after October 1, 1993 are to be guaranteed by a Guarantor to the extent of not less than 95% of unpaid principal and accrued interest, and claims by such Guarantors on such Federal Loans are to be reinsured as to such principal and accrued interest by

the Secretary of the United States Department of Education between 78% and 98% for Federal Loans first disbursed on or after October 1, 1993 and before September 30, 1998 and between 75% and 95% for Loans disbursed on or after October 1, 1998. See **“RECENT FEDERAL LEGISLATION AFFECTING THE FFEL PROGRAM”** in **EXHIBIT II - “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM”** for information, if any, about recent amendments that have affected the guarantee and reinsurance provisions of the FFEL Program.

Private Loans would not necessarily be guaranteed by a Guarantor or the United States Department of Education; provided that before such Private Loans are financed, the applicable Corporation must deliver to the Trustee (a) an opinion of Bond Counsel to the effect that the origination or acquisition of such Private Loans will not adversely affect the tax status of any Tax-Exempt Bonds for federal income tax purposes and (b) a Credit Confirmation. The financing of Private Loans could result in a change in the composition of Pledged Assets securing the Bonds.

Redemption and Acceleration.....

The Bonds are subject to redemption or acceleration prior to maturity under the circumstances described herein and in the applicable Term Supplement.

Use of Bond Proceeds.....

The proceeds of the Bonds are to be used to finance Eligible Loans (including parental loans and consolidation loans) under the applicable Corporation’s student loan program described herein, to fund certain accounts, to refund outstanding obligations of a Corporation, including, but not limited to, the Bonds, and to pay related costs of issuance, as further described in the applicable Term Supplement.

Certain Risk Factors.....

Investment in the Bonds entails investment risks, certain of which have been summarized in this Offering Memorandum under the heading **“CERTAIN RISK FACTORS.”**

Considerations Affecting Variable Rate Demand Bonds and Auction Bonds Investment in Variable Rate Demand Bonds entails certain considerations which have been summarized in this Offering Memorandum under the heading “**CERTAIN CONSIDERATIONS AFFECTING VARIABLE RATE DEMAND BONDS.**” Investment in Auction Bonds entails certain considerations which have been summarized in this Offering Memorandum under the heading “**CERTAIN CONSIDERATIONS AFFECTING AUCTION BONDS.**”

THE BONDS ARE LIMITED OBLIGATIONS PAYABLE BY THE APPLICABLE CORPORATION SOLELY FROM THE PLEDGED ASSETS DESCRIBED HEREIN. THE BONDS DO NOT CONSTITUTE GENERAL OBLIGATIONS OF THE APPLICABLE CORPORATION. THE BONDS DO NOT CONSTITUTE OR GIVE RISE TO A PERSONAL OR PECUNIARY OBLIGATION OF THE INCORPORATORS, OFFICERS, EMPLOYEES, AGENTS OR DIRECTORS OF SUCH CORPORATION.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]

OFFERING MEMORANDUM
RELATING TO
ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION
AND
ALL STUDENT CREDIT CORPORATION
STUDENT LOAN PROGRAM REVENUE BONDS
SERIES IV
consisting of
SENIOR SERIES IV-A BONDS
SENIOR SUBORDINATE SERIES IV-B BONDS
SUBORDINATE SERIES IV-C BONDS
AND
JUNIOR SUBORDINATE SERIES IV-D BONDS

INTRODUCTION

This Offering Memorandum, which includes the cover page, the Summary Statement and the Exhibits hereto, is being distributed by Access to Loans for Learning Student Loan Corporation (“*ALL Student Loan*”) and ALL Student Credit Corporation (“*ALL Student Credit*”), formerly Access to Loans for Learning Student Credit Corporation, to furnish information regarding Student Loan Program Revenue Bonds authorized to be issued pursuant to a trust indenture, dated as of May 1, 1998, as supplemented from time to time (as so supplemented, the “*Indenture*”), by and among ALL Student Loan, ALL Student Credit and The Bank of New York Trust Company, National Association, as successor trustee (together with any successor, the “*Trustee*”). The Indenture permits the issuance by either ALL Student Loan or ALL Student Credit (individually, a “*Corporation*” and collectively, the “*Corporations*”) of four priority levels of bonds as follows: Senior Bonds; Senior Subordinate Bonds; Subordinate Bonds; and Junior Subordinate Bonds (as such terms are defined herein) (collectively, the “*Bonds*”). The Bonds may be issued in one or more series, each with an additional alphabetical and numerical designation. See “FINANCING PROGRAM” below. All capitalized terms used in this Offering Memorandum and not otherwise defined herein have the same meanings as assigned in the Indenture. Certain terms used herein as defined terms are defined in EXHIBITS I and IV hereto. Specific information with respect to each issuance of Bonds will be set forth in a Term Supplement to be delivered with this Offering Memorandum in connection with such issuance (a “*Term Supplement*”).

ALL Student Loan is a non-profit public benefit corporation incorporated and existing under the laws of the State of California (the “*State*”), and complies with applicable provisions of the Higher Education Act and the Internal Revenue Code of 1986 (together with the regulations promulgated thereunder, the “*Code*”). Pursuant to those provisions ALL Student Loan finances student, parent and consolidation loans that are guaranteed and reinsured under the Higher Education Act. The Internal Revenue Service has issued a determination letter concluding that ALL Student Loan is exempt from federal income tax under Section 501(c)(3) of the Code.

ALL Student Credit is a non-profit public benefit corporation incorporated and existing under the laws of the State and an affiliate of ALL Student Loan under common control with ALL Student Loan. ALL Student Credit was formed primarily for the purpose of financing educational loans that would not necessarily be, but may be, originated under the Higher Education Act.

The Bonds are authorized to be issued for the purpose of obtaining funds for the financing of Eligible Loans (including student loans, parent loans and consolidation loans) under the applicable Corporation's student loan program described below. The Bonds are limited obligations of the applicable Corporation and are payable solely out of revenues, funds and other assets pledged under the Indenture.

The Indenture permits the financing of certain types of Eligible Loans, consisting of Federal Loans and, if certain conditions are met, Private Loans. Federal Loans financed and held under the Indenture must be made to students, or to parents for the benefit of students, to finance or refinance such students' postsecondary education at eligible institutions and must have been originated by entities which qualify as "eligible lenders" (the "*Eligible Lenders*") under the provisions of the Higher Education Act. In order for a Federal Loan to qualify for purchase under the Corporations' student loan programs, the applicable Corporation must first determine, among other things, the following with respect to such Loan:

(1) that the payment of the principal of and interest on such Loan is guaranteed by a Guarantor to the extent applicable to such Loan as provided by federal law, and that the Secretary of the Department of Education of the United States (the "*Secretary*") is required, by the Higher Education Act at the time of the financing, to reimburse the Guarantor to the extent permitted by federal law for amounts expended by the Guarantor in discharge of its insurance obligation on such Loan; and

(2) if not originated by the applicable Corporation or the Trustee on behalf of such Corporation, (i) that the Loan is subject to being repurchased by the seller, if such Loan does not comply with the provisions of the applicable purchase agreement or other documentation relating to such Loan and (ii) that the seller or other transferor of such Loan represents that the Loan subject to such transfer is free of any encumbrance or lien.

Notwithstanding the foregoing, the term Eligible Loans is also defined to include Private Loans, which would include loans for post-secondary education not authorized pursuant to the Higher Education Act which would not necessarily be guaranteed by a Guarantor or the United States Department of Education; provided that prior to any purchase of Private Loans with Pledged Assets, the applicable Corporation delivers to the Trustee, among other things, (a) a Bond Counsel Opinion to the effect that the acquisition of such Private Loans will not adversely affect the tax-exempt status of any Tax-Exempt Bonds for federal income tax purposes and (b) a Credit Confirmation (as defined herein). See "**CERTAIN RISK FACTORS,**" herein.

Brief descriptions of the Bonds, the security for the Bonds, the Corporations, the Corporations' student loan programs and the Indenture are included in this Offering Memorandum. For a description of (i) the servicing agreements, (ii) the Servicers and (iii) the Guarantors, see the applicable Term Supplement. The descriptions of the Bonds and of the documents authorizing and securing the Bonds contained herein do not purport to be definitive or comprehensive. All references herein to such documents are qualified in their entirety by reference to such documents. Copies of such documents may be obtained from the Corporations at 6701 Center Drive West, Suite 500, Los Angeles, California 90045, or from the Trustee on written request. If such a request comes from other than the owner of a Bond, a charge to cover expenses may be assessed to the requesting party.

FINANCING PROGRAM

ALL Student Loan and ALL Student Credit may issue Bonds under the Indenture from time to time as described below. ALL Student Loan has issued and has outstanding other student loan revenue obligations not secured by the Pledged Assets, as described in the Term Supplement accompanying this Offering Memorandum. ALL Student Credit has not issued any indebtedness under the Indenture or otherwise as of the date of this Offering Memorandum.

Additional Bonds; Other Obligations. The Indenture permits the issuance of Additional Bonds from time to time without limitation as to amount, on the terms and conditions set forth in the Indenture,

including the requirement that the Trustee receive confirmations that the ratings on all then outstanding Bonds which are then rated by a Rating Agency will not be reduced or withdrawn as a result of the proposed action and in the event any Bonds Outstanding which are rated are supported by Credit Enhancement, the consent of the provider of such Credit Enhancement (a “*Credit Confirmation*”).

The Indenture also permits, subject to receipt of a Credit Confirmation, each Corporation to make use of the Financial Products as defined in **EXHIBIT I — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- DEFINITIONS.”** and as described under the captions “CREATION AND OPERATION OF ACCOUNTS -- *Revenue Accounts; Payment Accounts.*” See also “**THE BONDS -- ADDITIONAL BONDS; FINANCIAL PRODUCTS; LIQUIDITY FACILITY; AND CREDIT ENHANCEMENT AND CONDITION TO CERTAIN ACTIONS TAKEN WITHOUT CONSENT OF HOLDERS -- *Financial Products***” for information about Financial Products and the priority of their payment. Information regarding a Corporation’s current use of Financial Products, if any, can be found in the Term Supplement accompanying this Offering Memorandum.

Because Junior Subordinate Bonds are not expected to be rated by any Rating Agency, a Credit Confirmation will not necessarily consider the impact on the security and source of payment for the Junior Subordinate Bonds. See “CERTAIN RISK FACTORS —CREDIT CONFIRMATIONS” AND — “LACK OF RATING, LIQUIDITY FOR THE JUNIOR SUBORDINATE BONDS” herein.

A Liquidity Facility is required to be maintained to pay the Purchase Price of any Bonds bearing interest at an Adjustable Rate Period, except Bonds bearing interest at an Auction Period Rate or a Quarterly LIBOR Rate. In such event, the Trustee shall pay to the Liquidity Provider such amounts as shall be due from the applicable Corporation or the Trustee under the Indenture and the Liquidity Facility in such order of priority as may be specified in a Supplemental Indenture and the Liquidity Facility. In addition, the obligation to pay any such Liquidity Provider may be secured by the Pledged Assets. See “**THE BONDS - ADDITIONAL BONDS; FINANCIAL PRODUCTS; LIQUIDITY FACILITY; AND CREDIT ENHANCEMENT AND CONDITION TO CERTAIN ACTIONS TAKEN WITHOUT CONSENT OF HOLDERS - *Liquidity Facility***” below and “**EXHIBIT I — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.**” For information on any specific Liquidity Facility furnished in connection with a series of Bonds, see the Term Supplement related to such Bonds

Credit Enhancement may be provided for any series of Bonds. In such event, the Trustee shall pay to the provider of any such credit enhancement such amounts as shall be due from the applicable Corporation or the Trustee under the Indenture in such order of priority as may be specified in a Supplemental Indenture. In addition, the obligation to pay any such Credit Provider may be secured by the Pledged Assets. See “**THE BONDS - ADDITIONAL BONDS; FINANCIAL PRODUCTS; LIQUIDITY FACILITY; AND CREDIT ENHANCEMENT AND CONDITION TO CERTAIN ACTIONS TAKEN WITHOUT CONSENT OF HOLDERS - *Credit Enhancement***” below and “**EXHIBIT I — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.**” For information on a specific Credit Enhancement furnished in connection with a series of Bonds, see the Term Supplement related to such Bonds.

ALL Student Loan has issued, and has reserved to itself the right to issue in the future, other student loan revenue obligations, apart from the Bonds, and not issued or secured under the Indenture or any Supplemental Indenture. While ALL Student Credit has not issued any indebtedness under the Indenture or otherwise, it has likewise reserved the right to issue student loan revenue obligations not issued or secured under the Indenture or any Supplemental Indenture. The trust estates securing such other obligations are not and would not be available as security for the Bonds, nor are the Pledged Assets securing the Bonds available as security for such other obligations.

As discussed above, ALL Student Loan issues obligations from time to time to finance Eligible Loans and ALL Student Credit may choose to do so. The size and timing of such issues are largely dependent on market conditions and the availability of Eligible Loans. A portion of the proceeds of

Additional Bonds may be used to pay costs of issuance, loan purchase premiums and loan transfer fees. If Additional Bonds are issued, the ratio of Pledged Assets to Bonds Outstanding may decrease.

THE BONDS

GENERAL

One or more series of Bonds may be issued under the Indenture bearing interest at an Adjustable Rate (including an Auction Period Rate, a Daily Rate, a Weekly Rate, a Monthly Rate, a Commercial Paper Rate, a Quarterly LIBOR Rate or a Term Rate not fixed to maturity) or at a Term Rate fixed to maturity, as further described herein and in the applicable Term Supplement. For a description of Bonds bearing interest at a Daily Rate, a Weekly Rate, a Monthly Rate, a Commercial Paper Rate, a Term Rate not fixed to maturity or a Quarterly LIBOR Rate, see “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES**” herein. For a description of Bonds bearing interest at an Auction Period Rate, see “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - AUCTION PERIOD RATES**” herein.

The Bonds shall be registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (“*DTC*”), or such other securities depository (a “*Securities Depository*” and collectively with DTC, the “*Securities Depositories*”) that is designated as a securities depository for the Bonds by the applicable Corporation. Each such Securities Depository shall act as security depository for the Bonds. Interest on the Bonds is payable by check or draft as described below and in the applicable Term Supplement. Principal of the Bonds is payable upon presentation and surrender of such Bonds at the principal corporate trust office of the Trustee. So long as DTC or Cede & Co. or such other Securities Depository is the registered Owner of the Bonds, payment of principal, redemption price and interest with respect to the Bonds are to be made directly to DTC or such other Securities Depository by the Trustee. Disbursement of such payments to DTC Participants (as defined herein) is the responsibility of DTC and such other Securities Depository, and disbursement of such payments to the Beneficial Owners is the respective responsibility of DTC Participants or such other Securities Depository, as more fully described herein. See “**EXHIBIT III — BOOK-ENTRY-ONLY SYSTEMS.**”

The Bonds are subject to acceleration or redemption, as described below and in the applicable Term Supplement.

SECURITY FOR THE BONDS

The Bonds are limited obligations of the applicable Corporation, secured by and payable solely from the Pledged Assets under the Indenture. The Pledged Assets include:

- (1) Eligible Loans financed by the Corporations under their respective student loan programs pursuant to the Indenture and notes evidencing the same and any related Servicing Agreements;
- (2) all moneys and securities from time to time held by the Trustee under the terms of the Indenture (excluding the Rebate Account and the Non-Pledged Account) and any and all other real or personal property of every name and nature, from time to time conveyed, mortgaged, pledged, assigned or transferred by delivery or by writing of any kind, as and for additional security under the Indenture, by a Corporation or by anyone in its behalf or with its written consent to the Trustee; and
- (3) all Revenues and Recoveries of Principal, as defined in the Indenture.

No other assets of the Corporations are pledged to the payment of the Bonds, and the Bonds are not general obligations of either Corporation.

The Indenture establishes a fund for ALL Student Loan (the “*ALLSLC Fund*”) and a fund for ALL Student Credit (the “*ALLSCC Fund*”), and several accounts within such funds. The Indenture establishes within each of the ALLSLC Fund and the ALLSCC Fund a Reserve Account and provides for the establishment of a Reserve Account Requirement for each issuance of Bonds. Amounts on deposit in the Reserve Account may be used by the Trustee to pay debt service on the Bonds. The Reserve Account Requirement for the Bonds will be set forth in the applicable Term Supplement. Such Reserve Account Requirement may, upon receipt by the Trustee of a Credit Confirmation, be satisfied by a surety bond, letter of credit or other instrument.

There can be no assurance that relevant federal laws, including the Higher Education Act, will not be changed in a manner which might adversely affect the amount of funds available for the financing of Eligible Loans. There can be no assurance that the Higher Education Act will not be changed retroactively or prospectively in a manner which might adversely affect the ability of the Corporations to pay the principal of and interest on the Bonds. See “**CERTAIN RISK FACTORS**” herein.

Priority of Payment. The rights of owners of senior bonds and all bonds issued on a parity therewith under the Indenture (the “*Senior Bonds*”) are senior to the rights of owners of Senior Subordinate Bonds, Subordinate Bonds and Junior Subordinate Bonds. The rights of owners of any senior subordinate bonds and all bonds issued on a parity therewith under the Indenture (the “*Senior Subordinate Bonds*”) are senior to the rights of owners of Subordinate Bonds and Junior Subordinate Bonds. The rights of owners of subordinate bonds and all bonds issued on a parity therewith under the Indenture (the “*Subordinate Bonds*”) are senior to the rights of owners of junior subordinate bonds, and all bonds issued on a parity therewith under the Indenture (the “*Junior Subordinate Bonds*”). The rights of owners of Junior Subordinate Bonds are subordinate to the rights of owners of the Senior Bonds, Senior Subordinate Bonds and Subordinate Bonds. **Non-payment of the principal of or interest on any Outstanding Bonds which are subordinate to any other Outstanding Bonds (“*Lower Priority Bonds*”) would not in and of itself result in an Event of Default under the Indenture giving rise to an acceleration of any Bonds or the exercise of any other remedy for so long as the Bonds of any series senior to such Lower Priority Bonds (“*Higher Priority Bonds*”) Outstanding under the Indenture are currently being paid.** See “**EXHIBIT I — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- DEFAULTS AND REMEDIES -- *Events of Default.***”

Payments of principal of and interest on the Bonds are to be made first from the Pledged Assets of the Corporation which issued such Bonds (the “*Issuing Corporation*”). In the event of a deficiency in the Issuing Corporation’s Revenue Account, the Trustee is to make an advance, at the Intercompany Rate, in an amount sufficient to remedy the deficiency from the other Corporation’s Revenue Account, treating the advance as if it were payable from such other Revenue Account corresponding to the priority of the item to be paid from the Issuing Corporation’s Revenue Account; provided that funds are available in such other Corporation’s Revenue Account (taking into account cash and Permitted Investments, but not Loans). See “**EXHIBIT I — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — DEFICIENCIES AND ADVANCES.”**”

ADDITIONAL BONDS; FINANCIAL PRODUCTS; LIQUIDITY FACILITY; AND CREDIT ENHANCEMENT AND CONDITION TO CERTAIN ACTIONS TAKEN WITHOUT CONSENT OF HOLDERS

Additional Bonds. Each of the Corporations has covenanted not to create or permit the creation of or issue any obligations or create any additional indebtedness which will be secured by a charge or lien on the Pledged Assets except that additional bonds (“*Additional Bonds*”) may be issued under the Indenture. Subject to certain conditions in the Indenture, a Corporation is permitted to issue Additional Bonds and to enter into Financial Products (see the next subheading, entitled “*Financial Products*” hereunder), with repayment rights that are superior to (but not superior to Senior Bonds), on a parity with or subordinate to one or more priority levels of Bonds; provided, among other things, that the Corporation obtains a Credit Confirmation.

The following conditions, among others, under the Indenture must be satisfied prior to or at the time of delivery of the Additional Bonds:

- delivery of an opinion of Bond Counsel or other counsel to the effect that the Indenture, including the Supplemental Indenture pursuant to which the Additional Bonds are being issued, has been executed and delivered and is valid and binding upon the Corporations (except for the customary exceptions related to an agreement's validity and binding effect);
- the Indenture creates a valid pledge which it purports to create of the amounts on deposit in any of the Accounts established under it;
- upon execution, authentication and delivery, the Bonds constitute valid and binding obligations of the applicable Corporation;
- in the case of Tax-Exempt Bonds, a Bond Counsel opinion to the effect that interest on such Bonds is excluded from gross income for federal income tax purposes (subject to certain exceptions, such as with regard to the alternative minimum taxes); and
- the delivery of a Credit Confirmation.

Financial Products. The Indenture permits a Corporation to enter into Financial Products as defined in **EXHIBIT I — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -- DEFINITIONS”** and as described under the captions “CREATION AND OPERATION OF ACCOUNTS -- *Revenue Accounts; Payment Accounts.*” The priority of payment of Financial Products may be equal to the priority of payment of amounts due on the Senior Bonds, Senior Subordinate Bonds, Subordinate Bonds or Junior Subordinate Bonds. Prior to entering into such Financial Product (i) the Trustee shall have received a Credit Confirmation with respect to entering into such Financial Product and (ii) the applicable Corporation shall deliver to the Trustee a Direction with respect to the Account or Accounts into which amounts received pursuant to such Financial Product are to be deposited, accompanied by a Bond Counsel Opinion to the effect that entering into the Financial Product and compliance therewith shall not affect the exclusion from gross income of interest on any Tax-Exempt Bonds for federal income tax purposes; and in such event the Trustee shall pay to the counterparty of any such Financial Product such amount as shall be due from the applicable Corporation or the Trustee thereunder, as specified in such Direction, in such order of priority as required by the Indenture and specified in such Direction. Information regarding the Corporation's current use of Financial Products, if any, with respect to the Indenture can be found in the Term Supplement accompanying this Offering Memorandum.

Liquidity Facility. The Multi-Mode Annex provides that the issuing Corporation shall maintain a Liquidity Facility with respect to any Bonds bearing interest at an Adjustable Rate (except Bonds bearing interest at an Auction Rate or Quarterly LIBOR Rate). The Liquidity Facility must be in effect not later than any Conversion to any such Adjustable Rate. If at any time such Corporation obtains a Liquidity Facility with respect to Bonds which were previously not entitled to the benefit thereof, such Corporation shall submit such Liquidity Facility to each Rating Agency for the purposes of obtaining a rating on such Bonds. The Trustee shall be furnished with any Liquidity Facility obtained pursuant to the Multi-Mode Annex, together with evidence of any rating or ratings obtained on the Bonds in connection therewith.

Amounts received under the Liquidity Facility will be used solely to pay amounts due as the purchase price with respect to the Bonds specified in the Liquidity Facility, and shall not be applied to the payment of any other Bonds or any other amounts due under the Indenture or otherwise.

So long as any Bonds (except Bonds bearing interest at an Auction Rate or a Quarterly LIBOR Rate) shall bear interest at an Adjustable Rate, an alternate Liquidity Facility, or a renewal of the existing Liquidity Facility, together with evidence of the rating which will apply to the Bonds following such replacement or renewal, must be delivered to the Trustee not later than a Business Day which is at least

20 days (35 days if the then current Rate Period is a Term Rate Period) prior to the date on which such alternate Liquidity Facility, or renewal of the existing Liquidity Facility, is to take effect.

Pursuant to a Liquidity Facility, the Liquidity Provider's consent may be required for certain actions under the Indenture, and the Trustee and the Corporations agree in the Indenture that no such action shall be taken without such consent.

For additional information about a Liquidity Facility, if one is applicable to one or more series of Bonds being offered under this Offering Memorandum and the Term Supplement accompanying it, see the Term Supplement accompanying this Offering Memorandum.

Credit Enhancement. The Indenture also permits a Corporation, in connection with the provision of Credit Enhancement for any series of Bonds, to enter into agreements with Credit Providers providing for the reimbursement of amounts paid pursuant to any such Credit Enhancement. Such payments to Credit Providers may be secured with a lien on the Pledged Assets on a co-equal basis with any of the Bonds at the priority level established under the Indenture.

For additional information about Credit Enhancement, if applicable to one or more series of Bonds being offered under this Offering Memorandum and the Term Supplement accompanying it, see the Term Supplement accompanying this Offering Memorandum.

Condition to Certain Actions Taken Without Consent of Holders. To the extent a Corporation issues Additional Bonds, enters into Financial Products, or enters into a reimbursement agreement with a Credit Provider in connection with the provision of Credit Enhancement and effects a pledge of the Pledged Assets as security, all without the consent of the Holders of Outstanding Bonds, the Indenture requires as a pre-condition to taking such actions receipt by the Trustee of a Credit Confirmation. See "**CERTAIN RISK FACTORS - CREDIT CONFIRMATIONS**" herein.

GENERAL PROVISIONS REGARDING REDEMPTION AND ACCELERATION

Redemption. Bonds are subject to redemption prior to maturity as described herein and in the applicable Term Supplement. Any notice of redemption is required to be given by the Trustee, at the Direction of the applicable Corporation, by mailing a copy of the notice by first class mail to each owner of such Bonds at the address of such owner as shown on the registration books, not less than (i) fifteen (15) days with respect to Bonds bearing interest at an Adjustable Rate and (ii) thirty (30) days with respect to Bonds bearing interest at a Fixed Rate, prior to the date set for such redemption to the owner of any Bonds subject to redemption at the address of such owner as shown on the registration books. Any such notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether or not received by any owner of Bonds, and failure to give any such notice or any defect therein with respect to any Bond shall not affect the validity of the proceedings with respect to any other Bond. Interest on the Bonds, or the portion thereof so called for redemption, shall cease to accrue on the redemption date. For additional information about the redemption of Bonds, see "OPTIONAL REDEMPTION" and "SPECIAL REDEMPTION" below in the section captioned "**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS.**"

In addition to the provisions for notice of redemption of Bonds in the immediately preceding paragraph, if any Auction Bonds are to be redeemed in part and such Bonds are held by a Securities Depository, the Corporation shall include in the notice of the call for redemption delivered to the Securities Depository (i) a date placed under an item entitled "Publication Date for Securities Depository Purposes" and such date shall be three Business Days after the Auction Date immediately preceding such redemption date (in the case of a daily Auction Period, such date shall be three Business Days immediately preceding the date of redemption) and (ii) an instruction to the Securities Depository to (a) determine on such Publication Date after the Auction held on the immediately preceding Auction Date has settled, the Securities Depository Participants whose Securities Depository positions shall be

redeemed and the principal amount of such Auction Bonds to be redeemed from each such position (the “Securities Depository Redemption Information”), and (b) notify the Trustee immediately after such determination of (1) the positions of the Securities Depository Participants in such Bonds immediately prior to such Auction settlement, (2) the position of the Securities Depository Participants in such Auction Bonds immediately following such Auction settlement, and (3) the Securities Depository Redemption Information. Immediately upon receipt of the notice referred to in (b) of the preceding sentence, the Trustee shall send a copy of such notice to the Auction Agent.

Conditional Redemption Notice. Any notice of redemption, other than mandatory sinking fund redemption, may state that it is conditional and may be rescinded by notice given by the Trustee, in the same manner that notices of redemption are given, at any time before the date fixed for redemption. Any notice of redemption given by the Trustee without Direction from a Corporation, other than notice of mandatory sinking fund redemption, shall contain such statement. Upon receipt by the Trustee of a Direction from the applicable Corporation to rescind any such conditional notice of redemption, accompanied by Credit Confirmations, in sufficient time for the Trustee to give notice of rescission to the Bondholders at least two Business Days before the redemption date, the Trustee shall give such notice of rescission in the same manner that notice of the redemption was given.

Acceleration Upon an Event of Default. Upon the happening of any Event of Default under the Indenture, the Bonds may be subject to acceleration as described in **EXHIBIT I — “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - DEFAULTS AND REMEDIES.”** As long as any Higher Priority Bonds issued under the Indenture are being timely paid, the failure to pay principal of and interest on any Lower Priority Bonds is not an Event of Default.

INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS

INTEREST

In General. Unless otherwise provided in an applicable Term Supplement, the Bonds shall bear interest from the date thereof (or from the most recent Interest Payment Date to which interest has been paid) payable on each Interest Payment Date until final payment of the principal or redemption price thereof shall have been made in accordance with the provisions of the Multi-Mode Annex, whether at maturity, upon redemption or otherwise. During any Auction Rate Period for any Bonds having an Auction Period of 180 days or less, interest accrued on such Bonds shall be computed on the basis of actual days over 360; and during any Auction Rate Period for any Bonds having an Auction Period of more than 180 days, interest accrued on such Bonds shall be computed on the basis of a year of 360 days of twelve 30-day months. During any Quarterly LIBOR Rate Period for any Bonds, interest accrued on such Bonds shall be computed on the basis of a 360-day year for the number of days actually elapsed. During any other Variable Rate Period, interest on the Bonds shall be computed on the basis of a year of 365 or 366 days for the number of days actually elapsed. During any Long-Term Rate Period, interest on the Bonds shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months. Interest on any Bond bearing a Commercial Paper Rate (except any such Bond which is a Book-Entry Bond) shall be paid only upon presentation to the Tender Agent of the Bond on which such payment is due.

The Bonds of each series shall bear interest initially at the applicable rate for the Rate Period for such series specified in the Supplemental Indenture and shall continue to bear interest for such Rate Period until adjusted to a different Rate Period as provided herein. The term of the Bonds of each series shall be divided into consecutive Rate Periods during which such Bonds may bear interest at an Auction Rate, Commercial Paper Rate(s), Daily Rate, Monthly Rate, Quarterly LIBOR Rate, Term Rate or Weekly Rate. Any such Rate Period established with respect to any Bonds shall continue in effect unless and until adjusted to a different Rate Period as provided in the Multi-Mode Annex. From and after any Conversion, the Bonds shall bear interest determined in accordance with the provisions of the Indenture pertaining to the new Rate Period. The Bonds shall bear interest for each Calculation Period or Auction

Period, as the case may be, at the rate of interest per annum for such Calculation Period or Auction Period established in accordance herewith, payable as provided in the Indenture. Notwithstanding any other provision of the Indenture, it shall not be required that all Bonds bear interest at the same rate, provided that no more than one Rate Period may apply to a single series of Bonds at the same time, and references herein to Bonds shall mean Bonds of a series.

(c) Notwithstanding anything in the Indenture, including the Multi-Mode Annex, to the contrary, Bank Bonds shall, while held by the Liquidity Provider, bear interest at the rates and be paid as provided in the Liquidity Facility.

ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES

Daily Rate; Determination of Daily Rate. During each Daily Rate Period for any Bonds, such Bonds shall bear interest at the Daily Rate, determined by the Remarketing Agent on or before each Business Day for such Business Day. The Daily Rate shall be the rate determined by the Remarketing Agent to be the lowest rate which would enable the Remarketing Agent to sell the Bonds for delivery on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. The Remarketing Agent shall determine the Daily Rate no later than 10:00 a.m. (New York City time) on the date of determination, and will give the Trustee and the applicable Corporation notice by Electronic Means of such Daily Rate. If the Remarketing Agent shall not have determined a Daily Rate for any day by 11:00 a.m. (New York City time) on such day, the Daily Rate shall be the same as the Daily Rate for the immediately preceding day; and if the Remarketing Agent determines that the Daily Rate for any Business Day is the same as the Daily Rate in effect on the immediately preceding Business Day, the Remarketing Agent is not required to notify the Trustee or such Corporation of such determination. In no event shall the Daily Rate exceed the Maximum Rate.

Conversion to a Daily Rate Period. At any time the Issuing Corporation may, by written notice, elect that any Bonds (except Bonds bearing interest at a Quarterly LIBOR Rate) shall bear interest at a Daily Rate, subject to rescission of such election as described herein under the caption "CONVERSION -- Rescission of Election." The effective date of such Conversion to a Daily Rate shall be a Business Day and (a) in the case of a Conversion from a Term Rate Period, shall be a day on which the Bonds would be permitted to be redeemed at the option of the Issuing Corporation as described herein under the caption "OPTIONAL REDEMPTION"; (b) in the case of a Conversion from a Monthly Rate Period, shall be the first Business Day of a month; (c) in the case of a Conversion from a Commercial Paper Rate Period, shall be the day after the last day of the Commercial Paper Segment from which the Conversion is to be made; and (d) in the case of a Conversion from an Auction Rate Period, shall be the day after the last day of an Auction Period applicable to such Bonds; *provided*, however, that if prior to the Issuing Corporation's making such election, any such Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Daily Rate Period shall not precede such redemption date.

Weekly Rate; Determination of Weekly Rate. During each Weekly Rate Period for any Bonds, such Bonds shall bear interest at the Weekly Rate, determined by the Remarketing Agent no later than the first day of such Weekly Rate Period and thereafter no later than Wednesday of each week during such Weekly Rate Period, unless any such Wednesday shall not be a Business Day, in which event the Weekly Rate shall be determined by the Remarketing Agent no later than the Business Day immediately preceding such Wednesday. The Weekly Rate shall be the rate determined by the Remarketing Agent to be the lowest rate which would enable the Remarketing Agent to sell the Bonds for delivery on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent shall not have determined a Weekly Rate for any period by the time specified above, the Weekly Rate shall be the same as the Weekly Rate in effect for the immediately preceding week. In no event shall any Weekly Rate be greater than the Maximum Rate. The first Weekly Rate determined for each Weekly Rate Period shall apply to the period commencing on the first day of such Weekly Rate Period and ending on the next succeeding Wednesday. Thereafter, each Weekly Rate

shall apply to the period commencing on each Thursday and ending on the next succeeding Wednesday, unless such Weekly Rate Period shall end on a day other than Wednesday, in which event the last Weekly Rate for such Weekly Rate Period shall apply to the period commencing on the Thursday preceding the last day of such Weekly Rate Period and ending on such last day. The Remarketing Agent shall provide the Trustee and the Issuing Corporation with written, telephonic or Electronic notice of each Weekly Rate, on the Determination Date for such Weekly Rate.

Conversion to a Weekly Rate Period. At any time the Issuing Corporation may, by written notice, elect that any Bonds (except Bonds bearing interest at a Quarterly LIBOR Rate) shall bear interest at a Weekly Rate, subject to rescission of such election as described herein under the caption “CONVERSION - Rescission of Election”. The effective date of such Conversion to a Weekly Rate shall be a Business Day and (a) in the case of a Conversion from a Term Rate Period, shall be a day on which the Bonds would be permitted to be redeemed at the option of the Issuing Corporation as described herein under the caption “OPTIONAL REDEMPTION”; (b) in the case of a Conversion from a Monthly Rate Period, shall be the first Business Day of a month; (c) in the case of a Conversion from a Commercial Paper Rate Period, shall be the day after the last day of the Commercial Paper Segment from which the Conversion is to be made; and (d) in the case of a Conversion from an Auction Rate Period, shall be the day after the last day of an Auction Period applicable to such Bonds; *provided*, however, that if prior to the Issuing Corporation’s making such election, any such Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Weekly Rate Period shall not precede such redemption date.

Monthly Rate; Determination of Monthly Rate. During each Monthly Rate Period for any Bonds, such Bonds shall bear interest at the Monthly Rate, determined by the Remarketing Agent no later than the Business Day before such Monthly Rate Period and thereafter on the last Business Day of each calendar month during such Monthly Rate Period. The Monthly Rate shall be the rate determined by the Remarketing Agent to be the lowest rate which would enable the Remarketing Agent to sell the Bonds for delivery on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. If the Remarketing Agent shall not have determined a Monthly Rate for any period by the time specified above, the Monthly Rate shall be the same as the Monthly Rate in effect for the immediately preceding month. In no event shall any Monthly Rate exceed the Maximum Rate. Each Monthly Rate shall apply to the period commencing on the first Business Day of a calendar month immediately following the determination thereof and ending on the day before the first Business Day of the following calendar month; *provided* that a Monthly Rate Period may commence on a day other than the first Business Day of a month. The Remarketing Agent shall provide the Trustee and the Issuing Corporation with written, telephonic or Electronic notice of each Monthly Rate, as determined, by 11:30 a.m. (New York City time) on the Determination Date for such Monthly Rate.

Conversion to a Monthly Rate Period. At any time the Issuing Corporation may, by written notice, elect that any Bonds (except Bonds bearing interest at a Quarterly LIBOR Rate) shall bear interest at a Monthly Rate, subject to rescission of such election as described herein under the caption “CONVERSION – Rescission of Election.” The effective date of such Conversion to a Monthly Rate shall be a Business Day and (a) in the case of a Conversion from a Term Rate Period, shall be a day on which the Bonds would be permitted to be redeemed at the option of the Issuing Corporation as described herein under the caption “OPTIONAL REDEMPTION”; (b) in the case of a Conversion from a Commercial Paper Rate Period, shall be the day after the last day of the Commercial Paper Segment from which the Conversion is to be made; and (c) in the case of a Conversion from an Auction Rate Period, shall be the day after the last day of an Auction Period applicable to such Bonds; *provided*, however, that if prior to the Issuing Corporation’s making such election, any such Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Monthly Rate Period shall not precede such redemption date.

Term Rate; Determination of Term Rate. During each Term Rate Period for any Bonds, such Bonds shall bear interest at the Term Rate, which shall be determined by the Remarketing Agent on a

Business Day selected by the Remarketing Agent, but not more than forty (40) days prior to and not later than the Business Day before the effective date of such Term Rate Period. The Term Rate shall be the rate determined by the Remarketing Agent on such date, and communicated by the close of business on such date to the Trustee and the Issuing Corporation, by written, telephonic or Electronic notice, as being the lowest rate which would enable the Remarketing Agent to sell the Bonds for delivery on the effective date of such Term Rate Period at a price (without regard to accrued interest) equal to 100% of the principal amount thereof; *provided*, however, that if, for any reason, a Term Rate for any Term Rate Period shall not be determined or effective or if an adjustment from a Term Rate Period to another Rate Period shall not be effective, the Rate Period for the Bonds shall automatically convert to a Weekly Rate Period. If a Weekly Rate for the first day of such Weekly Rate Period is not determined as described under the caption “*Weekly Rate; Determination of Weekly Rate*” above, the Weekly Rate for the first day of such Weekly Rate Period shall be equal to the SIFMA Municipal Index for Tax-Exempt Bonds or One-Month LIBOR for Taxable Bonds. In no event shall any Term Rate exceed the Maximum Rate.

Conversion to or Continuation of a Term Rate Period. At any time the Issuing Corporation may, by written notice, elect that any Bonds (except Bonds bearing interest at a Quarterly LIBOR Rate) shall bear, or continue to bear, interest at a Term Rate, subject to rescission of such election as described under the caption “*CONVERSION - Rescission of Election.*” In connection with any such election the Issuing Corporation shall determine the duration of the Term Rate Period during which the Bonds shall bear interest at such Term Rate. Each Term Rate Period shall have a duration of any length which ends either prior to the Liquidity Facility Expiration Date or the Stated Maturity Date. At the time the Issuing Corporation so elects a Conversion to or continuation of a Term Rate Period, the Issuing Corporation may specify two or more consecutive Term Rate Periods and, if the Issuing Corporation so specifies, shall specify the duration of each such Term Rate Period as provided in this paragraph. At the time the Issuing Corporation so elects a Conversion to or continuation of a Term Rate Period, the Issuing Corporation may also specify any sinking fund redemption schedule which will apply to the Bonds during such Term Rate Period. The effective date of each Term Rate Period shall be a Business Day and (a) in the case of a Conversion from a Term Rate Period, shall be a day on which the Bonds would be permitted to be redeemed at the option of the Issuing Corporation as provided in “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - OPTIONAL REDEMPTION;**” (b) in the case of a Conversion from a Monthly Rate Period, shall be the first Business Day of a month; (c) in the case of a Conversion from a Commercial Paper Rate Period, shall be the day after the last day of the Commercial Paper Segment from which the Conversion is to be made; and (d) in the case of a Conversion from an Auction Rate Period, shall be the day after the last day of an Auction Period applicable to such Bonds; *provided*, however, that if prior to the Issuing Corporation’s making such election, any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Term Rate Period shall not precede such redemption date.

If, by the thirtieth (30th) day prior to the last day of any Term Rate Period, the Trustee shall not have received notice of the Issuing Corporation’s election, accompanied by appropriate Bond Counsel Opinion, if required, the next succeeding Rate Period for the Bonds shall be a Weekly Rate Period.

At the same time that the Issuing Corporation elects to have any Bonds bear interest at a Term Rate or continue to bear interest at a Term Rate, the Issuing Corporation may also specify to the Trustee optional redemption prices and periods different from those described below under the caption “**OPTIONAL REDEMPTION**” during the Term Rate Period(s) with respect to which such election is made (including that there be no such optional redemption); *provided*, however, that if such Bonds are Tax-Exempt Bonds, such notice shall be accompanied by a Bond Counsel Opinion to the effect that such changes will not adversely affect the Tax-Exempt status of interest on such Bonds.

Commercial Paper Rate; Determination of Commercial Paper Segments and Commercial Paper Rates. During each Commercial Paper Rate Period, each Bond shall bear interest during each Commercial Paper Segment for such Bond at the Commercial Paper Rate for such Bond. Each Commercial Paper Segment for any Bond shall be a period of at least one day but not more than 270 days

or, if a Liquidity Facility is in effect with respect to such Bonds, such lesser number of days of interest coverage on the Bonds provided for in such Liquidity Facility minus five (5) days. Each Commercial Paper Segment for any Bond shall be a period determined by the Remarketing Agent to be, in its judgment, the period which, taking into account prevailing market conditions and all other Commercial Paper Segments and Commercial Paper Rates for all Bonds then Outstanding, is likely to result in the lowest overall net interest expense on all such Bonds; *provided*, however, that any such Bond purchased on behalf of the Issuing Corporation and remaining unsold in the hands of the Remarketing Agent as of 1:00 p.m. (New York City time) on the effective date of the Commercial Paper Segment for such Bond shall have a Commercial Paper Segment of one day or, if such Commercial Paper Segment would not end on a day immediately preceding a Business Day, a Commercial Paper Segment of more than one day ending on the day immediately preceding the next Business Day; *provided*, further, however, that (1) each Commercial Paper Segment shall end on a day which immediately precedes a Business Day and no Commercial Paper Segment shall extend beyond the day immediately preceding the Stated Maturity Date of the Bonds or, if a Liquidity Facility is then in effect with respect to the Bonds, the scheduled Liquidity Facility Expiration Date of such Liquidity Facility, and (2) if for any reason the Remarketing Agent fails or is unable to determine a Commercial Paper Segment on any Bond, the Commercial Paper Segment for such Bond shall be one day, unless such Commercial Paper Segment would end on a day which does not precede a Business Day, in which case such Commercial Paper Segment shall end on the day immediately preceding the next succeeding Business Day.

The Commercial Paper Rate for each Commercial Paper Segment for each Bond shall be the rate determined by the Remarketing Agent no later than 1:00 p.m. (New York City time) on the first day of such Commercial Paper Segment to be the lowest rate which would enable the Remarketing Agent to sell such Bonds on the effective date of such rate at a price (without regard to accrued interest) equal to 100% of the principal amount thereof. The Remarketing Agent shall provide the Trustee and the Issuing Corporation with telephonic or Electronic notice of each Commercial Paper Rate and Commercial Paper Segment by 1:00 p.m. (New York City time) on the date of determination. If a Commercial Paper Rate for a Commercial Paper Segment of one day is not determined or effective by 1:00 p.m. (New York City time) on such day, the Commercial Paper Rate for such Commercial Paper Segment of one day shall be equal to the SIFMA Municipal Index for Tax-Exempt Bonds, or One-Month LIBOR for Taxable Bonds. In no event shall the Commercial Paper Rate for any Bond exceed the Maximum Rate.

Notwithstanding the foregoing, in the event that notice of redemption with respect to any Bond in a Commercial Paper Rate Period shall have been given to the holder of such Bond by the Trustee, no subsequent Commercial Paper Segments or Commercial Paper Rates shall be determined with respect to such Bond.

Conversion to a Commercial Paper Rate Period. At any time the Issuing Corporation may, by written notice, elect that any Bonds (except Bonds bearing interest at a Quarterly LIBOR Rate) shall bear interest at Commercial Paper Rates, subject to rescission of such election as described under the caption “CONVERSION - *Rescission of Election.*” The effective date of the Commercial Paper Rate Period during which the Bonds shall bear interest at Commercial Paper Rates shall be a Business Day and (a) in the case of a Conversion from a Term Rate Period, shall be a day on which the Bonds would be permitted to be redeemed at the option of the Issuing Corporation as provided in “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - OPTIONAL REDEMPTION;**” (b) in the case of a Conversion from a Monthly Rate Period, shall be the first Business Day of a month; and (c) in the case of a Conversion from an Auction Rate Period, shall be the day after the last day of an Auction Period applicable to such Bonds; *provided*, however, that if prior to the Issuing Corporation’s making such election any Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Commercial Paper Rate Period shall not precede such redemption date.

Conversion from a Commercial Paper Rate Period. At any time during a Commercial Paper Rate Period for any Bonds, the Issuing Corporation may elect that the Bonds shall no longer bear interest at

Commercial Paper Rates and shall instead bear interest as otherwise permitted under the Indenture. The Issuing Corporation shall give notice of such election and shall instruct the Remarketing Agent to (1) determine Commercial Paper Segments of such duration that, as soon as possible, all Commercial Paper Segments shall end on the same date, as specified by the Issuing Corporation, and upon the establishment of such Commercial Paper Segments the day next succeeding the last day of all such Commercial Paper Segments shall be the effective date of the new Rate Period elected by the Issuing Corporation; or (2) determine Commercial Paper Segments that will best promote an orderly transition to the next succeeding Rate Period to apply to the Bonds, beginning not earlier than fifteen (15) days following the delivery by the Issuing Corporation of such written notice. If the alternative in clause (2) above is selected, the day next succeeding the last day of the Commercial Paper Segment for each Bond shall be with respect to such Bond the effective date of the Rate Period elected by the Issuing Corporation. The Remarketing Agent, promptly upon the determination thereof, shall give written notice of such last day and such effective dates to the Issuing Corporation and the Trustee. During any transitional period from a Commercial Paper Rate Period to the next succeeding Rate Period in accordance with clause (2) above, the provisions of the Indenture shall be deemed to apply to the Bonds as follows: the Bonds continuing to bear interest at Commercial Paper Rates shall have applicable to them the provisions theretofore applicable to such Bonds and the Bonds bearing interest in the Rate Period to which the Conversion is being made will have applicable to them the provisions of the Indenture applicable to such Rate Period.

Quarterly LIBOR Rate; Determination of Quarterly LIBOR Rate. During each Quarterly LIBOR Accrual Period for any Bonds, such Bonds shall bear interest at the Quarterly LIBOR Rate, which shall be determined by the Trustee on the second Business Day before the beginning of such Quarterly LIBOR Accrual Period, and shall be equal to the sum of (a) a percentage determined at the time of Conversion to a Quarterly LIBOR Rate, plus (b) Three-Month LIBOR, defined for purposes of this section as a rate of interest per annum equal to the rate per annum at which United States dollar deposits having a maturity of three months are offered to prime banks in the London interbank market which appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers' Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of approximately 11:00 a.m., London time, on the related Determination Date. If such rate does not appear on Reuters Screen LIBOR01 Page (or such other page or service), the rate will be determined on the basis of the rate at which deposits in United States dollars having a maturity of three months are offered to prime banks in the London interbank market by four major banks in the interbank market selected by the Trustee and in a principal amount of not less than U.S. \$1,000,000 and that is representative for a single transaction in such market at such time. The Trustee will request the principal London office of each of such banks to provide a quotation of its rate. If at least two quotations are provided, the Three-Month LIBOR will be the arithmetic mean (rounded upwards, if necessary, to the nearest one-hundredth of one percent) of such offered rates. If fewer than two quotations are provided, Three-Month LIBOR will be the arithmetic mean (rounded upwards, if necessary, to the nearest one-hundredth of one percent) of the rates quoted at approximately 11:00 a.m., New York City time, on such Determination Date by three major banks in New York, New York selected by the Trustee for loans in United States dollars to leading European banks having a maturity of three months, and in a principal amount of not less than U.S. \$1,000,000; provided that if the banks selected as aforesaid are not quoting as mentioned in this sentence, Three Month LIBOR in effect for such Quarterly LIBOR Accrual Period will be Three Month LIBOR in effect for the immediately preceding Quarterly LIBOR Accrual Period. The determination by the Trustee of the Quarterly LIBOR Rate will (in the absence of manifest error) be final and binding upon the Owners of the Bonds and all other parties. Not later than the close of business on each Determination Date, the Trustee will communicate, by written, telephonic or electronic notice to the Issuing Corporation, the Quarterly LIBOR Rate determined for the immediately succeeding Quarterly LIBOR Accrual Period.

Interest on any Bond bearing interest at a Quarterly LIBOR Rate accrued as of any Interest Payment Date but not paid when due will be due on the next Interest Payment Date together with interest on such amount at the rate of interest borne by such Bond.

Bonds bearing interest at a Quarterly LIBOR Rate may not be converted to bear interest at a different interest rate mode.

Conversion to a Quarterly LIBOR Rate Period. At any time the Issuing Corporation may, by written notice as provided in the Multi-Mode Annex, elect that any Bonds shall bear interest at a Quarterly LIBOR Rate, subject to rescission of such election as described under the caption “CONVERSION - *Rescission of Election.*” The effective date of such Conversion to a Quarterly LIBOR Rate shall be a Business Day and (a) in the case of a Conversion from a Term Rate Period, shall be a day on which the Bonds would be permitted to be redeemed at the option of the Issuing Corporation as provided in “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - OPTIONAL REDEMPTION;**” (b) in the case of a Conversion from a Monthly Rate Period, shall be the first Business Day of a month; (c) in the case of a Conversion from a Commercial Paper Rate Period, shall be the day after the last day of the Commercial Paper Segment from which the Conversion is to be made; and (d) in the case of a Conversion from an Auction Rate Period, shall be the day after the last day of an Auction Period applicable to such Bonds; provided, however, that if prior to the Issuing Corporation’s making such election, any such Bonds shall have been called for redemption and such redemption shall not have theretofore been effected, the effective date of such Quarterly LIBOR Rate Period shall not precede such redemption date.

AUCTION PERIOD RATES

Auction Period Rates; Determination of Auction Period Rates. For each series of Bonds issued as or converted to Auction Bonds, the interest rate on such Bonds for the initial Auction Period generally will be determined on the Business Day immediately preceding the first day of the initial Auction Period. For each Auction Period thereafter, the Auction Period Rate for each series of Auction Bonds will be determined on the Auction Date immediately preceding each such Auction Period in accordance with the Auction Procedures set forth in “**EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS**” to this Offering Memorandum.

The Auction Period for a series of Auction Bonds will consist of one of the following Auction Periods: (i) a flexible Auction Period; (ii) a daily Auction Period; (iii) a seven-day Auction Period; (iv) a 28-day Auction Period; (v) a 35-day Auction Period; (vi) a three-month Auction Period; and (vii) a six-month Auction Period. For further information about each Auction Period and the right of the Issuing Corporation to change the length of an Auction Period, see “**EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS**” to this Offering Memorandum.

Conversion to and from Auction Rate Periods. In the case of any Conversion to or from an Auction Rate Period, the following provisions shall apply:

(a) In any such Conversion to an Auction Period Rate, the Issuing Corporation shall give written notice of any such Conversion to the Remarketing Agent, the Trustee, any Liquidity Provider, the Auction Agent and the Broker-Dealer not less than seven (7) Business Days prior to the date on which the Trustee is required to notify the Bondowners pursuant to the Multi-Mode Annex. Such notice shall specify the Bonds to be converted, the Conversion Date and the length of the initial Auction Period; provided, however, that the Trustee shall not mail such written notice to Bondowners if converting from a Commercial Paper Rate Period until it has received a written confirmation from the Remarketing Agent that no Interest Period for the Bonds extends beyond the Conversion Date. The Issuing Corporation may revoke its election to effect a Conversion to an Auction Period Rate by giving written notice of such revocation to the Trustee, the Remarketing Agent, any Liquidity Provider, the Auction Agent and the Broker-Dealer at any time prior to the setting of the Auction Period Rate by the Broker-Dealer pursuant to the next succeeding paragraph.

(b) The Auction Period Rate for the Auction Period commencing on the Conversion Date shall be the lowest rate which, in the judgment of the Broker-Dealer, is necessary to enable the

Bonds to be remarketed at a price equal to the principal amount thereof, plus accrued interest, if any, on the Conversion Date. Such determination shall be conclusive and binding upon the Issuing Corporation, the Trustee, the Auction Agent, any Liquidity Provider and the Beneficial Owners of the Bonds to which such rate shall be applicable. Not later than 5:00 p.m., New York City time, on the date of determination of the Auction Period Rate, the Broker-Dealer shall notify the Trustee, the Issuing Corporation and the Auction Agent of the Auction Period Rate by Electronic Means.

(c) No Bonds may be converted to an Auction Period Rate unless they are held by a depository in book-entry form.

(d) In the case of any Conversion from an Auction Period Rate to another Rate Period, the Issuing Corporation shall give written notice of any such Conversion to the Trustee, any Remarketing Agent, any Liquidity Provider, the Auction Agent and the Broker-Dealer not less than seven (7) Business Days prior to the date on which the Trustee is required to notify the registered Owners of the Conversion. Such notice shall specify the Bonds to be converted, the Conversion Date and the new rate period to which the Conversion shall be made.

(e) At any time prior to 10:00 a.m. New York City time on the Business Day immediately preceding the Conversion Date from an Auction Period Rate to another Rate Period, the Issuing Corporation may withdraw its notice of Conversion and the Auction for such Bonds shall be held on such Auction Date as if no Conversion notice had ever been given. If on a Conversion Date the Conversion notice has not been withdrawn as set forth in the preceding sentence and any condition precedent to such Conversion has not been satisfied, the Trustee shall give notice by Electronic Means as soon as practicable and in any event not later than the next succeeding Business Day to the registered Owner of the Bonds to have been converted, the Auction Agent, the Broker-Dealer, any Credit Provider and any Liquidity Provider that such Conversion has not occurred, that the Bonds shall not be purchased on the failed Conversion Date, that the Auction Agent shall continue to implement the Auction Procedures on the Auction Dates with respect to such Bonds which otherwise would have been converted; excluding however, the Auction Date falling on the Business Day next preceding the failed Conversion Date, and that the interest rate shall continue to be the Auction Period Rate; provided, however, that the interest rate borne by the Bonds which otherwise would have been converted during the Auction Period commencing on such failed Conversion Date shall be the Maximum Rate, and the Auction Period shall be the seven-day Auction Period.

CONVERSION

Conversion of Rate Period; Notice. The interest rate on all or any portion of the Bonds may be converted from any Adjustable Rate except a Quarterly LIBOR Rate to a different Adjustable Rate or to a Fixed Rate, or from a Term Rate to an Adjustable Rate; *provided* that both the principal amount of Bonds so converted and the principal amount of Bonds not so converted shall be in Authorized Denominations. The principal amount of Bonds to be so converted shall be specified by the Issuing Corporation in a written notice delivered to the Trustee, the Liquidity Provider, if any, the Auction Agent, if any, and the Remarketing Agent, if any, not less than thirty (30) days before the Conversion Date in the case of Conversion from a Term Rate Period, or fifteen (15) days before the Conversion Date in the case of Conversion from any other Rate Period. The specific Bonds to be so converted shall be selected by the Trustee by lot unless otherwise directed by the Issuing Corporation.

The Trustee shall mail to the Bondowners the notice received on or before the second Business Day after receipt thereof.

Conditions to Conversion. A Conversion shall be effective only if:

(i) With respect to any Conversion, the Trustee and, as applicable, the Remarketing Agent or the Auction Agent shall receive from the Issuing Corporation, by 4:00 p.m. New York

City time on the Conversion Date, a certificate to the effect that all of the Bonds tendered or deemed tendered have been purchased at a price equal to the principal amount thereof plus accrued interest, if any, with funds provided from the remarketing of such Bonds in accordance with the Remarketing Agreement, from an auction of such Bonds in accordance with the Auction Procedures, or with the proceeds of the Liquidity Facility; and

(ii) With respect to any Conversion to a Variable Rate other than an Auction Period Rate or a Quarterly LIBOR Rate, (A) a Liquidity Facility meeting the requirements of the Indenture shall have been delivered to the Trustee not less than one Business Day prior to the Conversion Date and shall be, by its terms, in effect not later than such Conversion Date; and (B) the Trustee and the Auction Agent shall receive a certificate of the Issuing Corporation by no later than the tenth day prior to the Conversion Date stating that the Issuing Corporation and a Remarketing Agent have entered into a written agreement to remarket the Bonds on such effective date at a price of not less than 100% of the principal amount thereof.

If any one of the conditions referred to in the immediately preceding item (ii) above is not met with respect to any Conversion from an Auction Rate, the Auction Rate for the next succeeding Auction Period shall be determined as described above under the caption “AUCTION PERIOD RATES - *Conversion to and from Auction Rate Periods.*” If any of the conditions referred to above is not met with respect to any other Conversion, then the Rate Period for the Bonds shall automatically adjust to a Daily Rate Period on the date originally scheduled for such adjustment or continuation. If a Daily Rate for the first day of such Daily Rate Period is not determined as provided in the Multi-Mode Annex, the Daily Rate for the first day of such Daily Rate Period shall be equal to the SIFMA Municipal Index, in the case of Tax Exempt Bonds, or One-Month LIBOR, in the case of Taxable Bonds. If any of the foregoing conditions for a Conversion other than with respect to a Conversion from an Auction Rate is not met, the Trustee shall mail to the Issuing Corporation, the Liquidity Provider, if any, and the Bondowners notice thereof in substantially the form relating thereto attached to the Multi-Mode Annex within three (3) Business Days after the failure to meet any of such conditions.

Rescission of Election. Notwithstanding anything in the Indenture to the contrary, the Issuing Corporation may rescind any election by it to convert to or continue a Rate Period prior to the effective date of such adjustment or continuation by giving written notice thereof to the Trustee and the Remarketing Agent prior to such effective date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the holders of the Bonds as described above, then the notice of Conversion or continuation previously delivered by the Issuing Corporation shall be of no force and effect. If the Trustee receives notice from the Issuing Corporation of rescission of a Conversion to or continuation of a Rate Period after the Trustee has given notice to the holders of the Bonds as described above, then the Rate Period for the Bonds shall automatically adjust to a Daily Rate Period on the date originally scheduled for such adjustment or continuation. If a Daily Rate for the first day of such Daily Rate Period is not determined as described under the caption “RATE PERIODS - Daily Rate; Determination of Daily Rates”, the Daily Rate for the first day of such Daily Rate Period shall be equal to the SIFMA Municipal Index in the case of Tax-Exempt Bonds or One-Month LIBOR in the case of Taxable Bonds.

Conversion In Lieu of Optional Redemption. At any time the Bonds are subject to optional redemption, the Issuing Corporation may, with the prior written consent of the Liquidity Provider if the Liquidity Facility will remain in effect, determine to adjust the Rate Period on the Bonds to a different Rate Period. The Bonds shall be subject to mandatory purchase at a Purchase Price equal to the principal of the Bonds, plus any redemption premium which would have applied in connection with the optional redemption, plus accrued interest. Any remarketing of the Bonds in the new Rate Period shall require that a Remarketing Agent and Tender Agent be appointed pursuant to the Indenture. The applicable mandatory tender date shall be any date that optional redemption would be permitted.

OPTIONAL REDEMPTION

Provisions for Optional Redemption. Subject to the conditions set forth in the applicable Supplemental Indenture and the Term Supplement, the Bonds shall be subject to redemption at the option of the Issuing Corporation in an amount not to exceed moneys held by the Trustee and available to be applied to the redemption of Bonds in Authorized Denominations, on the following dates at the following prices:

(a) During any Auction Rate Period, on the first day of each Auction Period, as a whole or in part, at a redemption price equal to the principal amount thereof, plus interest accrued to the date fixed for redemption; provided that after any such optional redemption, if Auction Bonds of any series remain Outstanding, there shall be not less than \$10,000,000 in aggregate principal amount of such series of Bonds unless otherwise consented to by the applicable Broker-Dealer.

(b) During any Daily or Weekly Rate Period, on any Business Day, as a whole or in part, at a redemption price equal to the principal amount thereof, plus interest accrued to the date fixed for redemption.

(c) During any Monthly Rate Period, on the first Business Day of each month, as a whole or in part, at a redemption price equal to the principal amount thereof, plus interest accrued to the date fixed for redemption.

(d) During any Commercial Paper Rate Period, as to each Bond, on the day next succeeding the last day of each Commercial Paper Segment for such Bond, at a redemption price equal to the principal amount thereof, plus interest accrued to the date fixed for redemption.

(e) On the day next succeeding the last scheduled day of any Term Rate Period, in whole or in part, at a redemption price equal to the principal amount thereof; and during any Term Rate Period, during the periods specified below, in whole or in part, at the redemption prices (expressed as percentages of principal amount) hereinafter indicated (unless different redemption terms for any Bonds shall be specified by the Issuing Corporation in the Supplemental Indenture provided for issuance of such Bonds); in each case together with interest accrued to the date fixed for redemption:

<u>Length of Term Rate Period</u>	<u>Redemption Date and Prices</u>
Greater than or equal to 10 years	On any date on or after the first day of the calendar month following the tenth anniversary of the effective date at 101% declining ½% annually to 100%.
Less than 10 years	Not redeemable.

In connection with any Conversion, the Issuing Corporation may specify a different schedule for optional redemptions during any Term Rate Period if, in the case of Tax-Exempt Bonds, not later than the applicable Conversion Date, the Trustee receives a Bond Counsel Opinion to the effect that such change in redemption provisions will not adversely affect the Tax-Exempt status of the Tax-Exempt Bonds.

Limitation on Optional Redemption. No optional redemption of Bonds shall occur unless the Trustee shall have received either (1) a Certificate of an Authorized Officer to the effect that, after giving effect to such optional redemption, the Asset Requirement will be satisfied, or (2) a Credit Confirmation; provided that the foregoing limitation shall not apply to the redemption of any Bank Bonds which shall be subject to redemption as provided in the respective Liquidity Facility, if any. The provisions of this paragraph may be amended without consent of any Bondholders upon receipt by the Trustee of a Credit Confirmation.

SPECIAL REDEMPTION

Provisions for Special Redemption. Subject to the conditions set forth in the applicable Supplemental Indenture and Term Supplement, the Bonds shall be subject to special redemption at the determination of the Issuing Corporation, at any time, in whole or in part in Authorized Denominations, at a redemption price equal to the principal amount thereof plus interest accrued to the date of redemption, from amounts representing Revenues or Recoveries of Principal (other than from the voluntary sale of Eligible Loans) or from moneys on deposit in the Loan Account, in either case not expected to be used to finance Eligible Loans.

OPTIONAL AND MANDATORY TENDER

Optional Tender for Daily, Weekly, Monthly and Term Rate Bonds. During any Daily Rate Period, any Bond or portion thereof in an Authorized Denomination shall be purchased on any Business Day at the Purchase Price, payable in immediately available funds, upon (1) delivery by the holder or Beneficial Owner of such Bond to the Tender Agent, the Trustee and the Remarketing Agent, each at its Principal Office, by no later than 10:30 a.m. (New York City time) on the Purchase Date, of an irrevocable notice by telephone (promptly confirmed in writing) or written or Electronic Notice of Election to Tender, which states the principal amount of such Bond to be tendered for purchase and the Purchase Date, and (2) delivery of such Bond tendered for purchase to the Tender Agent on the Purchase Date in accordance with the provisions described below.

During any Weekly Rate Period, any Bond or portion thereof in an Authorized Denomination shall be purchased on any Business Day at the Purchase Price, payable in immediately available funds, upon (1) delivery by the holder or Beneficial Owner of such Bond to the Tender Agent, the Trustee and the Remarketing Agent, each at its Principal Office, of an irrevocable notice by telephone (promptly confirmed in writing) or written or Electronic Notice of Election to Tender, by 5:00 p.m. (New York City time) on any Business Day at least seven (7) days prior to the Purchase Date, which states the principal amount of such Bond to be tendered for purchase and the Purchase Date, and (2) delivery of such Bond to the Tender Agent on the Purchase Date in accordance with the provisions described below.

During any Monthly Rate Period, any Bond or portion thereof in an Authorized Denomination shall be purchased on the first Business Day of any month at the Purchase Price, payable in immediately available funds, upon (1) delivery by the holder or Beneficial Owner of such Bond to the Tender Agent, the Trustee and the Remarketing Agent, each at its Principal Office of an irrevocable notice by telephone (promptly confirmed in writing) or written or Electronic Notice of Election to Tender, by 5:00 p.m. (New York City time) on any Business Day at least ten (10) days prior to the Purchase Date, which states the principal amount of such Bond to be tendered for purchase and the Purchase Date, and (2) delivery of such Bond to the Tender Agent on the Purchase Date in accordance with the provisions described below.

If any Bond is to be purchased in part as described above, the amount so purchased and the amount not so purchased must each be an Authorized Denomination.

Any instrument delivered to the Tender Agent, the Trustee and the Remarketing Agent in accordance with the foregoing provisions shall be irrevocable with respect to the purchase for which such instrument was delivered and shall be binding upon any subsequent Owner or Beneficial Owner of the Bond to which it relates, including any Bond issued in exchange therefor or upon the registration of transfer thereof, and as of the date of such instrument, the holder or Beneficial Owner of the Bonds specified therein shall not have any right to tender such Bonds for purchase prior to the date of purchase specified in such notice. The Tender Agent, the Trustee and the Remarketing Agent may conclusively assume that any person (other than a holder) providing notice of optional tender as described above is the Beneficial Owner of the Bond to which such notice relates, and neither the Tender Agent, the Trustee nor the Remarketing Agent shall assume any liability in accepting such notice from any person whom it reasonably believes to be a Beneficial Owner of Bonds.

Mandatory Tender for Purchase. The Bonds shall be subject to mandatory tender for purchase at the Purchase Price, upon the occurrence of any of the following events:

(1) as to any Bond, on any Conversion Date for such Bond, other than the effective date of any Conversion from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period; or

(2) as to each Bond in a Commercial Paper Rate Period, on the day next succeeding the last day of each Commercial Paper Segment with respect to such Bond; or

(3) as to any Bonds, on the Liquidity Facility Expiration Date for any Liquidity Facility relating to such Bonds, or any date on which the Liquidity Provider exercises its option to require such tender; or

(4) as to any Bonds, on any date at least fifteen (15) days after the Trustee has given notice thereof pursuant to notice from the Issuing Corporation that any rating agency then rating such Bonds shall no longer be deemed to be a Rating Agency for purposes of the Indenture; *provided* that the date of such mandatory tender, (i) in the case of Auction Bonds, shall be the day after the last day of an Auction Period; (ii) in the case of Bonds bearing interest at a Monthly Rate, shall be the first Business Day of a month; (iii) in the case of Bonds bearing interest at a Term Rate, shall be the day after the last day of a Term Rate Period; and (iv) in the case of Bonds bearing interest at a Commercial Paper Rate, shall be the day after the last day of a Commercial Paper Segment.

In the case of a mandatory tender pursuant to item (3) of the immediately preceding paragraph upon a substitution of the Liquidity Facility, the Tender Agent shall take all necessary action to cause the Purchase Price of each Bond, to the extent not paid from proceeds of remarketing thereof, to be paid from amounts received pursuant to the Liquidity Facility then in effect with respect to such Bond, and such Liquidity Facility shall not be surrendered until an amount sufficient to pay such Purchase Price shall have been received by the Tender Agent pursuant thereto; provided that amounts received pursuant to the Liquidity Facility shall not be applied to pay any premium or defaulted interest.

In the event that on a date the Bonds are subject to optional redemption, the Issuing Corporation elects to cause a Conversion or to terminate a Liquidity Facility during a Term Rate Period and thereby causes a mandatory tender of such Bonds, as the case may be, the Bonds shall be purchased on the applicable mandatory tender date at a Purchase Price which includes an amount equal to any premium which would have been payable on such day had the Issuing Corporation directed redemption of the Bonds.

The Trustee shall give notice by first class mail of any mandatory tender pursuant to items (3) or (4) of the first paragraph of this subsection to the holders of the Bonds at their addresses shown on the registration books kept by the Trustee, not later than the fifteenth day prior to the date on which the Bonds are subject to mandatory tender, which notice shall (i) state the Liquidity Facility Expiration Date, the effective date of a tender required by the Liquidity Provider or the effective date of a change in Rating Agency; and (ii) state that such Bonds shall be subject to mandatory tender for purchase on such date in accordance with such provisions.

Delivery of Tendered Bonds. With respect to any Book-Entry Bond, delivery of such Bond to the Tender Agent in connection with any optional or mandatory tender shall be effected by the making of, or the irrevocable authorization to make, appropriate entries on the books of the Securities Depository or a participant thereof to reflect the transfer of the beneficial ownership interest in such Bond to the account of the Tender Agent, or to the account of a Securities Depository participant acting on behalf of the

Tender Agent. With respect to any Bond which is not a Book-Entry Bond, delivery of such Bond to the Tender Agent in connection with any optional or mandatory tender shall be effected by physical delivery of such Bond to the Tender Agent at its Principal Office, by 1:00 p.m. (New York City time) on the Purchase Date, accompanied by an instrument of transfer thereof, in a form satisfactory to the Tender Agent, executed in blank by the holder thereof with the signature of such holder guaranteed in accordance with the guidelines set forth by one of the nationally recognized medallion signature programs.

Bonds Deemed Purchased. If moneys sufficient to pay the Purchase Price of Bonds to be purchased shall be held by the Tender Agent on the date such Bonds are to be purchased, such Bonds shall be deemed to have been purchased for all purposes of the Indenture, irrespective of whether or not such Bonds shall have been delivered to the Tender Agent, and neither the former holder of such Bonds nor any other person shall have any claim thereon, under the Indenture or otherwise, for any amount other than the Purchase Price thereof.

In the event of non-delivery of any Bond to be purchased as described above (an “*Undelivered Bond*”), the Tender Agent shall segregate and hold uninvested the moneys for the Purchase Price of such Bond in trust, without liability for interest thereon, for the benefit of the former holder of such Bond, who shall, except as provided in the following sentence, thereafter be restricted exclusively to such moneys for the satisfaction of any claim for the Purchase Price of such Bond. Any moneys which the Tender Agent shall segregate and hold in trust for the payment of the Purchase Price of any Undelivered Bond and remaining unclaimed for two (2) years after the date of purchase shall be paid, upon the Issuing Corporation’s written request, to the Issuing Corporation. After the payment of such unclaimed moneys to the Issuing Corporation, the former holder of such Bond shall look only to the Issuing Corporation for the payment thereof

The Trustee shall, as to any Undelivered Bonds, (i) promptly notify the Remarketing Agent by Electronic Means of such non-delivery, and (ii) place a stop transfer against an appropriate amount of such Bonds registered in the name of the Owner(s). Such stop transfer shall commence with the lowest serial number registered in the name of such Owner(s), until stop transfers have been placed against an appropriate amount of Bonds. Such stop transfers shall end when the Undelivered Bonds are delivered to the Trustee or its designated agent for such purposes. Upon such delivery, the Trustee shall make any necessary adjustments to the registration books of the Trustee.

Payment of Purchase Price of Bonds. The Tender Agent shall pay the Purchase Price of tendered Bonds first from the proceeds of sale of such Bonds upon the remarketing thereof and then from amounts received under the Liquidity Facility and then from other amounts available under the Indenture or received from the Issuing Corporation; provided that no premium or defaulted interest, and no interest on the Bonds if the purchase date is an Interest Payment Date, shall be payable from amounts received under the Liquidity Facility. The Tender Agent shall create and hold in trust, separate from all other amounts held by the Tender Agent, a “*Remarketing Account*” into which the Tender Agent shall deposit the proceeds of sale of Bonds that have been remarketed, a “*Liquidity Account*” into which the Tender Agent shall deposit amounts received under the Liquidity Facility, and a “*Supplemental Account*” into which the Tender Agent shall deposit all other amounts available under the Indenture or received from the Issuing Corporation which are to be used to pay the Purchase Price of Bonds. Such Remarketing Account and Liquidity Account shall not be subject to the pledge of the Indenture, but shall be held and applied solely to pay the Purchase Price of Bonds (other than premium, defaulted interest and interest on the Bonds if the purchase date is an Interest Payment Date); provided that any amounts in the Liquidity Account not required to pay the Purchase Price of Bonds shall be repaid forthwith to the Liquidity Provider.

The Tender Agent shall give notice to the Liquidity Provider at the times required to receive amounts under the Liquidity Facility necessary to pay when due the Purchase Price of Bonds tendered for purchase which have not been successfully remarketed or for which the Purchase Price has not been received by the Tender Agent by 11:00 a.m., New York time, on the Purchase Date; provided that no

premium or defaulted interest, and no interest on the Bonds if the purchase date is an Interest Payment Date, shall be payable from amounts received under the Liquidity Facility.

If the amount received under the Liquidity Facility, together with all other amounts available to pay the Purchase Price of any tendered Bond, are insufficient to pay the entire Purchase Price of such Bonds, such amount received under the Liquidity Facility shall be returned to the Liquidity Provider forthwith. All amounts received by the Tender Agent pursuant to the Liquidity Facility shall be held by the Tender Agent uninvested in the Liquidity Account and shall not be commingled with any other funds. All amounts received by the Tender Agent from the remarketing of Bonds shall be held by the Tender Agent uninvested in the Remarketing Account and shall not be commingled with any other funds.

CERTAIN RISK FACTORS

The following information should be considered in light of the payment priorities of the Bonds. This section of this Offering Memorandum does not include all risks to which such repayment is subject, but is an attempt to summarize certain of such risks. Each prospective purchaser of the Bonds should read this Offering Memorandum in its entirety, including the applicable Term Supplement to which this Offering Memorandum is attached. Certain of the factors set forth below should be considered in light of applicable Credit Enhancement, if any, and the priority basis, if any, on which such Credit Enhancement is payable.

GENERAL

Payment of principal of and interest on the Bonds is secured only by a lien on the Pledged Assets. For certain series of Bonds, an Issuing Corporation may elect to provide Credit Enhancement if and as described in the applicable Term Supplement. However, the Indenture does not require such Corporation to do so to further secure timely payments of principal of and interest on the Bonds. No other assets of the Corporations, including those held under other indentures, are pledged to secure the Bonds, and the Rebate Account and Non-Pledged Account under the Indenture are not pledged to secure the Bonds.

Investment in the Bonds entails certain risks, certain of which are described below. The Corporations believe, however, based on their analyses of multiple cash flow projections which have been based on various assumptions and scenarios, that Revenues to be received pursuant to the Indenture should be sufficient to pay principal of and interest on the Bonds when due and to pay when due certain fees and expenses related to the Bonds and Pledged Assets until the final maturity of the Bonds, as more fully described below. The factors discussed below, however, could affect the sufficiency of the Pledged Assets to accomplish the foregoing.

FACTORS AFFECTING SUFFICIENCY AND TIMING OF RECEIPT OF REVENUES

In connection with the issuance of any Bonds, the Corporations expect that the Revenues to be received pursuant to the Indenture should be sufficient to pay principal of and interest on the Bonds when due and also to pay the annual cost of all Trustee fees, servicing costs and other expenses related thereto and to the Loans until the final maturity or earlier redemption of the Bonds. These expectations will be based upon an analysis of cash flow projections using assumptions, which the Corporations believe are reasonable, regarding the timing of the financing of such Loans to be held pursuant to the Indenture, the future composition of and yield on the Loan portfolio, the rate of return on moneys to be invested in various Funds and Accounts under the Indenture, and the occurrence of future events and conditions. For a description of the Loan portfolio, see the applicable Term Supplement. These assumptions will be derived from experience of the Corporations' management in the administration of their respective student loan programs. There can be no assurance, however, that the Loans would be financed as anticipated, that interest and principal payments from the Loans would be received as anticipated, that the reinvestment rates assumed on the amounts in various Funds and Accounts would be realized, or that

special allowance payments and other payments would be received in the amounts and at the times anticipated.

Furthermore, other future events over which the Corporations have no control may adversely affect the Corporations' actual receipt of Revenues and Recoveries of Principal pursuant to the Indenture. For example, the rates of return on a Corporation's Loans are tied primarily to rates such as the 90-day financial commercial paper rate and the 91-day Treasury Bill which may diverge from Auction Period Rates determined under the Auction Procedures or other Adjustable Rates to an extent that would materially adversely affect the sufficiency of Revenues from Pledged Assets.

Receipt of principal of and interest on Loans may be accelerated due to various factors, including, without limitation: (i) default claims or claims due to the disability, death or bankruptcy of the borrowers greater than those assumed by the Corporations; (ii) actual principal amortization periods which are shorter than those assumed by the Corporations; (iii) the commencement of principal repayment by borrowers on earlier dates than are assumed by the Corporations; (iv) economic conditions that induce borrowers to refinance or repay their loans prior to maturity; (v) changes in federal law which may affect the timing of the receipt of funds by the Corporations and (vi) Loans made by Eligible Lenders (or in the case of the William J. Ford Direct Student Loan Program (the "FDSLPL"), the federal government) to borrowers in order to consolidate Federal Loans ("*Consolidation Loans*").

Although ALL Student Loan employs what it considers to be reasonable prepayment assumptions in its cash flow projections, a greater-than-expected prepayment rate could cause the redemption of Bonds to occur earlier than described in the applicable Term Supplement.

Delay in the receipt of principal of and interest on Loans may adversely affect payment of the principal of and interest on the Bonds when due. Principal of and interest on Loans may be delayed due to numerous factors, including, without limitation: (i) borrowers entering deferment periods due to a return to school or other eligible purposes for periods longer than assumed; (ii) forbearance being granted to borrowers for periods longer than assumed; (iii) Loans becoming delinquent in greater amounts and/or for periods longer than assumed; (iv) actual Loan principal amortization periods which are longer than those assumed; (v) delay in reimbursement from Guarantors for periods longer than assumed; (vi) the commencement of principal repayment by borrowers at dates later than those assumed; (vii) higher delinquency rates than assumed on Private Loans that are not guaranteed, if such Private Loans are, in fact, acquired by the Corporation in the future; and (viii) delay in reimbursement from guarantors, if any, of Private Loans for periods longer than assumed.

Borrowers may be able to benefit from various incentive programs currently offered by ALL Student Loan. (For more information about these programs, see "BORROWER BENEFIT PROGRAMS" in the accompanying Term Supplement.) Generally these programs result in a savings of interest expense for the borrower. While this benefit is lost if a borrower is delinquent with respect to payment of a installment on the borrower's Eligible Loan subsequent to the commencement of the program, if the borrower makes timely payments on the borrower's Eligible Loan, the principal of such Eligible Loans may amortize faster than anticipated.

If actual receipt of Revenues and Recoveries of Principal under the Indenture or actual expenditures by the Corporations under their respective loan financing programs vary greatly from those projected, the Corporations may be unable to pay the principal of and interest on the Bonds and amounts owing on other obligations when due. **Failure to pay principal of or interest on Lower Priority Bonds when due to the extent Revenues and Recoveries of Principal are not available for such purposes under and in accordance with the Indenture does not constitute an Event of Default under the Indenture that gives rise to a right to accelerate any Bonds or to exercise any other remedy so long as any Outstanding series of Higher Priority Bonds are currently being paid.** In the event that Revenues and Recoveries of Principal to be received under the Indenture are insufficient to pay the principal of and interest on the Bonds and amounts owing on certain other obligations when due, the

Indenture authorizes, subject to rights of the owners of different classes of Bonds, and under certain circumstances requires, the Trustee to declare an Event of Default, accelerate the payment of certain of the Bonds, and sell the Loans and all other property comprising the Pledged Assets. In such circumstances, it is possible, however, that the Trustee would not be able to sell the Loans and the other assets comprising the Pledged Assets at prices sufficient to pay all the Bonds. It is also possible that under such circumstances, Holders of Higher Priority Bonds could be paid in full, with any deficiency to be borne by the Holders of the Lower Priority Bonds.

BASIS RISK

The interest rate on the Bonds may be an Adjustable Rate determined in accordance with the Indenture and, if such is the case, will change periodically. (See the Term Supplement accompanying this Offering Memorandum for information about the actual interest rate modes to be borne by the Offered Bonds.) The interest rate for the Bonds may be converted to one of the other Interest Rate modes under which the interest rate is determined on the basis of other indices, formulas or methods of determination. (See **“INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - AUCTION PERIOD RATES”** for information about these interest rate modes.) The Eligible Loans, however, generally bear interest at an effective rate (taking into account Special Allowance Payments authorized to be made under the Higher Education Act, or similar allowances, if any, authorized from time to time by federal law or regulations (the *“Special Allowance Payments”*)) equal to the 91-Day T-Bill Rate for Special Allowance Payments plus margins specified for such Eligible Loans, or in the case of Eligible Loans disbursed after January 1, 2000, based upon the 3-Month CP Rates plus specified margins (collectively, the *“Loan Rates”*). See **EXHIBIT II - “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM - SPECIAL ALLOWANCE PAYMENTS”** attached to this Offering Memorandum for detailed information about Special Allowance Payments. As a result of these differences between the indices or methodologies used to determine Loan Rates and the interest rates on the Bonds, there could be periods of time when the Loan Rates applicable to some or all Eligible Loans may be inadequate to cover the interest on the Bonds and Program Expenses. Further, if there is a decline in the Loan Rates, the amount of funds representing interest deposited into the Revenue Account and pledged to the payment of the Bonds may be reduced.

FAILURE TO COMPLY WITH LOAN ORIGINATION AND SERVICING PROCEDURES

The Higher Education Act requires the lenders making Federal Loans, guarantee agencies guaranteeing Federal Loans and servicers servicing Federal Loans to follow certain due diligence procedures in an effort to insure that Federal Loans are properly made and disbursed to, and timely repaid by, the borrowers. The procedures to make, guarantee and service Federal Loans are specifically set forth in the applicable federal regulations, and no attempt has been made in this Offering Memorandum to describe completely those procedures. Failure to follow such procedures may result in the federal government’s refusal to make reinsurance payments to a guarantee agency on such loans or in a guarantee agency’s refusal to honor its guarantee on such loans to the Trustee. Failure of Guarantors to receive reinsurance payments from the federal government could adversely affect their ability to honor guarantee claims made on behalf of the applicable Corporation, and loss of guarantee payments could adversely affect the receipt of Revenues and the Corporations’ ability to pay principal of and interest on the Bonds.

A SERVICER DEFAULT MAY HAVE AN ADVERSE EFFECT ON THE BONDS

If a servicer defaults or is unable to perform under its Servicing Agreement with respect to the Eligible Loans, the Corporation cannot predict the cost of the transfer of servicing to a successor servicer, the ability of such successor to perform the obligations and duties of the servicer under its Servicing Agreement or the servicing fees charged by the successor servicer.

CHANGES IN THE HIGHER EDUCATION ACT OR OTHER RELEVANT LAW

In past years federally enacted legislation has made substantial changes to the current education loan programs under the Higher Education Act. Among other things, such legislation has established the FDSLPL, which is a student loan program with direct lending to students by the federal government through eligible institutions (See “FEDERAL DIRECT STUDENT LOAN PROGRAM” below), and amended the Higher Education Act in ways which affect the existing Federal Family Education Loan Program (“FFEL Program” or “FFELP”), such as adjustments to the level of guarantee payments. For a summary of certain provisions of the Higher Education Act, see **EXHIBIT II — “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM.”**

The Higher Education Act is subject to Congressional reauthorization from time to time. During the reauthorization process, proposed amendments to the Higher Education Act and the FFEL Program are commonplace. There can be no assurance the Higher Education Act will be reauthorized beyond its current authorization period (see “ADDITIONAL RISK FACTORS - *Changes In The Higher Education Act Or Other Relevant Law*” in the Term Supplement attached to this Offering Memorandum) or that relevant federal laws, including the Higher Education Act and related regulations, will not be changed in a manner which might adversely affect the availability of Eligible Loans and the flow of funds from such Loans, thereby adversely affecting the Corporation’s ability to pay the principal of and interest on the Bonds when due. For additional information about amendments to the Higher Education Act, see “**RECENT FEDERAL LEGISLATION AFFECTING THE FFEL PROGRAM**” in **EXHIBIT II — “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM.”**

FEDERAL DIRECT STUDENT LOAN PROGRAM

Under FDSLPL, a variety of Federal Loans (Federal Direct Stafford Loans, Federal Direct Unsubsidized Stafford Loans and Federal Direct PLUS Loans) may be obtained directly from the student’s institution of higher education or through an alternative originator designated by the Secretary, without application to an outside lender. FDSLPL is funded and administered by the Secretary. The Secretary was authorized to take whatever action is necessary to ensure an orderly transition from the FFEL Program to FDSLPL. The FDSLPL provides for a variety of repayment plans from which borrowers may choose, including repayment plans based on income. Unless otherwise specified, the FDSLPL Loans have the same terms, conditions and are available in the same amounts as loans made to borrowers for Subsidized Federal Stafford Loans, Federal PLUS Loans and Unsubsidized Federal Stafford Loans.

No assurance can be given that FDSLPL will not be expanded and as a result, further decrease the number of FFEL Program Loans available for financing by either of the Corporations. Consolidation of FFEL Program Loans with FDSLPL Loans will result in the prepayment of FFEL Program Loans. The result may be earlier redemptions of Bonds than would otherwise occur.

FINANCIAL STATUS OF GUARANTORS

Deterioration in the financial status of a Guarantor could result in the inability of such Guarantor to make guarantee claim payments to the Corporations which could adversely affect the Corporations’ ability to make timely payments of principal of and interest on their respective Bonds. Among the possible causes of deterioration in a Guarantor’s financial status are: (i) the amount and percentage of defaulting FFEL Program Loans guaranteed by such Guarantor; (ii) an increase in the costs incurred by such Guarantor in connection with FFEL Program Loans guaranteed; and (iii) a reduction in revenues received in connection with FFEL Program Loans guaranteed. The Higher Education Act grants the Secretary broad powers over Guarantors and their reserves. These provisions create a risk that the resources available to the Guarantors to meet their guarantee obligations may be reduced, and no assurance can be given that exercise of such powers by the Secretary will not affect the overall financial condition of the Guarantors.

Under Section 432(o) of the Higher Education Act, if the Secretary has determined that a Guarantor is unable to meet its guarantee obligations, the loan holder may submit claims directly to the Secretary and the Secretary is required to pay the full guarantee claim amount due with respect thereto in accordance with claim processing standards no more stringent than those of the Guarantor. However, the Secretary's obligation to pay guarantee claims directly in this fashion is contingent upon the Secretary making the determination referred to above. There can be no assurance that the Secretary would ever make such a determination with respect to the specific Guarantor or, if such a determination were made, whether such determination or the ultimate payment of such guarantee claims would be made in a timely manner. See **EXHIBIT II — "SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM."**

CERTAIN FACTORS RELATING TO SECURITY

The Corporations have covenanted in the Indenture that the Pledged Assets are and will be free and clear of any pledge, lien, charge or encumbrance thereon equal or superior to those created under the Indenture. ALL Student Loan acquires Eligible Loans by origination, consolidation and purchase. With respect to Eligible Loans acquired by purchase, ALL Student Loan customarily obtains warranties (and ALL Student Credit will do so as well) from the sellers as to several matters, including that the loans were originated in accordance with the Higher Education Act, that the loans will be transferred to a Corporation free of any lien and that all filings (including UCC filings) necessary in any jurisdiction to give the Trustee on behalf of a Corporation a first perfected security interest in the Loans have been made. Notwithstanding the foregoing, under applicable law, security interests in such loans may exist. Therefore, no absolute assurance can be given that liens other than the lien of the Indenture do not and will not exist. In addition, notwithstanding any representations and warranties which may be made by a seller of Eligible Loans, no assurance can be given that such seller would, or would be financially able to, honor any repurchase obligation or to pay any damages resulting from any legal action brought by the applicable Corporation against such seller.

UNCERTAINTY AS TO AVAILABLE REMEDIES

The remedies available to Owners of the Bonds upon an Event of Default under the Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

PRIOR REDEMPTION OF THE BONDS

Pursuant to the special redemption provisions of the Indenture and as further set forth in the applicable Term Supplement, substantially all of the Bonds may be redeemed prior to their stated maturity from amounts representing Revenues and Recoveries of Principal, consisting of regular loan payments as well as advance payments of principal, or other moneys on deposit in the Loan Accounts not expected to be used to finance Eligible Loans. The faster the rate at which such advance payments occur, the faster the Bonds may be redeemed pursuant to the special redemption provisions of the Indenture. The rate of such advance payments with respect to the financed Eligible Loans may be influenced by a variety of economic, social and other factors affecting borrowers, such as the then current interest rate levels, the availability of alternative financing options and job market prospects for graduates of institutions of higher learning. Moreover, a substantial increase in such advance payments of principal may occur as a result of consolidation by borrowers of existing Loans with Consolidation Loans under FDSLPP or Consolidation Loans from other eligible lenders, as described more fully in **EXHIBIT II** hereto under the caption "**THE CONSOLIDATION LOAN PROGRAM.**" To the extent Eligible Loans in the applicable

Corporation's student loan program are so consolidated into Consolidation Loans, the applicable Corporation will receive as an advance payment of principal the aggregate principal amount outstanding of all such Eligible Loans of the applicable Corporation so consolidated. Such advance payments of principal may be used at the direction of the applicable Corporation to redeem Bonds. There can be no assurance that the borrowers of Eligible Loans held in the applicable Corporation's student loan program portfolio will not seek to obtain Consolidation Loans in respect thereof.

INSUFFICIENT REVENUES TO PAY BONDS

After payment of certain expenses related to the Eligible Loans, principal of and interest on any Higher Priority Bonds which have been, or, in the future, may be, issued under the Indenture are to be paid prior to the payment of principal of and interest on any Lower Priority Bonds, in each case to the extent there are Revenues and Recoveries of Principal available to make such payments, and in each case regardless of the Issuing Corporation of such Higher Priority Bonds or such Lower Priority Bonds. See "INTRODUCTION — FINANCING PROGRAM," "THE BONDS — SECURITY FOR THE BONDS" and EXHIBIT I — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — PLEDGE EFFECTED BY THE INDENTURE — *Revenue Account*," "— *Loan Account*" and "DEFICIENCIES AND ADVANCES." There is a risk that there would not be sufficient Revenues and Recoveries of Principal and amounts on deposit in either Reserve Account available to pay principal of and interest on all the Bonds and other expenses under the Indenture.

POSSIBLE REDUCTION IN SPECIAL ALLOWANCE PAYMENTS

The Higher Education Act provides for quarterly Special Allowance Payments to be made by the Secretary to eligible lenders, such as ALL Student Loan. These payments ensure that a lender earns at least a specified floating rate of return on its loan, based on a formula (the "*SAP Formula*") set forth in the Higher Education Act. See EXHIBIT II — "SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM -- SPECIAL ALLOWANCE PAYMENTS." Amendments to the Higher Education Act could, from time to time, include amendments to the SAP Formula. Such amendments may or may not adversely affect payments under the SAP Formula. As a consequence, there can be no assurance that ALL Student Loan will receive sufficient payment amounts under the SAP Formula to cover corresponding debt service on the Bonds and other expenses.

GENERAL ECONOMIC CONDITIONS

A downturn in the economy resulting in substantial layoffs either regionally or nationwide may result in an increase in delays or defaults by borrowers in paying Eligible Loans, thus causing increased default claims to be paid by the Guarantors and increased defaults on Private Loans not guaranteed. It is impossible to predict the status of the economy or unemployment levels or at which point a downturn in the economy would significantly reduce Revenues to the Corporations or the Guarantors' ability to pay default claims or the borrower's ability to pay Loans. General economic conditions may also be affected by other events, including the prospect of increased hostilities abroad. Certain such events may have other effects, the impact of which are difficult to project.

Servicemembers Civil Relief Act. The Servicemembers Civil Relief Act (the "*Relief Act*"), signed into law by the President on December 19, 2003, updates and replaces the Soldiers' and Sailors' Civil Relief Act of 1940. The Relief Act provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their student loan. The Relief Act limits the ability of a lender of student loans to take legal action against a borrower during the borrower's period of active duty and, in some cases, during an additional three month period thereafter. In addition, the Relief Act provides generally that a borrower who is covered by the Relief Act may not be charged interest on a student loan that is not a Federal Loan or a HEAL Loan in excess of 6% per annum during the period of the borrower's active duty. As a result, there may be delays in payment and increased losses on the Eligible Loans.

The Secretary has issued guidelines that extend the in-school status, in-school deferment status, grace period status or forbearance status of certain borrowers ordered to active duty. Further, if a borrower is in default under a Federal Loan, the applicable Guarantor must, upon being notified that the borrower has been called to active duty and during certain time periods designated by the Secretary, cease all collection activities for the expected period of the borrower's military service.

The number and aggregate principal balance of Loans that have been or may be affected by the application of the Relief Act and the Secretary's recent guidelines is not known as this time.

Higher Education Relief Opportunities for Students Act of 2003. The Higher Education Relief Opportunities for Students Act of 2003 (The "2003 HEROES Act") authorizes the Secretary to waive or modify any statutory or regulatory provisions applicable to student financial aid programs under Title IV of the Higher Education Act as the Secretary deems necessary to ensure that student loan borrowers who (i) are serving on active military duty during a war or other military operation or national emergency, (ii) reside or are employed in an area that is declared by any federal, state or local office to be a disaster area in connection with a national emergency, or (iii) suffered direct economic hardship as a direct result of war or other military operation or national emergency, as determined by the Secretary, to ensure that such recipients of student financial assistance are not placed in a worse financial position in relation to that assistance, to ensure that administrative requirements in relation to that assistance are minimized, to ensure that calculations used to determine need for such assistance accurately reflect the financial condition of such individuals, to provide for amended calculations of overpayment, and to ensure that institutions of higher education, Eligible Lenders, guarantee agencies and other entities participating in such student financial aid programs that are located in, or whose operations are directly affected by, areas that are declared to be disaster areas by any federal, state or local official in connection with a national emergency may be temporarily relieved from requirements that are rendered infeasible or unreasonable. The Secretary was given this same authority under Public Law 107-122, signed by the President on January 15, 2001, but the Secretary has yet to use this authority to provide specific relief to persons with loan obligations who are called to active duty.

The number and aggregate principal balance of Eligible Loans in the applicable Corporation's student loan program that may be affected by the application of the 2003 HEROES Act is not known at this time. Accordingly, payments received by the Corporations on such Eligible Loans made to a borrower who qualifies for such relief may be subject to certain limitations. If a substantial number of borrowers become eligible for relief under the 2003 HEROES Act, there could be an adverse effect on the total collections on the Eligible Loans in that Corporation's student loan program and the ability of the Corporations to pay debt service on the Bonds.

CREDIT CONFIRMATIONS

General. The Indenture provides that the Corporations and the Trustee may undertake various actions based upon receipt by the Trustee of a Credit Confirmation without the consent of the Holders of the Bonds. Such actions include, but are not limited to the issuance of Additional Bonds or other obligations, the redemption of Bonds, the sale of Loans, the use by a Corporation of Financial Products, the financing of Private Loans which do not have the benefit of a guarantee from a Guarantor, the conditions which must be satisfied prior to the financing of a Loan, including, but not limited to representations and warranties which must be made with respect to such Loan, the reduction of the ratio of the value of Pledged Assets to outstanding liabilities which is necessary for removal of Pledged Assets from the lien of the Indenture and amendments to the Indenture. To the extent that the Indenture does not contain other pre-conditions to such actions which by themselves are satisfactory to Holders of the Bonds, a Credit Confirmation must be received from the Rating Agency or Rating Agencies then providing the rating for the Bonds and each provider of Credit Enhancement and/or Liquidity Facility, if any, based upon the respective criteria at the time of such Rating Agency or Rating Agencies and each such provider of Credit Enhancement and/or a Liquidity Facility.

Junior Subordinate Bonds. **The Junior Subordinate Bonds are not expected to be rated by any Rating Agency. As a consequence, a Credit Confirmation may be obtained for events which may, in the judgment of a Rating Agency or Credit Provider, as applicable, not adversely affect the likelihood or timing of repayment of any Bonds rated by such Rating Agency or Credit Provider, as applicable, which may be issued or outstanding but which may, in fact, adversely affect the likelihood or timing of repayment of the Junior Subordinate Bonds.**

LACK OF RATING, LIQUIDITY FOR THE JUNIOR SUBORDINATE BONDS

As discussed above, no credit rating for the Junior Subordinate Bonds has been sought, nor is it anticipated that any such rating will be applied for. There can be no assurance that there will be a secondary market for the Junior Subordinate Bonds, or, if a secondary market exists, that such Junior Subordinate Bonds can be sold for any particular price, if at all. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary market trading in connection with a particular issue ceases. Additionally, prices of issues for which a market is being made will depend upon generally prevailing circumstances. Such prices could be substantially different from the original purchase price.

OTHER INFORMATION

Investors should be aware of certain other information that should be considered. See “**THE BONDS — GENERAL PROVISIONS REGARDING REDEMPTION AND ACCELERATION PROVISIONS,**” “**THE SERVICERS,**” “**GUARANTORS AND GUARANTEE AGREEMENTS**” and **EXHIBIT II — “SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM.”**

CERTAIN CONSIDERATIONS AFFECTING VARIABLE RATE DEMAND BONDS

The following describes certain considerations relating to Bonds bearing interest at a Daily Rate, a Weekly Rate, a Monthly Rate or a Term Rate (collectively, “*Variable Rate Demand Bonds*”). Capitalized words and terms used in this section and not otherwise defined herein will have the meaning given such words and terms in Exhibit I hereto.

IMMEDIATE TERMINATION OF THE LIQUIDITY FACILITY

In certain instances a Liquidity Facility applicable to Variable Rate Demand Bonds may be subject to immediate termination by the Liquidity Provider without the Bondholders’ being able to tender such Variable Rate Demand Bonds for purchase. A prospective Bondholder is referred to the Term Supplement accompanying this Offering Memorandum for a more complete description of the terms of any applicable Liquidity Facility, including whether such a Liquidity Facility is subject to such immediate termination.

THE REMARKETING AGENT IS PAID BY THE APPLICABLE CORPORATION

The Remarketing Agent's responsibilities include determining the interest rate from time to time and remarketing Variable Rate Demand Bonds that are optionally or mandatorily tendered by the Owners thereof (subject, in each case, to the terms of the Remarketing Agreement), all as further described in this Offering Memorandum. The Remarketing Agent is appointed by the applicable Corporation and is paid by such Corporation for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Variable Rate Demand Bonds.

THE REMARKETING AGENT MAY ROUTINELY PURCHASE VARIABLE RATE DEMAND BONDS FOR ITS OWN ACCOUNT

The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, may routinely purchase such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Variable Rate Demand Bonds for its own account and, in its sole discretion, routinely acquires such tendered Variable Rate Demand Bonds in order to achieve a successful remarketing of such Bonds (i.e., because there otherwise are not enough buyers to purchase such Bonds) or for other reasons. However, the Remarketing Agent is not obligated to purchase Variable Rate Demand Bonds, and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Variable Rate Demand Bonds by routinely purchasing and selling such Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Variable Rate Demand Bonds. The Remarketing Agent may also sell any Variable Rate Demand Bonds it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Variable Rate Demand Bonds. The purchase of Variable Rate Demand Bonds by the Remarketing Agent may cause the interest rate to be lower than it would be if the Remarketing Agent did not purchase such Bonds and may create the appearance that there is greater third party demand for such Bonds in the market than is actually the case. The practices described above also may result in fewer Variable Rate Demand Bonds being tendered in a remarketing.

VARIABLE RATE DEMAND BONDS MAY BE OFFERED AT DIFFERENT PRICES ON ANY DATE, INCLUDING A DATE ON WHICH THE APPLICABLE RATE IS BEING DETERMINED

Pursuant to the Remarketing Agreement, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Variable Rate Demand Bonds at par plus accrued interest, if any, on and as of the determination date for the applicable interest rate. The interest rate will reflect, among other factors, the level of market demand for the Variable Rate Demand Bonds (including whether the Remarketing Agent is willing to purchase such Bonds for its own account). The purchase of the Variable Rate Demand Bonds by the Remarketing Agent may cause the interest rate to be lower than it would be if the Remarketing Agent did not purchase such Bonds. There may or may not be Variable Rate Demand Bonds tendered and remarketed on such a determination date, the Remarketing Agent may or may not be able to remarket at par any such Bonds tendered for purchase on such date and the Remarketing Agent may sell such Bonds at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third party buyers for all of the Variable Rate Demand Bonds at the remarketing price. The Remarketing Agent, in its sole discretion, may offer Variable Rate Demand Bonds on any date, including the Determination Date of the applicable interest rate, at a discount of par to some investors.

THE ABILITY TO SELL VARIABLE RATE DEMAND BONDS OTHER THAN THROUGH THE TENDER PROCESS MAY BE LIMITED

The Remarketing Agent may buy and sell Variable Rate Demand Bonds other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Variable Rate Demand Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Variable Rate Demand Bonds, whether in a remarketing or otherwise, should not assume that they will be able to sell their Variable Rate Demand Bonds other than by tendering such Bonds in accordance with the tender process.

UNDER CERTAIN CIRCUMSTANCES, THE REMARKETING AGENT MAY BE REMOVED, MAY RESIGN OR CEASE REMARKETING THE VARIABLE RATE DEMAND BONDS, WITHOUT A SUCCESSOR BEING NAMED

Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreement. In the event there is no Remarketing Agent, the Trustee may assume such duties as described in the Indenture.

CERTAIN CONSIDERATIONS AFFECTING AUCTION BONDS

The following describes certain considerations relating to Auction Bonds. Capitalized words and terms used in this section and not otherwise defined herein will have the meaning given such words and terms in Exhibits I or IV hereto, as applicable.

The information included in this section relating to certain considerations affecting Auction Bonds has been obtained from the website of the Securities Industry and Financial Markets Association (SIFMA). The information on the SIFMA website can be directly accessed at: http://www.sifma.org/capital_markets/municipal.shtml.

ROLE OF BROKER-DEALERS

The Broker-Dealers identified in the Term Supplement for a series of Auction Bonds have been appointed by ALL Student Loan to serve as a broker-dealer in auctions for their respective Auction Bonds and are paid by ALL Student Loan for such services. The Broker-Dealers have also been appointed by issuers (other than the Corporation) of other various auction rate securities to serve as a broker-dealer in the auctions for those securities and are paid by those issuers for their services. The Broker-Dealers receive broker-dealer fees from ALL Student Loan and such issuers at an agreed-upon annual rate with each Broker-Dealer that is applied to the principal amount of securities sold or successfully placed through the Broker-Dealers in such auctions.

The Broker-Dealers are designated in their respective Broker-Dealer Agreements as the Broker-Dealer to contact Existing Owners and Potential Owners and solicit Bids for the Auction Bonds. Each Broker-Dealer will receive Broker-Dealer Fees from the applicable Corporation with respect to Auction Bonds sold or successfully placed through it in Auctions. The Broker-Dealer may share a portion of such fees with other dealers that submit Orders through it that are filled in the Auction for the Auction Bonds.

BIDDING BY BROKER-DEALERS

Each Broker-Dealer is permitted, but not obligated, to submit Orders in Auctions for the Auction Bonds for its own account either as a buyer or seller and routinely does so in the auction rate securities market in its sole discretion. If the Broker-Dealer submits an Order for its own account, it would have an advantage over other Bidders because the Broker-Dealer would have knowledge of the other Orders placed through it in that Auction for the Auction Bonds and thus, could determine the rate and size of its Order so as to increase the likelihood that (i) its Order for the Auction Bonds will be accepted in the Auction and (ii) the Auction for the Auction Bonds will clear at a particular rate. For this reason, and because each Broker-Dealer is appointed and paid by the applicable Corporation to serve as a Broker-Dealer in the Auction for the Auction Bonds, the Broker-Dealer's interests in serving as a Broker-Dealer in an Auction for the Auction Bonds may differ from those of Existing Owners and Potential Owners who participate in Auctions for the Auction Bonds. See "ROLE OF BROKER-DEALERS" above. A Broker Dealer would not have knowledge of Orders submitted to the Auction Agent by any other firm that may in the future be appointed to accept Orders pursuant to a Broker-Dealer Agreement.

Where a Broker-Dealer is the only Broker-Dealer appointed by a Corporation to serve as a Broker-Dealer in an Auction for a series of the Auction Bonds, it would be the only Broker-Dealer that

submits Orders to the Auction Agent in that Auction for that series of Auction Bonds. As a result, in such circumstances, the Broker-Dealer may discern the clearing rate before the Orders are submitted to the Auction Agent and set the clearing rate with its Order.

Each Broker-Dealer routinely places bids in auctions generally for its own account to acquire Auction Bonds for its inventory, to prevent an “Auction failure” (which occurs if there is a lack of sufficient clearing bids, other than because all of the Auction Bonds subject to the Auction are subject to Submitted Hold Orders, and results in the Auction Period Rate being set at the Maximum Rate) or to prevent an Auction from clearing at a rate that the Broker-Dealer believes does not reflect the market for such Auction Bonds. A Broker-Dealer may place one or more Bids in an Auction for Auction Bonds for its own account to acquire the Auction Bonds subject to such Auction for its inventory, to prevent an Auction failure or to prevent Auctions for Auction Bonds from clearing at a rate that the Broker-Dealer believes does not reflect the market for the Auction Bonds. A Broker-Dealer may place such Bids even after obtaining knowledge of some or all of the other Orders submitted through it. When Bidding in an Auction for its own account, the Broker-Dealer also may Bid inside or outside the range of rates that it posts in its Price Talk. See “PRICE TALK” below.

Bids by a Broker-Dealer or by those it may encourage to place Bids are likely to affect (i) the Auction Period Rate — including preventing the Auction Period Rate from being set at the Maximum Rate or otherwise causing Bidders to receive a lower rate than they might have received had the Broker-Dealer not Bid or not encouraged others to Bid and (ii) the allocation of the Auction Bonds being auctioned — including displacing some Bidders who may have their Bids rejected or receive fewer Auction Bonds than they would have received if the Broker-Dealer had not Bid or encouraged others to Bid. Because of these practices, the fact that an Auction for the Auction Bonds clears successfully does not mean that an investment in the Auction Bonds involves no significant liquidity or credit risk. A Broker-Dealer is not obligated to continue to place such Bids or to continue to encourage other Bidders to do so in any particular Auction for the Auction Bonds to prevent an Auction failure or an Auction from clearing at a rate the Broker-Dealer believes does not reflect the market for the Auction Bonds. Investors should not assume that the Broker-Dealer will place Bids or encourage others to do so or that Auction failures will not occur. Investors should also be aware that Bids by a Broker-Dealer or by those it may encourage to place Bids may cause lower Auction Period Rates to occur.

The statements herein regarding Bidding by a Broker-Dealer apply only to a Broker-Dealer’s Auction Desk and any other business units of the Broker-Dealer that are not separated from the Auction Desk by an information barrier designed to limit inappropriate dissemination of bidding information.

In any particular Auction for the Auction Bonds, if all outstanding Auction Bonds are the subject of Submitted Hold Orders, the Auction Period Rate for the next succeeding Auction Period will be the All Hold Rate (such a situation is called an “All Hold Auction”). Alternatively, if a Broker-Dealer elected to do so, it could inform all Existing Owners that an “All Hold” situation is likely, giving them sufficient time to act before the Submission Deadline or the internal deadline, if any, established by the Broker-Dealer. If a Broker-Dealer holds any Auction Bonds for its own account on an Auction Date, it is the Broker-Dealer’s practice to submit a Sell Order into the Auction with respect to such Auction Bonds, which would prevent that Auction for the Auction Bonds from being an All Hold Auction. A Broker-Dealer may, but is not obligated to, submit Bids for its own account in that same Auction for the Auction Bonds, as set forth above.

PRICE TALK

Before the start of an Auction for the Auction Bonds, a Broker-Dealer, in its discretion, may make available to its customers who are Existing Owners and Potential Owners the Broker-Dealer’s good faith judgment of the range of likely clearing rates for the Auction for the Auction Bonds based on market and other information. This is known as “Price Talk.” Price Talk is not a guaranty that the Auction Period Rate established through the Auction for the Auction Bonds will be within the Price Talk, and

Existing Owners and Potential Owners are free to use it or ignore it. A Broker-Dealer occasionally may update and change the Price Talk based on changes in an issuer's or guarantor's credit quality or macroeconomic factors that are likely to result in a change in interest rate levels, such as an announcement by the Federal Reserve Board of a change in the Federal Funds rate or an announcement by the Bureau of Labor Statistics of unemployment numbers. Potential Owners should confirm with the Broker-Dealer the manner by which the Broker-Dealer will communicate Price Talk and any changes to Price Talk.

“ALL-OR-NOTHING” BIDS

The Broker-Dealers will not accept “all-or-nothing” Bids (i.e., Bids whereby the Bidder proposes to reject an allocation smaller than the entire quantity Bid) or any other type of Bid that allows the Bidder to avoid Auction Procedures that require the pro rata allocation of Auction Bonds where there are not sufficient Sell Orders to fill all Bids at the Winning Bid Rate.

NO ASSURANCES REGARDING AUCTION OUTCOMES

The Broker-Dealers provide no assurance as to the outcome of any Auction. The Broker-Dealers also do not provide any assurance that any Bid will be successful, in whole or in part, or that the Auction will clear at a rate that a Bidder considers acceptable. Bids may be only partially filled, or not filled at all, and the Auction Period Rate on any Auction Bonds purchased or retained in the Auction for the Auction Bonds may be lower than the market rate for similar investments.

A Broker-Dealer will not agree before an Auction to buy Auction Bonds from or sell Auction Bonds to a customer after the Auction.

DEADLINES

Each particular Auction for the Auction Bonds has a formal deadline by which all Bids must be submitted by the Broker-Dealers to the Auction Agent. This deadline is called the “*Submission Deadline*.” To provide sufficient time to process and submit customer Bids to the Auction Agent before the Submission Deadline, the Broker-Dealers impose an earlier deadline for all customers — called the “*Broker-Dealer Deadline*” — by which Bidders must submit Bids to the applicable Broker-Dealer. The Broker-Dealer Deadline is subject to change by the Broker-Dealer. Potential Owners should consult with their Broker-Dealer as to its Broker-Dealer Deadline. A Broker-Dealer may allow for correction of clerical errors after the Broker-Dealer Deadline and prior to the Submission Deadline. A Broker-Dealer may submit Bids for its own account at any time until the Submission Deadline and may change Bids it has submitted for its own account at any time until the Submission Deadline. The Auction Procedures provide that until one hour after the Auction Agent completes the dissemination of the results of an Auction, new Orders can be submitted to the Auction Agent if such Orders were received by the Broker-Dealer or generated by the Broker-Dealer for its own account prior to the Submission Deadline and the failure to submit such Orders prior to the Submission Deadline was the result of force majeure, a technological failure or a clerical error. In addition until one hour after the Auction Agent completes the dissemination of the results of an Auction, a Broker-Dealer may modify or withdraw an Order submitted to the Auction Agent prior to the Submission Deadline if the Broker-Dealer determines that such Order contained a clerical error. In the event of such a submission, modification or withdrawal the Auction Agent will rerun the Auction, if necessary, taking into account such submission, modification or withdrawal.

EXISTING OWNERS' ABILITY TO RESELL AUCTION BONDS MAY BE LIMITED

An Existing Owner may sell, transfer or dispose of an Auction Bond (i) in an Auction for the Auction Bonds, only pursuant to a Bid or Sell Order in accordance with the Auction Procedures, or (ii) outside an Auction for the Auction Bonds, only to or through a Broker-Dealer.

Existing Owners will be able to sell all of the Auction Bonds that are the subject of their Submitted Sell Orders only if there are Bidders willing to purchase all Auction Bonds in the Auction for the Auction Bonds. If Sufficient Clearing Bids have not been made, Existing Owners that have submitted Sell Orders will not be able to sell in the Auction for the Auction Bonds all, and may not be able to sell any, of the Auction Bonds subject to such Submitted Sell Orders. As discussed above (see “Bidding by Broker-Dealers”), a Broker-Dealer may submit a Bid in an Auction for the Auction Bonds to avoid an Auction failure, but it is not obligated to do so. There may not always be enough Bidders to prevent an Auction failure in the absence of a Broker-Dealer’s Bidding in the Auction for the Auction Bonds for its own account or encouraging others to Bid. Therefore, Auction failures are possible, especially if an issuer’s (including each of the Corporation’s) or a guarantor’s credit were to deteriorate, if a market disruption were to occur or if, for any reason, the Broker-Dealers were unable or unwilling to Bid.

Between Auctions for the Auction Bonds, there can be no assurance that a secondary market for the Auction Bonds will develop or, if it does develop, that it will provide Existing Owners the ability to resell the Auction Bonds on the terms or at the times desired by an Existing Owner. A Broker-Dealer, in its own discretion, may decide to buy or sell the Auction Bonds in the secondary market for its own account from or to investors at any time and at any price, including at prices equivalent to, below, or above par for the Auction Bonds. However, a Broker-Dealer is not obligated to make a market in the Auction Bonds and may discontinue trading in the Auction Bonds without notice for any reason at any time. Existing Owners who resell between Auctions for the Auction Bonds may receive an amount less than par, depending on market conditions.

If an Existing Owner purchased an Auction Bond through a dealer which is not the Broker-Dealer for the Auction Bonds, such Existing Owner’s ability to sell its Auction Bond may be affected by the continued ability of its dealer to transact trades for the Auction Bonds through a Broker-Dealer.

The ability to resell the Auction Bonds will depend on various factors affecting the market for the Auction Bonds, including news relating to a Corporation or a Guarantor, the attractiveness of alternative investments, investor demand for short term securities, the perceived risk of owning the Auction Bonds (whether related to credit, liquidity or any other risk), the tax or accounting treatment accorded the Auction Bonds (including U.S. generally accepted accounting principles as they apply to the accounting treatment of auction rate securities), reactions of market participants to regulatory actions (such as those described in “SECURITIES AND EXCHANGE COMMISSION SETTLEMENTS” below) or press reports, financial reporting cycles and market conditions generally. Demand for the Auction Bonds may change without warning, and declines in demand may be short-lived or continue for longer periods.

AUCTION AGENT NOT LIABLE FOR NON-PERFORMANCE IN CERTAIN CIRCUMSTANCES

The Auction Agency Agreement provides that the Auction Agent shall not be responsible or liable for any failure or delay in the performance of its obligations thereunder arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; terrorism; similar military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Auction Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

RESIGNATION OF THE AUCTION AGENT OR THE BROKER-DEALER COULD IMPACT THE ABILITY TO HOLD AUCTIONS

The Auction Agency Agreement provides that the Auction Agent may resign from its duties as Auction Agent by giving at least ninety (90) days’ notice (thirty (30) days’ notice if the Auction Agent has not received payment of any Auction Agent Fees due in accordance with the terms of the Auction

Agency Agreement) to the Trustee and does not require, as a condition to the effectiveness of such resignation, that a replacement Auction Agent be in place if its fee has not been paid. The Broker-Dealer Agreement provides that the Broker-Dealer thereunder may resign upon thirty (30) Business Days' prior notice to the applicable Corporation, the Trustee and the Auction Agent; *provided*, however, that such Broker-Dealer may resign upon at least five (5) Business Days' notice to the applicable Corporation, the Trustee and the Auction Agent if it determines, in its reasonable judgment, that for any reason, including, without limitation, (i) a pending or proposed change in applicable tax laws, (ii) a material adverse change in the financial condition of the applicable Corporation, (iii) hostilities involving the United States, (iv) a down-grading of the rating on the Auction Bonds, or (v) an imposition of material restrictions on the Auction Bonds or similar obligations, it is not advisable to attempt to auction the Auction Bonds. The Broker-Dealer Agreement does not require, as a condition to the effectiveness of such resignation, that a replacement Broker-Dealer be in place. For any Auction Period during which there is no duly appointed Auction Agent or Broker-Dealer, it will not be possible to hold Auctions for the Auction Bonds, with the result that the interest rate on the Auction Bonds will be determined as described in paragraph (c) of the subsection "*Determination of Auction Period Rate*" under "**Auction Procedures**" in **EXHIBIT IV - "AUCTION PROCEDURES FOR AUCTION BONDS"** to this Offering Memorandum.

SECURITIES AND EXCHANGE COMMISSION SETTLEMENT

On May 31, 2006, the U.S. Securities and Exchange Commission (the "SEC") announced that it had settled its investigation of fifteen firms, including Morgan Stanley & Co. Incorporated and J.P. Morgan Securities, Inc. (the "*Settling Broker-Dealers*"), that participate in the auction rate securities market, regarding their respective practices and procedures in this market. The SEC alleged in the settlement that the firms had managed auctions for auction rate securities in which they participated in ways that were not adequately disclosed or that did not conform to disclosed auction procedures. As part of the settlement, the Settling Broker-Dealers agreed to pay civil penalties. In addition, each Settling Broker-Dealer, without admitting or denying the SEC's allegations, agreed to be censured, to cease and desist from violating certain provisions of the securities laws, to provide to customers written descriptions of its material auction practices and procedures and to implement procedures reasonably designed to detect and prevent any failures by that Settling Broker-Dealer to conduct the auction process in accordance with disclosed procedures.

On January 9, 2007, the SEC announced that it had settled its investigation of three banks, including Deutsche Bank Trust Company Americas, auction agent for the Auction Bonds, that participate as auction agents in the auction rate securities market (the "*Settling Auction Agents*"), regarding their respective practices and procedures in this market. The SEC alleged in the settlement that the Settling Auction Agents allowed broker-dealers in auctions to submit bids or revise bids after the submission deadlines and allowed broker-dealers to intervene in auctions in ways that may have affected the rates paid on the auction rate securities. As part of the settlement, the Settling Auction Agents agreed to pay civil penalties. In addition, each Settling Auction Agent, without admitting or denying the SEC's allegations, agreed to provide to broker-dealers and issuers written descriptions of its material auction practices and procedures and to implement procedures reasonably designed to detect and prevent any failures by that Settling Auction Agent to conduct the auction process in accordance with disclosed procedures. The Auction Procedures summarized in **EXHIBIT IV** hereto constitute a material part of its auction practices and procedures.

THE CORPORATIONS

ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION

ALL Student Loan is a non-profit member public benefit corporation and was incorporated on June 23, 1980, under the laws of the State of California. ALL Student Loan is organized exclusively for charitable purposes and is specifically authorized to engage in activities for the benefit and advancement of postsecondary education, operating exclusively for the purpose of financing certain loans authorized

under the Higher Education Act. To carry out its purpose, ALL Student Loan is authorized to issue its obligations to provide funds for the financing of student loans.

ALL Student Loan's Articles of Incorporation provide that it shall apply any income, after payment of expenses, debt service and the creation of reserves for payment of the same, to the financing of additional student loans authorized under the Higher Education Act or pay such income to the United States. In the event of a dissolution of ALL Student Loan, its assets are required to be distributed to the United States.

ALL Student Loan is an organization described in Section 501(c)(3) of the Code and Section 23701(d) of the California Revenue and Taxation Code and is, accordingly, exempt from income tax, except income tax on unrelated business taxable income. The sole member of ALL Student Loan is ALL Management Corporation ("*ALL Management*"). The directors of ALL Management are the current directors of ALL Student Loan.

ALL Student Loan is governed by a board of directors consisting of not less than five nor more than eleven members, with the exact number of directors being determined from time to time by the board of directors. There are currently five Directors, each of whom is or was employed as set forth below. Members of the board of directors are entitled to reasonable compensation for time spent in connection with the administration of ALL Student Loan; however, with the exception of amounts paid to a Director as a Director, no more than 49% of the board of directors may be paid such compensation within a twelve-month period. Directors are also entitled to payment of expenses incurred in connection with the business of ALL Student Loan, and ALL Student Loan reserves the right to compensate Directors who are also officers of, or consultants to, ALL Student Loan. Each Director's term expires upon the election and qualification of his or her successor, and Directors can be elected or re-elected as set forth in ALL Student Loan's Bylaws.

BOARD OF DIRECTORS

Name	Principal Occupation
Arthur Baldonado	Retired Judicial Officer
Charles Bull	President of environmental consulting firm
Dr. Juan Casillas	Veterinarian
Yvonne Hall	Retired Education Administrator; Educational Consultant
William Markenson	Retired President and Chief Executive Officer of ALL Student Loan, ALL Student Credit and ALL Management

ALL Student Loan has the following officers:

William Markenson	Chairman, Board of Directors
Christopher Chapman	President and Chief Executive Officer
Martha Peterson	Chief Financial Officer
Dr. Juan Casillas	Secretary

ALL Student Loan is managed by ALL Management, a non-profit public benefit corporation incorporated under the laws of the State of California on February 16, 1993. ALL Management was formed to provide management, consulting and related services to other non-profit public benefit corporations engaged in providing or assisting in the secondary market for student loans, and to assist needy students in obtaining funds for their postsecondary education. ALL Management, like ALL Student

Loan, is a corporation described in Section 501(c)(3) of the Code and Section 23701(d) of the California Revenue and Taxation Code and is exempt from income tax, except income tax on unrelated business taxable income.

ALL STUDENT CREDIT CORPORATION

ALL Student Credit is a California non-profit member public benefit corporation incorporated on April 20, 1998, under the laws of the State of California. ALL Student Credit is authorized to engage in any activities that non-profit public benefit corporations may lawfully engage in under California law. The specific purpose for which ALL Student Credit was formed was to acquire and originate student loans for primary, secondary and post-secondary education that are not governed by the Higher Education Act. To carry out its purpose, ALL Student Credit is authorized to issue its obligations to finance the origination and acquisition of student loans.

ALL Student Credit's Articles of Incorporation provide that upon dissolution ALL Student Credit's assets shall be distributed to any charitable organization the income of which is exempt from federal taxation pursuant to Section 501(c)(3) of the Code.

ALL Student Credit is a corporation described in Section 501(c)(3) of the Code and Section 23701(d) of the California Revenue and Taxation Code and is exempt from income tax except for income tax on unrelated business taxable income.

ALL Student Credit is governed by a board of directors consisting of not less than five nor more than eleven members, with the exact number of directors being determined from time to time by the board of directors. There are currently five Directors. The Directors and Officers of ALL Student Credit are the same as the directors and officers of ALL Student Loan. Members of the board of directors are entitled to reasonable compensation for time spent in connection with the administration of ALL Student Credit; however, with the exception of amounts paid to a Director as a Director, no more than 49% of the board of directors may be paid such compensation within a twelve-month period. Directors are also entitled to payment of expenses incurred in connection with the business of ALL Student Credit, and ALL Student Credit reserves the right to pay salaries to Directors who are also officers of ALL Student Credit. Each Director's term expires upon the election and qualification of his or her successor, and Directors can be elected and re-elected as set forth in the ALL Student Credit's By-laws.

Like ALL Student Loan, ALL Student Credit is managed by ALL Management.

THE SERVICERS

The Corporation is currently a party to and may in the future enter into, servicing agreements with various entities (the "*Servicers*") to provide for the origination and servicing of the Eligible Loans to be financed with the proceeds of the Bonds. For a description of these agreements and the Servicers, see the related Term Supplement.

GUARANTORS AND GUARANTEE AGREEMENTS

The Indenture provides that the Corporations will finance Federal Loans which are guaranteed by certain guarantors. See the definition of "Guarantor" in **EXHIBIT I — "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,"** for a description of the potential Guarantors. Information about the Guarantors applicable to any series of Bonds is contained in the applicable Term Supplement.

Neither the guarantee funds nor any other assets or revenues of the Guarantors, including amounts payable to the Guarantors by the Secretary as described in **EXHIBIT II — "SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM — FEDERAL INSURANCE AND REIMBURSEMENT OF GUARANTORS,"** are pledged as security for the Bonds or are available for payment

of the Bonds. However, amounts paid from such assets and revenues by the Guarantors to ALL Student Loan in fulfillment of the Guarantors' insurance obligations with respect to Loans are so pledged.

Pursuant to its respective guarantee agreement, each of the Guarantors will guarantee payment of a certain percentage (as described in **EXHIBIT II — "SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM — FEDERAL INSURANCE AND REIMBURSEMENT OF GUARANTORS"**) of the principal (including any interest capitalized from time to time) and accrued interest for each Federal Loan guaranteed by it as to which any one of the following events has occurred:

- (a) failure by the borrower thereof to make monthly principal or interest payments on such financed Federal Loan when due, provided such failure continues for (i) a period of 180 days if such Federal Loan first became delinquent prior to October 7, 1998, or (ii) a period of 270 days;
- (b) any filing by or against the borrower thereof of a petition in bankruptcy pursuant to any chapter of the Federal bankruptcy code, as amended;
- (c) the death of the borrower thereof; or
- (d) the total and permanent disability of the borrower thereof to work and earn money or attend school, as certified by a qualified physician.

When these conditions are satisfied, the Higher Education Act requires the Guarantors generally to pay the claim within 90 days of its submission by the lender. The obligations of the Guarantors pursuant to their respective guarantee agreements are obligations solely of the Guarantors, respectively, and are not supported by the full faith and credit of any state government.

Each of the Guarantors' guarantee obligations with respect to any Federal Loan are conditioned upon the satisfaction of all the conditions set forth in the applicable guarantee agreement. These conditions include, but are not limited to, the following: (i) the origination and servicing of such Loan being performed in accordance with the Higher Education Act and other applicable requirements, (ii) the timely payment to the Guarantors of the guarantee fee payable with respect to such Federal Loan, (iii) the timely submission to the Guarantors of all required pre-claim delinquency status notifications and of the claim with respect to such Federal Loan and (iv) the transfer and endorsement of the promissory note evidencing such Federal Loan to the Guarantors, upon and in connection with making a claim to receive guarantee payments thereon. Failure to comply with any of the applicable conditions, including the foregoing, may result in the refusal of the Guarantors to honor their guarantee agreements with respect to such Federal Loan in the denial of guarantee coverage with respect to certain accrued interest amounts with respect thereto or in the loss of certain Interest Subsidy Payments and Special Allowance Payments with respect thereto. In such event, ALL Student Loan may have recourse under the applicable servicing agreement or be able to require the seller of such Federal Loan not originated by ALL Student Loan to repurchase such Federal Loan under the applicable loan purchase agreement.

TAX MATTERS

Taxable Bonds. Taxable Bonds will not be structured to afford investors therein any exclusion of income thereon for federal, state or local income or other tax purposes. A copy of the form of opinion of Bond Counsel to be delivered in connection with and as expected to accompany any Taxable Bonds will be set forth in the applicable Term Supplement.

Tax-Exempt Bonds. In connection with the issuance of any Tax-Exempt Bonds, ALL Student Loan will provide for the delivery of an opinion of Bond Counsel that based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on such Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of

1986. That opinion and the related tax matters will be more specifically set forth in the applicable Term Supplement.

LEGAL MATTERS

The issuance of any series of Bonds is subject to the approval of Orrick, Herrington & Sutcliffe LLP, San Francisco, California, Bond Counsel. A copy of the approving opinion of Bond Counsel will be available at the time of delivery of such Bonds and attached as an Exhibit to the applicable Term Supplement. See “LEGAL MATTERS” in the attached Term Supplement for information about the legal representation of other parties in connection with a specific offering of Bonds.

LITIGATION

There is currently no litigation pending or, to the knowledge of the Corporations, threatened which would have the effect of prohibiting the issuance, sale, delivery or reoffering of the Bonds or the pledge of the Revenues as provided by the Indenture.

OTHER MATTERS

The information set forth herein has been obtained from the Corporations’ respective records and other sources which are considered reliable. Any statement in this Offering Memorandum including matters of opinion, whether or not expressly so stated, is intended as such and not as a representation of fact. Neither this Offering Memorandum nor the Term Supplement to which it is attached is to be construed as an agreement or contract between the applicable Corporation and the purchasers of any of the Bonds.

All of the summaries of the statutes and documents contained in this Offering Memorandum are made subject to all of the provisions of such statutes and documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

ACCESS TO LOANS FOR LEARNING STUDENT LOAN CORPORATION

By: /s/ Christopher P. Chapman
Christopher P. Chapman
President and Chief Executive Officer

ALL STUDENT CREDIT CORPORATION

By: /s/ Christopher P. Chapman
Christopher P. Chapman
President and Chief Executive Officer

EXHIBIT I

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

This summary is qualified in all respects by reference to the Trust Indenture, including all supplements, which together contain a complete description of all the terms and conditions pursuant to which the Bonds are issued. A copy of the Trust Indenture, including all supplements, is available from the Corporations or from the Trustee. Capitalized terms not otherwise defined in this Offering Memorandum have the meanings set forth in the Indenture. This summary does not include any description of the procedures for conducting Auctions. For a description of the Auction Procedures, see “**EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS**” in this Offering Memorandum.

DEFINITIONS

“*Account*” means any of the trust accounts created and established by the Indenture and, except when the context requires otherwise, the Rebate Account and the Non-Pledged Account.

“*Accountant*” means a reputable and experienced independent certified public accountant or firm of independent certified public accountants selected by the Corporations, which may be the accountant or firm of accountants who regularly audit the books and accounts of the Corporations.

“*Additional Bonds*” means Bonds in addition to any Bonds then Outstanding issued pursuant to a Supplemental Indenture and the Trust Indenture.

“*Adjustable Rate*” means any Auction Rate, Daily Rate, Commercial Paper Rate, Monthly Rate, Quarterly LIBOR Rate, Weekly Rate, or any Term Rate other than a Fixed Rate.

“*Adjustable Rate Period*” means a Rate Period for Bonds bearing interest at an Adjustable Rate.

“*Affiliate*” means any person known to the Auction Agent to be controlled by, in control of or under common control with the Corporation, provided that no Broker Dealer controlled by, in control of or under common control with the Corporation shall be an Affiliate, nor shall any corporation or any person controlled by, in control of or in common control with such corporation be an Affiliate solely because a director or executive officer of such corporation is also a director or officer of the Corporation.

“*After-Tax Equivalent Rate*” has the meaning given such term in “**EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS**” to this Offering Memorandum.

“*ALL Student Credit*” or “*ALLSCC*” means Access to Loans for Learning Student Credit Corporation or any corporation, body, agency, or instrumentality which shall hereafter succeed to the powers, duties and functions of such corporation.

“*ALL Student Loan*” or “*ALLSLC*” means Access to Loans for Learning Student Loan Corporation or any corporation, body, agency, or instrumentality which shall hereafter succeed to the powers, duties and functions of such corporation.

“*ALLSCC Fund*” means the ALLSCC Fund established pursuant to the Indenture.

“*ALLSLC Fund*” means the ALLSLC Fund established pursuant to the Indenture.

“*Applicable Percentage*” has the meaning given such term in “**EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS**” to this Offering Memorandum.

“Asset Requirement” means that ratio (expressed as a percentage) of the Aggregate Market Value (as defined below in this definition) to the aggregate principal amount of the respective Outstanding Bonds and accrued interest thereon, plus any amounts to be applied as reductions in principal amount of Loans on borrowers’ accounts pursuant to Section 427A of the Higher Education Act, is at least equal to the percentage specified by a Supplemental Indenture as the *“Asset Requirement Ratio.”* *“Aggregate Market Value”* means, on any calculation date, the sum of the Values (as defined below) of all Pledged Assets. For a description of the Asset Requirement Ratio, see the applicable Term Supplement.

“Auction” means each periodic implementation of the Auction Procedures.

“Auction Bond” means any Bond bearing interest at an Auction Period Rate.

“Auction Date” has the meaning given such term in **“EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS”** to this Offering Memorandum.

“Auction Period” has the meaning given such term in **“EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS”** to this Offering Memorandum.

“Auction Period Rate” means the Auction Rate or any other rate of interest to be borne by the Bonds during each Auction Period determined in accordance with Article III of the Multi-Mode Annex, and described in **“EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS”** to this Offering Memorandum; provided, however, in no event may the Auction Period Rate exceed the Maximum Rate, as described in this Offering Memorandum under the caption **“INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - AUCTION PERIOD RATES - Auction Period Rates; Determination of Auction Period Rates.”**

“Auction Procedures” means the procedures for conducting Auctions for Auction Bonds during an Auction Period as set forth in **“EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS”** to this Offering Memorandum.

“Auction Rate” has the meaning given such term in **“EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS”** to this Offering Memorandum.

“Auction Rate Period” means any period during which any Bonds bear interest at an Auction Rate, which period shall commence on the date of issuance of such Bonds or on the effective date of Conversion to an Auction Rate, as the case may be, and shall extend through the day immediately preceding the earlier of (a) the effective date of a Conversion to another Rate Period or (b) the stated maturity date of such Bonds.

“Authorized Denomination” means (i) with respect to any Auction Bonds, such term means principal amounts of \$25,000 and integral multiples thereof in the case of Senior Bonds, and \$50,000 and integral multiples thereof in the case of all other Bonds; (ii) with respect to any Bonds bearing interest at a Daily Rate or a Weekly Rate, principal amounts of \$100,000 and integral multiples of \$5,000 in excess thereof; (iii) with respect to any Fixed Rate Bonds, \$5,000 and integral multiples thereof; and (iv) with respect to all other Bonds, principal amounts of \$100,000 and integral multiples thereof.

“Authorized Officer” means the Chairman of the Board of Directors, President, Vice President, Executive Vice President, or Chief Financial Officer of a Corporation or, in the case of any act to be performed or duty to be discharged, any other officer, employee or agent of a Corporation then authorized to perform such act or discharge such duty.

“Bank Bonds” means Bonds purchased by the Liquidity Provider pursuant to the Liquidity Facility for such Bonds.

“*Base Administrative Fees*” means fees paid to the Corporation for the operation of the Program in an amount shown in the most recent Closing Cash Flow Projections.

“*Bond*” means any one of the bonds authenticated and delivered by ALLSLC or ALLSCC pursuant to a Supplemental Indenture and the Trust Indenture, including Senior Bonds, Senior Subordinate Bonds, Subordinate Bonds and Junior Subordinate Bonds.

“*Bond Counsel*” means an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal, state and public agency financing, selected by the Corporations.

“*Bond Counsel Opinion*” means an opinion addressed to a Corporation and signed by Bond Counsel.

“*Business Day*” means a day of the year, except (1) Saturday or Sunday or days on which banks located in the city in which the principal office of the Trustee is located are required or authorized to remain closed, and (2) with respect to any action to be taken in connection with any series of Bonds, any other day excluded pursuant to the provisions of the Supplemental Indenture relating to such Bonds; except that (a) while Bonds bear interest at the Auction Period Rate, the term Business Day shall not include Saturdays, Sundays, days on which the New York Stock Exchange or its successor is not open for business, days on which the Federal Reserve Bank of New York is not open for business, days on which banking institutions or trust companies located in the state in which the operations of the Auction Agent are conducted are authorized or required to be closed by law, regulation or executive order of the state in which the Auction Agent conducts operations with respect to the Bonds, and (b) while a Liquidity Facility is in effect with respect to any Bonds, the term Business Day shall not include any day on which banks in the city in which the office of the applicable Liquidity Provider are required or authorized to remain closed.

“*Calculation Period*” means any daily, weekly, monthly, quarterly, flexible, term or other period for which an Adjustable Rate (other than an Auction Rate) or a Fixed Rate is determined while the Bonds bear interest at such Adjustable Rate or Fixed Rate.

“*Certificate*” means (i) a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined pursuant to the Indenture or (ii) the report of an Accountant as to audit or other procedures called for by the Indenture.

“*Closing Cash Flow Projections*” means the cash flow projections prepared at the request of the Corporations and certified by such financial advisor as may be selected by the Corporations, dated as of the latest issuance date of a series of Bonds or as of any later date submitted to each Rating Agency or, if all Bonds which are rated are supported by Credit Enhancement, to the provider of such Credit Enhancement, and based on assumptions accepted by each Rating Agency or, if all Bonds which are rated are supported by Credit Enhancement, accepted by the provider of such Credit Enhancement.

“*Commercial Paper Rate*” means the rate of interest borne by any Bond and established as described in the Offering Memorandum under the caption “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - Commercial Paper Rates; Determination of Commercial Paper Segments and Commercial Paper Rates.**”

“*Commercial Paper Rate Period*” means each period comprised of Commercial Paper Segments during which Commercial Paper Rates are in effect.

“*Commercial Paper Segment*” means a period established as described in the Offering Memorandum under the caption “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER**

PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - *Commercial Paper Rates; Determination of Commercial Paper Segments and Commercial Paper Rates.*

“*Conversion*” means any adjustment of any Bonds (from time to time in accordance with the terms of the Indenture) from one Rate Period to another Rate Period, or from one Term Rate Period to another Term Rate Period, including a Term Rate Period of the same duration.

“*Conversion Date*” means the effective date of any Conversion.

“*Corporations*” means, collectively, ALL Student Loan and ALL Student Credit.

“*Costs of Issuance*” means all items of expense, directly or indirectly payable or reimbursable by or to the Corporations and related to the authorization, sale and issuance of Bonds.

“*Credit Confirmation*” means (i) evidence satisfactory to the Trustee from each Rating Agency that any proposed action will not cause a reduction or withdrawal of any then existing ratings by such Rating Agency on any Outstanding Bonds and (ii) if any Bonds which are rated are supported by Credit Enhancement, the consent of the provider of such Credit Enhancement; provided that notwithstanding the foregoing and notwithstanding the provisions of the Indenture, Senior Bonds may be issued following the initial issuance of Subordinate Bonds so long as the rating on such Subordinate Bonds is not lower than A2 or its equivalent.

“*Credit Enhancement*” means any bond insurance, letter of credit, surety bond or other credit support providing for the payment of all principal of and interest on any series of Bonds, and any extension thereof or substitution therefor.

“*Credit Provider*” means the issuer or other provider of any Credit Enhancement.

“*Daily Rate*” means the variable interest rate on any Bond established as described in the Offering Memorandum under the caption “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - *Daily Rate; Determination of Daily Rate.***”

“*Daily Rate Period*” means each period during which Daily Rates are in effect.

“*DBRS*” means DBRS, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “*DBRS*” shall be deemed to refer to any other nationally recognized securities rating agency designated by ALL Student Loan.

“*Determination Date*” means, (a) for any Auction Bonds, each Auction Date and (b) for any Calculation Period, the date for determination of the applicable Adjustable Rate as described in the Offering Memorandum under the caption “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES,**” or (c) any other date specified in the Supplemental Indenture providing for the issuance of such Bonds.

“*Direction*” of a Corporation means a written direction, order, request, requisition or similar instrument signed by an Authorized Officer of such Corporation; and the term “direct” or any form of such verb means the giving by a Corporation of a Direction.

“*Electronic Means*” has the meaning given such term in “**EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS**” to this Offering Memorandum.

“*Eligible Lender*” means an Eligible Lender as defined in the Higher Education Act.

“Eligible Loan” means any Federal Loan or Private Loan made to a borrower to finance or refinance, or consolidate loans made to finance or refinance, postsecondary education, which, in the case of any Federal Loan, is guaranteed by a Guarantor.

“Error Correction Deadline” has the meaning given such term in **“EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS”** to this Offering Memorandum.

“Event of Default” means any of the events specified as such in the Indenture, as described in this **EXHIBIT I** under the caption **“DEFAULTS AND REMEDIES.”**

“Federal Loan” means a loan authorized pursuant to the Higher Education Act.

“Financial Product” means any agreement with a counterparty pursuant to which a Corporation shall agree to pay such counterparty all or a portion of the Revenues and Recoveries of Principal in exchange for such counterparty agreeing to timely pay amounts to be used to pay all or a portion of the debt service on Bonds or the Program Expenses when due.

“Fiscal Year” means a twelve-month period commencing on the first day of July of any year or any other twelve-month period adopted by a Corporation as its fiscal year for accounting purposes.

“Fitch” means Fitch Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *“Fitch”* shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporations.

“Fixed Rate” means a Term Rate for a period ending on the Stated Maturity Date.

“flexible Auction Period” has the meaning given such term in **“EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS”** to this Offering Memorandum.

“Funds” means, collectively, the ALLSLC Fund and the ALLSCC Fund.

“Guarantor” means any guarantor designated by a Corporation and authorized to act as such under the Higher Education Act.

“Higher Education Act” means Title IV, Part B of the Higher Education Act of 1965, as amended, and the regulations thereunder.

“Indenture” means the Trust Indenture, dated as of May 1, 1998, by and among ALL Student Loan, ALL Student Credit and the Trustee, and any amendments or supplements made in accordance with its terms.

“Interest Payment Date” means (i) with respect to interest accrued at any time on Tax-Exempt Bonds, the dates set forth in the definition thereof in the Supplemental Indenture; and (ii) with respect to interest accrued at any time on Taxable Bonds (a) during a Quarterly LIBOR Rate Period, the dates set forth in the definition thereof in the Supplemental Indenture or specified by Certificate of the Corporation delivered at the time of Conversion to such Interest Period; (b) during any Long-Term Rate Period, the first day of the month which is at least five and not more than seven months after the first day of such Long-Term Rate Period and the first day of each sixth month thereafter occurring during such Term Rate Period, together with the Business Day next succeeding the last day of such Rate Period; (iii) with respect to interest accrued on Taxable Bonds during any Commercial Paper Segment, the Business Day next succeeding the last day of such Commercial Paper Segment; (iv) with respect to interest accrued on all other Taxable Bonds, except Auction Bonds, the first Business Day of each calendar month; and (v) any date of redemption or mandatory tender of any Bonds and the final maturity date of such Bonds. With

respect to Taxable Bonds bearing interest at Auction Period Rates, “*Interest Payment Date*” means (a) when used with respect to any Auction Period other than a daily Auction Period or a Flexible Auction Period, the Business Day immediately following such Auction Period, (b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding such Auction Period, (c) when used with respect to a Flexible Auction Period of (i) seven or more but fewer than 183 days, the Business Day immediately following such Flexible Auction Period, or (ii) 183 or more days, each semiannual date on which interest on the Bonds would be payable if such Bonds bore interest at a fixed rate of interest and on the Business Day immediately following such Flexible Auction Period, and (d) the date when the final payment of principal of the Bonds of such series becomes due and payable (whether at stated maturity, upon redemption or acceleration, or otherwise).

“*Interest Period*” means any Auction Period or Calculation Period.

“*Junior Subordinate Bonds*” means any Bonds which are secured by a lien on and payable from the Pledged Assets on a basis subordinate to the Senior Bonds, the Senior Subordinate Bonds and the Subordinate Bonds.

“*Liquidity Facility*” means any letter of credit, line of credit, purchase agreement or other credit support or liquidity facility providing for the payment of the purchase price of Bonds tendered for purchase, and any extension thereof or substitution therefor, including any combination of any of such instruments.

“*Liquidity Facility Expiration Date*” means (i) the Business Day before the date on which any Liquidity Facility shall terminate by its terms, as such date may be extended pursuant to a renewal of such Liquidity Facility, or (ii) the date of delivery of any substitute Liquidity Facility; provided that Liquidity Facility Expiration Date shall not include any date on which a Liquidity Facility terminates due to an Immediate Termination Event, as defined in such Liquidity Facility.

“*Liquidity Provider*” means the provider of any Liquidity Facility.

“*Loan*” means any Eligible Loan acquired by a Corporation under its student loan program pursuant to the Indenture by the expenditure of amounts in the applicable Loan Account.

“*Loan Account*” means a Loan Account established pursuant to the Indenture.

“*Long-Term Rate*” means a single rate of interest on any Bond which remains in effect for more than one year.

“*Long-Term Rate Period*” means each Interest Period during which a Long-Term Rate is in effect.

“*Marketing Party*” means any auction agent, broker-dealer, co-authenticating agent, credit provider, liquidity provider, market agent, purchase agent, remarketing agent, tender agent or other similar party relating to the marketing or remarketing of the Bonds and the security or liquidity therefor in connection therewith.

“*Maximum Rate*” means the least of (i) the maximum rate of interest allowable by applicable law; (ii) with respect to any Auction Bonds, (a) in the case of Tax-Exempt Bonds, the Applicable Percentage of the greater of (1) the After-Tax Equivalent Rate or (2) the SIFMA Municipal Index on such date, and (b) in the case of Taxable Bonds, One-Month LIBOR plus 2.00% for Aaa/AAA rated Bonds, and One-Month LIBOR plus 3.00% for Bonds rated less than Aaa/AAA; (iii) with respect to Bonds, including Auction Bonds, 14% for Tax-Exempt Bonds and 17% for Taxable Bonds; and (iv) with respect to any Bonds while they are supported by Liquidity Facility, any rate of interest specified in such

Liquidity Facility or related documentation which is used to determine the amount available under such Liquidity Facility for payment of interest due and payable to holders of the Bonds.

“Monthly Rate” means the variable interest rate on the Bonds established as described in the Offering Memorandum under the caption **“INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - Monthly Rate; Determination of Monthly Rate.”**

“Monthly Rate Period” means each period during which Monthly Rates are in effect.

“Moody’s” means Moody’s Investors Service, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporations.

“Multi-Mode Annex” means the Multi-Mode Annex attached to the Ninth Supplemental Indenture as Appendix A.

“Ninth Supplemental Indenture” means the Ninth Supplemental Indenture, dated as of October 1, 2007, among ALL Student Loan, ALL Student Credit and the Trustee.

“Non-Pledged Account” means the Non-Pledged Account established pursuant to the Indenture.

“One-Month LIBOR” has the meaning given such term in **“EXHIBIT IV - AUCTION PROCEDURES FOR AUCTION BONDS”** to this Offering Memorandum.

“Operating Account” means the Operating Account established pursuant to the Indenture.

“Outstanding”, when used with reference to Bonds, means, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under the Indenture except:

(1) any Bond cancelled by the Trustee or delivered to the Trustee for cancellation at or prior to such date;

(2) any Bond (or portion of a Bond) for the payment of which there have been separately set aside and held: (a) moneys in an amount sufficient to effect payment of the principal thereof, together with accrued interest on such Bond to the Payment Date, (b) Permitted Investments, as described in clause (i) of the definition thereof, except that such Permitted Investments must also be non-callable, in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications as shall be necessary to provide moneys in an amount sufficient to effect payment of the principal and purchase price of such Bond, together with accrued interest on such Bond to its Payment Date, or (c) any combination of (a) and (b) above;

(3) any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Indenture; and

(4) any Bond deemed to have been paid as provided in the defeasance provisions of the Indenture and subject to the nonrecourse provisions of the Indenture.

“Owner” or *“owner”* or *“Holder”* or *“holder”* or *“Bondowner”* or *“Bondholder”* or words of similar import, when used with reference to a Bond, means any person who shall be the registered owner of any Bond as shown on the books of the Trustee.

“*Participant*” means any direct or indirect participant in the book-entry system of a Securities Depository.

“*Payment Account*” means a Payment Account established pursuant to the Indenture.

“*Payment Date*” means the date of maturity of any Bonds or a date of redemption of any Bonds prior to the date of maturity of such Bonds, upon election or requirement to redeem Bonds on such date prior to maturity.

“*Permitted Investments*” means and includes any of the following obligations, to the extent the same are at the time legal for investment of funds of the Corporations under the laws of the State:

(i) marketable direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or any agency thereof rated in one of the two highest rating categories by each Rating Agency which rates such obligations, or book-entry interests therein;

(ii) senior debt obligations rated in the highest long-term rating category by each Rating Agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, and senior debt obligations of other federal government-sponsored agencies approved by each Rating Agency;

(iii) U.S. dollar denominated deposit amounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short-term certificates of deposit on the date of purchase in the highest short-term rating category by each Rating Agency and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(iv) commercial paper which is rated at the time of purchase in the highest short-term rating category by each Rating Agency (without regard to plus or minus or other modifiers), and which matures not more than 270 days after the date of purchase;

(v) repurchase agreements, in a standard PSA form or similar form approved by the Rating Agencies, contracted with banks (which may include the Trustee) which are members of the Federal Deposit Insurance Corporation, or with government bond dealers reporting to and trading with the Federal Reserve Bank of New York, in each case rated in the highest rating category by Moody’s and by each other Rating Agency which rates such debt, which agreements are secured by obligations described in item (i) above and have been reviewed by each Rating Agency;

(vi) shares in an investment company rated in the highest rating category by Moody’s and by each other Rating Agency which rates such investment company, and registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933 and whose only investments are obligations described in items (i), (ii), (iii) and/or (iv) above;

(vii) a collective investment fund of the Trustee created pursuant to Regulation 9 of the Office of the Controller of the Currency which is invested in one or more of the types of obligations described in clauses (i) or (ii) above;

(viii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (a) which are rated, based upon an

irrevocable escrow account or fund (the “*escrow*”), in the highest rating category of each Rating Agency; or (b) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in item (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and which escrow is sufficient, as verified by an independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(ix) any investment agreement having a term of not more than 18 months with an entity having outstanding short-term debt rated at least A-1, P-1 or F-1+, as applicable, or the equivalent;

(x) any money market fund, including a qualified regulated investment company described in I.R.S. Notice 87-22, rated by Moody’s and S&P not lower than its highest applicable rating category;

(xi) Eligible Loans, subject to receipt by the Trustee of a Credit Confirmation with respect to investment in such Eligible Loans with funds in any Account other than a Loan Account; and

(xii) any other investment with respect to which the Trustee has received a Credit Confirmation.

“*Pledged Assets*” means all the rights and interests granted by the Corporations to the Trustee pursuant to the Indenture.

“*Private Loan*” means any loan for postsecondary education not authorized pursuant to the Higher Education Act.

“*Program Expenses*” means all of each Corporation’s expenses in carrying out and administering its student loan program under the Indenture.

“*Purchase Date*” means any date on which any Bond is required to be purchased pursuant to optional or mandatory tender as described in “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - OPTIONAL AND MANDATORY TENDER**” in this Offering Memorandum.

“*Purchase Price*” means the purchase price of any Bond upon optional or mandatory tender thereof, which price shall be 100% of the principal amount thereof, plus interest accrued thereon to the Purchase Date, unless the Purchase Date is an Interest Payment Date, plus any premium payable upon such purchase, as described in “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - OPTIONAL AND MANDATORY TENDER**” in this Offering Memorandum.

“*Quarterly LIBOR Accrual Period*” means for any Bonds each period during which a particular Quarterly LIBOR Rate is in effect, which shall commence on an Interest Payment Date (or the date of issuance of such Bonds or the effective date of Conversion to a Quarterly LIBOR Rate) and shall end on the day before the next succeeding Interest Payment Date.

“*Quarterly LIBOR Rate*” means the variable interest rate on the Bonds as described in the Offering Memorandum under the caption “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - Quarterly LIBOR Rate; Determination of Quarterly LIBOR Rates.**”

“Quarterly LIBOR Rate Period” means for any Bonds each period during which Quarterly LIBOR Rates are in effect, which period shall commence on the date of issuance of such Bonds or on the effective date of Conversion to a Quarterly LIBOR Rate, as the case may be, and shall extend through the Stated Maturity Date of such Bonds.

“Rate Period” means any Auction Period, Daily Rate Period, Commercial Paper Rate Period, Monthly Rate Period, Quarterly LIBOR Rate Period, Term Rate Period or Weekly Rate Period.

“Rating Agency” or *“Rating Agencies”* means at any time any of DBRS, Fitch, Moody’s, and S&P to the extent such agency has been requested by a Corporation to issue a rating on any of the Bonds and such agency has issued and continues to maintain a rating on such Bonds at such time; provided that notwithstanding any outstanding rating by any such agency of any Bonds which are subject to mandatory tender, such agency will not be deemed to be a “Rating Agency” for purposes of the Indenture following the date of mandatory tender of such Bonds if the Corporation has given written notice thereof to the Trustee and to such agency, accompanied, in the case of such notice to the Trustee, by a direction to give notice of such mandatory tender.

“Rebate Account” means the Rebate Account established pursuant to the Indenture.

“Record Date” means (i) with respect to payments to be made on any Bonds on an Interest Payment Date, which date as shall be determined pursuant to the Supplemental Indenture authorizing the issuance of such Bonds; (ii) with respect to payments to be made otherwise, or with respect to obtaining consents of Owners, such date as the Trustee shall reasonably determine, or (iii) or as otherwise specified in the Multi-Mode Annex while the Bonds bear interest at the Auction Rate, the Business Day immediately preceding an Interest Payment Date.

“Recoveries of Principal” means all amounts received by a Corporation from or on account of any Loan as a recovery of the principal amount of any such Loan, including scheduled, delinquent and advance payments, payouts or prepayments, proceeds from insurance or from the sale, assignment or other disposition of such Loan and any payments representing such principal from the guaranty or insurance of any such Loan.

“Remarketing Agent” means any Remarketing Agent for any Bonds, as specified in the Supplemental Indenture providing for the issuance of such Bonds.

“Remarketing Agreement” means any remarketing agreement between the Corporation and the Remarketing Agent, as from time to time amended and supplemented.

“Reserve Account” means a Reserve Account established pursuant to the Indenture.

“Reserve Account Requirement” means, with respect to any Bonds, such amount (including any surety bond, letter of credit or other instrument) as shall be determined in the Supplemental Indenture authorizing the issuance of such Bonds. See **“THE BONDS – SECURITY FOR THE BONDS”** in the body of this Offering Memorandum and **“RESERVE ACCOUNT REQUIREMENT AND RESERVE ACCOUNT BALANCE”** in the applicable Term Supplement.

“Revenue Account” means a Revenue Account established pursuant to the Indenture.

“Revenues” means all payments, proceeds, charges and other cash income received by a Corporation from or on account of any Loan, including scheduled, delinquent and advance payments of and any insurance proceeds with respect to, interest on any guarantee or Loan and any special allowance payment received by a Corporation pursuant to the Higher Education Act with respect to any Loan and all interest earned or gain realized from the investment of amounts in any Account (other than amounts

required to be deposited to or on deposit in the Rebate Account or the Non-Pledged Account), but excludes Recoveries of Principal.

“S&P” means Standard & Poor’s Rating Services, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Corporations.

“Secretary” means the Secretary of Education, the United States Department of Education, or the successor to the functions of such officer or such office under the Higher Education Act.

“Securities Depository” means any securities depository specified in any Supplemental Indenture, to hold Bonds under a book-entry system, or any successor thereto or substitute therefor as provided in such Supplemental Indenture.

“Senior Bonds” means any Bonds which are secured by a lien on and payable from the Pledged Assets prior to all other Bonds except those issued on a parity as to payments therewith.

“Senior Subordinate Bonds” means any Bonds which are secured by a lien on and payable from the Pledged Assets on a basis subordinate to the Senior Bonds and prior to the Subordinate Bonds and Junior Subordinate Bonds.

“Servicer” means initially the servicing corporations specified in the Indenture and thereafter any other professional servicing corporation approved by the Corporations, including any successors or assigns of any of such specified or approved servicing corporations.

“SIFMA Municipal Index” has the meaning given such term in **EXHIBIT IV - “AUCTION PROCEDURES FOR AUCTION BONDS.”**

“State” means the State of California.

“Stated Maturity Date” means the stated maturity date of any Bonds.

“Subordinate Bonds” means any Bonds which are secured by a lien on and payable from the Pledged Assets on a basis subordinate to the Senior Bonds and Senior Subordinate Bonds and prior to the Junior Subordinate Bonds.

“Supplemental Indenture” means any indenture supplemental to or amendatory of the Indenture, between either or both Corporations and the Trustee and effective in accordance with the provisions of the Indenture, as any such supplemental indenture may itself be supplemented or amended pursuant to such provisions.

“Taxable Bonds” means Bonds designated as such in the Supplemental Indenture pursuant to which they are issued.

“Tax Certificate” means any tax certificate and agreement or similar document, concerning certain matters pertaining to any Bonds, executed by either or both Corporations on the date of issuance of such Bonds, as may be more specifically identified in the Supplemental Indenture authorizing the issuance of such Bonds, including any and all exhibits to such document, as the same may be amended from time to time.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a “substantial user” of facilities financed with such obligations or a “related

person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“*Tax-Exempt Bonds*” means Bonds designated as such in the Supplemental Indenture pursuant to which they are issued.

“*Tender Agent*” means any Tender Agent for any Bonds, as specified in the Supplemental Indenture providing for the issuance of such Bonds, and its successors or assigns.

“*Term Rate*” means the interest rate on any Bond as described in the Offering Memorandum under the caption “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - *Term Rate; Determination of Term Rate.***”

“*Term Rate Period*” means each period during which a particular Term Rate is in effect.

“*Trust Indenture*” means the Trust Indenture, dated as of May 1, 1998, among ALL Student Loan, ALL Student Credit and the Trustee.

“*Trustee*” means The Bank of New York Trust Company, National Association, (successor by merger to JPMorgan Chase Bank) and any successor at any time substituted in its place pursuant to the Indenture.

“*Value*” means the value of the Pledged Assets calculated by the Corporations as follows:

(1) with respect to any Loan, the unpaid principal amount, accrued interest and accrued special allowance payments, minus any amount to be applied as a reduction in principal amount on a borrower’s account pursuant to Section 427A of the Higher Education Act;

(2) with respect to any funds of either Corporation on deposit in any commercial bank or with respect to any banker’s acceptance or repurchase agreement or investment agreement, the amount thereof plus accrued interest thereon;

(3) with respect to any Permitted Investments of any investment company, the bid price of the shares as reported by the investment company;

(4) with respect to investments the bid and asked prices of which are published on a regular basis in *The Wall Street Journal* (or, if not there, then in *The New York Times*), the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination plus accrued interest thereon; and

(5) with respect to any investment not described in paragraphs (1) through (4) above, (i) the lower of the bid prices at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Corporations in their absolute discretion) at the time making a market in such investments or (ii) the bid price published by a nationally recognized pricing service, plus in each case, accrued interest thereon.

“*Variable Rate*” means a single rate of interest on any Bond which remains in effect for one year or less.

“*Variable Rate Period*” means each Interest Period during which a Variable Rate is in effect.

“*Weekly Rate*” means the variable interest rate on the Bonds as described in the Offering Memorandum under the caption “**INTEREST RATE, CONVERSION, REDEMPTION AND TENDER PROVISIONS - ADJUSTABLE RATES OTHER THAN AUCTION PERIOD RATES - *Weekly Rate; Determination of Weekly Rate.***”

“*Weekly Rate Period*” means each period during which Weekly Rates are in effect.

PLEDGE EFFECTED BY THE INDENTURE

A security interest in the Pledged Assets is granted to the Trustee on behalf of the Owners pursuant to granting provisions of the Indenture. To the fullest extent provided by applicable laws, the Pledged Assets shall immediately be subject to the lien of the Indenture without any physical delivery thereof or further act, and such lien shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise, irrespective of whether such parties have notice thereof.

REFERENCES TO CREDIT PROVIDER AND LIQUIDITY PROVIDER

Credit Provider. All provisions of the Indenture, including any Supplemental Indenture, regarding consents, approvals, directions, waivers, appointments, requests or other actions by any Credit Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if such Credit Provider were not mentioned therein (1) at any time when no Credit Enhancement is in effect; or (2) with respect to any particular Credit Provider, during any period during which there is a payment default under its Credit Enhancement or the Credit Provider is insolvent or contesting its obligations under its Credit Enhancement; *provided*, however, that the payment of amounts due (including, without limitation, all indemnity payments) to any Credit Provider pursuant to the terms of the Indenture shall continue in full force and effect.

All provisions herein relating to the rights of any Credit Provider shall be of no force and effect if its Credit Enhancement is no longer in effect and all amounts owing to such Credit Provider under its Credit Agreement have been paid. In such event, all references to such Credit Provider shall have no force or effect.

Liquidity Provider. All provisions hereof regarding consents, approvals, directions, waivers, appointments, requests or other actions by the Liquidity Provider shall be deemed not to require or permit such consents, approvals, directions, waivers, appointments, requests or other actions and shall be read as if such Liquidity Provider were not mentioned therein (1) at any time when no Liquidity Facility is in effect hereunder and no Bank Bonds are outstanding; or (2) with respect to any particular Liquidity Provider, during any period during which such Liquidity Provider has failed to honor a proper claim under its Liquidity Facility or is contesting or has been relieved of its obligations under such Liquidity Facility; provided, however, that the obligation to pay amounts due to the Liquidity Provider pursuant to the terms thereof shall continue in full force and effect. The foregoing shall not affect any other rights of any Liquidity Provider.

CREATION AND OPERATION OF ACCOUNTS

Pursuant to the Indenture, the Corporations establish and create the ALLSLC Fund and the ALLSCC Fund and within each such fund, the Corporations establish and create the following trust accounts:

- (1) Revenue Account;
- (2) Payment Account;
- (3) Loan Account; and

(4) Reserve Account.

In addition, pursuant to the Indenture, the Corporations establish a trust account designated the Operating Account.

To the extent directed by a Corporation, the Trustee is required to account separately for proceeds of and other amounts allocable to Tax-Exempt Bonds and Taxable Bonds.

Each of the Corporations also establishes and creates a special account to be held by the Trustee and to be called the Rebate Account, which Account is not included within the Pledged Assets.

The Corporations also establish and create a special account to be held and applied as the Corporations shall direct and to be called the Non-Pledged Account, which Account is not included within the Pledged Assets.

All such Funds and Accounts are required to be held and maintained by the Trustee and to be identified by the Corporations and the Trustee according to the designations provided in the Indenture in such manner as to distinguish such Funds and Accounts from the accounts established by the Corporations for any of their other obligations. All moneys or securities held by the Trustee pursuant to the Indenture (other than the Rebate Account and the Non-Pledged Account) are required to be held in trust for the benefit of the Owners, and applied only in accordance with the provisions of the Indenture.

Revenue Accounts; Payment Accounts. The Corporations will cause all Revenues attributable to ALL Student Loan to be deposited promptly with the Trustee in the Revenue Account within the ALLSLC Fund and all Revenues attributable to ALL Student Credit to be deposited promptly with the Trustee in the Revenue Account within the ALLSCC Fund. There are to be deposited in the Revenue Accounts any amount required to be deposited therein pursuant to the Indenture and any other amounts (including counterparty exchange payments received pursuant to the provisions described below) available therefor and determined by the Corporations to be deposited therein from time to time.

The Trustee is required to pay out of each Revenue Account at the Direction of the applicable Corporation all moneys then deposited therein, as follows and in the following order of priority:

FIRST: On any date, but at least annually, into the Rebate Account an amount to be calculated by or on behalf of the Corporations (as set forth in a Direction of the applicable Corporation delivered to the Trustee) which, when added to the amount already within the Rebate Account, will equal the amount required to be on deposit therein and attributable to the Revenues of such Corporation.

SECOND: On any date, into the Operating Account an amount which, when added to amounts then on deposit in such Account and available for such purpose, is sufficient to pay (i) any payment required to be made to the United States Department of Education, (ii) Base Administrative Fees and (iii) servicing fees in connection with the Loans which are then payable to any Servicer or which are estimated to become so payable during the next six-month period, all as set forth in a Certificate of an Authorized Officer of such Corporation delivered to the Trustee.

THIRD: On each Interest Payment Date or other Payment Date, into the applicable Payment Account, the amount, if any, which when added to the amount already within such account will be sufficient to pay interest on the Senior Bonds of such Corporation on such date, and the principal of any Senior Bonds of such Corporation due on maturity or upon redemption prior to maturity on such date.

FOURTH: On each Interest Payment Date or other Payment Date, into the applicable Payment Account, the amount, if any, which when added to the amount already within such account will be sufficient to pay interest on Senior Subordinate Bonds of such Corporation on such date, and the principal of any Senior Subordinate Bonds of such Corporation due on maturity or upon redemption prior to maturity on such date.

FIFTH: On each Interest Payment Date or other Payment Date, into the applicable Payment Account, the amount, if any, which when added to the amount already within such account will be sufficient to pay interest on the Subordinate Bonds of such Corporation on such date, and the principal of any Subordinate Bonds of such Corporation due on maturity or upon redemption prior to maturity on such date.

SIXTH: On each Interest Payment Date or other Payment Date, into the applicable Payment Account, the amount, if any, which when added to the amount already within such account will be sufficient to pay interest on the Junior Subordinate Bonds of such Corporation on such date, and the principal of any Junior Subordinate Bonds of such Corporation due on maturity or upon redemption prior to maturity on such date.

SEVENTH: On any date, into the Operating Account an amount which, when added to amounts then on deposit in such Account and available for such purpose, is sufficient to pay fees and expenses of the Trustee or any Marketing Party in connection with the Bonds of such Corporation which are then payable or which are estimated to become payable during the next six-month period, as set forth in a Certificate of an Authorized Officer of the Corporations delivered to the Trustee.

EIGHTH: On each Interest Payment Date, into the applicable Reserve Account any amount necessary to increase the amount on deposit therein to the Reserve Account Requirement.

NINTH: On any date, to the applicable Corporation or its nominee or to the Operating Account, as directed by such Corporation, the amount, if any, necessary to pay estimated Program Expenses of such Corporation, other than as provided for in SECOND and SEVENTH above, then unpaid and for the six-month period next beginning after the date of such transfer, as determined by such Corporation (as set forth in a Certificate of an Authorized Officer of such Corporation delivered to the Trustee), less the amounts previously transferred but not used for such purpose, plus the amount, if any, necessary to reimburse such Corporation for Program Expenses incurred since the delivery of the Bonds and not previously paid or reimbursed from the Revenue Account.

TENTH: On any date, upon receipt by the Trustee of a Direction of the applicable Corporation, into the applicable Loan Account all remaining amounts in the applicable Revenue Account after giving effect to the above transfers; provided that no such deposit shall be made after any date specified in a Supplemental Indenture as the last date for such transfer, as such date may be extended pursuant to any subsequent Supplemental Indenture or Credit Confirmation.

ELEVENTH: On each Interest Payment Date when the Asset Requirement is satisfied, then any amounts in excess of the amounts needed to satisfy the Asset Requirement may be transferred to the applicable Corporation, at the Direction of such Corporation, free and clear of the lien or the pledge of the Indenture.

Notwithstanding the provisions described above, and upon receipt by the Trustee of a Credit Confirmation with respect thereto, no payments shall be required to be made into the Revenue Accounts for so long as the aggregate amount on deposit therein, together with amounts on deposit in the Loan

Accounts (exclusive of Loans therein), shall be sufficient to pay all Outstanding Bonds in accordance with their terms (and at an assumed maximum possible interest rate to the maturity of any Bonds which bear interest at a variable rate) and all other items to be paid from such Accounts, and any Revenues thereafter received by the Corporations may be applied to any purpose of the Corporations free and clear of the lien or the pledge of the Indenture.

Any other provision of the Indenture notwithstanding, a Corporation may enter into one or more Financial Products provided that prior to entering into such Financial Product (i) the Trustee shall have received a Credit Confirmation with respect to entering into such Financial Product and (ii) such Corporation shall deliver to the Trustee a Direction with respect to the Account or Accounts into which amounts received pursuant to such Financial Product are to be deposited, accompanied by a Bond Counsel Opinion to the effect that entering into the Financial Product and compliance therewith shall not affect the exclusion from gross income of interest on any Tax-Exempt Bonds for federal income tax purposes; and in such event the Trustee shall pay to the counterparty of any such Financial Product such amount as shall be due from the applicable Corporation or the Trustee thereunder as specified in such Direction in such order of priority with respect to paragraphs THIRD through ELEVENTH above as may be specified in such Direction. In addition, the obligation to any such counterparty may be secured by the Pledged Assets. Net payments due to a Corporation under any such agreement will be considered Revenues and Recoveries of Principal, and net payments due from a Corporation under such agreements will, if so specified by such Corporation, be payable with the same priority of claim as Senior Bonds, Senior Subordinate Bonds, Subordinate Bonds or Junior Subordinate Bonds. Nonpayment by a Corporation under such agreements shall, if so specified by such Corporation, constitute an Event of Default under the Indenture.

Credit Enhancement may be provided for any series of Bonds, in accordance with the provisions of the Supplement Indenture providing for the issuance of such Bonds. In such event, the Trustee shall pay to the provider of any such Credit Enhancement, as reimbursement for any amounts paid pursuant to such Credit Enhancement, such amount as shall be due from the applicable Corporation or the Trustee thereunder, in such order of priority with respect to paragraphs THIRD through SIXTH above as may be specified in such Supplemental Indenture. In addition, the obligation to pay any such Credit Provider may be secured by the Pledged Assets.

Amounts on deposit in each Payment Account shall be applied to pay debt service on Bonds of the applicable Corporation in the order of paragraphs THIRD through SIXTH above.

Loan Account. There shall be deposited in each Loan Account proceeds of Bonds of the applicable Corporation to the extent directed by such Corporation, all Recoveries of Principal related to the Loans in such Account, any other amounts which are required to be deposited therein pursuant to the Indenture, and any other amounts available therefor and determined by the applicable Corporation to be deposited therein and not inconsistent with the Indenture. The Trustee shall, as directed by the applicable Corporation, (i) pay out of such Loan Account any Costs of Issuance, and (ii) transfer from such Loan Account to the related Payment Account on each Interest Payment Date or other redemption date the amounts required for the payment of the principal, if any, of or interest or premium, if any, due on the Outstanding Bonds of such Corporation on such date not provided for as described in paragraphs THIRD through SIXTH above under “*Revenue Account*” or from the Reserve Account pursuant to the Indenture. Not later than thirty-five (35) days prior to an Interest Payment Date with respect to which a cumulative sinking fund payment is scheduled with respect to Bonds of a Corporation, such Corporation shall determine the amount of Recoveries of Principal available in the Loan Account to be applied to the cumulative sinking fund payment due on such Interest Payment Date and shall direct the Trustee to give notice of redemption as of such Interest Payment Date of Bonds of the series to be redeemed from such cumulative sinking fund payment.

Amounts in each Loan Account will be expended only (i) to finance the origination or acquisition of Eligible Loans as provided in the Indenture, or (ii) to pay Costs of Issuance or Program Expenses not

otherwise provided for (but only if the amount then on deposit in the Reserve Accounts is then at least equal to the Reserve Account Requirement), or (iii) to pay when due the principal of and interest and premium, if any, on any Bonds, whether at maturity or earlier redemption. The price paid for any Eligible Loan shall include interest accrued thereon and may include any other amounts permitted by applicable laws. All Eligible Loans financed by application of amounts in a Loan Account shall be held by the Trustee and credited to such Loan Account. In valuing any Loans under the Indenture, such Loans shall be valued at the outstanding principal amount plus accrued and unpaid interest and special allowance payments, if any, thereon. In addition to the ability of a Corporation to direct the Trustee to sell, assign, transfer or otherwise dispose of Loans pursuant to the Indenture, such Corporation may direct the Trustee to transfer Loans in its Loan Account to any other account of a Corporation, free and clear of the lien of the Indenture, provided that simultaneously with such transfer the Corporations shall cause there to be delivered to the credit of such Loan Account free of all other liens and encumbrances other than the lien of the Indenture, either or both of (1) cash in an amount equal to the principal and accrued borrower interest, special allowance payments and interest subsidy on the transferred Loans plus, if the total cash in such Loan Account on any Interest Payment Date resulting from such transfers aggregates \$100,000 or more, any additional amount which is necessary to enable the sum of such cash to produce Revenues in an amount at least equal to the Revenues that would have been produced by the transferred Loans (net of any expenses related to such transferred Loans) until such cash is applied to acquire Eligible Loans or to redeem Bonds; or (2) Eligible Loans with substantially the same principal amount and a remaining term no later than the maturity of the Bonds to be paid from such Loans and which either (i) in the reasonable determination of the Corporations (as certified to by an Authorized Officer of each Corporation), would not materially adversely affect the performance of the Closing Cash Flow Projections and will not have the effect of violating any of the terms thereof, or (ii) are accompanied by a Credit Confirmation.

The Trustee will pay out and permit the withdrawal of amounts on deposit in a Loan Account at any time for the purpose of making payments described in (i) or (ii) of the first sentence of the preceding paragraph, but only upon receipt of:

(1) a Direction from the applicable Corporation setting forth the amount to be paid, the person or persons to whom such payment is to be made (which may be or include a Corporation) and, in reasonable detail, the purpose or purposes of such withdrawal; and

(2) a Certificate of an Authorized Officer of such Corporation identifying such Direction and stating that the amount to be withdrawn from the Loan Account pursuant to such requisition is a proper charge thereon and, if such Direction is made to finance Eligible Loans, that (i) such Eligible Loans comply with the covenants and requirements of the Indenture, and (ii) the charge to the Loan Account of financing such Eligible Loans does not exceed the purchase price permitted by applicable law and regulations then in effect or any limitation described in the preceding paragraph; and

(3) if such Direction is to finance Eligible Loans, acknowledgment from the Trustee, or the Servicer as the Trustee's agent, of delivery to it of the promissory note with respect to each such Eligible Loan so financed.

Reserve Accounts. Amounts on deposit in each Reserve Account will be used by the Trustee to pay debt service on the applicable Bonds when due to the extent amounts available therefor in the related Payment Account as described in paragraphs THIRD through SIXTH above under "*Revenue Account*" are insufficient. Amounts on deposit in a Reserve Account in excess of the Reserve Account Requirement may, at the Direction of the applicable Corporation, be transferred to its Revenue Account or Loan Account. A Corporation may direct the Trustee to apply amounts on deposit in its Reserve Account to the purchase or redemption of Bonds if, upon giving effect to such purchase or redemption, the amount on deposit in such Reserve Account shall be not less than the applicable Reserve Account Requirement. Any Supplemental Indenture providing for the issuance of Bonds may provide that the Reserve Account Requirement set forth therein may be satisfied by a surety bond, letter of credit or other instrument.

Rebate Account. The Rebate Account is to be maintained by the Trustee as an account separate from any other account established and maintained under the Indenture. Within the Rebate Account, the Trustee will maintain such accounts as shall be expressly directed by the Corporations in order to comply with the terms and requirements of the Tax Certificate. Subject to the provisions below, all money at any time deposited in the Rebate Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the Treasury Department of the United States of America, and the Corporations or the owner of any Bonds shall not have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Account shall be governed by the Indenture and by the Tax Certificate (which is incorporated in the Indenture by reference). The Trustee shall be deemed conclusively to have complied with such provisions of the Indenture and of the Tax Certificate if it follows the Directions of the Corporations, including supplying all necessary written information in the manner provided in the Tax Certificate, and shall have no liability or responsibility for compliance if it so acts (except as may be specifically set forth in the Tax Certificate) or to enforce compliance by the Corporations with the terms of the Tax Certificate.

Upon the Direction of a Corporation, the Trustee shall either deposit in the Rebate Account funds received from such Corporation, or shall withdraw funds from the Rebate Account for payment to or upon the order of such Corporation, so that the balance of the amount on deposit thereto shall be equal to the Rebate Requirement as defined in the Tax Certificate. Computations of the Rebate Requirement shall be furnished by or on behalf of the Corporations in accordance with the Tax Certificate.

The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to the Indenture, other than from moneys held in the Rebate Account and the other Accounts created under the Indenture or from other moneys provided to it by the Corporations.

The Trustee shall invest all amounts held in the Rebate Account as provided in Directions of the Corporations. The Corporations, in issuing such Directions, shall comply with the restrictions and instructions set forth in the Tax Certificate. Moneys may only be applied from the Rebate Account as provided in the next paragraph.

The Trustee, upon the receipt of a Direction of a Corporation and a certification of the Rebate Requirement from an Authorized Officer of such Corporation, shall pay the amount of such Rebate Requirement to the Treasury Department of the United States of America, out of amounts in the Rebate Account, as so directed.

Notwithstanding any other provisions of the Indenture, the obligation to remit the Rebate Requirement to the United States of America and to comply with all other tax requirements of the Indenture and the Tax Certificate shall survive the defeasance or payment in full of the Bonds.

Operating Account. Amounts on deposit in the Operating Account shall be disbursed by the Trustee to pay Program Expenses or shall be transferred to the Revenue Account, in each case upon receipt of Directions from the Corporations.

INVESTMENT OF CERTAIN FUNDS

Subject to the provisions of the Indenture and the Corporations' Direction of the investment or deposit of funds in Permitted Investments, moneys in any Account shall be continuously invested and re-invested or deposited and re-deposited by the Trustee. The Corporations shall direct the Trustee by Direction of a Corporation (or, if time does not permit, by oral direction of an Authorized Officer of a Corporation, confirmed in writing) to invest and reinvest the moneys in any Account in Permitted Investments so that the maturity date or date of redemption at not less than par at the option of the Owner thereof shall be no later than the date as of which moneys are needed to be expended; provided that amounts held in the Non-Pledged Account shall be invested as directed by the Corporations in any investments specified by Directions of the Corporations, without regard to any other provision of the

Indenture. In the absence of a Direction, the Trustee shall make a reasonable effort to invest the otherwise uninvested moneys in available overnight investments permissible under the Indenture. The failure of the Trustee to invest such moneys in the absence of a Direction shall not result in any liability of the Trustee. The Trustee shall not be responsible for any loss on investments provided the Trustee shall have followed the Directions of the Corporations and the provisions of the Indenture. The Permitted Investments purchased shall be held by the Trustee in trust for the benefit of the Owners and shall be deemed at all times to be part of the appropriate Account, except as provided in the next paragraph, and the Trustee shall keep the Corporations advised as to the details of all such investments.

Permitted Investments purchased as an investment of moneys in any Account held by the Trustee under the provisions of the Indenture shall be deemed at all times to be a part of such Account but, except with respect to the Rebate Account, the income or earnings and gains realized in excess of losses suffered by an Account due to the investment thereof shall be deposited in the related Revenue Account or shall be credited as Revenues to the related Revenue Account from time to time and reinvested.

The Trustee, as directed by the Corporations, shall sell at the best price reasonably obtainable, or present for redemption or exchange, or make a withdrawal under, any Permitted Investment purchased by it pursuant to the Indenture in accordance with its terms whenever it shall be necessary in order to provide moneys to meet any payment. Any Permitted Investment may be credited on a pro rata basis to more than one Account (other than the Rebate Account) and need not be sold in order to provide for the transfer of amounts from one Account to another. The Trustee shall advise the Corporations in writing, on or before the tenth day of each calendar month, of all investments held for the credit of each Account in its custody under the provisions of the Indenture as of the end of the preceding month.

DEFICIENCIES AND ADVANCES

If at the time any transfer of funds is to be made from the Revenue Account in the ALLSLC Fund described in paragraphs FIRST through NINTH above under “*Revenue Account*,” such Account does not contain sufficient funds for such transfer (after taking into account amounts in the ALLSLC Fund in the form of cash and Permitted Investments but not Loans), and there are funds available to make up the deficiency in the ALLSCC Fund (taking into account cash and Permitted Investments, but not Loans), treating the transfer as if it were payable from the ALLSCC Fund with a priority described in paragraphs FIRST through NINTH above under “*Revenue Account*,” corresponding to the priority of the item to be paid from the ALLSLC Fund, then the Trustee shall transfer the amount needed and available from the ALLSCC Fund to the Revenue Account in the ALLSLC Fund.

If at the time any transfer of funds is to be made from the Revenue Account in the ALLSCC Fund described in paragraphs FIRST through NINTH above under “*Revenue Account*,” such Account does not contain sufficient funds for such transfer (after taking into account amounts in the ALLSCC Fund in the form of cash and Permitted Investments but not Loans), and there are funds available to make up the deficiency in the ALLSLC Fund (taking into account cash and Permitted Investments, but not Loans), treating the transfer as if it were payable from the ALLSLC Fund with a priority described in paragraphs FIRST through NINTH above under “*Revenue Account*,” corresponding to the priority of the item to be paid from the ALLSCC Fund, then the Trustee shall transfer the amount needed and available from the ALLSLC Fund to the Revenue Account in the ALLSCC Fund.

Any amounts transferred to the ALLSLC Fund from the ALLSCC Fund described above shall be payable by ALL Student Loan to ALL Student Credit and any amounts transferred to the ALLSCC Fund from the ALLSLC Fund described above shall be payable by ALL Student Credit to ALL Student Loan, in each case together with interest at the Intercompany Rate (defined below), such interest to be payable at such time as funds become available for payment, but subordinate in priority to all other amounts payable by the Corporations pursuant to the Indenture and payable only to the extent that, after giving effect to such payment, either the Asset Requirement will be satisfied or the Trustee shall have received a Credit Confirmation. The “*Intercompany Rate*” shall be that rate specified in a Certificate signed by an

Authorized Officer of each Corporation and filed with the Trustee, as modified by any subsequent such Certificate specifying a different rate.

CERTAIN COVENANTS

The Indenture includes the following covenants, among others, of the Corporations:

Payment of Bonds. The Corporations shall duly and punctually pay or cause to be paid, solely from Pledged Assets, the principal of every Bond and the interest thereon at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof.

Tax Covenants. Each Corporation covenants that it will not take any action or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Tax-Exempt Bonds under Section 103 of the Internal Revenue Code of 1986 and the regulations thereunder. In furtherance of the foregoing covenants, the Corporations covenant to comply with the Tax Certificate. Notwithstanding any other provision of the Indenture to the contrary, the tax covenants in the Indenture shall survive the defeasance or payment in full of the Bonds.

Accounts and Reports. The Corporations shall keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all of their transactions relating to the Loans and all Accounts established in the Indenture, which shall at all reasonable times be subject to the inspection of the Trustee and the owners of an aggregate of not less than 5% in principal amount of Bonds then Outstanding or their representatives duly authorized in writing.

The Corporations shall annually, within 180 days after the close of each Fiscal Year, file with the Trustee and the Rating Agencies or, if all Bonds which are rated are supported by Credit Enhancement, with the provider of such Credit Enhancement:

(1) a copy of the financial statements of each Corporation for such Fiscal Year, setting forth in reasonable detail (a) the statement of financial position for such Corporation at the end of such Fiscal Year; (b) a statement of activity of such Corporation during such Fiscal Year; and (c) a statement of cash flows of such Corporation, as of the end of such Fiscal Year and showing such information specified in clauses (a), (b) and (c) above separately with respect to the Indenture;

(2) an Accountant's Certificate stating that the financial statements submitted pursuant to (1) above have been examined and present fairly the financial positions of the Corporations at the end of the Fiscal Year and that the results of operations and the cash flows for the period examined are in conformity with generally accepted accounting principles; and

(3) a Certificate of the Corporations as to any Events of Default under the Indenture.

STUDENT LOAN PROGRAM

Each Corporation shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the provisions of the Indenture and sound banking practices and principles, (i) use and apply proceeds of Bonds and moneys in the applicable Loan Account, to the extent not reasonably or otherwise required for other purposes of such Corporation's student loan program, to finance Eligible Loans pursuant to the Indenture or to pay other obligations of the Corporations required to be paid under the Indenture, (ii) do all such acts and things as shall be necessary to receive and collect Revenues (including special allowance payments) and Recoveries of Principal sufficient to pay its Bonds and the expenses of its student loan program, and (iii) diligently, directly or through the Trustee, enforce and take all steps, actions and proceedings reasonably necessary in the

judgment of such Corporation to protect its rights with respect to Loans, to maintain any insurance thereon and to enforce all terms, covenants and conditions of its Loans.

No amount in a Loan Account shall be expended or applied for the purpose of financing an Eligible Loan, and no Eligible Loan shall be financed, unless (except to the extent that a variance from such requirements is required by an agency or instrumentality of the United States of America insuring or guaranteeing the payment of an Eligible Loan) the applicable Corporation has determined:

(1) in the case of any Federal Loan, that the payment of the principal of and interest on such Federal Loan is guaranteed by a Guarantor to the extent applicable as to such Loan as provided by federal law, and that the United States Secretary of Education is required, by the Higher Education Act at the time of the financing, to reimburse the Guarantor to the extent permitted by federal law for any amount expended by the Guarantor in discharge of its insurance obligation on such Federal Loan;

(2) that as of the date of acquisition such Eligible Loan each of the representations set forth in the Indenture are true; and

(3) if not originated by a Corporation or the Trustee on behalf of a Corporation, (i) that the Eligible Loan is subject to being repurchased by the seller if such Eligible Loan does not comply with the provisions of the applicable purchase agreement or other documentation relating to such Eligible Loan and (ii) that the seller or other transferor of such Eligible Loan represents that the loan subject to such transfer is free of any encumbrance or lien.

The foregoing subparagraph (1) notwithstanding, Eligible Loans insured by a Guarantor under the Higher Education Act to less than 98% of the claim relating thereto shall not be financed unless prior thereto the Trustee shall have received a Credit Confirmation with respect to the financing of any such Eligible Loans. In addition, Private Loans may be financed only if the Trustee shall have received (i) a Credit Confirmation with respect to the financing of any such Private Loans (ii) a Bond Counsel Opinion to the effect that such financing will not adversely affect the exclusion of interest on any Tax-Exempt Bonds from gross income for federal income tax purposes and (iii) a cash flow projection demonstrating that Revenues and Recoveries of Principal will be sufficient to pay principal of and interest on all of the Bonds when due, accompanied by a Certificate of an Authorized Officer stating that (A) such officer has reviewed such cash flow projection, together with the assumptions described therein, and believes that such assumptions are both reasonable and consistent with industry practice for similar education loan financings, and (B) such cash flow projection incorporates an assumption regarding the cumulative default rate for Private Loans that is not less than 200% of the portfolio weighted average of the cohort default rate for each participating school, as most recently published by the United States Department of Education or its successor.

The Trustee shall, at the Direction of the applicable Corporation, at any time sell, assign, transfer or otherwise dispose of a Loan, and the Trustee shall execute and deliver such documents as shall be necessary to effect such sale, assignment, transfer or other disposition if such sale, assignment, transfer or disposition (i) is made to the entity from which such Corporation obtained such Loan at a price equal to the principal amount of the Loan plus accrued interest, (ii) is made for the purpose of consolidating the Loans incurred by any borrower, and if such sale, assignment, transfer or disposition is made at a price at least equal to the principal amount of the Loan plus accrued interest, (iii) is made to realize on any insurance or guaranty of any Loan in default, (iv) is made to another program of a Corporation or any affiliate of a Corporation at a price not less than par plus accrued interest, (v) is necessary to permit the payment of Bonds when due, or (vi) under any other circumstances not set forth in (i) through (v) above, provided that if at the time any Bonds which are rated are not supported by Credit Enhancement, the Trustee shall have received either a Credit Confirmation or a Certificate of an Authorized Officer certifying that after giving effect to the transaction, the Asset Requirement will be satisfied.

Each Corporation will use its best efforts to evaluate the reinvestment of principal and interest receipts with respect to Loans to ensure that they will continue to be able to fulfill their debt service requirements under the Indenture.

Notwithstanding anything in the Indenture to the contrary, upon receipt of a Direction from the applicable Corporation, the Trustee shall purchase Loans which have not been fully disbursed, but only if the Trustee shall have received a Credit Confirmation with respect thereto.

SUPPLEMENTAL INDENTURES

One or both Corporations and the Trustee, without the consent of or notice to any of the Owners, may enter into an agreement or agreements supplemental to the Indenture, or to any Supplemental Indenture, for any one or more of the following purposes:

(1) to provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on the authentication and delivery of Bonds or the issuance of other evidences of indebtedness, or to add other limitations and restrictions to be observed by the Corporations which are not contrary to or inconsistent with the Indenture as then in effect;

(2) to add to the covenants and agreements of the Corporations in the Indenture other covenants and agreements to be observed by the Corporations which are not contrary to or inconsistent with the Indenture as then in effect;

(3) to make such amendments to the Indenture as are required to permit the Trustee fully to comply with the Higher Education Act or as required in order for the Indenture, as amended by such Supplemental Indenture, not to be contrary to the terms of such Act.

(4) to surrender any right, power or privilege reserved to or conferred upon the Corporations by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporations contained in the Indenture;

(5) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, the pledge of the Pledged Assets, including Revenues, Recoveries of Principal or of any other revenues or assets;

(6) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture or to insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as then in effect;

(7) to remove one of the Corporations as a party to the Indenture and to provide for its Bonds to be secured pursuant to a different indenture, but only upon receipt by the Trustee of a Credit Confirmation;

(8) to provide for additional duties of the Trustee in connection with the Loans or for a successor Trustee;

(9) to provide for the issuance of any series of Bonds and in connection therewith to provide for rights, preferences, privileges, terms and conditions applicable only to such series of Bonds, including, without limitations any amendments desirable to provide for the issuance of such series of Bonds as commercial paper or in some other form;

(10) with respect to Bonds in an auction or other variable rate mode, to conform to then-existing industry practices to the extent not materially adverse to the rights of the Owners;

(11) to modify, alter, amend or supplement the Indenture, including any Supplemental Indenture, in any manner that would not affect the interest rate on or the maturity or security of any Bonds, if the Trustee receives a Credit Confirmation with respect thereto;

(12) to modify, alter, amend or supplement the Indenture, including any Supplemental Indenture, in any other manner determined by the Trustee not to be materially adverse to the interests of the owners of any Bonds who have not consented thereto; or

(13) to modify, alter, amend or supplement the Indenture, including any Supplemental Indenture, in any other respect, including amendments which would otherwise require the consent of the Owners, (i) as of any date required for mandatory tender of Bonds for purchase, to the extent such change affects only Bonds which are subject to such mandatory tender on such date; or (ii) if notice of the proposed Supplemental Indenture is given to Owners (in the same manner as notices of redemption are given) at least fifteen (15) days before the effective date thereof, and the owners have the right to demand purchase of their Bonds on or before such effective date; and any such owners of Bonds being required to tender such Bonds for purchase or having the right to demand purchase thereof shall, as of such effective date, be deemed to have consented to such Supplemental Indenture for purposes of determining the percentage of Owners who have consented to any Supplemental Indenture and for all other purposes of the Indenture; and if less than all of the Owners are required to tender their Bonds for purchase or have such right to demand purchase, any such Supplemental Indenture may be made applicable only to such owners and their successors.

In addition, approval of the Owners shall not be required in the event a Corporation is recognized as an Eligible Lender so that it may, in its own name, originate, acquire, own and hold Federal Loans, in which event all of the provisions of the Indenture which require the operation of such Corporation's student loan program through the Trustee, as an Eligible Lender, may be modified so such duties are assumed by such Corporation, but in no event may the Loans held as a part of the Pledged Assets be transferred out of the custody of the Trustee; provided, however, that nothing in the Indenture shall be construed so as to prevent a custodian, including any Servicer, acting as bailee from having possession of the Loans.

Except as described above, any modification of or amendment to the Indenture and the rights and obligations of the Corporations and of the Owners of the Bonds thereunder, in any particular, may be made by a Supplemental Indenture, but only with the written consent of the Owners of at least a majority in principal amount of the Bonds Outstanding (including at least a majority in principal amount (i) of all Outstanding Senior Bonds, or (ii) of all Outstanding Senior Subordinate Bonds (if no Senior Bonds are then Outstanding) or (iii) all Outstanding Subordinate Bonds (if no Senior Bonds or Senior Subordinate Bonds are then Outstanding)) at the time such consent is given, as provided in the Indenture. If any such modification or amendment will not take effect so long as any particular Bonds remain Outstanding, however, the consent of the owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds described in this paragraph.

No such modification or amendment shall permit a change in the terms of maturity of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the owner of such Bond (the consent of the owner of which is required to effect any such modification or amendment). The Trustee may in its sole discretion determine whether or not in accordance with the foregoing powers of amendment Bonds would be affected by any modification or amendment of the Indenture and any such determination shall be binding and conclusive on the Corporations and all owners of Bonds.

Any Supplemental Indenture permitted or authorized by the Indenture shall become effective only upon receipt by the Trustee of (a) a counsel's opinion or Bond Counsel Opinion, or both, to the effect that such Supplemental Indenture has been duly and lawfully entered into in accordance with the provisions of

the Indenture, is authorized or permitted by the Indenture, and is valid and binding upon the Corporations and the Trustee; (b) a Bond Counsel Opinion to the effect that such Supplemental Indenture will not adversely affect the exclusion of interest on any Tax-Exempt Bonds from gross income for federal income tax purposes; and (c) a Credit Confirmation with respect to such Supplemental Indenture.

DEFAULTS AND REMEDIES

Events of Default. Each of the following events is an “Event of Default” under the Indenture:

(1) the failure to pay the principal of or any installment of interest on any Bond or the redemption price or purchase price thereof when and as the same shall become due, whether at maturity or otherwise;

(2) the Corporations shall fail or refuse to comply with the provisions of the Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture or in any Supplemental Indenture or the Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee or the Owners of not less than 25% in principal amount of the Outstanding Bonds (provided that such Owners shall include the owners of at least 25% in principal amount of (i) Outstanding Senior Bonds, or (ii) Outstanding Senior Subordinate Bonds if no Senior Bonds are then Outstanding or (iii) Outstanding Subordinate Bonds if no Senior or Senior Subordinate Bonds are then Outstanding).

The foregoing notwithstanding,

- a. for so long as there shall be Senior Bonds Outstanding failure to pay the principal of or any installment of interest on any Senior Subordinate Bond, Subordinate Bond or Junior Subordinate Bond shall not constitute an “Event of Default” unless there is a corresponding failure to make timely payment on a Senior Bond;
- b. for so long as there shall be Senior Subordinate Bonds Outstanding, failure to pay the principal of or any installment of interest on any Subordinate Bond or Junior Subordinate Bond shall not constitute an Event of Default unless there is a corresponding failure to make timely payment on a Senior Subordinate Bond; and
- c. for so long as there shall be Subordinate Bonds Outstanding, failure to pay the principal of or any installment of interest on any Junior Subordinate Bond shall not constitute an Event of Default unless there is a corresponding failure to make timely payment on a Subordinate Bond.

Acceleration. Upon the happening of any Event of Default, the Trustee may, and shall at the written direction of the owners of not less than (a) a majority of the principal amount of the Outstanding Bonds in the case of an Event of Default described in clause (1) of the first paragraph captioned *Events of Default* above (including the Owners of at least a majority in principal amount of (i) Outstanding Senior Bonds, or (ii) Outstanding Senior Subordinate Bonds if no Senior Bonds are then Outstanding or (iii) Outstanding Subordinate Bonds if no Senior or Senior Subordinate Bonds are then Outstanding) or (b) 100% of the principal amount of the Outstanding Bonds in the case of an Event of Default described in clause (2) of the first paragraph captioned *Events of Default* above, by notice in writing delivered to the Corporations, declare the entire principal amount of the Bonds then outstanding and the interest accrued thereon due and payable, whereupon they shall, without further action, become and be immediately due and payable, anything to the contrary in the Indenture or the Bonds notwithstanding.

Other Remedies. Subject to the limited liability provisions of the Indenture, if any Event of Default shall have occurred in the payment of amounts due on the Bonds, the Trustee shall proceed, or if any other Event of Default shall have occurred, the Trustee may proceed, and, upon the written request of

the owners of not less than twenty five percent (25%) in principal amount of the Outstanding Bonds, including the owners of at least 25% in principal amount of (i) Outstanding Senior Bonds, or (ii) Outstanding Senior Subordinate Bonds, if no Senior Bonds are then Outstanding or (iii) Outstanding Subordinate Bonds if no Senior Bonds or Senior Subordinate Bonds are then Outstanding, shall proceed, in its own name, subject, in either case, to the indemnification and other provisions of the Indenture, to protect and enforce the rights of the Owners by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all rights of the Owners, including the right to require the Corporations to receive and collect Revenues adequate to carry out the covenants and agreements as to Loans, and to require the Corporations to carry out any other covenants or agreements with Owners and to perform its duties as prescribed by law;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require each Corporation to account as if it were the trustee of an express trust for the Owners of the Bonds;

(4) by action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Owners of the Bonds;

(5) by selling or otherwise disposing of Loans and Permitted Investments; or

(6) by any other remedy deemed by the Trustee to be legal and appropriate.

Subject to the provisions of the Indenture, in the enforcement of any rights and remedies under the Indenture, the Trustee shall be entitled to and shall sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due and unpaid from the Corporations for principal, interest or otherwise, under any provisions of the Indenture, including any Supplemental Indenture, or of the Bonds, with interest on overdue payments at the rate of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder, without prejudice to any other right or remedy of the Trustee or of the Owners, and to recover and enforce a judgment or decree against the Corporations for any portion of such amounts remaining unpaid, with interest, costs and expenses (including without limitation pre-trial, trial and appellate attorney fees), and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Priority of Payments After Default. In the event that upon the happening and continuation of any Event of Default the funds held by the Trustee are insufficient for the payment of principal and interest then due on the Bonds (other than funds held for the payment of particular Bonds which have theretofore become due at maturity), any other amounts received or collected by the Trustee acting pursuant to the Indenture, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interest of the Owners of the Bonds and for the payment of the charges, expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the Indenture, shall be applied as follows:

(1) Unless the principal of all of the Bonds shall have become or have been declared due and payable:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due, in the order of Senior Bonds first and thereafter Senior Subordinate Bonds, then Subordinate Bonds and finally Junior Subordinate Bonds, and in order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such

installment, to the persons entitled thereto, without any discrimination or preference (other than Senior Bonds prior to Senior Subordinate Bonds, Senior Subordinate Bonds prior to Subordinate Bonds and Subordinate Bonds prior to Junior Subordinate Bonds); and

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due and, if the amounts available shall not be sufficient to pay in full all the Bonds due, then to the payment thereof for Senior Bonds first and thereafter Senior Subordinate Bonds, then Subordinate Bonds and finally Junior Subordinate Bonds, and ratably to the extent necessary, according to the amounts of principal due on such date, to the persons entitled thereto, without any discrimination or preference (other than Senior Bonds prior to Senior Subordinate Bonds, Senior Subordinate Bonds prior to Subordinate Bonds and Subordinate Bonds prior to Junior Subordinate Bonds).

(2) If the principal of all of the Bonds shall have become or have been declared immediately due and payable, then to the payment of the principal and interest then due and unpaid upon the Senior Bonds first and then Senior Subordinate Bonds, then Subordinate Bonds and finally Junior Subordinate Bonds, and otherwise without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Senior Bond over any other Senior Bond, or of any Senior Subordinate Bond over any other Senior Subordinate Bond, or of any Subordinate Bond over any other Subordinate Bond, or of any Junior Subordinate Bond over any other Junior Subordinate Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any other discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

Whenever moneys are to be applied by the Trustee pursuant to the provisions of the Indenture, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future. The deposit and setting aside of such moneys in trust for the proper purpose shall constitute proper application by the Trustee, and the Trustee shall incur no liability whatsoever to the Corporations, any Owner or any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances and ultimately applies the same in accordance with such provisions of the Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date, and for which funds are available for such payment, shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the owner of any Bond unless such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, upon the occurrence and continuation of an Event of Default, the owners of the majority in principal amount of the Bonds then Outstanding (including a majority of the owners of (i) all Outstanding Senior Bonds, or (ii) all Outstanding Senior Subordinate Bonds if no Senior Bonds are then Outstanding or (iii) all Outstanding Subordinate Bonds if no Senior Bonds or Senior Subordinate Bonds are then Outstanding) shall have the right, by a written instrument or concurrent written instruments executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any direction which, in the opinion of the Trustee, would be unjustly prejudicial to Owners not parties to such direction.

Limitation on Rights of Owners. No owner of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law under the Indenture, or for the protection or enforcement of any right under the Indenture, unless (i) such Owner shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, or (ii) the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee, after the right to exercise such powers or rights of action shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name and there shall have been offered to the Trustee security and indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and no one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under law with respect to the Bonds or the Indenture, except in the manner provided in the Indenture.

THE TRUSTEE

Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by the Indenture by giving not less than sixty days' written notice to the Corporations and the Owners, specifying the date when such resignation shall take effect, and such resignation shall take effect upon any day specified in such notice unless (i) a successor shall have been appointed previously, as provided in the Indenture, in which event such resignation shall take effect immediately on the acceptance of such successor, or (ii) no such successor shall have been appointed, in which event such resignation shall take effect immediately upon, but not until, the acceptance of a successor.

Removal of Trustee. The Trustee shall be removed by the Corporations if at any time so requested by a written instrument or concurrent written instruments, filed with the Trustee and the Corporations and signed by the owners (or their attorney-in-fact duly authorized) of a majority in principal amount of Bonds Outstanding. The Corporations in their discretion may remove the Trustee at any time, except during the existence of an Event of Default, upon the giving of sixty (60) days written notice by an Authorized Officer of each Corporation to the Trustee, by filing with the Trustee an instrument of appointment signed by an Authorized Officer of each Corporation and the acceptance by a successor Trustee.

DEFEASANCE

If the Corporations shall pay, cause to be paid or otherwise make adequate provision for payment to the Owners of the Bonds the principal and interest, including deferred interest whether or not then due, to become due thereon at the times and in the manner stipulated therein and in the Indenture, the pledge of the Pledged Assets, including any Revenues, Recoveries of Principal and other moneys, securities, funds and property pledged by the Indenture and all other rights granted by the Indenture in favor of the Owners shall be discharged and satisfied. In such event, upon making the provision for payment to the Owners referred to in the prior sentence, the Trustee, upon the Direction of the Corporations, shall execute and deliver to the Corporations all such instruments as may be desirable to evidence the discharge and satisfaction described above, and the Trustee shall pay over or deliver to the Corporations all moneys or securities held by it pursuant to the Indenture which are not required for the payment of Bonds not theretofore surrendered for such payment. If the Corporations shall pay or cause to be paid or there shall otherwise be paid to the owners of all Outstanding Bonds the principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Indenture, such Bonds shall cease to be entitled to any lien, benefit or security under the Indenture and all covenants, agreements and obligations of the Corporations to the owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which funds are held in trust by the Trustee (through deposit by the Corporations of funds for such payment or otherwise) shall, at the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above if (i) there shall have been deposited with the Trustee funds consisting of moneys or non-callable, fixed rate, non-pass through, written direct obligations of or guaranteed by the United States of America the principal of and the interest on which when due will provide moneys sufficient to pay the principal of and interest due and to become due on said Bonds on or prior to the maturity date thereof, and (ii) the Corporations shall have given the Trustee, in form satisfactory to it, irrevocable written instructions to give notice by mail as soon as practicable to the owners of such Bonds that the deposit required by (i) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the date upon which moneys are to be available for the payment of the principal of and interest on said Bonds, such instructions to be accompanied by a certificate of an independent certified public accountant confirming the sufficiency of the deposit as described in (i) above. Neither (i) non-callable direct obligations of the United States of America or moneys deposited with the Trustee pursuant to the Indenture nor (ii) principal or interest payments on any such Permitted Investments shall be withdrawn or used for any purpose other than the payment of the principal of and interest on said Bonds; but any cash received from such principal or interest payments on such Permitted Investments deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable and permitted by the tax covenants in the Indenture, be reinvested in Permitted Investments maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to the maturity date thereof, and interest earned from such reinvestments, not needed to redeem Bonds, shall be paid over to the Corporations, as received by the Trustee, free and clear of any trust, lien or pledge. For the purposes of this description, Permitted Investments means and includes only such noncallable obligations as are described in clause (i) of the definition of Permitted Investments in the Indenture.

The deposit required above may be made with respect to Bonds within any particular series and maturity, in which case such maturity of Bonds of such series shall no longer be deemed to be Outstanding under the terms of the Indenture, and the owners of such defeased Bonds shall be secured only by such trust funds and not by any other part of the Pledged Assets, and the Indenture shall remain in full force and effect to protect the interests of the owners of Bonds remaining Outstanding thereafter.

Any deposit of moneys made as required above shall be sufficient for the purposes of defeasance pursuant to the Indenture only if the Trustee shall have received from bankruptcy counsel an opinion that the deposit of such moneys will not be subject to avoidance as a preference under Section 544 or 547 of the Bankruptcy Code or recoverable under Section 550 of the Bankruptcy Code in the event of a filing of a petition in bankruptcy by or against a Corporation.

Anything in the Indenture to the contrary notwithstanding, subject to the applicable provisions of the laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when all of the Bonds have become due and payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the said date when all of the Bonds became due and payable, shall, at the written request of an Authorized Officer of the applicable Corporation, be repaid by the Trustee to such Corporation, as its absolute property free from trust, and the Trustee shall thereupon be released and discharged, and any Owner may look only to such Corporation for payment of any amounts due thereon.

EXHIBIT II

SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

The Higher Education Act provides for a program of (i) direct federal insurance of student loans and (ii) reinsurance of student loans guaranteed or insured by a state agency or private non-profit corporation (the “*FFEL Program*”). Several types of loans are currently authorized as FFEL Program loans. These include: (i) loans to students with respect to which the federal government makes certain interest payments available to reduce student interest cost (“*Subsidized Federal Stafford Loans*”); (ii) loans to students with respect to which the federal government does not make such interest payments (“*Unsubsidized Federal Stafford Loans*”); (iii) supplemental loans to parents of dependent students and loans to graduate and professional students (“*PLUS Loans*”); and (iv) loans to fund payment and consolidation of certain of the borrower’s obligations (“*Consolidation Loans*”— and collectively with Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford Loans and PLUS Loans, “*Federal Loans*”).

In 1993 Congress enacted the Federal Direct Student Loan Program (“*FDSLPL*”), under which the United States Department of Education (the “*Department*”) makes student loans directly to students. Schools decide in which program -- the FFEL Program or the FDSLPL -- they wish their students to participate.

This summary of the FFEL Program does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the text of the Higher Education Act and the regulations thereunder.

RECENT FEDERAL LEGISLATION AFFECTING THE FFEL PROGRAM

The College Cost Reduction and Access Act (the “*CCRA Act*”), passed by each house of the United States Congress on September 7, 2007 and signed by the President on September 27, 2007, made significant changes to (among other things) the FFEL Program. The CCRA Act (among other things) (i) decreases lender Special Allowance Payments for eligible non-profit lenders and holders such as the Corporation by 0.40% (effective for loans first disbursed on or after October 1, 2007); (ii) increases the lender paid origination fee for loans first disbursed on or after October 1, 2007 to 1.0 percent of the principal amount of the loan; (iii) requires a program to auction all FFELP Parent PLUS loans beginning July 1, 2009; (iv) effective after October 1, 2012, decreases lender insurance to 95% for loans made on or after that date (with certain exceptions); (v) eliminates exceptional performer designations for servicers; (vi) reduces guaranty agency collection retention allowance from 23% to 16% beginning October 1, 2007; (vii) reduces the student loan interest rates for undergraduate subsidized FFELP Loans (as well as direct loans) over four years from 6.8% (for loans first disbursed prior to July 1, 2008) to 3.4% (for loans first disbursed prior to July 1, 2012), reverting back to 6.8% for loans first disbursed on or after July 1, 2012; and (viii) makes other changes to qualification, repayment and deferment provisions. The CCRA Act also expands certain grant programs and provides for forgiveness of Direct Loans for certain borrowers.

The Higher Education Reconciliation Act of 2005 (the “*2005 HERA Amendment*”), signed by President Bush on February 8, 2006, contained many new provisions which took effect on July 1, 2006. The 2005 HERA Amendment extended various provisions of the FFEL Program through September 30, 2012 and includes, but is not limited to, provisions that (i) reduce student loan insurance from 98% to 97% for loans for which the first disbursement is made after July 1, 2006, (ii) reduce the reimbursement available for student loans serviced by servicers designated for exceptional performance from 100% to 99%, (iii) permanently eliminates recycling of 9.5% floor loans, (iv) on student loans first disbursed on or

after April 1, 2006, require payment by lenders to the Department of Education of any interest paid by borrowers which is in excess of the special allowance payment rate and (v) phase out certain borrower origination fees by the year 2010.

SUBSIDIZED FEDERAL STAFFORD LOANS

The Higher Education Act provides for federal (i) insurance or reinsurance of eligible Subsidized Federal Stafford Loans, (ii) interest subsidy payments (“*Interest Subsidy Payments*”) to eligible lenders with respect to certain eligible Subsidized Federal Stafford Loans, and (iii) special allowance payments (“*Special Allowance Payments*”) representing an additional interest subsidy to borrowers paid by the Secretary of the Department (the “Secretary”) to the holders of eligible Subsidized Federal Stafford Loans.

REQUIREMENTS FOR ELIGIBLE LOANS

Qualified Student. Generally, in order to be an eligible Subsidized Federal Stafford Loan, the loan may be made only to a United States citizen or national or otherwise eligible individual under the Higher Education Act who (a) has been accepted for enrollment or is enrolled and is maintaining satisfactory progress at an eligible institution, (b) is carrying at least one-half of the normal full-time academic workload for the course of study the student is pursuing, as determined by such institution, (c) has agreed to promptly notify the owner of the loan of any address change, and (d) meets the applicable “need” requirements. Eligible institutions include higher educational institutions and vocational schools that comply with certain federal regulations. Each loan is to be evidenced by an unsecured note.

Interest Rates. Subsidized Federal Stafford Loans may bear interest at a rate not in excess of 7% per annum if made to a borrower to cover costs of instruction for any period beginning prior to January 1, 1981 or, subsequent to such date, if made to a borrower who, upon entering into a note for a loan, has outstanding student loans under the FFEL Program for which the interest rates do not exceed 7%. Such Loans made to new borrowers for periods of instruction from January 1, 1981 through September 12, 1983 bear interest at a rate of 9% per annum and for periods of instruction from September 13, 1983 through June 30, 1988 the rate is 8% per annum. Loans made to first time borrowers for periods of enrollment beginning on or after July 1, 1988 but made prior to June 30, 1994 pursuant to Section 427A of the Higher Education Act (“*427A Loans*”), originally bore interest at rates of 8% per annum beginning on disbursement and ending four years after commencement of repayment and 10% per annum thereafter. Such 427A Loans were required to be converted to a variable rate on or before January 1, 1995. After conversion, 427A Loans bear interest at 8% until the borrower enters the fifth year of repayment, and thereafter at a rate equal to the sum of the average of the bond equivalent rates of 91-day T-Bills (“*T-Bill Rate*”) auctioned for that quarter plus 3.25% (but not in excess of 10%). New loans made to all existing borrowers after July 23, 1992 and prior to June 30, 1994 bear a rate of interest during any 12-month period beginning on July 1 and ending on June 30, determined on the preceding June 1, equal to the T-Bill Rate at the final auction held prior to such June 1 plus 3.1%, not to exceed the rate of interest on the borrower’s prior loan (7, 8, 9 or 10%).

Subsidized Federal Stafford Loans first disbursed on or after October 1, 1992 and prior to July 1, 1998, to new borrowers as of that date and subsequent loans to such borrowers, bear a rate of interest during any 12-month period beginning on July 1 and ending on June 30, determined on the preceding June 1, equal to the T-Bill Rate at the final auction held prior to such June 1 plus 3.10% not to exceed 9%. The annual interest rate on any Subsidized Federal Stafford Loans first disbursed to all borrowers on or after July 1, 1994 is determined in the same manner but may not exceed 8.25%. The annual interest rate on such loans first disbursed on or after July 1, 1995 prior to repayment and during any grace period or deferment period will be the T-Bill Rate at the final auction held prior to the June 1 preceding the applicable 12-month period, plus 2.5% (3.10% during repayment) not to exceed 8.25%.

For loans first disbursed on or after July 1, 1998 and prior to July 1, 2006, prior to repayment and during any grace period or deferment period, the annual interest rate will be the T-Bill Rate at the final auction held prior to the June 1 preceding the applicable 12-month period, plus 1.7% for applicable in-school and grace periods and 2.3% during repayment, in any case, not to exceed 8.25%. For loans first disbursed during the following corresponding time periods, the interest rate is and will be as follows:

<u>First Disbursement Date</u>	<u>Interest Rate per Annum</u>
On or after July 1, 2006 and before July 1, 2008	6.8%
On or after July 1, 2008 and before July 1, 2009	6.0%
On or after July 1, 2009 and before July 1, 2010	5.6%
On or after July 1, 2010 and before July 1, 2011	4.5%
On or after July 1, 2011 and before July 1, 2012	3.4%
On or after July 1, 2012	6.8%

Limitations on Amounts Borrowed. The Higher Education Act requires that loans made to cover enrollment periods longer than six months must generally be disbursed by eligible lenders to borrowers in at least two separate disbursements. Prior to January 1, 1987, the maximum amount of the loan for an academic year could not exceed \$2,500 for undergraduate study and \$5,000 for graduate or professional study, subject to an aggregate limit of \$12,500 for undergraduate study and up to \$25,000 for graduate and professional study, inclusive of loans for undergraduate study. Subsidized Federal Stafford Loans, for which the first disbursement was made after January 1, 1987, but prior to July 1, 1993, were subject to annual limits of \$2,625 for the first two years of study and \$4,000 for the remainder of undergraduate study, with an aggregate limit of \$17,250 for undergraduate study. Graduate or professional students were authorized to borrow up to \$7,500 annually, subject to an aggregate limit of \$54,750, inclusive of loans for undergraduate study. After July 1, 1993 the maximum amount of a Subsidized Federal Stafford Loan for an academic year cannot exceed \$2,625 for the first year of undergraduate study, \$3,500 for the second academic year of undergraduate study, and \$5,500 per year for the remainder of undergraduate study with lower annual limits established for periods of enrollment less than a full academic year and an aggregate limit for undergraduate study of \$23,000 excluding PLUS loans. The maximum amount of the loans to graduate students for periods of enrollment beginning on or after October 1, 1993, is \$8,500 per academic year and \$65,500 in the aggregate, including any such loans for undergraduate study, but excluding PLUS loans. In either case, the Secretary has discretion to raise these limits by regulation to accommodate highly specialized or exceptionally expensive courses of study.

Subject to these limits, Subsidized Federal Stafford Loans are available to borrowers in amounts not exceeding their unmet need determined as provided in the Higher Education Act. Provisions addressing the implementation of need analysis and the relationship between unmet need for financing and the availability of Subsidized Federal Stafford Loan program funding have been the subject of frequent and extensive amendment in recent years. There can be no assurance that further amendment to such provisions will not materially affect the availability of Subsidized Federal Stafford Loan funding to borrowers or the availability of Subsidized Federal Stafford Loans for secondary market acquisition.

Repayment. Repayment of principal on a Subsidized Federal Stafford Loan does not commence while a student remains a qualified student, but generally begins upon expiration of the applicable Grace Period, as described below. The Grace Periods may be waived by borrowers. In general, each such loan must be scheduled for repayment over a period of not more than ten years after the commencement of

repayment. The Higher Education Act currently requires minimum annual payments of \$600, including principal and interest, unless the borrower and the lender agree to lesser payments per year. Effective July 1, 1993, lenders were required to offer graduated or income-sensitive repayment schedules to new borrowers in accordance with regulations of the Secretary.

In 1998 Congress enacted amendments to the Higher Education Act that made several changes to repayment provisions. First, graduated and income-sensitive repayment plans are exempt from minimum annual repayment requirements, but no plan may provide for payment amounts less than interest. Second, borrowers may change repayment plans annually. Third, first time Federal Stafford Loan borrowers on or after October 7, 1998, with loans outstanding in a principal amount of \$30,000 or more, can elect to repay their loans over a period of not more than twenty-five (25) years after commencement of repayment.

Grace Period, Deferment Periods, Forbearance. Repayment of principal of an insured student loan must generally commence following a period of (a) not less than 9 months or more than 12 months (with respect to loans for which the applicable interest rate is 7% per annum) and (b) not more than 6 months (with respect to all other loans for which the applicable interest rate is 9% per annum or 8% per annum and for loans to first time borrowers on or after July 1, 1988) after the student borrower ceases to pursue at least a half-time course of study (a "*Grace Period*").

However, during certain other periods and subject to certain conditions, no principal repayments need be made ("*Deferment Periods*"), but interest accrues and must be paid. For loans first disbursed prior to July 1, 1993, Deferment Periods include periods: when the student has returned to an eligible educational institution on at least a half-time basis and received a new loan for the same period; the student is pursuing studies pursuant to an approved graduate fellowship program or a rehabilitation program for individuals with disabilities; or when the borrower is a member of the Armed Forces or a volunteer under the Peace Corps Act or the Domestic Volunteer Service Act of 1973; when the borrower is temporarily totally disabled; or during which the borrower is unable to secure employment by reason of the care required by a dependent who is disabled. Other Deferment Periods for such loans include periods of unemployment and qualified internships. For loans to new borrowers disbursed on or after July 1, 1993, repayment of principal may be deferred while the borrower is at least a half time student or is pursuing a course of study pursuant to an approved graduate fellowship program or an approved rehabilitation training program. A maximum three year deferment is available to such borrowers when the borrower is seeking but unable to find full-time employment, or when for any reason the lender determines that payment of principal will cause the borrower economic hardship. The Higher Education Act also requires mandatory forbearance of a loan for 12-month intervals for a period not to exceed three years by a lender, at the request of a borrower, if the borrower's student loan debt burden equals or exceeds 20% of the borrower's gross income.

INTEREST SUBSIDY PAYMENTS

The Secretary pays interest on Subsidized Federal Stafford Loans while the student is a qualified student, during a Grace Period and during certain Deferment Periods. Deferment of principal payments is available to borrowers under conditions established by the Higher Education Act. The Secretary makes interest subsidy payments to the holder of Subsidized Federal Stafford Loans in the amount of interest accruing on the unpaid balance thereof prior to the commencement of repayment or during any Deferment Periods. The Higher Education Act provides that the holder of an eligible Subsidized Federal Stafford Loan shall be deemed to have a contractual right against the United States to receive interest subsidy payments in accordance with its provisions.

UNSUBSIDIZED FEDERAL STAFFORD LOANS

The Unsubsidized Federal Stafford Loan Program is designed for students who do not qualify for Subsidized Federal Stafford Loans due to parental and/or student income and assets in excess of permitted amounts and became effective for periods of enrollment beginning on or after October 1, 1992. In other respects, the general eligibility requirements for Unsubsidized Federal Stafford Loans are essentially the same as those for Subsidized Federal Stafford Loans. The interest rate and special allowance payment provisions of the Subsidized Federal Stafford Loans are applicable to Unsubsidized Federal Stafford Loans.

In 1993, Congress increased the loan limits for Unsubsidized Federal Stafford Loans to include amounts formerly disbursed under the SLS program. However, the terms of the Unsubsidized Federal Stafford Loans differ materially from Subsidized Federal Stafford Loans in that the federal government will not make interest subsidy payments and the loan limitations are determined without respect to the expected family contribution. The borrower is required to pay interest from the time such loan is disbursed or to defer and capitalize such interest when repayment begins.

Since July 1, 1994, the amount of periodic payment and repayment schedule for an Unsubsidized Federal Stafford Loan has been established by assuming an interest rate equal to the applicable rate of interest at the time the repayment of the loan principal commences. Effective July 1, 1995, at the option of the lender, the note or other written evidence of the loan may require that the amount of the periodic payment be adjusted annually or the period of repayment of principal be lengthened or shortened in order to reflect adjustments in interest rates. Additionally, the 10-year repayment period for such loans commences when the first payment of principal is due from the borrower. First time borrowers on or after October 7, 1998 with loans outstanding in a principal amount of \$30,000 or more can elect to repay loans over a period of not more than twenty-five (25) years after commencement of repayment.

PLUS AND SLS LOAN PROGRAMS

The Higher Education Act authorizes PLUS Loans to be made to parents of eligible dependent students. Only parents who do not have an adverse credit history are eligible for PLUS Loans that have a first disbursement date on or after July 1, 1993. Supplemental Loans to Students (“*SLS Loans*”) were available to certain categories of students until June 30, 1994. The SLS Program was repealed by Congress effective July 1, 1994 and replaced with the Unsubsidized Federal Stafford Loan Program. The basic provisions applicable to PLUS and SLS Loans are similar to those of Subsidized Federal Stafford Loans with respect to the involvement of guarantors and the Secretary providing federal reinsurance on the loans. However, PLUS and SLS Loans differ significantly from Subsidized Federal Stafford Loans, particularly because federal interest subsidy payments are not available under the PLUS and SLS Programs and Special Allowance Payments are more restricted, as described herein.

INTEREST RATES

The applicable interest rate depends upon the date of issuance of the loan and the period of enrollment for which the loan is to apply. For PLUS loans issued on or after October 1, 1981, but for periods of educational enrollment beginning prior to July 1, 1987, the applicable rate of interest is either 12% or 14% per annum. A variable interest rate reset annually applies to PLUS and SLS Loans made and disbursed on or after July 1, 1987 but prior to October 1, 1992 and to PLUS Loans made prior to July 1, 1987 to borrowers who exercised an option to convert to a variable rate. Such rate is determined on the basis of any 12-month period beginning on July 1 and ending on the following June 30, such that the rate shall be (a) prior to July 1, 2001, the bond equivalent rate of 52-week T-Bills auctioned at the final auction held prior to the June 1 preceding the applicable 12-month period (the “*52-week T-Bill Rate*”), and (b) commencing July 1, 2001, the weekly average one-year constant maturity Treasury yield

for the last calendar week ending on or before the preceding June 26, in each case plus 3.25%, with a maximum rate of 12% per annum. The variable interest rate for PLUS and SLS Loans first disbursed on or after October 1, 1992 but before July 1, 1994 is based on the same 12-month period as PLUS and SLS Loans disbursed prior to October 1, 1992 except that 3.1% is added to the 52-week T-Bill Rate or one-year constant maturity Treasury yield, as applicable, with a maximum of 10% per annum for PLUS Loans and a maximum of 11% per annum for SLS Loans. For PLUS Loans first disbursed on or after July 1, 1994 but before July 1, 1998, the interest rate is determined by the method applicable to PLUS Loans disbursed on or after October 1, 1992 subject to a maximum of 9% per annum. For PLUS Loans made on or after July 1, 1998 and prior to July 1, 2006 the interest rate is equal to the T-Bill Rate at the final auction held prior to the June 1 preceding the applicable 12-month period plus 3.1%, subject to a maximum of 9%. PLUS Loans first disbursed on or after July 1, 2006 are to bear interest at a fixed rate of 8.5% per annum.

LIMITATIONS ON PRINCIPAL AMOUNTS

The annual loan limit for SLS Loans first disbursed on or after July 1, 1993 ranged from \$4,000 for first and second year undergraduate borrowers to \$10,000 for graduate borrowers, with a maximum aggregate amount of \$23,000 for undergraduate borrowers and \$73,000 for graduate and professional borrowers. The only limit on the annual and aggregate amount of PLUS Loans first disbursed on or after July 1, 1993 is the student's unmet financial need. PLUS and SLS Loans disbursed prior to July 1, 1993 were limited to \$4,000 per academic year with a maximum aggregate amount of \$20,000. Prior to October 17, 1986, the applicable loan limits were \$3,000 per academic year with a maximum aggregate amount of \$15,000. PLUS and SLS loans are also limited, generally, to the cost of attendance minus other financial aid for which the student is eligible.

REPAYMENT

SLS borrowers have the option to defer commencement of repayment of principal until the commencement of repayment of Subsidized Federal Stafford Loans. Otherwise, repayment of principal of PLUS and SLS Loans is required to commence no later than 60 days after the date of disbursement of such loan, subject to certain deferral provisions. In addition, a parent borrower who became such prior to July 1, 1993 may defer principal payments for periods during which the borrower has a dependent student for whom the parent borrowed a PLUS Loan, if such student is engaged in a qualifying educational program, graduate fellowship program or rehabilitation training program.

Repayment of interest, however, may be deferred only during certain periods of educational enrollments specified under the Higher Education Act. Further, whereas federal interest subsidy payments are not available for such deferments, the Higher Education Act provides an opportunity for the capitalization of interest during such periods upon agreement of the lender and borrower. The annual loan limit is not violated by any decision to capitalize interest.

A borrower may combine all outstanding PLUS Loans under a single repayment schedule for principal and interest. The interest rate of such combined loan shall be the weighted average of the rates of all loans being combined. A second type of refinancing enables an eligible lender, at the borrower's request, to refinance a fixed interest rate PLUS Loan, which was initially originated prior to July 1, 1987, at a variable interest rate, on or after July 1, 1987. If a lender is unwilling to refinance the original PLUS Loan, the borrower may obtain a loan from another lender for the purpose of discharging the loan and obtaining a variable interest rate.

SPECIAL ALLOWANCE PAYMENTS

The Higher Education Act provides for Special Allowance Payments (also known as “SAP”) to be made by the Secretary to eligible lenders. The rates for Special Allowance Payments are based on formulas that differ according to the type of loan, the date the loan was first disbursed, the interest rate, the type of funds used to finance such loan (tax-exempt or taxable) and the type of entity holding the loans (not-for-profit holder or other lender). The formulas for quarterly Special Allowance Payment rates for Subsidized and Unsubsidized Federal Stafford Loans financed with taxable bond proceeds are set forth in the following table. The term “91-Day T-Bill Rate,” as used in this table, means the average 91-day Treasury bill rate calculated as the “bond equivalent rate” in the manner applied by the Secretary as referred to in Section 438 of the Higher Education Act. The term “3-Month Commercial Paper Rate” means the 90-day commercial paper index calculated quarterly and based on an average of the daily 90-day commercial paper rates reported in the Federal Reserve’s Statistical Release H-15.

FIRST DISBURSEMENT DATE

QUARTERLY SAP FORMULA

[Subsidized and Unsubsidized Federal Stafford Loans]

On or after 10/1/07

For eligible not-for-profit holders: (3-Month Commercial Paper Rate – student pay rate + (a) 1.94% if the Loan is in repayment status or (b) 1.34% if the Loan is in in-school, grace or deferment status) ÷ 4

For other eligible lenders: (3-Month Commercial Paper Rate – student pay rate + (a) 1.79% if the Loan is in repayment status or (b) 1.19% if the Loan is in in-school, grace or deferment status) ÷ 4

01/01/00 to 9/30/07

(3-Month Commercial Paper Rate - student pay rate + (a) 2.34% if the Loan is in repayment status or (b) 1.74% if the Loan is in in-school, grace or deferment status) ÷ 4

7/01/98 to 12/31/99

(91-Day T-Bill Rate - student pay rate + (a) 2.8% if the Loan is in repayment status or (b) 2.2% if the Loan is in in-school, grace or deferment status) ÷ 4

7/01/95 to 6/30/98

(91-Day T-Bill Rate - student pay rate + (a) 3.1% if the Loan is in repayment status or (b) 2.5% if the Loan is in in-school, grace or deferment status) ÷ 4

10/01/92 to 6/30/95

(91-Day T-Bill Rate - student pay rate + 3.1%) ÷ 4
[regardless of status]

11/16/86 to 9/30/92

(91-Day T-Bill Rate - student pay rate + 3.25%) ÷ 4
[regardless of status]

For Subsidized and Unsubsidized Federal Stafford Loans which are funded with the proceeds of tax-exempt obligations originally issued on or after October 1, 1993, the Special Allowance Payments are equal to those set forth above for student loans financed with taxable funds.

For Subsidized and Unsubsidized Federal Stafford Loans which are funded with the proceeds of tax-exempt obligations issued prior to October 1, 1993 or certain refundings, Special Allowance

Payments are generally payable at one-half the rate which is paid for taxable funding sources, subject to an aggregate 9.5% minimum total loan yield, referred to as the “9.5% floor.”

The SAP formulas also apply, with certain exceptions and modifications, to PLUS, SLS and Consolidation Loans. For example, the SAP rate for PLUS Loans disbursed, and for Consolidation Loans applied for, from January 1, 2000 to September 30, 2007 is equal to the 3-Month Commercial Paper Rate minus the student pay rate plus 2.64% (on or after October 1, 2007, the rate changes to 1.94% for PLUS Loans and 2.24% for Consolidation Loans for eligible not-for-profit holders and 1.79% for PLUS Loans and 2.09% for Consolidation Loans for other eligible lenders). However, for PLUS Loans first disbursed on or after January 1, 2000 and before July 1, 2006, no SAP is payable during any 12-month period from July 1 to June 30 unless the bond equivalent rate of 91-day Treasury bills auctioned at the final auction preceding June 1 plus 3.1% exceeds 9%. For PLUS Loans first disbursed on or after July 1, 2006, no SAP is payable during any 12-month period from July 1 to June 30 unless the 3-Month Commercial Paper Rate plus 2.64% exceeds 9%. For Consolidation Loans applied for on or after January 1, 2000, no SAP is payable during any 3-month period ending March 31, June 30, September 30 or December 31 unless the 3-Month Commercial Paper Rate plus 2.64% exceeds the applicable interest rate on such loan.

Issuers of tax-exempt obligations that engage in any pattern or practice that results in denial of a borrower’s access to loans are not eligible to receive Special Allowance Payments.

THE CONSOLIDATION LOAN PROGRAM

The Higher Education Act authorizes a program under which certain borrowers may consolidate their various student loans into a single loan insured and reinsured on a basis similar to Federal Stafford and PLUS Loans. Consolidation Loans may generally be made in an amount sufficient to pay outstanding principal, unpaid interest and late charges on all federally insured or reinsured student loans incurred under and pursuant to the FFEL Program selected by the borrower, as well as Perkins loans (formerly “*National Direct Student Loans*”), Health Professional Student Loans, Health Education Assistance Loans and, beginning November 13, 1997, loans made pursuant to the FDSLSP.

BORROWER ELIGIBILITY REQUIREMENTS

Consolidation Loans for applications received between January 1, 1993 and July 1, 1994, were available only to borrowers who had aggregate outstanding student loan balances of at least \$7,500 and, for applications received before January 1, 1993, were available only to borrowers who had aggregate outstanding student loan balances of at least \$5,000. Consolidation Loans made after July 1, 1994 have no minimum loan balance. The borrower must be either in repayment status or in a grace period or, for Consolidation Loan applications received on or after January 1, 1993, the borrower may be a delinquent or defaulted borrower who will re-enter repayment through loan consolidation. Borrowers may add additional loans to a Consolidation Loan during the 180-day period following origination of the Consolidation Loan. Further, from January 1, 1993 through June 30, 2006, a married couple who agreed to be jointly and severally liable is treated as one borrower for purposes of loan consolidation eligibility. The ability of a married couple to consolidate their eligible loans was eliminated effective July 1, 2006. A Consolidation Loan will be federally insured only if such loan is made in compliance with requirements of the Higher Education Act.

INTEREST RATES

Consolidation Loans made prior to July 1, 1994 bear interest at an annual rate which equals the weighted average of interest rates on the unpaid principal balance of outstanding loans, rounded to the nearest whole percent, with a minimum rate of 9%. For Consolidation Loans made on or after July 1, 1994 from applications received by the lender before November 13, 1997, to which the variable

rate described below does not apply, the minimum rate of 9% is eliminated, and the weighted average is rounded upward to the nearest whole percent. For Consolidation Loans applied for during the period which began November 13, 1997 and ended September 30, 1998, the applicable rate of interest from November 13, 1997 through June 30, 1998 is 8.25%, and thereafter for each July 1 through June 30, a variable annual rate equal to the T-Bill Rate at the final auction held prior to the preceding June 1, plus 3.1%, not to exceed 8.25%. The rate applicable to Consolidation Loans applied for on or after October 1, 1998 is fixed at the weighted average of interest rates on the unpaid principal balance of outstanding loans, rounded up to the nearest one-eighth of one percent, not to exceed 8.25%.

REPAYMENT

Repayment of Consolidation Loans begins 60 days after discharge of all prior loans which are consolidated. Federal interest subsidy payments are not available with respect to Consolidation Loans except as described below. Repayment schedules structured by the lender must include, for applications received on or after January 1, 1994, the establishment of graduated and income sensitive repayment plans, subject to certain limits applicable to the sum of the Consolidation Loan and the amount of the borrower's other eligible student loans outstanding. Generally, depending on the total of loans outstanding, repayment may be scheduled over periods no shorter than ten but not more than thirty years in length. However, for applications received prior to January 1, 1993, the maximum maturity schedule is twenty-five years for Consolidation Loans of \$60,000 or more.

DEFERMENT PERIODS

During deferment periods, interest on Consolidation Loans accrues and, for applications received before January 1, 1993, is payable without interest subsidy from the Secretary. For Consolidation Loans for which applications were received between January 1 and August 10, 1993, all interest of the borrower is paid during all deferral periods. Consolidation Loans for which applications were received on or after August 10, 1993 are only subsidized if all of the underlying loans being consolidated were Subsidized Stafford Loans. In the case of Consolidation Loans made on or after November 13, 1997, the portion of a Consolidation Loan that is comprised of Subsidized Stafford Loans retains subsidy benefits during deferral periods.

CONSOLIDATION LOAN FEES

No insurance premium may be charged to a borrower and no insurance premium may be charged to a lender in connection with a Consolidation Loan. However, a fee in an amount not to exceed \$50.00 may be charged to the lender by the guarantor to cover the costs of increased or extended liability with respect to a Consolidation Loan. In addition, any holder of a Consolidation Loan first disbursed on or after October 1, 1993 is to pay to the Secretary an annual rebate fee (calculated and paid monthly) equal to 1.05% of the principal plus accrued unpaid interest on such loan (except for Consolidation Loans applied for from October 1, 1998 through January 31, 1999 for which the applicable percentage is 0.62%).

DIRECT LOANS

On or after July 1, 1994, if a FFEL Program borrower is unable to obtain a Consolidation Loan with income sensitive repayment terms acceptable to the borrower from the holders of the borrower's outstanding loans (that are selected for consolidation), or from any other lender, the Secretary may offer the borrower a Federal Direct Consolidation Loan with income contingent terms under FDSLPL. Such Federal Direct Consolidation Loans shall be repaid either pursuant to income contingent repayment or any other repayment provisions under the Consolidation Loan provisions. The CCRA Act provides for loan forgiveness to borrowers of unpaid principal balances after 25 years of repayment in an income-

based repayment plan. If the Secretary determines that the Department does not have the necessary origination and servicing arrangements in place for such loans, the Secretary shall not offer such loans.

The rate applicable to Federal Direct Consolidation Loans applied for on or after July 1, 1998 and before February 1, 1999 is the T-Bill Rate at the final auction held prior to the preceding June 1 plus 2.3% during repayment (as opposed to the margin of 3.1% applied to FFEL Program Consolidation Loans during this period). For Federal Direct Consolidation Loans applied for after February 1, 1999, the applicable rate is the same as the rate applicable to FFEL Program Consolidation Loans. For a description of any proposed or effective changes to such rates, see the applicable Term Supplement.

FEDERAL INSURANCE AND REIMBURSEMENT OF GUARANTORS

For loans made prior to October 1, 1993, an eligible lender is reimbursed by the guarantor for 100% of the unpaid principal balance of the loan plus accrued unpaid interest on any loan defaulted so long as the eligible lender has properly serviced such loan. However, any holder of a loan in default that was first disbursed on or after October 1, 1993 but before July 1, 2006 is entitled to receive no more than 98% of the unpaid principal balance of the loan plus accrued and unpaid interest on such loan from the guarantor, except for a loan made by a lender-of-last resort or under any agreement resulting from a guarantor insolvency. Any holder of a loan in default that was first disbursed on or after July 1, 2006 is entitled to receive no more than 97% of the unpaid principal balance of the loan plus accrued and unpaid interest on such loan from the guarantor, except for a loan made by a lender-of-last resort or under any agreement resulting from a guarantor insolvency (effective for loans made on or after October 1, 2012, such amount will be reduced to 95%).

Under the Higher Education Act, the Secretary enters into a guarantee agreement with each guarantor which provides for federal reinsurance for amounts paid to eligible lenders by the guarantor with respect to defaulted loans. Pursuant to such agreements, the Secretary is to reimburse a guarantor for 100% of the amounts owed on a loan made prior to October 1, 1993, 98% of the amounts owed on a loan made on or after October 1, 1993 and before October 1, 1998, and 95% of the amounts owed on a loan made on or after October 1, 1998, in each case for losses upon notice and determination of such amounts, subject to reduction based on the guarantor's claims rate. The Secretary is also authorized to acquire the loans of borrowers who are at high risk of default and who request an alternative repayment option from the Secretary.

The amount of a guarantor's reinsurance payments is subject to reduction based upon the annual claims rate of the guarantor calculated to equal the amount of federal reinsurance received as a percentage of the original principal amount of guaranteed loans in repayment on the last day of the prior fiscal year. The original principal amount of loans guaranteed by a guarantor which are in repayment for purposes of computing reimbursement payments to a guarantor means the original principal amount of all loans guaranteed by a guarantor less: (1) guarantee payments on such loans, (2) the original principal amount of such loans that have been fully repaid, and (3) the original amount of such loans for which the first principal installment payment has not become due. Claims resulting from the death, bankruptcy, total and permanent disability of a borrower, the death of a student whose parent is the borrower of a PLUS Loan, or claims by borrowers who received loans on or after January 1, 1996 and who are unable to complete the programs in which they are enrolled due to school closure, or borrowers whose borrowing eligibility was falsely certified by the eligible institution are not included in calculating a guarantor's claims rate experience for federal reinsurance purposes.

The claims experience is not accumulated from year to year, but is determined solely on the basis of claims paid in any one federal fiscal year compared with the original principal amount of loans in repayment at the beginning of that year. The formula for reinsurance amounts is summarized below:

CLAIMS RATE	GUARANTOR REINSURANCE RATE FOR LOANS MADE PRIOR TO OCTOBER 1, 1993*	GUARANTOR REINSURANCE RATE FOR LOANS MADE BETWEEN OCTOBER 1, 1993 AND SEPTEMBER 30, 1998*	GUARANTOR REINSURANCE RATE FOR LOANS MADE ON OR AFTER OCTOBER 1, 1998*
0% up to 5%	100%	98%	95%
5% up to 9%	100% of claims up to 5%; and 90% of claims 5% and over	98% of claims up to 5%; and 88% of claims 5% and over	95% of claims up to 5% and 85% of claims 5% and over
9% and over	100% of claims up to 5%; 90% of claims 5% up to 9%; and 80% of claims 9% and over	98% of claims up to 5%; 88% of claims 5% up to 9%; and 78% of claims 9% and over	95% of claims up to 5%, 85% of claims 5% up to 9%; and 75% of claims 9% and over

The Higher Education Act provides that, subject to compliance therewith, the full faith and credit of the United States is pledged to the payment of guarantors' reinsurance claims and such reinsurance is not subject to reduction. It further provides that guarantors shall be deemed to have a contractual right against the United States to receive reinsurance in accordance with its provisions.

In addition, if a guarantor is unable to meet its insurance obligations, holders of insured loans may submit insurance claims directly to the Secretary, who is obligated to pay the full insurance obligation of a guarantor until such time as the obligations are transferred to a new guarantor capable of meeting such obligations or until a successor guarantor assumes such obligations. Federal reinsurance and insurance payments for defaulted loans are paid from the Student Loan Insurance Fund established under the Higher Education Act. The Secretary is authorized, to the extent provided in advance by appropriations acts, to issue obligations to the Secretary of the Treasury to provide funds to make such federal payments.

A FFEL Program loan is generally considered to be in default upon the borrower's failure to make an installment payment when due or to comply with other terms of a note or agreement under circumstances in which the holder of the loan may reasonably conclude that the borrower no longer intends to honor the repayment obligation and for which the failure persists for 270 days (180 days for delinquencies first occurring prior to October 7, 1998) in the case of a loan payable in monthly installments or for 330 days (240 days for delinquencies first occurring prior to October 7, 1998) in the

* Other than Student Loans made pursuant to the lender-of-last resort program, Student Loans transferred by an insolvent guarantor and certain exempt claims where a borrower provided false or erroneous information or took action that caused the borrower to be ineligible for all or a portion of the loan, as to which the amount of reinsurance is equal to 100%.

case of a loan payable in less frequent installments. When a loan becomes 60 to 120 days past due, the holder is required to request pre-claims assistance from the applicable guarantor in order to attempt to cure the delinquency. When a loan becomes 240 days (or 120 days, as applicable) past due, it becomes subject to supplemental pre-claims assistance. When a loan becomes 240 days (or 150 days, as applicable) past due, the holder is required to make a final demand for payment of the loan by the student and to continue collection efforts until the loan is 270 days (or 180 days, as applicable) past due, at which time the holder may submit a claim for reimbursement to the applicable guarantor. At the time of payment of insurance benefits, the holder must assign to the applicable guarantor all rights accruing to the holder under the note evidencing the loan. The Higher Education Act prohibits a guarantor from filing a claim for reimbursement with respect to losses prior to 270 days (360 days for delinquencies first occurring on or after October 7, 1998) after the loan becomes delinquent with respect to any installment thereon or later than 45 days after the guarantor's discharge of its insurance obligation on the loan.

A holder of a loan is required to exercise due care and diligence in the making, servicing and collecting of the loan as specified in federal regulations and to utilize practices which are at least as extensive and forceful as those utilized by financial institutions in the collection of other consumer loans. If a guarantor has probable cause to believe that the holder has made misrepresentations or failed to comply with the terms of its agreement for guarantee, the guarantor may take reasonable action, including withholding of payments or requiring reimbursement of funds. The guarantor may also terminate the agreement for cause upon notice and hearing.

The Secretary may withhold reimbursement payments if a guarantee agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary or applicable federal law. A supplemental guarantee agreement is subject to termination for cause by the Secretary. All guarantee agencies are required to comply with certain due diligence requirements established pursuant to the Secretary's regulations regarding collection procedures to be exercised on loans for which the guarantee agency pays a default claim. The loan must thereafter be submitted to the Secretary for reinsurance. Guarantee agencies are prohibited from instituting civil litigation against borrowers.

REIMBURSEMENT

The original principal amount of loans guaranteed by a guarantee agency which are in repayment for purposes of computing reimbursement payments to a guarantee agency means the original principal amount of all loans guaranteed by a guarantee agency less: (1) guarantee payments on such loans, (2) the original principal amount of such loans that have been fully repaid, and (3) the original amount of such loans for which the first principal installment payment has not become due.

In addition, the Secretary may withhold reimbursement payments if a guarantee agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary or applicable federal law. A supplemental guarantee agreement is subject to annual negotiations and to termination for cause by the Secretary.

Under the guarantee agreements and the supplemental guarantee agreements, if a payment on an Eligible Loan guaranteed by a guarantee agency is received after reimbursement by the Secretary, the guarantee agency is entitled to receive an equitable share of the payment. Guarantee agency retention on such collections on consolidations of defaulted loans was reduced to 18.5% from 27% effective July 1, 1997 and for other loans was reduced from 27% to 24% (23% effective October 1, 2003 through September 30, 2007 and 16% effective October 1, 2007).

FEDERAL ADMINISTRATIVE COST ALLOWANCES, INSURANCE FEES AND REINSURANCE FEES

Under amendments to the Higher Education Act first effective in 1998, two new payments to guarantors replace the previous administrative cost allowance of up to 1% of the total principal amount of loans insured during the fiscal year. For fiscal years beginning on or after October 1, 1998 and before October 1, 2003, the Secretary was authorized to pay to guarantors a quarterly loan processing and issuance fee equal to 0.65% of the principal amount of loans originated each quarter. For fiscal years beginning after October 1, 2003, the percentage is reduced to 0.40%. The Secretary was also authorized to pay a quarterly account maintenance fee for fiscal years 1999 and 2000 equal to 0.12% of the total principal amount of outstanding loans. The percentage for fiscal years beginning in 2001 was reduced to 0.10%.

For loans guaranteed prior to July 1, 2006, any originator of any student loan guaranteed by a guarantee agency is required to discount from the proceeds of the loan at the time of disbursement, and pay to the guarantee agency, an insurance premium which may not exceed that permitted under the Higher Education Act (presently a maximum of 1%). For loans guaranteed on or after July 1, 2006, a lender may charge the borrower the amount of the federal default fee paid by the lender to the guarantor (up to 1% of the principal amount of the loan).

GUARANTEE AGENCY FUNDING

In addition to providing the primary guarantee on FFEL Program loans, guarantee agencies are charged with responsibility for maintaining records on all loans on which they have issued a guarantee (“account maintenance”), assisting lenders to prevent default by delinquent borrowers (“default aversion”), post-default loan administration and collections, and program awareness and oversight. These activities are funded by revenues from the following statutorily prescribed sources, plus earnings on investments.

<u>Source</u>	<u>Basis</u>
Insurance Premium and/or Default Fee	Up to 1% of the principal amount guaranteed paid either Federal by borrower or lender.
Loan Processing and Issuance Fee	0.40% of the principal amount guaranteed, paid by the Department.
Account Maintenance Fee	Effective October 1, 2007, 0.06% of the original principal amount of loans outstanding, paid by the Department.
Default Aversion Fee	1% of the outstanding amount of loans that were reported delinquent but did not default within 300 days thereafter, paid by transfers out of the Student Loan Reserve Fund.
Collection Retention	Effective October 1, 2007, 16% of the amount collected on loans on which reinsurance has been paid (18.5% collected for a defaulted loan that is purchased by a lender for rehabilitation or consolidation), withheld from gross receipts.

The Higher Education Act requires guarantee agencies to establish two funds: a Student Loan Reserve Fund and an Agency Operating Fund. The Student Loan Reserve Fund contains the reinsurance payments received from the Secretary, Insurance Premiums and the Collection Retention. The fund is federal property and its assets may only be used to pay insurance claims and to pay Default Aversion Fees. The Agency Operating Fund is the guarantee agency’s property and is not subject to strict limitations on its use.

[THIS PAGE INTENTIONALLY LEFT BLANK]

EXHIBIT III
BOOK-ENTRY-ONLY SYSTEM OF DTC

The following information in this Exhibit concerning DTC and DTC's Book-Entry System has been obtained from DTC. The Corporation believes such information to be reliable; but the Corporation and its counsel, the Underwriters and their counsel, the Trustee and its Counsel and Bond Counsel take no responsibility for the accuracy thereof.

NEITHER THE CORPORATION NOR THE TRUSTEE HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT, (2) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, REDEMPTION PRICE OF OR INTEREST ON THE BONDS, (3) THE DELIVERY BY ANY PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO HOLDERS, (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF A SERIES OF BONDS, OR (5) ANY OTHER ACTION TAKEN BY DTC (OR ITS NOMINEE) AS THE HOLDER.

The Bonds initially will be issued solely in Book-Entry Form to be held in the Book-Entry System maintained by DTC. So long as such Book-Entry System is used, only DTC will receive or have the right to receive physical delivery of Bonds and, except as otherwise provided herein with respect to Beneficial Owners of Beneficial Ownership Interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, Owners or holders of the Bonds under the Indenture.

The following information about the Book-Entry System applicable to the Bonds has been supplied by DTC. None of the Corporation, the Trustee, the Underwriters, their respective counsels or Bond Counsel makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Bonds. The Bonds initially will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also

subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtc.org and www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued (see **Revision of Book-Entry-Only Transfer System; Replacement of Bonds**).

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Corporation as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the Corporation or the Trustee on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by

standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Registrar or the Corporation, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Tender Agent or Trustee, as applicable, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant’s interest in the Bonds, on DTC’s records, to the Tender Agent or Trustee, as applicable. The requirement for physical delivery of Bonds in connection with an optional tender or mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Bonds to the Tender Agent’s or Trustee’s, as applicable, DTC account.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Corporation or the Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Corporation may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. See **Revision of Book-Entry-Only Transfer System; Replacement of Bonds**.

The information above in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Corporation believes to be reliable, including DTC, but the Corporation takes no responsibility for its accuracy.

Direct Participants and Indirect Participants may impose service charges on book-entry interest owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The Corporation and the Registrar have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners (i.e., book-entry interest owners) to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests.

The Corporation and the Registrar have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

Disclaimer by Corporation, Trustee and Underwriters

Neither the Corporation nor the Trustee has any responsibility or liability for any aspect of the records relating to, or payments made on account of book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Corporation, the Trustee and the Underwriters cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners (i) payments of Debt Service on the Bonds made to DTC as the registered Owner or (ii) and redemption or other notices sent to DTC as the Holder or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Exhibit III. The Corporation has been advised by DTC that the current “Rules” applicable to DTC and its Participants are

on file with the Securities and Exchange Commission and that the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

Revision of Book-Entry-Only Transfer System; Replacement of Bonds

The Indenture authorizing the issuance of the Bonds will provide for issuance of fully registered replacement Bonds (“Replacement Obligations”) directly to persons other than DTC or its nominee only in the event that DTC (or a successor Depository) determines not to continue to act as securities depository for the Bonds or the Corporation determines that continuation of the book-entry-only system with DTC is not in the best interests of the Corporation or the best interests of the Beneficial Owners.

Upon a discontinuance of the book-entry-only system with DTC, the Corporation may in its discretion attempt to have established a securities depository/book-entry-only relationship with another qualified securities depository. If the Corporation is unable to do so, or desires not to do so, and after the Trustee has made provisions for notification of the Beneficial Owners of the Bonds by appropriate notice to DTC, the Corporation and the Trustee shall authenticate and deliver Replacement Obligations, in authorized denominations to or at the direction of, and, if the event is not the result of Corporation action or inaction.

Principal of, premium, if any, and interest on Replacement Obligations will be payable when due without deduction for the services of the Paying Agent. Principal of any Replacement Obligations will be payable to the registered Owner thereof upon presentation and surrender thereof at the principal corporate trust office of the Trustee. Interest thereon will be payable by the Trustee by check, draft or wire transfer, mailed to the registered Owner of record on the registration books maintained by the Trustee (the “Register”) as of the Record Date.

Replacement Obligations will be exchangeable for Replacement Obligations of authorized denominations, and transferable, at the designated office of the Trustee, without charge (except taxes or other governmental fees). Exchange or transfer of then redeemable Replacement Obligations is not required to be made (i) between the 15th day preceding the mailing of notice of Replacement Obligations to be redeemed and the date of that mailing, (ii) during the period from the day following the Record Date through the day preceding the ensuing Interest Payment Date, or (iii) of a particular Replacement Obligation selected for redemption (in whole or in part) until redemption.

EXHIBIT IV

AUCTION PROCEDURES FOR AUCTION BONDS

All of the provisions of this Exhibit IV relate only to Bonds that bear interest at an Auction Period Rate (such Bonds hereinafter referred to as “*Auction Bonds*”). These Auction Procedures apply separately to each such series of Auction Bonds.

General Definitions

In addition to the words and terms otherwise defined in this Offering Memorandum, including Exhibit I hereto, the following words and terms as used in this Exhibit IV (hereinafter “*this Exhibit*”) have the following meanings with respect to all series of Auction Bonds, while they are in an Auction Period unless the context or use indicates another or different meaning or intent.

“*After-Tax Equivalent Rate*” means, on any date of determination, the interest rate per annum equal to the product of (a) One-Month LIBOR on such date and (b) 1.00 minus the Statutory Corporate Tax Rate. For the purposes of this definition, the term “*Statutory Corporate Tax Rate*” means, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 1 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date hereof is 35%.

“*Agent Member*” shall mean a member of, or participant in, the Securities Depository who shall act on behalf of a Bidder.

“*All Hold Rate*” means, as of any Auction Date, a percentage of the Index in effect on such Auction Date for any Auction Bond, such percentage to be determined for any Bond being issued as an Auction Bond in the Supplemental Indenture executed and delivered in connection with the issuance of such Bond and such percentage to be determined on the Conversion Date for any other Bond being converted to an Auction Period Rate (in each case as such percentage may be adjusted pursuant to the Multi-Mode Annex).

“*Applicable Percentage*” means, for Tax-Exempt Bonds, on the date of determination, the percentage determined (as such percentage may be adjusted pursuant to the provisions of the Multi-Mode Annex) based on the lower of the prevailing credit ratings of the Auction Bonds in effect at the close of business on the Business Day immediately preceding such date, as set forth below:

<u>Ratings</u>	<u>Percentage</u>
Aaa/AAA	200%
Less than Aaa/AAA	250%

provided, that, in the event that the Auction Bonds are not rated by any Rating Agency, the Applicable Percentage shall be 250%.

“*Auction Agent*” means any person designated as such pursuant to a Supplemental Indenture or the Multi-Mode Annex, and its successors and assigns. As of the date of this Offering Memorandum, the Auction Agent will initially be Deutsche Bank Trust Company Americas.

“*Auction Agency Agreement*” means any Auction Agency Agreement between the Corporation and an Auction Agent, as from time to time amended or supplemented, related to the Auction Bonds. The initial Auction Agency Agreement shall be dated as of September 1, 2007, between Deutsche Bank Trust Company Americas and the Trustee.

“*Auction Date*” with respect to a series of Auction Bonds, means the following:

- (a) *Daily Auction Period.* If the Auction Bonds are in a Daily Auction Period, each Business Day unless such day is the Business Day prior to the Conversion from a Daily Auction Period to another Auction Period,
- (b) *Flexible Auction Period.* If the Auction Bonds are in a Flexible Auction Period, the last Business Day of the Flexible Auction Period, and
- (c) *Other Auction Periods.* If the Auction Bonds are in any other Auction Period, the Business Day next preceding the first day of the Auction Period (whether or not an Auction shall be conducted on such date);

provided, however, that the last Auction Date with respect to Auction Bonds in an Auction Period other than a Daily Auction Period or Flexible Auction Period shall be the earlier of (i) the Business Day next preceding the first day of the Auction Period next preceding the Conversion Date for the Bonds and (ii) the Business Day next preceding the first day of the Auction Period next preceding the final maturity date for the Bonds; and *provided*, further, that if the Bonds are in a Daily Auction Period, the last Auction Date shall be the earlier of (x) the second Business Day next preceding the Conversion Date for the Bonds and (y) the Business Day next preceding the final maturity date for the Bonds. The last Business Day of a Flexible Auction Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any. On the second Business Day preceding the Conversion from a daily Auction Period to another Auction Period, there shall be an Auction for the last daily Auction Period. On the Business Day preceding the Conversion from a daily Auction Period to another Auction Period, there shall be one Auction for the first Auction Period following the Conversion.

“*Auction Desk*” means the business unit of a Broker-Dealer that fulfills the responsibilities of the Broker-Dealer under a Broker-Dealer Agreement, including soliciting Bids for the Auction Bonds, and units of the Broker-Dealer which are not separated from such business unit by information controls appropriate to control, limit and monitor the inappropriate dissemination and use of information about Bids.

“*Auction Period*” means with respect to each series of Auction Bonds each period of time commencing on the day following the Initial Period and ending on the earlier of the Conversion Date or the day preceding the final maturity date of such Auction Bonds determined in accordance with one of the following periods:

- (a) “*flexible Auction Period*”: meaning (i) any period of 182 days or less which is divisible by seven and which begins on a Business Day following an Auction Date and ends (A) in the case of Bonds with Auctions generally conducted on Fridays, on a Sunday unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (B) in the case of Bonds with Auctions generally conducted on Mondays, on a Monday unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (C) in the case of Bonds with Auctions generally conducted on Tuesdays, on a Tuesday unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (D) in the case of Bonds with Auctions generally conducted on Wednesdays, on a Wednesday unless such Wednesday is not followed by a Business Day, in which case on the next succeeding

day which is followed by a Business Day, and (E) in the case of Bonds with Auctions generally conducted on Thursdays, on a Thursday unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day; or (ii) any period which is longer than 182 days which begins on an Interest Payment Date and ends not later than the final scheduled maturity date of such series of Bonds.

(b) *“daily Auction Period”*: meaning a period beginning on each Business Day and extending to but not including the next succeeding Business Day unless such Business Day is the second Business Day preceding the Conversion from a Daily Auction Period to another Auction Period, in which case the Daily Auction Period shall extend to, but not include, the Conversion Date;

(c) *“seven-day Auction Period”*: meaning, if Auctions generally are conducted on the day of the week specified in column A of the table below, a period of generally seven days beginning on the day of the week specified in column B of the table below (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table below) and ending on the day of the week specified in column C of the table below in the next succeeding week (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day):

(A)	(B)	(C)
When Auctions Occur on this day	Auction Period Generally Begins this day	Auction Periods Generally End this day
Friday	Monday	Sunday
Monday	Tuesday	Monday
Tuesday	Wednesday	Tuesday
Wednesday	Thursday	Wednesday
Thursday	Friday	Thursday

(d) *“28-day Auction Period”*: meaning, if Auctions generally are conducted on the day of the week specified in column A of the table above, a period of generally 28 days beginning on the day of the week specified in column B of the table above (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table above) and ending on the same day of the week specified in column C of the table above four weeks later (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day).

(e) *“35-day Auction Period”*: meaning, if Auctions generally are conducted on the day of the week specified in column A of the table above, a period of generally 35 days beginning on the day of the week specified in column B of the table above (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on the day of the week specified in column C of the table above) and ending on the day of the week specified in column C of the table above five weeks later (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day).

(f) *“three-month Auction Period”*: meaning a period of generally three months (or shorter period upon a Conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the calendar day immediately preceding the first Business Day of the month that is the third calendar month following the beginning date of such Auction Period; and

(g) “*six-month Auction Period*”: meaning a period of generally six months (or shorter period upon a Conversion from another Auction Period) beginning on an Interest Payment Date and ending on the day before the next succeeding Interest Payment Date;

provided, however, that if there is a Conversion of a series of Auction Bonds with Auctions generally conducted on the day of the week specified in column A of the table above, (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the Conversion Date and shall end on the next succeeding day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the Conversion Date and shall end of the day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such Conversion Date, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the Conversion Date and shall end on the day of the week specified in column C of the table above (unless such day is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such Conversion Date.

Notwithstanding the foregoing, if an Auction is for an Auction Period of more than seven days and the Auction Period Rate on such Auction Date is the Maximum Rate as the result of a lack of Sufficient Clearing Bids, the Auction Period shall automatically convert to a seven-day Auction Period. On the following Auction Date, the Auction shall be conducted for an Auction Period of the same length as the Auction Period prior to such automatic Conversion. If such Auction is successful, the Auction Period shall revert to the length prior to the automatic Conversion, and, if such Auction is not successful, the Auction Period shall be another seven-day Auction Period.

“*Auction Period Rate*” means the Auction Rate or any other rate of interest to be borne by the Auction Bonds during an Auction Period determined in accordance with the subsection “*Determination of Auction Period Rate*” in this Exhibit; provided, however, in no event may the Auction Period Rate exceed the Maximum Rate.

“*Auction Rate*” shall mean for a series of Auction Bonds, except as otherwise provided in this Exhibit, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate, provided, however, if all of the Auction Bonds are the subject of Submitted Hold Orders, the All Hold Rate for such series of Auction Bonds and (ii) if Sufficient Clearing Bids do not exist, the Maximum Rate for such series of Auction Bonds.

“*Available Bonds*” means, for the Auction Bonds on each Auction Date, the number of Units of Auction Bonds that are not the subject of Submitted Hold Orders.

“*Bid*” has the meaning specified in item (i) of paragraph (b) in the subsection under “**Auction Procedures**” captioned “*Orders by Existing Owners and Potential Owners*” in this Exhibit.

“*Bidder*” means each Existing Owner and Potential Owner who places an Order.

“*Broker-Dealer*” means any entity that is permitted by law to perform the function required of a Broker-Dealer described herein, that is a member of, or a direct participant in, the Securities Depository, that has been selected by the Corporation and that is a party to a Broker-Dealer Agreement with the Auction Agent. The “*Broker-Dealer of record*” with respect to any Auction Bond is the Broker-Dealer which placed the Order for such Bond or whom the Existing Owner of such Bond has designated as its Broker-Dealer with respect to such Bond, in each case as reflected in the records of the Auction Agent.

“*Broker-Dealer Agreement*” means an agreement between the Auction Agent and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described herein, as such agreement may from time to time be amended or supplemented.

“*Broker-Dealer Deadline*” means, with respect to an Order, the internal deadline established by the Broker-Dealer through which an Order was placed after which it will not accept Orders or any change in any Order previously placed with such Broker-Dealer; provided, however, that nothing shall prevent the Broker-Dealer from correcting Clerical Errors by the Broker-Dealer with respect to Orders from Bidders after the Broker-Dealer Deadline pursuant to the provisions herein. Any Broker-Dealer may change the time or times of its Broker-Dealer Deadline as it relates to such Broker-Dealer by giving notice not less than two Business Days prior to the date such change is to take effect to Bidders who place Orders through such Broker-Dealer.

“*Clerical Error*” means a clerical error in the processing of an Order, and includes, but is not limited to, the following: (i) a transmission error, including but not limited to, an Order sent to the wrong address or number, failure to transmit certain pages or illegible transmission, (ii) failure to transmit an Order received from one or more Existing Owners or Potential Owners (including Orders from the Broker-Dealer which were not originated by the Auction Desk) prior to the Broker-Dealer Deadline or generated by the Broker-Dealer’s Auction Desk for its own account prior to the Submission Deadline or (iii) a typographical error. Determining whether an error is a “Clerical Error” is within the reasonable judgment of the Broker-Dealer, provided that the Broker-Dealer has a record of the correct Order that shows it was so received or so generated prior to the Broker-Dealer Deadline or the Submission Deadline, as applicable.

“*Electronic Means*” means, facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission, including a telephone communication confirmed by any other method set forth in this definition.

“*Error Correction Deadline*” means one hour after the Auction Agent completes the dissemination of the results of the Auction to Broker-Dealers without regard to the time of receipt of such results by any Broker-Dealer; provided, however, in no event shall the Error Correction Deadline extend past 4:00 p.m., New York City time, on the day of such dissemination, unless the Auction Agent experiences technological failure or force majeure in disseminating the Auction results which causes a delay in dissemination past 3:00 p.m., New York City time.

“*Existing Owner*” means a Person who is the Beneficial Owner of Auction Bonds; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as an Existing Owner.

“*Hold Order*” means (i) an Order to hold the Auction Bonds as provided in item (i) of paragraph (b) in the subsection under “**Auction Procedures**” captioned “*Orders by Existing Owners and Potential Owners*” in this EXHIBIT IV or (ii) such an Order deemed to have been submitted as provided in item (i) of paragraph (h) in the subsection under “**Auction Procedures**” captioned in “*Orders by Existing Owners and Potential Owners*” this EXHIBIT IV.

“*Index*” means on any Auction Date with respect to Auction Bonds in any Auction Period of 35 days or less One-Month LIBOR. The Index with respect to Auction Bonds in any Auction Period of more than 35 days shall be the rate on United States Treasury Securities having a maturity which most closely approximates the length of the Auction Period as last published in *The Wall Street Journal* or such other source as may be mutually agreed upon by Corporation and the Broker-Dealers. If either rate is unavailable, the Index shall be an index or rate agreed to by all Broker-Dealers and consented to by the Corporation. For the purpose of this definition an Auction Period of 35 days or less means a 35-day Auction Period or shorter Auction Period, i.e. a 35-day Auction Period which is extended because of a holiday would still be considered an Auction Period of 35 days or less.

“*Interest Payment Date*” with respect to a series of Auction Bonds, has the meaning given such term in **EXHIBIT I - SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - DEFINITIONS.**”

“*Maximum Rate*” means, with respect to Auction Bonds, the least of (i) the maximum rate of interest allowable by applicable law or, if less, (ii) in the case of Tax-Exempt Bonds, the Applicable Percentage of the greater of (a) the After-Tax Equivalent Rate or (b) the SIFMA Municipal Index on such date, (iii) in the case of Taxable Bonds, One-Month LIBOR plus 2.00% for Aaa/AAA rated Bonds, and One-Month LIBOR plus 3.00% for Bonds rated less than Aaa/AAA; and (iv) 14% for Tax-Exempt Bonds and 17% for Taxable Bonds.

“*One-Month LIBOR*” means, as of any date of determination, a rate of interest per annum equal to the rate per annum at which United States dollar deposits having a maturity of one month are offered to prime banks in the London interbank market which appears on Reuters Screen LIBOR01 Page (or such other page as may replace that page on that service, or such other service as may be nominated by the British Bankers’ Association, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of approximately 11:00 a.m., London time, on the related Determination Date. If such rate does not appear on Reuters Screen LIBOR01 Page (or such other page or service), the rate will be determined on the basis of the rate at which deposits in United States dollars having a maturity of one month are offered to prime banks in the London interbank market by four major banks in the interbank market selected by the Trustee and in a principal amount of not less than U.S. \$1,000,000 and that is representative for a single transaction in such market at such time. The Trustee will request the principal London office of each of such banks to provide a quotation of its rate. If at least two quotations are provided, the One-Month LIBOR will be the arithmetic mean (rounded upwards, if necessary, to the nearest one-hundredth of one percent) of such offered rates. If fewer than two quotations are provided, One-Month LIBOR will be the arithmetic mean (rounded upwards, if necessary, to the nearest one-hundredth of one percent) of the rates quoted at approximately 11:00 a.m., New York City time, on such Determination Date by three major banks in New York, New York selected by the Trustee for loans in United States dollars to leading European banks having a maturity of three months, and in a principal amount of not less than U.S. \$1,000,000; provided that if the banks selected as aforesaid are not quoting as mentioned in this sentence, One Month LIBOR in effect for such Determination Date will be the most recent One-Month LIBOR available. The determination by the Trustee of One-Month LIBOR will (in the absence of manifest error) be final and binding upon the Owners of the Bonds and all other parties.

“*Order*” means a Hold Order, Bid or Sell Order.

“*Potential Owner*” means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in the Auction Bonds in addition to the Auction Bonds currently owned by such Person, if any; provided, however, that for purposes of conducting an Auction, the Auction Agent may consider a Broker-Dealer acting on behalf of its customer as a Potential Owner.

“*Record Date*” means, notwithstanding anything else in the Indenture, while the Bonds bear interest at the Auction Period Rate, the Business Day immediately preceding an Interest Payment Date.

“*Securities Depository*” means, notwithstanding anything else in the Indenture to the contrary, The Depository Trust Company and its successors and assigns or any other securities depository selected by the Corporation.

“*Sell Order*” means an Order to sell Auction Bonds as provided in item (i) of paragraph (b) in the subsection under “**Auction Procedures**” captioned “*Orders by Existing Owners and Potential Owners*” in this **EXHIBIT IV.**

“*SIFMA*” means the Securities Industry and Financial Markets Association, its successors and assigns.

“*SIFMA Municipal Index*” means the SIFMA Municipal Swap Index as of the most recent date for which such index was published or such other weekly, high-grade index comprised of seven-day, Tax-Exempt variable rate demand notes produced by Securities Industry and Financial Markets Association or its successor; provided, however, that, if such index is no longer produced, then “SIFMA Municipal Index” shall mean such other reasonably comparable index selected by the Corporation with the advice of the Remarketing Agent, if any.

“*Submission Deadline*” means 1:00 p.m., New York City time, on each Auction Date not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date in a daily Auction Period, or such other time on such date as shall be specified from time to time by the Auction Agent if directed in writing by the Trustee or the Corporation pursuant to the Auction Agency Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent. Notwithstanding the foregoing, the Auction Agent will follow the Securities Industry and Financial Markets Association’s Early Market Close Recommendations for shortened trading days for the bond markets (the “*SIFMA Recommendation*”) unless the Auction Agent is instructed otherwise in writing by the Trustee or the Corporation. In the event of a SIFMA Recommendation with respect to an Auction Date, the Submission Deadline will be 11:30 a.m., instead of 1:00 p.m., New York City time.

“*Submitted Bid*”, “*Submitted Hold Order*”, “*Submitted Order*” and “*Submitted Sell Order*” have the respective meanings the meaning specified in paragraph (b) of the subsection captioned “*Determination of Auction Period Rate*” under “**Auction Procedures**” in this **EXHIBIT IV**.

“*Substitute Auction Agent*” means the Person with whom the Corporation enters into a Substitute Auction Agency Agreement.

“*Substitute Auction Agency Agreement*” shall mean an auction agency agreement containing terms substantially similar to the terms of the Auction Agency Agreement, whereby a Person having the qualifications required by the Indenture agrees with the Corporation to perform the duties of the Auction Agent under the Indenture in the case of removal or resignation of the preceding Auction Agent.

“*Sufficient Clearing Bids*” means, for a series of Auction Bonds, an Auction for which the number of Units of such Bonds that are the subject of Submitted Bids by Potential Owners specifying one or more rates not higher than the Maximum Rate is not less than the number of Units of such Bonds that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Owners specifying rates higher than the Maximum Rate.

“*Tax-Exempt*” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from the gross income of the holders thereof (other than any holder who is a “substantial user” of facilities financed with such obligations or a “related person” within the meaning of Section 147(a) of the Code) for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

“*Taxable*” means a Bond, the interest on which is not excluded from the gross income of the holder thereof for federal income tax purposes.

“*Ninth Supplemental Indenture*” means the Ninth Supplemental Indenture, dated as of October 1, 2007, between the Corporation and the Trustee.

“*Unit*” has the meaning equal to, with respect to a series of Auction Bonds, the principal amount of the minimum Authorized Denomination for such Bonds.

“*Winning Bid Rate*” means for the Bonds, the lowest rate specified in any Submitted Bid of such series which if calculated by the Auction Agent as the Auction Rate would cause the number of Units of such Bonds that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the number of Units of Available Bonds of such series.

Auction Participants

Existing Owners and Potential Owners

Participants in each Auction will include: Existing Owners and Potential Owners.

By purchasing Auction Bonds, whether in an Auction or otherwise, each prospective purchaser of Auction Bonds or its Broker-Dealer must agree and will be deemed to have agreed to participate in Auctions on the terms described in the Indenture. During an Auction Period, so long as the ownership of the Auction Bonds is maintained in book-entry form by the Securities Depository, an Existing Owner or a Beneficial Owner may sell, transfer or otherwise dispose of an Auction Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker -Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions, such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of Auction Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such Auction Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Owner of the Auction Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition..

The principal amount of the Auction Bonds purchased or sold may be subject to pro-ration procedures on the Auction Date. Each purchase or sale of Auction Bonds on the Auction Date will be made for settlement on the first day of the Auction Period immediately following such Auction Date at a price equal to 100% of the principal amount thereof plus accrued interest. The Auction Agent is entitled to rely upon the terms of any Order submitted to it by a Broker-Dealer.

Auction Agent

Deutsche Bank Trust Company Americas will serve as the initial Auction Agent for the Corporation in connection with Auctions of the Auction Bonds. The Corporation shall enter into the Auction Agency Agreement with Deutsche Bank Trust Company Americas, as the initial Auction Agent. The Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$15,000,000, or (b) a member of NASD having net capital of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the Auction Agency Agreement and a member of or a participant in, the Securities Depository.

Any Person into which the Auction Agent may be merged or converted or with which it may be consolidated or any Person resulting from any merger, conversion, or consolidation to which the Auction Agent shall be a party, or any Person succeeding to all or substantially all of the auction agent business of the Auction Agent shall be the successor of the Auction Agent under the Multi-Mode Annex without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto, except where any instrument of transfer or assignment is required by law to effect such succession, anything in the Multi-Mode Annex to the contrary notwithstanding.

The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Auction Agency Agreement by giving at least ninety (90) days notice to the Corporation and the Trustee. The Auction Agent may be removed at any time by the Corporation by written notice, delivered to the Auction Agent and the Trustee. Upon any such resignation or removal, the Trustee at the direction

of the Corporation, shall appoint a Substitute Auction Agent meeting the requirements set forth in items (a) and (b) of the third sentence of this paragraph. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and Auction Bonds held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties until its successor has been appointed by the Trustee; provided, however, that if a successor Auction Agent has not been appointed within 45 days of the giving of such notice of resignation or removal of the Auction Agent, the Auction Agent may petition a court of competent jurisdiction to appoint a substitute Auction Agent. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving thirty (30) days notice to the Corporation and the Trustee even if a successor Auction Agent has not been appointed.

If the Auction Agent should resign or be removed or be dissolved, or if the property or affairs of the Auction Agent will be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Corporation will use its best efforts to appoint a Substitute Auction Agent.

The Auction Agent is acting as agent for the Corporation in connection with Auctions. In the absence of bad faith or negligence on its part, the Auction Agent will not be liable for any action taken, suffered or omitted or any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and will not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

The Trustee will pay the Auction Agent the Auction Agent Fee in accordance with the Auction Agency Agreement and will reimburse the Auction Agent upon its request for all reasonable expenses, disbursements and advances incurred or made by the Auction Agent in accordance with any provision of the Auction Agency Agreement or the Broker-Dealer Agreements (including the reasonable compensation and the expenses and disbursements of its agents and counsel). Such amounts are payable from the Revenue Account. The Corporation will indemnify and hold harmless the Auction Agent for and against any loss, liability or expense incurred without negligence or bad faith on the Auction Agent's part, arising out of or in connection with its agency under the Auction Agency Agreement and the Broker-Dealer Agreements, including the reasonable costs and expenses (including the reasonable fees and expenses of its counsel) of defending itself against any such claim or liability in connection with its exercise or performance of any of its duties under the Indenture, the Auction Agency Agreement and the Broker-Dealer Agreements and of enforcing this indemnification provision; provided that the Corporation will not indemnify the Auction Agent as described in this paragraph for any fees and expenses incurred by the Auction Agent in the normal course of performing its duties under the Auction Agency Agreement and under the Broker-Dealer Agreements, such fees and expenses being payable as described above; provided, further, however, such indemnification is payable solely from the Pledged Assets.

Broker-Dealer

Upon the issuance of any Bonds bearing interest at Auction Rates, or upon Conversion of any Bonds to an Auction Period, the Corporation shall designate one or more Broker-Dealers, and the Auction Agent shall enter into a Broker-Dealer Agreement with any such Broker-Dealer designated by the Corporation. The Corporation may, from time to time, approve one or more additional persons to serve as Broker-Dealers under Broker-Dealer Agreements. Each Broker-Dealer must (i) be a broker or dealer (each as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth herein, (ii) be a Participant or an affiliate of a Participant, (iii) have a capital surplus of at least \$15,000,000, and (iv) enter into a Broker-Dealer Agreement with the Auction Agent that remains effective. Any Broker-Dealer may be removed at any time, at the request of an Authorized Officer, but there shall, at all times while any Auction Bonds are outstanding, be at least one Broker-Dealer appointed and acting as such.

Existing Owners and Potential Owners may participate in Auctions only by submitting orders (in the manner described below) through a “Broker-Dealer” or any other broker or dealer (each as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth below which (i) is an Agent Member or an affiliate of an Agent Member, (ii) has been selected by the Corporation and (iii) has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective in which the Broker-Dealer agrees to participate in Auctions as described in the Auction Procedures, as from time to time amended or supplemented.

The Broker-Dealers are entitled to a Broker-Dealer Fee, which is payable by the Auction Agent from moneys received from the Trustee.

Auction Procedures

General

Auctions to establish the Auction Period Rate will be held on each Auction Date by application of the Auction Procedures set forth in the Multi-Mode Annex. For a period beginning on the date of initial delivery thereof and ending a specified number of days thereafter, inclusive, each series of Auction Bonds will bear interest at the interest rate for such series determined generally on the Business Day immediately preceding such delivery date. Thereafter, the Auction Date for each series of Auction Bonds will be the Business Day immediately preceding the first day of each related Auction Period, other than: (i) an Auction Period which commences on a Conversion Date; and (ii) each Auction Period commencing after the ownership of the Auction Bonds is no longer maintained in Book-Entry Form. Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed as described below under “*Changes in Auction Period or Auction Date.*”

Orders by Existing Owners and Potential Owners

(a) An Existing Owner may sell, transfer or otherwise dispose of Auction Bonds only (i) pursuant to a Bid or Sell Order placed in an Auction or (ii) to or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions, such Existing Owner, its Broker-Dealer or its Participant advises the Auction Agent of such transfer. Prior to a Conversion Date, Auctions for each series of Auction Bonds will be conducted on each Auction Date for such series, if there is an Auction Agent on such Auction Date, in the following manner (such procedures apply separately to each series of Auction Bonds).

(b) Prior to the Broker-Dealer Deadline for each series of Auction Bonds on each Auction Date:

- (i) each Existing Owner of Auction Bonds may submit to a Broker-Dealer in writing or by such other method as is reasonably acceptable to the Broker-Dealer one or more Orders as to: (i) the principal amount of Auction Bonds, if any, held by such Existing Owner which such Existing Owner commits to continue to hold for the next succeeding Auction Period (a “*Hold Order*”) without regard to the Auction Period Rate; (ii) the principal amount of Auction Bonds, if any, which such Existing Owner commits to continue to hold for the next succeeding Auction Period if the Auction Period Rate for the next succeeding Auction Period is not less than the rate per annum specified in such Order (and if the Auction Period Rate is less than such specified rate, the Order shall constitute an offer to sell such Outstanding Auction Bonds on the first Business Day of the next succeeding Auction Period (a “*Bid*”); (iii) the principal amount of Auction Bonds, if any, held by such Existing Owner which such Existing Owner offers to sell on the first Business Day of the next succeeding Auction Period (or on the same day in

the case of a Daily Auction Period) without regard to the Auction Period Rate for the next succeeding Auction Period (a “*Sell Order*”); and

- (ii) each Potential Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, an Order as to the principal amount of Auction Bonds, which each such Potential Owner offers to purchase if the Auction Period Rate for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Owner (also a “*Bid*”).

(c) Each Hold Order, Bid and Sell Order will be an “*Order*.” Each Existing Owner and each Potential Owner placing an Order is referred to as a “*Bidder*.”

(d) No Auction Desk of a Broker-Dealer shall accept as an Order a submission (whether received from an Existing Owner or a Potential Owner or generated by the Broker-Dealer for its own account) which does not conform to the requirements of the Auction Procedures, including, but not limited to, submissions which are not in Authorized Denominations, specify a rate which contains more than three figures to the right of the decimal point or specify an amount greater than the amount of Outstanding Auction Bonds. No Auction Desk of a Broker-Dealer shall accept a Bid or Sell Order which is conditioned on being filled in whole or a Bid which does not specify a specific interest rate.

(e) A Bid by an Existing Owner will constitute an offer to sell on the first Business Day of the next succeeding Auction Period (or the same day in the case of a Daily Auction Period): (i) the principal amount of Auction Bonds specified in such Bid if the Auction Period Rate for the next succeeding Auction Period will be less than the rate specified in such Bid, (ii) such principal amount or a lesser principal amount of Auction Bonds to be determined as described below under “*Acceptance and Rejection of Orders*,” if the Auction Period Rate for the next succeeding Auction Period will be equal to the rate specified in such Bid or (iii) a lesser principal amount of Auction Bonds to be determined as described below under “*Acceptance and Rejection of Orders*,” if the rate specified therein will be higher than the Maximum Rate and Sufficient Clearing Bids (as defined below) do not exist.

(f) A Sell Order by an Existing Owner will constitute an offer to sell: (i) the principal amount of Auction Bonds specified in such Sell Order or (ii) such principal amount or a lesser principal amount of Auction Bonds as described below under “*Acceptance and Rejection of Orders*,” if Sufficient Clearing Bids do not exist.

(g) A Bid by a Potential Owner will constitute an offer to purchase: (i) the principal amount of Auction Bonds specified in such Bid if the Auction Period Rate for the next succeeding Auction Period will be higher than the rate specified in such Bid or (ii) such principal amount or a lesser principal amount of Outstanding Auction Bonds as described below in “*Acceptance and Rejection of Orders*,” if the Auction Period Rate for the next succeeding Auction Period is equal to the rate specified in such Bid.

(h) Notwithstanding anything in the Auction Procedures to the contrary,

- (i) If an Order or Orders covering all of the Auction Bonds of a particular series held by an Existing Owner is not submitted to the Broker-Dealer of record for such Existing Owner prior to the Broker-Dealer Deadline, such Broker-Dealer shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of Auction Bonds held by such Existing Owner and not subject to Orders submitted to such Broker-Dealer; provided, however, that if there is a change from one Auction Period to a longer Auction Period and Orders have not been submitted to such Broker-Dealer prior to the Broker-Dealer Deadline covering the aggregate principal amount of Auction Bonds of a particular series to be converted held by such Existing Owner, such Broker-Dealer shall deem a Sell Order to have been submitted on behalf of such Existing Owner covering the

principal amount of Auction Bonds to be converted held by such Existing Owner not subject to Orders submitted to such Broker-Dealer;

- (ii) for purposes of any Auction, any Order by any Existing Owner or Potential Owner shall be revocable until the Broker-Dealer Deadline, and after the Broker-Dealer Deadline, all such Orders shall be irrevocable, except as provided in connection with (a) the correction of a Clerical Error prior to the Submission Deadline and (b) the correction of a Clerical Error after the Submission Deadline and prior to the Error Correction Deadline; and
- (iii) for purposes of any Auction, any Auction Bonds sold or purchased pursuant to the immediately preceding three paragraphs (e), (f) and (g) shall be sold or purchased at a price equal to 100% of the principal amount thereof, plus, unless the purchase date shall be an Interest Payment Date, accrued interest to the date of purchase.

Submission of Orders by Broker-Dealers to Auction Agent

(a) Each Broker-Dealer shall submit to the Auction Agent in writing, or by such Electronic Means as shall be reasonably acceptable to the Auction Agent, prior to the Submission Deadline on each Auction Date for Auction Bonds of a series, all Orders with respect to Auction Bonds of such series accepted by such Broker-Dealer in accordance with the Auction Procedures and specifying with respect to each Order or aggregation of Orders pursuant to the next succeeding paragraph: (i) the name of the Broker-Dealer; (ii) the number of Bidders placing Orders, if requested by the Auction Agent; (iii) the aggregate number of Units of Auction Bonds of such series, if any, that are the subject of such Order, where each Unit is equal to the principal amount of the minimum Authorized Denomination of the Auction Bonds; (iv) to the extent that such Bidder is an Existing Owner, (a) the number of Units of Auction Bonds of such series, if any, subject to any Hold Order placed by such Existing Owner; (b) the number of Units of Auction Bonds of such series, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and (c) the number of Units of Auction Bonds of such series, if any, subject to any Sell Order placed by such Existing Owner; and (v) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

(b) If more than one Bid is submitted to a Broker-Dealer on behalf of any single Potential Owner, the Broker-Dealer shall aggregate each Bid on behalf of such Potential Owner submitted with the same rate and consider such Bids as a single Bid and shall consider each Bid submitted with a different rate a separate Bid with the rate and the number of Units of Auction Bonds specified therein. A Broker-Dealer may aggregate the Orders of different Potential Owners with those of other Potential Owners on whose behalf the Broker-Dealer is submitting Orders and may aggregate the Orders of different Existing Owners with other Existing Owners on whose behalf the Broker-Dealer is submitting Orders; provided, however, Bids may only be aggregated if the interest rates on the Bids are the same.

(c) None of the Corporation, the Trustee or the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

(d) Furthermore, nothing contained in the Auction Procedures shall preclude a Broker-Dealer from placing an Order for some or all of the Auction Bonds for its own account.

(e) Until the Submission Deadline, a Broker-Dealer may withdraw or modify any Order previously submitted to the Auction Agent (i) for any reason if the Order was generated by the Auction Desk of the Broker-Dealer for the account of the Broker-Dealer or (ii) to correct a Clerical Error in the case of any other Order, including Orders from the Broker-Dealer which were not originated by the Auction Desk.

(f) After the Submission Deadline and prior to the Error Correction Deadline, a Broker-Dealer may:

- (i) submit to the Auction Agent an Order received from an Existing Owner, Potential Owner or a Broker-Dealer which is not an Order originated by the Auction Desk, in each case prior to the Broker-Dealer Deadline, or an Order generated by the Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline (provided that in each case the Broker-Dealer has a record of such Order and the time when such Order was received or generated) and not submitted to the Auction Agent prior to the Submission Deadline as a result of (A) an event of force majeure or a technological failure which made delivery prior to the Submission Deadline impossible or, under the conditions then prevailing, impracticable or (B) a Clerical Error on the part of the Broker-Dealer; or
- (ii) modify or withdraw an Order received from an Existing Owner or Potential Owner or generated by the Broker-Dealer (whether generated by the Broker-Dealer's Auction Desk or elsewhere within the Broker-Dealer) for its own account and submitted to the Auction Agent prior to the Submission Deadline or pursuant to clause (i) above, if the Broker-Dealer determines that such Order contained a Clerical Error on the part of the Broker-Dealer.

(g) In the event a Broker-Dealer makes a submission, modification or withdrawal pursuant to the immediately preceding paragraph and the Auction Agent has already run the Auction, the Auction Agent shall rerun the Auction, taking into account such submission, modification or withdrawal. Each submission, modification or withdrawal of an Order so submitted by a Broker-Dealer after the Submission Deadline and prior to the Error Correction Deadline shall constitute a representation by the Broker-Dealer that (A) in the case of a newly submitted Order or portion thereof or revised Order, the failure to submit such Order prior to the Submission Deadline resulted from an event described in clause (i) of the immediately preceding paragraph and such Order was received from an Existing Owner or Potential Owner or is an Order received from the Broker-Dealer that was not originated by the Auction Desk, in each case, prior to the Broker-Dealer Deadline, or generated internally by such Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline or (B) in the case of a modified or withdrawn Order, such Order was received from an Existing Owner, a Potential Owner or the Broker-Dealer which was not originated by the Auction Desk prior to the Broker-Dealer Deadline, or generated internally by such Broker-Dealer's Auction Desk for its own account prior to the Submission Deadline and such Order as submitted to the Auction Agent contained a Clerical Error on the part of the Broker-Dealer and that such Order has been modified or withdrawn solely to effect a correction of such Clerical Error, and in the case of either (A) or (B), as applicable, the Broker-Dealer has a record of such Order and the time when such Order was received or generated. The Auction Agent shall be entitled to rely conclusively (and shall have no liability for relying) on such representation for any and all purposes of the Auction Procedures.

(h) If after the Auction Agent announces the results of an Auction, a Broker-Dealer becomes aware that an error was made by the Auction Agent, the Broker-Dealer shall communicate such awareness to the Auction Agent prior to 5:00 p.m. New York City time on the Auction Date (or 2:00 pm. New York City time in the case of Auction Bonds in a Daily Auction Period). If the Auction Agent determines there has been such an error (as a result of either a communication from a Broker-Dealer or its own discovery) prior to 3:00 p.m. New York City time on the first day of the Auction Period with respect to which such Auction was conducted, the Auction Agent shall correct the error and notify each Broker-Dealer that submitted Bids or held a position in Bonds in such Auction of the corrected results.

(i) Nothing contained in the Auction Procedures shall preclude the Auction Agent from:

- (i) advising a Broker-Dealer prior to the Submission Deadline that it has not received Sufficient Clearing Bids for the Auction Bonds; provided, however, that if the Auction Agent so advises any Broker-Dealer, it shall so advise all Broker-Dealers; or
- (ii) verifying the Orders of a Broker-Dealer prior to or after the Submission Deadline; provided, however, that if the Auction Agent verifies the Orders of any Broker-Dealer, it shall verify the Orders of all Broker-Dealers requesting such verification.

Treatment of Orders by the Auction Agent

(a) Anything in the Auction Procedures to the contrary notwithstanding:

- (i) If the Auction Agent receives an Order which does not conform to the requirements of the Auction Procedures, the Auction Agent may contact the Broker-Dealer submitting such Order until one hour after the Submission Deadline and inform such Broker-Dealer that it may resubmit such Order so that it conforms to the requirements of the Auction Procedures. Upon being so informed, such Broker-Dealer may correct and resubmit to the Auction Agent any such Order that, solely as a result of a Clerical Error on the part of such Broker-Dealer, did not conform to the requirements of the Auction Procedures when previously submitted to the Auction Agent. Any such resubmission by a Broker-Dealer shall constitute a representation by such Broker-Dealer that the failure of such Order to have so conformed was solely as a result of a Clerical Error on the part of such Broker-Dealer. If the Auction Agent has not received a corrected conforming Order within one hour and fifteen minutes of the Submission Deadline, the Auction Agent shall, if and to the extent applicable, adjust or apply such Order, as the case may be, in conformity with the provisions of the following paragraphs (b), (c) or (d) and, if the Auction Agent is unable to so adjust or apply such Order, the Auction Agent shall reject such Order.
- (ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).
- (iii) If one or more Orders covering in the aggregate more than the number of Units of Outstanding Auction Bonds of a particular series are submitted by a Broker-Dealer to the Auction Agent, such Orders shall be considered valid in the following order of priority:
 - (A) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the number of Units of Auction Bonds of such series for which such Broker-Dealer is the Broker-Dealer of record;
 - (B)
 - (1) any Bid of a Broker-Dealer shall be considered valid as a Bid of an Existing Owner up to and including the excess of the number of Units of Auction Bonds of such series for which such Broker-Dealer is the Broker-Dealer of record over the number of Units of the Auction Bonds of such series subject to Hold Orders referred to in clause (A) above;
 - (2) subject to clause (1) above, all Bids of a Broker-Dealer with the same rate shall be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the number of Units of Auction Bonds of such series for which such Broker-Dealer is the Broker-Dealer of

record over the number of Units of Auction Bonds of such series for which such Broker-Dealer is the Broker-Dealer of record subject to Hold Orders referred to in clause (A) above;

(3) subject to clause (1) above, if more than one Bid with different rates is submitted by a Broker-Dealer, such Bids shall be considered Bids of an Existing Owner in the ascending order of their respective rates up to the amount of the excess of the number of Units of Auction Bonds of such series for which such Broker-Dealer is the Broker-Dealer of record over the number of Units of Auction Bonds of such series for which such Broker-Dealer is the Broker-Dealer of record subject to Hold Orders referred to in clause (A) above; and

(4) the number of Units, if any, of such Auction Bonds of such series subject to Bids not considered to be Bids for which such Broker-Dealer is the Broker-Dealer of record under this clause (B) shall be treated as the subject of a Bid by a Potential Owner;

(C) all Sell Orders shall be considered Sell Orders, but only up to and including the number of Units of Auction Bonds of such series equal to the excess of the number of Units of Auction Bonds of such series for which such Broker-Dealer is the Broker-Dealer of record over the sum of the number of Units of the Auction Bonds of such series considered to be subject to Hold Orders pursuant to clause (A) above and the number of Units of Auction Bonds of such series considered to be subject to Bids for which such Broker-Dealer is the Broker-Dealer of record pursuant to clause (B) above.

- (iv) If any Order is for other than an integral number of Units, then the Auction Agent shall round the amount down to the nearest number of whole Units, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such number of Units.
- (v) For purposes of any Auction other than during a Daily Auction Period, if an Auction Agent has been notified by the Trustee or the Corporation that any portion of an Order by a Broker-Dealer relates to an Auction Bond which has been called for redemption on or prior to the first Business Day following the Auction Period next succeeding such Auction, the Order shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted.
- (vi) For purposes of any Auction other than during a Daily Auction Period, no portion of an Auction Bond which the Auction Agent has been notified by the Trustee or the Corporation has been called for redemption on or prior to the first Business Day following the Auction Period next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction.
- (vii) If an Order or Orders covering all of the Auction Bonds of a particular series is not submitted by a Broker-Dealer of record prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Broker-Dealer covering the number of Units of Auction Bonds for which such Broker-Dealer is the Broker-Dealer of record and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a change from one Auction Period to a longer Auction Period and Orders have not been submitted

by such Broker-Dealer prior to the Submission Deadline covering the number of Units of Auction Bonds of a particular series to be converted for which such Broker-Dealer is the Broker-Dealer of record, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Broker-Dealer covering the number of Units of Auction Bonds to be converted for which such Broker-Dealer is the Broker-Dealer of record not subject to Orders submitted by such Broker-Dealer.

Determination of Auction Period Rate

(a) If requested by the Trustee or a Broker-Dealer, not later than 10:30 a.m., New York City time (or such other time as may be agreed to by the Auction Agent and all Broker-Dealers), on each Auction Date for each series of Auction Bonds, the Auction Agent shall advise such Broker-Dealer (and thereafter confirm to the Trustee, if requested) of the All Hold Rate, the Index and, if the Maximum Rate is not a fixed interest rate, the Maximum Rate. Such advice, and confirmation, shall be made by telephone or other Electronic Means acceptable to the Auction Agent.

(b) Promptly after the Submission Deadline for each series of Auction Bonds on each Auction Date, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a “Submitted Hold Order,” a “Submitted Bid” or a “Submitted Sell Order,” as the case may be, and collectively as a “Submitted Order”) and shall determine (i) the Available Auction Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Period Rate.

(c) In the event the Auction Agent shall fail to calculate or, for any reason, fails to provide the Auction Period Rate on the Auction Date, for any Auction Period,

(i) if the preceding Auction Period was a period of 35 days or less, (A) a new Auction Period shall be established for the same length of time as the preceding Auction Period, if the failure to make such calculation was because there was not at the time a duly appointed and acting Auction Agent or Broker-Dealer, and the Auction Period Rate for the new Auction Period shall be the percentage of the Index set forth in (g) below if the Index is ascertainable on such date (by the Auction Agent, if there is at the time an Auction Agent, or the Trustee, if at the time there is no Auction Agent) or, or (B) if the failure to make such calculation was for any other reason or if the Index is not ascertainable on such date, the prior Auction Period shall be extended to the seventh day following the day that would have been the last day of the preceding Auction Period (or if such seventh day is not followed by a Business Day then to the next succeeding day that is followed by a Business Day) and the Auction Period Rate for the period as so extended shall be the same as the Auction Period Rate for the Auction Period prior to the extension, and

(ii) if the preceding Auction Period was a period of greater than 35 days, (A) a new Auction Period shall be established for a period that ends on the seventh day following the day that was the last day of the preceding Auction Period, (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) if the failure to make such calculation was because there was not at the time a duly appointed and acting Auction Agent or Broker-Dealer, and the Auction Period Rate for the new Auction Period shall be the percentage of the Index set forth in (g) below if the Index is ascertainable on such date (by the Auction Agent, if there is at the time an Auction Agent, or the Trustee, if at the time there is no Auction Agent) or, (B) if the failure to make such calculation was for any other reason or if the Index is not ascertainable on

such date, the prior Auction Period shall be extended to the seventh day following the day that would have been the last day of the preceding Auction Period (or if such seventh day is not followed by a Business Day then to the next succeeding day that is followed by a Business Day) and the Auction Period Rate for the period as so extended shall be the same as the Auction Period Rate for the Auction Period prior to the extension. In the event a new Auction Period is established as set forth in clause (ii) (A) above, an Auction shall be held on the last Business Day of the new Auction Period to determine an Auction Period Rate for an Auction Period beginning on the Business Day immediately following the last day of the new Auction Period and ending on the date on which the Auction Period otherwise would have ended had there been no new Auction Period or Auction Periods subsequent to the last Auction Period for which a Winning Bid Rate had been determined. In the event an Auction Period is extended as set forth in clause (i) (B) or (ii) (B) above, an Auction shall be held on the last Business Day of the Auction Period as so extended to determine an Auction Period Rate for an Auction Period beginning on the Business Day immediately following the last day of the extended Auction Period and ending on the date on which the Auction Period otherwise would have ended had there been no extension of the prior Auction Period.

Notwithstanding the foregoing, neither new nor extended Auction Periods shall total more than 35 days in the aggregate. If at the end of the 35 days the Auction Agent fails to calculate or provide the Auction Period Rate, or there is not at the time a duly appointed and acting Auction Agent or Broker-Dealer, the Auction Period Rate shall be the Maximum Rate.

(d) In the event of a failed Conversion from an Auction Period to any other Rate Period or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Period Rate for the next Auction Period shall be the Maximum Rate and the Auction Period shall be a seven-day Auction Period.

(e) If the Auction Bonds are no longer maintained in book-entry-only form by the Securities Depository, then the Auctions shall cease and the Auction Period Rate shall be the Maximum Rate.

(f) The percentage of the Index paragraph (c) above is 100% for any Tax-Exempt Auction Bond and 150% for any Taxable Auction Bond.

Allocation of Auction Bonds

(a) In the event of Sufficient Clearing Bids for a series of Auction Bonds, subject to the further provisions of paragraphs (c) and (d) of this subsection below, Submitted Orders for each series of Auction Bonds shall be accepted or rejected as follows in the following order of priority:

- (i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Bonds that are the subject of such Submitted Hold Order;
- (ii) the Submitted Sell Order of each Existing Owner shall be accepted and the Submitted Bid of each Existing Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Owner to sell the Auction Bonds that are the subject of such accepted Submitted Sell Order or Submitted Bid;

- (iii) the Submitted Bid of each Existing Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Bonds that are the subject of such Submitted Bid;
- (iv) the Submitted Bid of each Potential Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Auction Bonds that are the subject of such Submitted Bid;
- (v) the Submitted Bid of each Existing Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Bonds that are the subject of such Submitted Bid, but only up to and including the number of Units of Auction Bonds obtained by multiplying (A) the aggregate number of Units of Outstanding Auction Bonds which are not the subject of Submitted Hold Orders described in clause (i) above or of Submitted Bids described in clauses (iii) or (iv) above by (B) a fraction the numerator of which shall be the number of Units of Outstanding Auction Bonds held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the aggregate number of Units of Outstanding Auction Bonds subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate, and the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Owner to sell any excess amount of Auction Bonds;
- (vi) the Submitted Bid of each Potential Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Auction Bonds that are the subject of such Submitted Bid, but only in an amount equal to the number of Units of Auction Bonds obtained by multiplying (A) the aggregate number of Units of Outstanding Auction Bonds which are not the subject of Submitted Hold Orders described in clause (i) above or of Submitted Bids described in clauses (iii), (iv) or (v) above by (B) a fraction the numerator of which shall be the number of Units of Outstanding Auction Bonds subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate number of Units of Outstanding Auction Bonds subject to such Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and
- (vii) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids for a series of Auction Bonds, Submitted Orders for each series of Auction Bonds shall be accepted or rejected as follows in the following order of priority:

- (i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Bonds that are the subject of such Submitted Hold Order;
- (ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Auction Bonds that are the subject of such Submitted Bid;

- (iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Rate shall be accepted, thus requiring each such Potential Owner to purchase the Auction Bonds that are the subject of such Submitted Bid;
- (iv) the Submitted Sell Orders of each Existing Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Rate shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the number of Units of Auction Bonds obtained by multiplying (A) the aggregate number of Units of Auction Bonds subject to Submitted Bids described in clause (iii) of this paragraph (b) by (B) a fraction the numerator of which shall be the number of Units of Outstanding Auction Bonds held by such Existing Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the number of Units of Outstanding Auction Bonds subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Owner shall be required to continue to hold such excess amount of Auction Bonds; and
- (v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Rate shall be rejected.

(c) If, as a result of the undertakings described in either of the two immediately preceding paragraphs (a) or (b), any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of Auction Bonds that are not an integral multiple of an Authorized Denomination on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, round up or down the principal amount of the Auction Bonds to be purchased or sold by any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of Auction Bonds purchased or sold by each Existing Owner or Potential Owner on such Auction Date shall be an integral multiple of such Authorized Denomination, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any Auction Bonds on such Auction Date.

(d) If, as a result of the undertakings described in the preceding paragraph (a), any Potential Owner would be required to purchase less than an Authorized Denomination in principal amount of Auction Bonds on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate the Auction Bonds for purchase among Potential Owners so that the principal amount of Auction Bonds purchased on such Auction Date by any Potential Owner shall be an integral multiple of such Authorized Denomination, even if such allocation results in one or more of such Potential Owners not purchasing Auction Bonds on such Auction Date.

Notice of Auction Period Rate

(a) On each Auction Date, the Auction Agent shall notify each Broker-Dealer that participated in the Auction held on such Auction Date by Electronic Means acceptable to the Auction Agent and the applicable Broker-Dealer of the following, with respect to each series of Auction Bonds for which an Auction was held on such Auction Date:

- (i) the Auction Period Rate determined on such Auction Date for the succeeding Auction Period;
- (ii) whether Sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

- (iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected and the number of Units of Auction Bonds, if any, to be sold by such Existing Owner;
- (iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected and the number of Units of Auction Bonds, if any, to be purchased by such Potential Owner;
- (v) if the aggregate number of Units of the Auction Bonds to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate number of Units of Auction Bonds to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the number of Units of Auction Bonds to be (A) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids; and
- (vi) the immediately succeeding Auction Date.

(b) On each Auction Date, with respect to each series of Auction Bonds for which an Auction was held on such Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall: (i) if requested by an Existing Owner or a Potential Owner, advise such Existing Owner or Potential Owner on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Period Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of such Owner was accepted or rejected and (C) the immediately succeeding Auction Date; (ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the number of Units of Auction Bonds to be purchased pursuant to such Bid (including accrued interest if the purchase date is not an Interest Payment Date for such Auction Bonds) against receipt of such Auction Bonds; and (iii) instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected in whole or in part, to instruct such Existing Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the number of Units of Auction Bonds to be sold pursuant to such Bid or Sell Order against payment therefor.

(c) The Auction Agent shall give notice of the Auction Period Rate to the Corporation and Trustee by mutually acceptable Electronic Means and the Trustee shall promptly give notice of such Auction Period Rate to the Securities Depository.

Index

(a) If for any reason on any Auction Date the Index shall not be determined as provided in the definition thereof, the Index shall be the Index for the Auction Period ending on such Auction Date.

(b) The determination of the Index as provided in the definition thereof and herein shall be conclusive and binding upon the Corporation, the Trustee, the Broker-Dealers, the Auction Agent and the Owners of the Auction Bonds.

Miscellaneous Provisions Regarding Auctions

(a) In this **EXHIBIT IV**, each reference to the purchase, sale or holding of Auction Bonds shall refer to beneficial interests in Auction Bonds, unless the context clearly requires otherwise.

(b) During an Auction Period with respect to each series of Auction Bonds, the provisions of the Indenture, including the Third Supplemental Indenture, and the definitions contained therein and described in this **EXHIBIT IV**, including without limitation the definitions of All Hold Rate, Index, Interest Payment Date, Maximum Rate, Auction Period Rate and Auction Rate, may be amended pursuant to the Indenture by obtaining the consent of the Owners of all affected Outstanding Auction Bonds bearing interest at the Auction Period Rate as follows. If on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed notice of such proposed amendment to the registered Owners of the affected Outstanding Auction Bonds as required by the Indenture, (i) the Auction Period Rate which is determined on such date is the Winning Bid Rate or the All Hold Rate and (ii) there is delivered to the Corporation and the Trustee an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the validity of the Auction Bonds or any exemption from federal income taxation to which the interest on the Auction Bonds would otherwise be entitled, the proposed amendment shall be deemed to have been consented to by the registered Owners of all affected Outstanding Auction Bonds bearing interest at an Auction Period Rate.

(c) If the Securities Depository notifies the Corporation or the Trustee that it is unwilling or unable to continue as registered Owner of the Auction Bonds, or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Securities Depository is not appointed by the Corporation within 90 days after the Corporation receives notice or becomes aware of such condition, as the case may be, the Auctions shall cease and the Corporation shall execute and the Trustee shall authenticate and deliver certificates representing the Auction Bonds. Such Auction Bonds shall be registered in such names and Authorized Denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct the Corporation and the Trustee.

(d) During an Auction Period, so long as the ownership of the Auction Bonds is maintained in Book-Entry Form by the Securities Depository, an Existing Owner or a Beneficial Owner may sell, transfer or otherwise dispose of an Auction Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant to Auctions, such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of Auction Bonds from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such Auction Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Owner of the Auction Bonds so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Changes in Auction Period or Auction Date

(a) *Changes in Auction Period.*

- (i) During any Auction Period, the Corporation, may, from time to time on the Business Day immediately following the end of any Auction Period, change the length of the Auction Period with respect to all of the Auction Bonds of a series among a daily, seven-day, 28-day, 35-day, three month, six month or flexible Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by such Auction Bonds. The Corporation shall initiate the change in the length of the Auction Period by giving written notice to the Trustee, the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 Business Days prior to the Auction Date for such Auction Period.

- (ii) Any such changed Auction Period shall be for a period of one day, seven days, 28 days, 35 days, three months, six months or a flexible Auction Period and shall be for all of the Auction Bonds of such series.
- (iii) The change in length of the Auction Period shall take effect only if the Auction Period Rate which is determined on such date is the Winning Bid Rate or the All Hold Rate. For purposes of the Auction for such new Auction Period only, except to the extent any Existing Owner submits an Order with respect to such Auction Bonds of any series, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its Auction Bonds of such series if the change is to a longer Auction Period and a Hold Order if the change is to a shorter Auction Period. If the Auction Period Rate which is determined on such date is not the Winning Bid Rate or the All Hold Rate, the Auction Period Rate for the new Auction Period shall be the Maximum Rate, and the Auction Period shall be a seven-day Auction Period.

(b) *Changes in Auction Date.* During any Auction Period, the Auction Agent, at the direction of the Corporation, may specify an earlier or later Auction Date (but in no event more than five Business Days earlier or later) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne by the Auction Bonds. The Auction Agent shall provide notice of the Corporation's direction to specify an earlier Auction Date for an Auction Period by means of a written notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, the Corporation and the Broker-Dealers with a copy to the Securities Depository. In the event the Auction Agent is instructed to specify an earlier Auction Date, the days of the week on which an Auction Period begins and ends, the day of the week on which a Flexible Auction Period ends and, for Taxable Auction Bonds, the Interest Payment Date relating to the Flexible Auction Period shall be adjusted accordingly.

(c) *Changes Resulting from Unscheduled Holidays.* If, in the opinion of the Auction Agent and the Broker-Dealers, there is insufficient notice of an unscheduled holiday to allow the efficient implementation of the Auction Procedures, the Auction Agent and the Broker-Dealers may, as they deem appropriate, set a different Auction Date and adjust any Interest Payment Dates (in the case of Taxable Bonds) and Auction Periods affected by such unscheduled holiday. In the event there is not agreement among the Broker-Dealers, the Auction Agent shall set the different Auction Date and make such adjustments as directed by a majority of the Broker-Dealers, and, if there is not a majority so directing, the Auction Date shall move to the next succeeding Business Day following the scheduled Auction Date which will permit the efficient implementation of the Auction Procedures, and the Interest Payment Date and the Auction Period shall be adjusted accordingly.

Settlement Procedures

The Auction Bonds, upon issuance, will be in Book-Entry Form on the Book-Entry System of DTC. In accordance with DTC's normal procedures, on the Business Day after the Auction Date, the transactions described above will be executed through DTC, so long as DTC is at such time the Securities Depository, and the accounts of the respective Participants at DTC will be debited and credited and the Auction Bonds delivered as necessary to effect the purchases and sales of the Auction Bonds as determined in the Auction. Purchasers are required to make payment through their Participants in same day funds to DTC against delivery through their Participants. DTC will make payment in accordance with its normal procedures, which now provide for payment against delivery by its Participants in immediately available funds.

