New Issue **Book Entry Only**

We are distributing this Official Statement to furnish information on our Series 2006A-1 Bonds. This cover contains certain information for quick reference only. This cover is not a summary of the Series 2006A-1 Bonds. Prospective investors should read the entire Official Statement, including all Appendices, to make an informed investment decision.

$152,545,000
Oklahoma Student Loan Authority
Oklahoma Student Loan Bonds and Notes
Variable Rate Demand Obligations, Series 2006A-1
Price: 100%

Issue: Dated the Date of Issuance. CUSIP Number 679110 DC 7.

Maturity: March 1, 2036, subject to amortization requirements described herein. However, during any Weekly Rate Period, the holder may tender Series 2006A-1 Bonds at the Purchase Price on 7 days' notice.

Denomination: $100,000 or any integral multiple of $5,000 in excess thereof.

Interest Rates and Payment: The interest rate for the initial Weekly Rate Period ending March 21, 2006 will be determined by the offering and sale of the Series 2006A-1 Bonds. Thereafter, the Weekly Rate of interest will be determined as provided herein by the Remarketing Agent. The Weekly Rate will not exceed 12% per annum, except for Bank Bonds.

Interest will be payable semi-annually on each March 1 and September 1, beginning September 1, 2006.

Limited Revenue Obligations: The Series 2006A-1 Bonds are limited revenue obligations payable solely from the Financed Eligible Loans and other assets pledged therefor. Their payment will be secured equally and ratably with several other series of Bonds and Notes. The Series 2006A-1 Bonds are subject to redemption, acceleration and mandatory tender for purchase.

The Series 2006A-1 Bonds are not an obligation of the State of Oklahoma. Neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment of the Series 2006A-1 Bonds.

The Series 2006A-1 Bonds are *not* personal obligations of the trustees of the Authority and are not a general obligation of the Authority. The Authority has no taxing power.

Liquidity Facility: In the event of a tender of Variable Rate Bonds, the Purchase Price payment will be secured by a Standby Bond Purchase Agreement with DEPFA BANK plc, acting through its New York Branch.

Credit Facility: Payment of regularly scheduled principal of, and interest on, the Series 2006A-1 Bonds when due will be secured by a financial guaranty insurance policy issued by MBIA Insurance Corporation. The MBIA insurance policy does not cover payment of the Purchase Price.

Tax Status: In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Series 2006A-1 Bonds is excluded from gross income for federal income tax purposes. However, interest is a specific preference item for purposes of the federal alternative minimum tax. The Series 2006A-1 Bonds and the income therefrom are exempt from taxation in the State of Oklahoma. See "TAX MATTERS" on page 59.

Trustee: Bank of Oklahoma, N.A., Oklahoma City, Oklahoma will act as Trustee and Tender Agent.

Risk Factors: **Consider carefully the information in the "RISK FACTORS" section beginning on page 49.**

Expected Ratings: Delivery is subject to assignment of the municipal bond ratings listed below. See "RATINGS" on page 60.
Moody's Investors Service, Inc.: Aaa/VMIG-1 Standard & Poor's Ratings (S&P): AAA/A-1+

Expected Delivery: On March 15, 2006 in Book-Entry form only through the facilities of The Depository Trust Company, New York, New York.

The Series 2006A-1 Bonds are offered when, as and if issued by the Authority, subject to prior sale and subject to the approval of legality by Kutak Rock LLP, Oklahoma City, Oklahoma, Bond Counsel. Certain legal matters will be passed upon for us by our special counsel, Roderick W. Durrell, Esq., for the Trustee by its counsel, Riggs Abney Neal Turpen Orbison & Lewis PC, Tulsa, Oklahoma, and for the Underwriter by its counsel, McCall, Parkhurst & Horton, L.L.P., San Antonio, Texas.

Banc of America Securities LLC

March 6, 2006

You should rely only on the information contained in this Official Statement or information to which we have referred you. We have not authorized anyone to provide you with information that is different.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy. There will be no sale of the Series 2006A-1 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

MBIA Insurance Corporation, DEPFA BANK plc, the State Guarantee Agency and The Depository Trust Company gave us the respective information to describe themselves. We do not, and the Underwriter does not, guarantee the accuracy or completeness of that information.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Bank of America, N.A., an affiliate of the Underwriter, has a loan purchase and sale commitment agreement in effect with us. In addition, Bank of America, N.A. has in the past engaged, and currently engages, in lending and other commercial banking activities with us.

The information and expressions of opinion herein are subject to change without notice. The delivery of this Official Statement and any sale made hereunder will not, under any circumstances, create any implication that there has been no change in our affairs or the affairs of any other entity described herein after the date hereof.

In connection with this offering, the Underwriter may over allot or effect transactions that stabilize or maintain the market prices of the Series 2006A-1 Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

The Series 2006A-1 Bonds have not been registered with the U. S. Securities and Exchange Commission. The registration, qualification or exemption of the Series 2006A-1 Bonds in accordance with applicable securities law provisions of the jurisdictions in which these securities have been registered, qualified or exempted should not be regarded as a recommendation thereof. These jurisdictions, and their agencies, have not guaranteed or passed on the safety of the Series 2006A-1 Bonds as an investment. Also, they have not passed on the probability of any earnings on the Series 2006A-1 Bonds, or on the accuracy or adequacy of this Official Statement.

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INDEX OF PRINCIPAL TERMS

This Index provides an alphabetical listing of the descriptions of principal terms used in this Official Statement.

Some of the defined terms are summaries or extracts of some of the definitions in the Bond Resolution. **Reference is hereby made to the Bond Resolution for the entire definitions and provisions thereof.** Some of the defined terms are summaries or extracts of definitions in other documents that pertain to the Series 2006A-1 Bonds. **Reference is made to those documents for the entire definitions and provisions thereof.**

A copy of the Bond Resolution, and a copy of those other documents that pertain to the Series 2006A-1 Bonds, is available upon request to the Authority or the Trustee at the addresses shown on page 9 herein.

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SUMMARY STATEMENT

Because this is a summary, it does not contain all the detailed information. You should read all the information in this Official Statement, including the Appendices, carefully before you invest.

Issuer (We, Authority) ....Oklahoma Student Loan Authority, an express trust established for the benefit of the State of Oklahoma. Also, we use our initials, *OSLA*, as an acronym or brand.

We participate in the Federal Family Education Loan Program. We are a loan servicer and secondary market for 39 eligible lenders of the OSLA Student Lending Network. Also, we are an Eligible Lender. Additional information about us is in Appendix C.

The Bonds...The Series 2006A-1 Bonds are being issued as variable rate demand obligations, maturing March 1, 2036.

Interest rates after the initial period will be determined by the Remarketing Agent beginning on March 21, 2006 to be effective March 22, 2006. The pricing mechanics will be repeated generally every 7 days thereafter.

Interest on the Series 2006A-1 Bonds is payable semi-annually on March 1 and September 1, beginning September 1, 2006.

Optional and Mandatory Tender ....While the Series 2006A-1 Bonds bear interest at a Weekly Rate, you may demand that we purchase your Series 2006A-1 Bonds first from remarketing proceeds, and second from funds under a Liquidity Facility, on any Business Day with at least 7 days' notice.

Under certain circumstances, including conversion to a different interest rate mode, substitution of the Liquidity Facility Provider or expiration of the Liquidity Facility term, you must tender your Series 2006A-1 Bonds for purchase.

Trust Estate ....The Series 2006A-1 Bonds are being issued pursuant to a Bond Resolution originally adopted on November 4, 1996, as it has been, or may be in the future, amended and supplemented. The Bond Resolution pledges a Trust Estate to secure all Bonds and Notes issued pursuant to the Bond Resolution.

Other Bonds and Notes are already outstanding under the Bond Resolution. The Prior Bonds have, and any Additional Bonds and Notes issued in the future will have, a claim to the Trust Estate equal to that of the Series 2006A-1 Bonds.

Sources of Revenue and Security .... The Trust Estate securing the Series 2006A-1 Bonds is comprised of the following:

(1) Student loans originated under the Federal Family Education Loan Program that we acquired already, and those we expect to acquire, in the Trust Estate. The student loans may be acquired from bond proceeds or with principal and certain interest repayments on acquired student loans.

(2) Revenues and Recoveries of Principal derived from the student loans, including federal Interest Benefit Payments and Special Allowance Payments paid to us by the U. S. Department of Education.

(3) Monies and investments on deposit in the funds and accounts established under the Bond Resolution.

(4) Our rights in the related Servicing Agreements, Student Loan Purchase Agreements, Authority Guarantee Agreements, Custodian Agreement, Swap Agreements and Swap Counterparty guarantees.

(5) Any other property, rights and interests of any kind provided to the Trustee as additional security for our Obligations.

We are only obligated to pay debt service on the Series 2006A-1 Bonds from the sources identified above. We own other student loans and assets that are not a part of the Trust Estate. Those student loans and assets are *not* pledged to the repayment of the Series 2006A-1 Bonds.

We cannot compel the State of Oklahoma to pay any amounts owed on the Series 2006A-1 Bonds from any source of funds.

Credit Facility ....We will obtain a financial guaranty insurance policy from MBIA as a Credit Facility for the Series 2006A-1 Bonds. The purpose of this Credit Facility is to pay regularly scheduled payments of the principal of, and interest on, the Series 2006A-1 Bonds when due in the event that we are unable to do so with the assets in the Trust Estate.

This Credit Facility does *not* cover payment of the Purchase Price upon an optional or mandatory tender of the Series 2006A-1 Bonds.

Under limited circumstances related to a downgrade of the financial strength ratings of MBIA, we can replace the Series 2006A-1 Credit Facility with an Alternate Credit Facility.

Liquidity Facility...........................The Remarketing Agent, initially Banc of America Securities LLC, continually will use its best efforts to sell any Series 2006A-1 Bonds that are subject to an optional or mandatory tender at the Purchase Price.

If the Remarketing Agent is unable to sell the tendered bonds, DEPFA BANK plc, acting through its New York Branch, has agreed to purchase such bonds, subject to certain conditions, through March 14, 2007 (subject to extension) at the Purchase Price pursuant to a Standby Bond Purchase Agreement that we will enter into with that financial institution.

The obligation of the Series 2006A-1 Liquidity Facility Provider can be suspended or terminated *without* tender rights by the owners of the Series 2006A-1 Bonds in various events such as non-payment by, insolvency or bankruptcy of, a downgrade below investment grade of the ratings of, or a default under certain unrelated financial guaranty insurance policies issued by the Credit Facility Provider.

Under certain conditions we can replace the Series 2006A-1 Liquidity Facility Provider with an Alternate Liquidity Facility.

Policies Affecting Revenue ....Our borrowers can qualify for our TOP™ Interest Rate and Principal Reduction programs, REAP Principal Reduction program and EZ Pay™ Discount.

The TOP program for Stafford and PLUS loans has two types of borrower savings:

- TOP Principal Reduction of 1.00% if the first three payments of principal and interest are made on time; and
- TOP Interest Rate Reduction of 1.50% if the first 12 payments of principal and interest are made on time.

Federal Consolidation Loans that we hold are not eligible for TOP. Under the Higher Education Act, we are required to pay the federal government a rebate of 1.05% of the principal and accrued interest amount of Consolidation Loans that we hold.

The REAP program for Consolidation Loans has a principal reduction of 1.00% if the first six payments of principal and interest are made on time.

The EZ Pay Discount of 0.33% off the loan interest rate is available to all FFEL Program borrowers who make their payments by automatic debit of their financial institution account.

Zero "O" Fees – Many national lenders competing with the members of the OSLA Student Lending Network lenders are offering to pay a Stafford Loan borrower's loan origination fee that is charged by the U. S. Department of Education. This payment generally is for loans made in the Academic Year 2006-07. This offer to Stafford Loan borrowers is a so-called "*Zero O Fee*" plan. In order to maintain competitiveness, we have offered to share the cost of offering the Zero O Fee plan with participating OSLA Student Lending Network lenders. Many members of the OSLA Student Lending Network will offer Zero O Fees to their borrowers.

Debt Service Reserve Account Requirement .... The Debt Service Reserve Account Requirement under the Bond Resolution is 1% of the aggregate principal amount of the Prior Bonds Outstanding, and 0.5% of the principal amount of the Series 2006A-1 Bonds. The minimum reserve requirement for the Trust Estate is $500,000. These amounts are subject to change to such lesser or greater percentages or amounts permitted in writing by the Credit Facility Provider with confirmation that the Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the change.

This requirement for the Prior Bonds has been met by the issuance of four separate Surety Bonds by MBIA. The requirement for the Series 2006A-1 Bonds will be met by a Series 2006A-1 Reserve Account Surety Bond in the amount of $762,725 to be issued by MBIA and paid for from Series 2006A-1 Bond proceeds.

Student Loan Insurance, Guarantee and Reinsurance .... All student loans we acquired with proceeds of Prior Bonds, and those we intend to acquire with proceeds of the Series 2006A-1 Bonds, are covered by a Guarantee of at least 98% (or the highest percentage allowed by law, which will be 97% beginning July 1, 2006) of principal and accrued interest.

Exceptional Performance Designation – The U. S. Department of Education awarded us a designation as an Exceptional Performer on December 9, 2005. Consequently, claims filed by us beginning January 1, 2006, are guaranteed 100% (99% beginning July 1, 2006 under recently enacted budget legislation) until otherwise notified by USDE. We are required to submit ongoing quarterly compliance audits of servicing activities to maintain the Exceptional Performance designation.

We must perform specific due diligence activities in the servicing and collection of loans, from receipt of the loan application and continuing throughout the life of the loan, in order to maintain the Guarantee of the loan.

Guarantee claims paid by a Guarantee Agency are reinsured to the guarantor by the Secretary of the U.S. Department of Education on a scale ranging from 75% to 100% depending on various factors.

Approximately 90% of our student loans are guaranteed by the State Guarantee Agency. Additional information about the State Guarantee Agency is in Appendix E.

Redemption and Acceleration........We may, and under certain circumstances must, prepay your Series 2006A-1 Bonds prior to maturity as a result of optional or mandatory redemption or acceleration as described herein.

For information on redemption and acceleration of principal, see the section "DESCRIPTION OF THE SERIES 2006A-1 BONDS – Redemption Provisions".

Additional Bonds, Notes and other Obligations...................We may issue Additional Bonds and Notes to enable us to acquire additional student loans or to refinance previously issued Bonds and Notes if we meet certain conditions. The conditions to issue Additional Bonds and Notes include: (1) a written verification from each Rating Agency that the Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to such issuance; and (2) the written consent of the Credit Facility Provider.

The issuance of Additional Bonds and Notes may reduce the ratio of assets to Bonds and Notes Outstanding, depending on the amount issued and the amount of costs of issuance and other amounts paid from the proceeds of the Additional Bonds and Notes.

We also may enter into interest rate swaps that may require payment to the swap provider from the Trust Estate assets.

Releases from the Trust Estate to Us ....Under certain conditions, excess assets in the Trust Estate can be transferred to us by the Trustee. Among the conditions for a release are: (1) that the Trustee receives a Cash Flow Certificate based upon assumptions that are consistent with criteria approved by the Credit Facility Provider that the anticipated Revenues and Recoveries of Principal will be at least sufficient to pay all debt service, Servicing Fees, Program Expenses and Administrative Expenses on all Obligations; and (2) that after the transfer, the Aggregate Market Value of the assets in the Trust Estate will be at least equal to 103% of the unpaid principal amount of the Bonds and Notes Outstanding.

Loan Servicing ....We have serviced education loans since 1994. Currently, we service education loans using the OSLA Student Loan Servicing System, including software licensed from IFA Systems.

We started using the OSLA Student Loan Servicing System in-house on January 28, 2002 and converted our existing loan portfolio to the OSLA Student Loan Servicing System as of March 1, 2002.

Exceptional Performance status was designated for us, as a loan servicer, by the U. S. Department of Education on December 9, 2005 for claims submitted on or after January 1, 2006, until otherwise notified by USDE. In order to maintain that status, we are required to submit ongoing quarterly compliance audits of certain servicing activities to demonstrate that we comply with the requirements for Exceptional Performer status.

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OKLAHOMA STUDENT LOAN AUTHORITY

$152,545,000
Oklahoma Student Loan Bonds and Notes
Variable Rate Demand Obligations, Series 2006A-1

INTRODUCTION

General

We are an express trust established in 1972 for the benefit of the State of Oklahoma. We are distributing this Official Statement to furnish information regarding our *Series 2006A-1 Bonds* described above.

The Series 2006A-1 Bonds will be issued as Additional Bonds and Notes pursuant to the provisions of the Act and the Series 1996A Bond Resolution adopted by the trustees of the Authority on November 4, 1996 (the "*Series 1996A Bond Resolution*"). The Series 1996A Bond Resolution has been supplemented and amended numerous times. The Series 1996A Bond Resolution was further supplemented and amended by a Series 2006A-1 Supplemental Bond Resolution adopted February 21, 2006 (the "*Series 2006A-1 Supplemental Resolution*"). The Series 1996A Bond Resolution, as supplemented and amended, is referred to herein as the "*Bond Resolution*".

The Series 2006A-1 Bonds will be issued on parity with certain Bonds and Notes previously issued and outstanding under the Bond Resolution. Bonds and Notes previously issued and outstanding under the Bond Resolution are referred to herein as *"Prior Bonds."* The Prior Bonds are summarized under the caption "INTRODUCTION — Prior Bonds".

All of the Prior Bonds are supported by separate financial guaranty insurance policies issued by MBIA Insurance Corporation ("*MBIA*"), Armonk, New York. MBIA also will issue a financial guaranty insurance policy (the "*Series 2006A-1 Credit Facility*") insuring the payment of regularly scheduled principal of and interest on the Series 2006A-1 Bonds when due as further described under the caption "THE SERIES 2006A-1 CREDIT FACILITY". We will also enter into the Insurance Agreement with MBIA pertaining to the reimbursement and indemnification, solely from the Trust Estate, of certain payments made by, and certain other amounts that may be due to, MBIA and the custody and safekeeping by us of documents pertaining to Financed Eligible Loans.

The Series 2006A-1 Bonds initially will bear interest at a Weekly Rate with certain optional tender rights and mandatory tender requirements. Banc of America Securities LLC is the initial Remarketing Agent for the Series 2006A-1 Bonds pursuant to a Remarketing Agreement among the Authority, Bank of Oklahoma, N.A., Oklahoma City, Oklahoma (the *"Trustee"*) and the Remarketing Agent.

Definitions of certain terms used in this Official Statement are included in Appendix A.

The Bond Resolution pledges student loans and other assets described in the Bond Resolution to secure the Bonds and Notes. For the complete definitions and provisions of the Bond Resolution, reference is made to that document. A copy of the Bond Resolution is available during the initial offering period upon request to the *"Underwriter*" –

Banc of America Securities LLC
NC1-027-14-01
214 North Tryon Street, 14th Floor
Charlotte, North Carolina 28255
Attention: Short Term Desk

Telephone: 704-386-9028
Facsimile: 704-388-0393

and thereafter to the Authority or the Trustee at the addresses shown on page 8.

For a description of us, see APPENDIX C — "GENERAL DESCRIPTION OF THE OKLAHOMA STUDENT LOAN AUTHORITY".

Prior Bonds

Upon issuance of the Series 2006A-1 Bonds, it is expected that the following parity Bonds and Notes will be Outstanding under the Bond Resolution:

Series	Tax Status	Amount Outstanding	Issue Date	Final Maturity Date	Interest Rate Mode
2006A-1	Tax-Exempt	$ 152,545,000	03-15-2006*	03-01-2036	Weekly Rate
2005A	Tax-Exempt	65,045,000	03-08-2005	12-01-2034	Weekly Rate
2003A-1	Tax-Exempt	9,670,000	01-31-2003	12-01-2032	Fixed Rate
2003A-2	Tax-Exempt	30,955,000	01-31-2003	12-01-2032	Weekly Rate
2002A-1	Tax-Exempt	40,625,000	01-31-2002	12-01-2031	Weekly Rate
2000A-1	Taxable	50,000,000	08-31-2000	06-01-2030	28-DayAuction
2000A-2	Taxable	25,000,000	08-31-2000	06-01-2030	28-Day Auction
2000A-3	Taxable	25,000,000	08-31-2000	06-01-2030	28-Day Auction
2000A-4	Tax-Exempt	20,945,000	08-31-2000	06-01-2029	Weekly Rate
1998A	Tax-Exempt	33,100,000	07-08-1998	06-01-2028	Weekly Rate
1997A	Tax-Exempt	33,000,000	05-13-1997	12-01-2026	Weekly Rate
1996A	Tax-Exempt	32,580,000	11-08-1996	06-01-2026	Weekly Rate
	Total	$ 518,465,000			

* Expected Delivery Date

Bonds and Notes that may be issued in the future under the Bond Resolution are referred to as "*Additional Bonds and Notes*". Any Additional Bonds and Notes, together with other obligations, such as interest rate swaps, that are payable from the Trust Estate are referred to as "*Additional Obligations*".

Use of Proceeds

We expect to use the proceeds of the Series 2006A-1 Bonds as shown in the Table below:

Uses	Amount
Deposit to Series 2006A-1 Loan Subaccount	$ 75,991,356
Redeem temporary refunding of Series 1994A Bonds	32,200,000
Redeem Series 2005B Note No.1	43,692,057
Costs of Issuance (including Reserve Surety Premium)	661,587
Total	$152,545,000

Initial Collateralization

It is expected that after the application of the proceeds of the Series 2006A-1 Bonds as described herein, the ratio of the Aggregate Market Value of the Trust Estate to the total accrued and unpaid principal of and interest on the Bonds and Notes Outstanding will be approximately 100.92%.

The Bond Resolution does not require that any particular level of collateralization be maintained. However, certain ratios are required for the withdrawal of assets from the Trust Estate.

Issuance of Additional Bonds and Notes in the future could reduce collateralization. However, issuance of Additional Bonds and Notes is subject to several conditions, including verification from each Rating Agency that the issuance of such Additional Bonds and Notes will not cause the existing rating on any of the Outstanding Bonds and Notes to be reduced or withdrawn, and the consent of the Credit Facility Provider.

Financed Eligible Loans

We acquire or make loans in the Federal Family Education Loan Program ("*FFEL Program*") under the Higher Education Act. The education loan promissory notes evidencing the Financed Eligible Loans and related loan documentation will be held by us subject to a security interest granted to the Trustee for the benefit of various parties including the owners of the Bonds and Notes.

Eligible Loans will be guaranteed as provided for in the Higher Education Act. Currently, the guarantee percentage ranges from 98% to 100% of the outstanding principal amount of the loans. However, as a U.S. Department of Education ("*USDE*") designated Exceptional Performer, we are entitled to 100% payment of claim amounts submitted on or after January 1, 2006 provided that we maintain that designation. However, the guarantee percentage for loans disbursed on or after July 1, 2006 will be reduced to a range from 97% to 100%, and beginning July 1, 2006, the Exceptional Performer payment will be reduced to 99%.

We expect that substantially all of the Eligible Loans that will be Financed by original proceeds of the Series 2006A-1 Bonds will be guaranteed at 98%, and that a substantial part of the Eligible Loans financed with recycling amounts will be guaranteed at 97%, although that amount could be reduced in the future. See the section titled "LOAN GUARANTEES" in APPENDIX F.

We have acquired or originated a portfolio of Financed Eligible Loans in the Trust Estate already. We expect to deposit additional Eligible Loans acquired with the proceeds of the Series 2006A-1 Bonds into the Trust Estate by June 1, 2006. However, we are allowed until March 1, 2009, or such earlier or later date directed or allowed by the Credit Facility Provider, to expend the Series 2006A-1 Bond proceeds.

A substantial portion of the Financed Eligible Loans will be Federal Consolidation Loans. Under the Higher Education Act, we are required to pay monthly to the federal government an annualized rebate of 1.05% of the principal and accrued interest amount of Federal Consolidation Loans that we hold. Federal Consolidation Loans made by us are eligible for the Reduction of Eligible Account Principal ("*REAP*") program. REAP provides a non-recurring 1.00% principal reduction if the eligible borrower makes the first six payments of principal and interest on time. Federal Consolidation Loans that we hold are not eligible for the TOP™ Program described below.

Except for Federal Consolidation Loans, substantially all other Eligible Loans will be eligible for our Timely on Payments (*"TOP™"*) program. TOP is the identifying trademark for our behavioral incentive loan program for borrowers who can qualify for savings on their loans in repayment. TOP has two types of borrower savings -

- TOP 1-2-3 Principal Reduction is available under certain conditions if the eligible borrower makes the first three payments of principal and interest on time. Once achieved, the borrower receives a non-recurring reduction of 1.00% of the eligible principal amount.

- TOP Interest Rate Discount is available under certain conditions if the eligible borrower makes the first 12 payments of principal and interest on time. Once achieved, the borrower receives a 1.50% interest rate discount. The interest rate discount is permanent.

In addition, we offer all repayment borrowers our *EZ Pay™ Discount* if they agree to recurring automatic debits to make their monthly loan payments. The EZ Pay Discount plan gives the borrower a 0.33% interest rate discount. The borrower can be disqualified for the EZ Pay Discount under certain circumstances.

To the extent borrowers qualify for our borrower savings programs, Revenues and Recoveries of Principal will be reduced. Based on information provided by us, these programs have been accounted for in the cash flow projections prepared by the Underwriter. See the

information below under the caption "Cash Flow Projections" and the "RISK FACTORS" section for additional information.

Cash Flow Projections

We do not expect to issue the Series 2006A-1 Bonds unless we believe, based on our analysis of cash flow projections, that Revenues and Recoveries of Principal will be sufficient to pay principal of and interest on the Bonds and Notes when due, and also to pay all Servicing Fees, Program Expenses and Administrative Expenses until the final maturity or redemption of the Bonds and Notes.

The Underwriter prepared the cash flow projections for us based on information that we provided to the Underwriter.

The cash flow projections utilize assumptions, that we believe are reasonable, and various limitations or requirements under the Bond Resolution, including:

- the composition of, yield on and prepayment and collection experience for the Eligible Loans;
- the expenses we incur in the FFEL Program;
- the rate of return on monies to be invested in various Funds and Accounts;
- borrower savings programs that we offer;
- the occurrence of future events and conditions; and
- Recycling of principal payments into new Eligible Loans during the time period allowed for Recycling.

While such assumptions are and will be derived from our experience in the administration of the FFEL Program, actual circumstances can and most likely will differ from the assumptions. Such differences may be material.

See APPENDIX D – "LOAN PORTFOLIO COMPOSITION" for information and certain assumptions about the Financed Eligible Loans that we expect to hold in the Trust Estate.

We cannot assure you that we will receive interest and principal payments from the Financed Eligible Loans as anticipated, that we will realize the reinvestment rates assumed on amounts in the various Funds and Accounts, or that we will receive Interest Benefit Payments or Special Allowance Payments in the amounts and at the times anticipated. Furthermore, future events over which we have no control may adversely affect our actual receipt of Revenues and Recoveries of Principal. Read the section "RISK FACTORS" carefully.

Recycling

As a general practice, we utilize Recoveries of Principal and certain Revenues from the various funding sources to finance additional Eligible Loans (referred to as *"Recycling"*) instead of redeeming bond principal prior to its scheduled maturity. We plan to continue Recycling to the maximum extent possible with respect to the Prior Bonds and the Series 2006A-1 Bonds. Presently, we may use Recycling in the Trust Estate through March 1, 2009, or through such earlier or later date directed by, or acceptable to, the Credit Facility Provider.

Loan Servicing

We service our own loans and those of other eligible lenders. We are required to perform all services and duties customary to the servicing of education loans in compliance with all standards and procedures provided for in the Higher Education Act. On December 9, 2005, the USDE designated us as an Exceptional Performer. This means that we will be paid 100% of claims submitted on or after January 1, 2006 (99% beginning July 1, 2006 under recently enacted budget legislation), subject to certain conditions.

We service education loans internally using loan servicing system software licensed to us on a perpetual basis by Idaho Financial Associates, Inc., Boise, Idaho, a wholly owned subsidiary of Nelnet, Inc., and hardware and other software owned, developed or licensed by us. We began originating education loans using that system on January 28, 2002; and converted servicing of the portfolio that we serviced remotely as of March 1, 2002.

See the caption "LOAN SERVICING" in Appendix C for additional information about our loan servicing activities.

We also perform origination and pre-acquisition interim servicing for 39 other eligible lenders that are members of the OSLA Student Lending Network (the "*OSLA Network*"). The OSLA Network members are required to sell to us, and we are required to buy, the loans that we service. In addition, two members of the OSLA Network originate and interim service their own loans at their own premises using our loan servicing system on a remote basis.

Security for the 2006A-1 Bonds

The Series 2006A-1 Bonds, and the interest thereon, are limited revenue obligations payable from the Trust Estate. The Bond Resolution creates a pledge of revenues, funds, Financed Eligible Loans and other assets to the Trustee, as a Trust Estate for the benefit of the Registered Owners of all Bonds and Notes, any Credit Facility Provider, any Liquidity Facility Provider and any Swap Counterparty. In addition, the Bond Resolution grants a security interest in the Trust Estate to the Trustee for the benefit of such parties.

Payment of the scheduled principal of and interest on the Prior Bonds is, and the Series 2006A-1 Bonds will be, secured by separate financial guaranty insurance policies issued by

MBIA as a Credit Facility. Each existing Credit Facility secures only its respective series and does not secure any other series of Bonds and Notes.

No Credit Facility covers the Purchase Price of the Prior Bonds or the Series 2006A-1 Bonds upon an optional or mandatory tender. With certain exceptions, no Credit Facility covers amounts due on any redemption of the Prior Bonds or the Series 2006A-1 Bonds prior to their scheduled maturity. Except for the credit facility regarding the Series 2003A-1 Bonds, we have reserved the right to replace any Credit Facility with an Alternate Credit Facility pursuant to the requirements of the Bond Resolution.

If the Remarketing Agent is unable to remarket Series 2006A-1 Bonds that have been tendered, payment of their Purchase Price will be secured initially by a *Standby Bond Purchase Agreement* dated as of March 1, 2006, among the Authority, DEPFA BANK plc, and Bank of Oklahoma, N.A., Oklahoma City, Oklahoma, as Trustee and as tender agent (the "*Tender Agent*"). That Standby Bond Purchase Agreement, including any Alternate Liquidity Facility in substitution therefor, is the "*Series 2006A-1 Liquidity Facility*". As a party to the Series 2006A-1 Liquidity Facility, DEPFA BANK plc (or the provider of any Alternate Liquidity Facility in substitution therefor) is the "*Series 2006A-1 Liquidity Facility Provider*". See the caption "THE SERIES 2006A-1 LIQUIDITY FACILITY" herein.

The Series 2006A-1 Bonds, and the interest thereon, are not obligations of the State of Oklahoma. Neither the faith and credit nor the taxing power of the State of Oklahoma is pledged to the payment of the principal of, or interest on, the Series 2006A-1 Bonds.

The Series 2006A-1 Bonds, and the interest thereon, are not personal obligations of the trustees of the Authority and are not a general obligation of the Authority. The Authority has no taxing power.

Liquidity Facility Providers for Prior Bonds

Upon optional or mandatory tender, payment of the Purchase Price of the various series of Prior Bonds in a Weekly Rate mode is secured by separate Liquidity Facilities as summarized in the Table below.

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Standby Bond Purchase Agreements

Liquidity Facility Provider	Series of Bonds	Original Term	Current Expiration Date
DEPFA BANK plc	2005A	1 year	March 5, 2007
JPMorgan Chase Bank, N.A.	2003A-2	1 year	January 26, 2007
JPMorgan Chase Bank, N.A.	2002A	1 year	January 25, 2007
Dexia Credit Local, SA	2000A-4	3 years	August 30, 2006
Landesbank Hessen-Thuringen Girozentrale	1998A	1 year	December 31, 2015*
Bank of America, N. A.	1997A	3 years	May 5, 2008
Bank of America, N. A.	1996A	3 years	May 5, 2008

*Subject to termination at the option of the bank at June 30, 2006 and every two years thereafter.

Each Liquidity Facility secures only its respective series of Prior Bonds and does not secure any other series of Bonds and Notes.

We have reserved the right to replace any Liquidity Facility with an Alternate Liquidity Facility pursuant to the requirements of the Bond Resolution and the applicable Liquidity Facility, and subject to the consent of the applicable Credit Facility Provider.

Corporate Trustee

Administration of the Trust Estate created for the Bonds and Notes will be governed by a Series 1996A Trust Agreement dated as of November 1, 1996, as assigned pursuant to a Tripartite Assignment, Acceptance and Consent dated May 12, 1997; respective parity series trust agreements in 1997, 1998, 2000, 2002, 2003 and 2005; and a Series 2006A-1 Trust Agreement dated as of March 1, 2006 (the *"Series 2006A-1 Trust Agreement"*); each by and between the Authority and the Trustee. The various series trust agreements are collectively referred to as the "*Trust Agreement*".

The Trustee also is acting as paying agent, authenticating agent and registrar pursuant to the Bond Resolution and the Trust Agreement.

Availability of Documentation

The descriptions in this Official Statement of the Series 2006A-1 Bonds and of the documents authorizing and securing the Series 2006A-1 Bonds do not purport to be definitive or comprehensive. All references herein to those documents are qualified in their entirety by reference to the Series 2006A-1 Bonds and the documents. Copies of the documents are available upon written request to, or may be examined at:

Bank of Oklahoma, N.A., as Trustee 9520 North May Avenue Oklahoma City, Oklahoma 73120 Attention: Corporate Trust Services; or	Oklahoma Student Loan Authority 525 Central Park Drive, Suite 600 Oklahoma City, Oklahoma 73105-1706 Attention: President

The information contained in the section "THE SERIES 2006A-1 CREDIT FACILITY" below has been furnished by MBIA for use herein. The information is not guaranteed as to accuracy or completeness by the Authority, the Trustee, the Underwriter or its counsel, or Bond Counsel, and is not to be construed as a representation by any of those persons.

The Authority, the Trustee, the Underwriter and its counsel, and Bond Counsel have not independently verified this information. No representation is made by any of those persons as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

THE SERIES 2006A-1 CREDIT FACILITY

The MBIA Insurance Corporation Insurance Policy

The following information has been furnished by MBIA for use in this Official Statement. See Appendix B for a specimen of MBIA's policy (the "*Policy*").

MBIA does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Policy and MBIA set forth under the heading "THE SERIES 2006A-1 CREDIT FACILITY". Additionally, MBIA makes no representation regarding the Series 2006A-1 Bonds or the advisability of investing in the Series 2006A-1 Bonds.

The Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Authority to the Trustee or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Series 2006A-1 Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless MBIA elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series 2006A-1 Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an

avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "*Preference*").

The Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2006A-1 Bond. The Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the Purchase Price of Series 2006A-1 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. MBIA's Policy also does not insure against nonpayment of principal of or interest on the Series 2006A-1 Bonds resulting from the insolvency, negligence or any other act or omission of the Trustee or any other paying agent for the Series 2006A-1 Bonds.

The Policy, while the Series 2006A-1 Bonds are Variable Rate Bonds, has been endorsed to provide for cancellation upon delivery of an Alternate Credit Facility for the Series 2006A-1 Bonds pursuant to the Bond Resolution. However, MBIA's Policy with respect to the Series 2006A-1 Bonds, while such bonds are Variable Rate Bonds, will remain in effect with respect to claims for certain Preferences resulting from payments made prior to the effective date of cancellation of MBIA's Policy for the Series 2006A-1 Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Trustee or any owner of a Series 2006A-1 Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2006A-1 Bonds or presentment of such other proof of ownership of the Series 2006A-1 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2006A-1 Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the Series 2006A-1 Bonds in any legal proceeding related to payment of insured amounts on the Series 2006A-1 Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Trustee payment of the insured amounts due on such Series 2006A-1 Bonds, less any amount held by the Trustee for the payment of such insured amounts and legally available therefor.

MBIA Insurance Corporation

MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "*Company*"). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the

United States and the Territory of Guam. MBIA, either directly or through subsidiaries, is licensed to do business in the Republic of France, the United Kingdom and the Kingdom of Spain and is subject to regulation under the laws of those jurisdictions.

The principal executive offices of MBIA are located at 113 King Street, Armonk, New York, 10504 and the main telephone number at that address is (914) 273-4545.

Regulation

As a financial guaranty insurance company licensed to do business in the State of New York, MBIA is subject to the New York Insurance Law which, among other things, prescribes minimum capital requirements and contingency reserves against liabilities for MBIA, limits the classes and concentrations of investments that are made by MBIA and requires the approval of policy rates and forms that are employed by MBIA. State law also regulates the amount of both the aggregate and individual risks that may be insured by MBIA, the payment of dividends by MBIA, changes in control with respect to MBIA and transactions among MBIA and its affiliates.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw-Hill Companies, Inc., rates the financial strength of MBIA "AAA."

Fitch Ratings ("*Fitch*") rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2006A-1 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2006A-1 Bonds. MBIA does not guaranty the market price of the Series 2006A-1 Bonds nor does it guaranty that the ratings on the Series 2006A-1 Bonds will not be revised or withdrawn.

MBIA Financial Information

As of December 31, 2004, MBIA had admitted assets of $10.3 billion (unaudited and restated), total liabilities of $7.0 billion (unaudited and restated), and total capital and surplus of $3.2 billion (unaudited and restated) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 2005 MBIA had admitted assets of $10.8 billion (unaudited), total liabilities of $7.1 billion (unaudited), and total capital and surplus of $3.7 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

For further information concerning MBIA, see the consolidated financial statements of MBIA and its subsidiaries as of December 31, 2004 and December 31, 2003 and for each of the three years in the period ended December 31, 2004, prepared in accordance with generally accepted accounting principles, included in the Annual Report on Form 10-K/A of the Company for the year ended December 31, 2004 and the consolidated financial statements of MBIA and its subsidiaries as of September 30, 2005 and for the nine month periods ended September 30, 2005 and September 30, 2004 included in the Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2005, which are hereby incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Copies of the statutory financial statements filed by MBIA with the State of New York Insurance Department are available over the Internet at the Company's *web site*[1] at "mbia.com" and, at no cost, upon request to MBIA at its principal executive offices.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the Securities and Exchange Commission (the "*SEC*") are incorporated herein by reference:

(1) The Company's Annual Report on Form 10-K/A for the year ended December 31, 2004; and

(2) The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2005.

Any documents, including any financial statements of MBIA and its subsidiaries that are included therein or attached as exhibits thereto, filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of the Company's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K/A, and prior to the termination of the offering of the Series 2006A-1 Bonds offered hereby shall be deemed to be incorporated by reference in this Official Statement and to be a part hereof from the respective dates of filing such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this Official Statement, shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such

statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No. 1-9583. Copies of the Company's SEC filings (including (1) the Company's Annual Report on Form 10-K/A for the year ended December 31, 2004, and (2) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005, June 30, 2005 (included as restated in third quarter Form 10-Q) and September 30, 2005) are available (i) over the Internet at the SEC's *web site*[1] at "sec.gov"; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's *web site*[1] at "mbia.com"; and (iv) at no cost, upon request to MBIA at its principal executive offices.

ALTERNATE CREDIT FACILITY

The premium for the Series 2006A-1 Credit Facility will be paid quarterly by us based on an annual rate. While the Series 2006A-1 Bonds bear interest at a Variable Rate, we may, and will upon the written request of the Series 2006A-1 Liquidity Facility Provider, replace the existing Series 2006A-1 Credit Facility with an *Alternate Credit Facility* at any time if the Ratings of the existing Credit Facility Provider have been downgraded below the two highest rating categories by Moody's and S&P. Such Alternate Credit Facility will be intended to remain in full force and effect for at least 364 days to provide security for payment of the principal of and interest on the Series 2006A-1 Bonds. We must give the Trustee no less than thirty (30) days' prior written notice of our intention to replace the existing Series 2006A-1 Credit Facility with an Alternate Credit Facility.

In the event that we obtain an Alternate Credit Facility, there will be a mandatory tender of the Series 2006A-1 Bonds. See the caption "DESCRIPTION OF THE SERIES 2006A-1 BONDS – Mandatory Tender and Purchase" in this Official Statement.

On or prior to the effective date of such replacement, we must furnish to the Trustee: (1) an opinion of nationally recognized bond counsel that the delivery of such Alternate Credit Facility is authorized under the Bond Resolution and that it will not adversely affect the exemption from federal income taxation of interest on the Bonds and Notes under the Code; (2) written evidence from each Rating Agency that the substitution for the existing Series 2006A-1 Credit Facility will not, by itself, result in a reduction of its Ratings of the Bonds and Notes from those applicable when the Series 2006A-1 Credit Facility was last in effect or a withdrawal of its Ratings of the Bonds and Notes; and (3) prior written consent of the Series 2006A-1 Liquidity Facility Provider, if any, provided that if such Credit Facility Provider is the same entity as the Series 2006A-1 Liquidity Facility Provider, or if such Series 2006A-1 Liquidity Facility Provider is also being replaced, such consent will not be required.

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[1]Internet or web site addresses herein are provided as a convenience for purchasers of the Series 2006A-1 Bonds. The Authority does not adopt any information that may be provided at these addresses and disclaims any responsibility for such information. The information at such addresses is *not* to be construed as part of this Official Statement.

THE SERIES 2006A-1 LIQUIDITY FACILITY

The Remarketing Agent will continually offer for sale and use its best efforts to sell any Series 2006A-1 Bonds with respect to which a notice of optional tender has been received or which are subject to mandatory tender at a price equal to the principal amount thereof plus accrued interest, if any. If the Remarketing Agent is unable to remarket the Series 2006A-1 Bonds upon an optional or mandatory tender thereof, the Series 2006A-1 Liquidity Facility Provider has agreed to purchase such Series 2006A-1 Bonds at the Purchase Price pursuant to the provisions of the Series 2006A-1 Liquidity Facility.

Summary of the Series 2006A-1 Liquidity Facility Provisions

The following is a summary description of certain provisions of the Series 2006A-1 Liquidity Facility with DEPFA BANK plc, acting through its New York Branch. This summary does not purport to be complete or to cover all sections of the Series 2006A-1 Liquidity Facility. Reference is hereby made to the Series 2006A-1 Liquidity Facility for the complete provisions thereof. The Series 2006A-1 Credit Facility does not insure the Purchase Price of the purchase of Series 2006A-1 Bonds tendered pursuant to optional or mandatory tender.

Bond Purchase Period

The Series 2006A-1 Liquidity Facility Provider's commitment to purchase Series 2006A-1 Bonds will extend from and including the issuance date of the Series 2006A-1 Bonds through and including March 14, 2007 (the "*Bond Purchase Period*"), unless earlier terminated or extended pursuant to the provisions of the Series 2006A-1 Liquidity Facility.

Available Commitment Amount

During the Bond Purchase Period, subject to the terms and conditions of the Series 2006A-1 Liquidity Facility, the Series 2006A-1 Liquidity Facility Provider agrees to purchase Series 2006A-1 Bonds at the principal amount thereof plus accrued but unpaid interest thereon in aggregate principal and interest amounts purchased on any Business Day during the Bond Purchase Period that does not exceed the Available Commitment. As used herein, *"Available Commitment"* means:

A. *Available Principal Commitment* - The initial principal amount of $152,545,000 as automatically adjusted, from time to time, (1) *downward* by the principal amount of Series 2006A-1 Bonds redeemed or converted to an Interest Rate other than a Variable Rate by the Authority, (2) *downward* by the principal amount of funds made available by Series 2006A-1 Liquidity Facility Provider to purchase Series

2006A-1 Bonds that have been tendered or are deemed tendered for purchase, and (3) *upward* by the principal amount of any Series 2006A-1 Bonds purchased by the Series 2006A-1 Liquidity Facility Provider that are resold by the Remarketing Agent; and

B. *Available Interest Commitment* - The initial interest amount of $9,278,080 (185 days interest on the initial amount of the Series 2006A-1 Bonds at an assumed rate of 12% per annum) as automatically adjusted (1) *downward* by an amount that bears the same proportion as any reduction in the principal commitment bears to the Available Principal Commitment, and (2) *upward* by an amount that bears the same proportion to such initial amount as the amount of any upward adjustment of the principal commitment bears to the Available Principal Commitment.

The Series 2006A-1 Liquidity Facility Provider's obligation to fund under the Available Commitment is subject to, among other things, timely receipt of notices, lack of receipt of funds by the Tender Agent from remarketing the Series 2006A-1 Bonds or from monies available under the Series 2006A-1 Supplemental Resolution, and that the Tender Agent, the Remarketing Agent and the Authority have performed their respective obligations.

The Series 2006A-1 Liquidity Facility is *not* designed to provide credit enhancement or credit substitution. Upon the happening of certain events, the Series 2006A-1 Liquidity Facility Provider's commitment under the Series 2006A-1 Liquidity Facility may be suspended or terminated without the owners of the Series 2006A-1 Bonds having a right to tender their Series 2006A-1 Bonds.

Suspension or Termination Without Tender Rights

In the event that principal or interest on the Series 2006A-1 Bonds is not paid by the Authority when due (and such amounts are not paid by the Credit Facility Provider as required by the Series 2006A-1 Credit Facility), or certain actions or proceedings relating to bankruptcy or insolvency by or in respect to the Credit Facility Provider are instituted, then the Available Commitment and the Series 2006A-1 Liquidity Facility Provider's obligation to purchase Series 2006A-1 Bonds will *terminate immediately and automatically* without notice and the Series 2006A-1 Liquidity Facility Provider will be under no obligation to purchase Series 2006A-1 Bonds.

In the event that the Series 2006A-1 Credit Facility is canceled or terminated for any reason, or amended or modified in any material respect without the prior written consent of the Series 2006A-1 Liquidity Facility Provider, then the Available Commitment and the Series 2006A-1 Liquidity Facility Provider's obligation to purchase Series 2006A-1 Bonds will *terminate immediately and automatically* without notice and the Series 2006A-1 Liquidity Facility Provider will be under no obligation to purchase Series 2006A-1 Bonds.

In certain events of lack of validity or enforceability of the Series 2006A-1 Credit Facility, the Series 2006A-1 Liquidity Facility Provider's obligation to purchase Series 2006A-1 Bonds will be *suspended immediately and automatically* without notice and the Series 2006A-1 Liquidity Facility Provider will be under no obligation to purchase Series 2006A-1 Bonds whether or not a notice of purchase has been delivered by the Tender Agent prior to such occurrence. If a non-appealable court order is entered regarding such lack of validity or enforceability of the Series 2006A-1 Credit Facility (or a material provision thereof), then the Series 2006A-1 Liquidity Facility Provider's obligation to purchase Series 2006A-1 Bonds will *terminate immediately and automatically*; and, if the contested provisions are upheld in their entirety by such court order, the Series 2006A-1 Liquidity Facility Provider's obligation under the Series 2006A-1 Liquidity Facility will be reinstated automatically.

Credit Facility Provider Ratings Downgrade – In the event that each of Moody's, Fitch and S&P downgrades the rating of the financial strength or claims-paying ability of the Credit Facility Provider to below "Baa3," "BBB-" and "BBB-," respectively, or each of Moody's, Fitch and S&P suspends or withdraws such financial strength or claims-paying ability rating, then the Available Commitment and the Series 2006A-1 Liquidity Facility Provider's obligation to purchase Series 2006A-1 Bonds will *terminate immediately and automatically* without notice and the Series 2006A-1 Liquidity Provider will be under no obligation to purchase Series 2006A-1 Bonds.

Credit Facility Provider Cross Default – In the event that the Credit Facility Provider shall fail to make any payment required under any insurance policy (other than the Series 2006A-1 Credit Facility) issued by it insuring obligations rated by Moody's and S&P when due and such failure continues for a period of thirty (30) days, the Series 2006A-1 Liquidity Facility Provider's obligations to purchase Series 2006A-1 Bonds will be *suspended immediately and automatically* without notice on the date the Credit Facility Provider shall fail to make such payment and the Series 2006A-1 Liquidity Provider will be under no obligation to purchase Series 2006A-1 Bonds whether or not a notice of purchase has been delivered by the Tender Agent prior to such occurrence. If the Credit Facility Provider shall not make such payment required under the related insurance policy within such thirty (30) day period, then the Series 2006A-1 Liquidity Provider's obligation to purchase Series 2006A-1 Bonds will *terminate immediately and automatically* on such thirtieth day; and if the Credit Facility Provider shall make such payment required under the related insurance policy within such thirty day period, then the Series 2006A-1 Liquidity Provider's obligation to purchase Series 2006A-1 Bonds will be reinstated automatically on such day.

Termination With Tender Rights

Under the terms of the Series 2006A-1 Liquidity Facility, if certain events occur, including non-payment of the quarterly facility fee or certain ratings downgrades of the Credit Facility Provider (all as described in the Series 2006A-1 Liquidity Facility), the Series 2006A-1 Liquidity Facility Provider may give written notice specifying the commitment termination date (not less than 30 days from the date notice was received by

the Tender Agent) on which the Available Commitment will terminate, and such date will be deemed to be an Expiration Date pursuant to the Series 2006A-1 Supplemental Resolution.

Replacement of Series 2006A-1 Liquidity Facility Provider

We may terminate the Available Commitment and replace the Series 2006A-1 Liquidity Facility with an Alternate Liquidity Facility: (1) on thirty (30) days' written notice; and (2) if the Bond Purchase Period is not extended by us and the Series 2006A-1 Liquidity Facility Provider pursuant to the provisions thereof.

Such termination and replacement will not be effective unless the provider of such Alternate Liquidity Facility shall have purchased all Series 2006A-1 Bonds owned by the Series 2006A-1 Liquidity Facility Provider and any other sums owing to the Series 2006A-1 Liquidity Facility Provider to the date of such termination and replacement shall have been paid in full.

The information contained in the section "DEPFA BANK plc" below has been furnished by DEPFA BANK plc for use herein. The information is not guaranteed as to accuracy or completeness by the Authority, the Trustee, the Underwriter or its counsel, or Bond Counsel, and is not to be construed as a representation by any of those persons.

The Authority, the Trustee, the Underwriter and its counsel, and Bond Counsel have not independently verified this information. No representation is made by any of those persons as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

DEPFA BANK plc

DEPFA BANK plc ("*DEPFA*") is the parent company of the DEPFA BANK plc group of companies comprising DEPFA and its consolidated subsidiaries (the "*Group*"). DEPFA will act through its New York Branch, which is licensed by the Banking Department of the State of New York as an unincorporated branch of DEPFA BANK plc, Dublin, Ireland.

DEPFA is based in Dublin, Ireland and has a banking license issued under the Irish Central Bank Act, 1971 (as amended) and is supervised by the Financial Regulator. It is registered in the Irish companies Registration Office with company number 348819 and its shares are listed on the Frankfurt Stock Exchange. DEPFA has a network of subsidiaries, branches and offices across many European countries, as well as in North America and Asia.

The Group provides a broad range of products and services to public sector entities, from governmental budget financing and financing of infrastructure projects to placing of public sector assets and investment banking and other advisory services. The Group has direct client

contacts with many state entities and focuses on those public sector entities involved in large volume business. The Group advises individual public sector borrowers on their international capital market transactions and preparations for the ratings process.

DEPFA released preliminary 2005 results in accordance with International Financial Reporting Standards accounting on February 14, 2006. According to this publication, as of December 31, 2005, DEPFA had total consolidated assets of Euro 229 billion, shareholders' equity of Euro 2.3 billion and consolidated net income of Euro 475 million, determined in accordance with the United States generally accepted accounting principles. DEPFA maintains its records and prepares its financial statements in Euro. At December 31, 2005, the exchange rate was 1.0000 Euro equals 1.1833 United States dollars. Such exchange rate fluctuates from time to time.

DEPFA is rated "Aa3" long-term and "P-1" short-term by Moody's, "AA-" long-term and "A-1+" short-term by S&P, and "AA-" long-term and "F1+" short-term by Fitch. On January 25, 2006, Fitch confirmed DEPFA's long-term and short-term ratings. On November 25, 2005, S&P confirmed DEPFA's long-term and short-term ratings. On December 2, 2005, the long-term rating of DEPFA was placed on Watch List for review for a possible downgrade by Moody's, although DEPFA's short-term rating has not been affected.

DEPFA will provide without charge a copy of its most recent publicly available annual report. Written requests should be directed to: DEPFA BANK plc, New York Branch, 623 Fifth Avenue, 22nd Floor, New York, New York 10022, Attention: General Manager. The delivery of this information shall not create any implication that the information contained or referred to herein is correct as of any time subsequent to its date. In addition, updated financial information may be found from the DEPFA *web site*[2] at "depfa.com".

ALTERNATE LIQUIDITY FACILITY

We may replace the existing Series 2006A-1 Liquidity Facility with an *Alternate Liquidity Facility* at any time, and will replace the existing Series 2006A-1 Liquidity Facility with an Alternate Liquidity Facility if the Ratings of the existing Series 2006A-1 Liquidity Facility Provider have been downgraded below P-1 by Moody's or A-1+ by S&P. We must give the Trustee no less than thirty (30) days' written notice of our intention to replace the existing Series 2006A-1 Liquidity Facility with an Alternate Liquidity Facility. An Alternate Liquidity Facility shall be intended to remain in full force and effect for at least 364 days or to the maturity date of the Series 2006A-1 Bonds, whichever is less.

On or prior to the effective date of such replacement, we must furnish to the Trustee: (1) an opinion of nationally recognized bond counsel that the delivery of such Alternate Liquidity Facility to us is authorized under the Bond Resolution and that it will not adversely

[2]Internet or web site addresses herein are provided as a convenience for purchasers of the Series 2006A-1 Bonds. The Authority does not adopt any information that may be provided at theses addresses and disclaims any responsibility for such information. The information at such addresses is *not* to be construed as part of this Official Statement.

affect the exemption from federal income taxation of interest on the Bonds and Notes under the Code; (2) written evidence from each Rating Agency that the substitution of the proposed Alternate Liquidity Facility for the existing Series 2006A-1 Liquidity Facility will not, by itself, result in a reduction of its Rating of the Bonds and Notes from that which prevailed when the existing Series 2006A-1 Liquidity Facility was last in effect or a withdrawal of its Ratings on the Bonds and Notes; and (3) the prior written consent of the Credit Facility Provider, provided that if such Credit Facility Provider is the same entity as the Series 2006A-1 Liquidity Facility Provider being replaced, or if such Credit Facility Provider is also being replaced, such consent will not be required.

In the event that we obtain an Alternate Liquidity Facility for the Series 2006A-1 Bonds, there will be a mandatory tender of the Series 2006A-1 Bonds. See the caption "DESCRIPTION OF THE SERIES 2006A-1 BONDS – Mandatory Tender and Purchase" in this Official Statement.

We will not otherwise rescind or terminate the existing Series 2006A-1 Liquidity Facility unless such an Alternate Liquidity Facility is in effect, or all of the Series 2006A-1 Bonds have been converted to an Interest Rate other than a Variable Rate.

DESCRIPTION OF THE SERIES 2006A-1 BONDS

General

The Series 2006A-1 Bonds will be issued as fully registered bonds in denominations of $100,000 or any integral multiple of $5,000 in excess thereof. The Depository Trust Company, New York, New York, will act as securities depository for the Series 2006A-1 Bonds. Individual purchases will be made in Book Entry form only and purchasers of beneficial ownership interests (the *"Beneficial Owners"*) will not receive certificates representing their interests in the Series 2006A-1 Bonds. See the section "SECURITIES DEPOSITORY".

As long as Cede & Co., as nominee of The Depository Company, is the Registered Owner of the Series 2006A-1 Bonds, references herein to the Registered Owners of the Series 2006A-1 Bonds mean Cede & Co. and do not mean the Beneficial Owners of the Series 2006A-1 Bonds.

The Series 2006A-1 Bonds are subject to mandatory tender for purchase as described below under the caption "Mandatory Tender and Purchase". Also, they are subject to optional and mandatory redemption as described below under the caption "Redemption Provisions".

Interest on the Series 2006A-1 Bonds

The Series 2006A-1 Bonds initially will bear interest at the Weekly Rate. The Series 2006A-1 Bonds bearing interest at Variable Rate may bear interest in one of the following interest rate modes: (1) Weekly Rate, (2) Quarterly Rate, (3) Semiannual Rate and (4) Annual

Rate. Interest payable on the Series 2006A-1 Bonds bearing interest at a Variable Rate will be computed on the basis of a 365 or 366-day year, as appropriate, and the actual days elapsed.

Interest payments on the Series 2006A-1 Bonds are to be made by the Trustee to the persons who are the Registered Owners (initially, Cede & Co.) as of the Record Date. See the section "SECURITIES DEPOSITORY" for a description of how The Depository Trust Company (the "*Securities Depository*"), as the Registered Owner of the Series 2006A-1 Bonds, is expected to disburse such payments to the Beneficial Owners.

Until a conversion of the Series 2006A-1 Bonds to bear interest at an Interest Rate other than a Variable Rate, we may designate different Variable Rates to be applicable to the Series 2006A-1 Bonds. Such a Conversion will be effective on any Conversion Date established for the Series 2006A-1 Bonds. Notice of a Conversion will be given as described herein.

The Series 2006A-1 Bonds may be converted to bear interest at Interest Rates other than the Variable Rates described herein. If we convert the Series 2006A-1 Bonds to bear interest at an Interest Rate other than the Variable Rates described herein, the Series 2006A-1 Bonds will be subject to mandatory tender herein and will be re-offered by us pursuant to the terms of a separate offering document.

Determination of Interest Rates

Interest Rates on the Series 2006A-1 Bonds will be determined as follows.

A. *For Weekly Rate Bonds*, the Interest Rate for any Weekly Rate Period will be the rate established for such Weekly Rate Period by the Remarketing Agent no later than 12:00 noon, New York City time, on the first day of such Weekly Rate Period as being the minimum rate of interest necessary, in the best professional judgment of the Remarketing Agent taking into account prevailing market conditions, to enable the Remarketing Agent to sell all of the Weekly Rate Bonds in the secondary market on the date such rate is set at a price equal to the principal amount thereof, plus accrued interest.

B. *For Quarterly Rate Bonds*, the Interest Rate for any Quarterly Rate Period will be the rate established for such Quarterly Rate Period by the Remarketing Agent no later than 12:00 noon, New York City time, on the first day of such Quarterly Rate Period as being the minimum rate of interest necessary, in the best professional judgment of the Remarketing Agent taking into account prevailing market conditions, to enable the Remarketing Agent to sell all of the Quarterly Rate Bonds in the secondary market on the date such rate is set at a price equal to the principal amount thereof, plus accrued interest.

C. *For Semiannual Rate Bonds*, the Interest Rate for any Semiannual Rate Period will be the rate established for such Semiannual Rate Period by the Remarketing Agent no later than 12:00 noon, New York City time, on the first day of such Semiannual

Rate Period as being the minimum rate of interest necessary, in the best professional judgment of the Remarketing Agent taking into account prevailing market conditions, to enable the Remarketing Agent to sell all of the Semiannual Rate Bonds in the secondary market on the date such rate is set at a price equal to the principal amount thereof, plus accrued interest.

D. *For Annual Rate Bonds*, the Interest Rate for any Annual Rate Period will be the rate established for such Annual Rate Period by the Remarketing Agent no later than 12:00 noon, New York City time, on the first day of such Annual Rate Period as being the minimum rate of interest necessary, in the best professional judgment of the Remarketing Agent taking into account prevailing market conditions, to enable the Remarketing Agent to sell all of the Annual Rate Bonds in the secondary market on the date such rate is set at a price equal to the principal amount thereof, plus accrued interest.

E. *For Fixed Rate Bonds*, the Interest Rate will be an annual rate established by the Remarketing Agent on or prior to the first day on which the Series 2006A-1 Bonds bear the Fixed Rate as being, in the best professional judgment of the Remarketing Agent taking into account prevailing market conditions, the minimum fixed rate of interest which would be necessary to enable the Remarketing Agent to sell all of the Fixed Rate Bonds in a secondary market transaction at a price equal to the principal amount thereof, plus accrued interest.

Series 2006A-1 Bonds while owned by a Series 2006A-1 Liquidity Facility Provider will bear interest at the Bank Rate which will be the lesser of: (1) the maximum rate permitted by applicable law; or (2) the rates provided in the Series 2006A-1 Liquidity Facility. If such Bank Bonds are sold pursuant to the remarketing provisions of the Series 2006A-1 Supplemental Resolution, such Bank Bonds will bear interest from the date of sale calculated as though such Series 2006A-1 Bonds did not bear interest at the Bank Rate. The differential interest due to the Series 2006A-1 Liquidity Facility Provider on Bank Bonds sold between Interest Payment Dates will be paid to the Series 2006A-1 Liquidity Facility Provider on the remarketing thereof, but no more frequently than monthly.

In the event that the Remarketing Agent no longer determines, or fails to determine, an Interest Rate pursuant to paragraphs A through E above, or if for any reason such manner of determination shall be held to be invalid or unenforceable by a court of law, the interest rate or rates for the next succeeding interest period will be as follows (subject to the Maximum Rate):

A. *For Weekly Rate Bonds*, that interest rate for each Weekly Rate Period equal to the Bond Market Association Municipal Swap Index or, in the event such index is no longer in existence, 85% of the 15-day dealer taxable commercial paper rate as most recently published by the Federal Reserve Bank of New York next preceding the first day of such Weekly Rate Period, but effective as of such first day of the Weekly Rate Period; and

B. *For Quarterly Rate Bonds*, *Semiannual Rate Bonds and Annual Rate Bonds,* that annual rate of interest equal to 85% of the rate listed in the table most recently circulated by the United States Treasury Department known as "Table [applicable dates shown on the most recent table], Maximum Interest Rates Payable on United States Treasury Certificates of Indebtedness, Notes and Bonds-State and Local Government Series Subscribed for During Period [applicable dates shown on the most recent table]" or any subsequent and substantially equivalent table circulated by the United States Treasury Department for the maturity most closely approximating the duration, as the case may be, of the Quarterly Rate Period, the Semiannual Rate Period or the Annual Rate Period.

The Interest Rate on any Series 2006A-1 Bonds bearing interest at an Interest Rate other than a Fixed Rate or a Variable Rate shall be determined in accordance with the Supplemental Bond Resolution establishing such rate.

Any Weekly Rate Bond with regard to which demand is not made for optional tender or mandatory tender will be deemed to have been remarketed to the Registered Owner thereof at the Variable Rate and on the terms provided for in the Series 2006A-1 Supplemental Resolution. All Quarterly Rate Bonds, Semiannual Rate Bonds and Annual Rate Bonds are subject to mandatory tender on the Business Day succeeding such Quarterly Rate Period, Semiannual Rate Period and Annual Rate Period.

Any determination of an Interest Rate will be conclusive and binding upon the Authority, the Trustee, the Tender Agent, the Remarketing Agent, the Credit Facility Provider, the Series 2006A-1 Liquidity Facility Provider and the Registered Owners of the Bonds and Notes.

Interest payable on the Series 2006A-1 Bonds will never exceed the Maximum Rate, except as provided for Bank Bonds.

Conversion of Interest Rate

The interest rates on the Series 2006A-1 Bonds (except for Fixed Rate Bonds, which are not subject to Conversion) are subject to Conversion from one Interest Rate mode to another (including from one Interest Rate mode within the Variable Rates to another interest rate mode within the Variable Rates), in whole and not in part, at our option, by mailing a notice to the Trustee, the Tender Agent, the Credit Facility Provider, the Series 2006A-1 Liquidity Facility Provider and the Remarketing Agent at least thirty (30) days (twenty (20) days in the event of Conversion from one interest rate mode within the Variable Rates to another interest rate mode within the Variable Rates) before the Conversion Date accompanied by a preliminary opinion of nationally recognized municipal bond counsel stating that such Conversion is authorized and in accordance with the Bond Resolution and will not adversely affect the exemption of the interest on any of the Bonds and Notes from federal income taxation under the Code. On the Conversion Date as a necessary condition to such Conversion, we will deliver to the Trustee and the Credit Facility Provider an opinion of nationally recognized municipal bond counsel confirming the preliminary opinion as of such Conversion Date.

In the event that such confirming opinion of bond counsel is not so delivered on the Conversion Date, the intended Conversion will not take place and interest on the Series 2006A-1 Bonds for which the Conversion was intended will be determined on the basis of the Weekly Rate.

If the interest rate on any Series 2006A-1 Bond is to be converted to a Fixed Rate, the interest rate on all Series 2006A-1 Bonds must be converted to a Fixed Rate.

The prior written consent of the Credit Facility Provider will be required for any Conversion.

The Trustee will give notice by mail to the Registered Owners of the Series 2006A-1 Bonds when the interest rate is to be converted not less than twenty-five (25) days (fifteen (15) days for a Conversion from one Variable Rate mode to another) prior to the Conversion Date. Such notice will state, among other things: (1) that such Series 2006A-1 Bonds are being converted, as set forth in our notice; (2) the Conversion Date; (3) that every Series 2006A-1 Bond (with an appropriate transfer of registration executed in blank in form satisfactory to the Tender Agent) must be delivered to the Tender Agent (at its designated office) not later than the Conversion Date or the next succeeding Business Day if not a Business Day and, in the absence of such delivery, will be deemed to have been delivered and purchased; and (4) the Purchase Price we will pay for the Series 2006A-1 Bonds on such Purchase Date, that no interest will accrue to the benefit of such Registered Owners after the Purchase Date, and that every Outstanding Series 2006A-1 Bond subject to the Conversion will be purchased by the Tender Agent on the Purchase Date or the next succeeding Business Day if not a Business Day.

While the Series 2006A-1 Bonds are in a Variable Rate mode, there shall be in effect a Series 2006A-1 Credit Facility or Alternate Credit Facility and Series 2006A-1 Liquidity Facility or Alternate Liquidity Facility with respect to the Series 2006A-1 Bonds. The Series 2006A-1 Credit Facility or Alternate Credit Facility or Series 2006A-1 Liquidity Facility or Alternate Liquidity Facility are not required to remain in effect after conversion of the interest rates on all Series 2006A-1 Bonds to an Interest Rate other than a Variable Rate.

Purchase of Weekly Rate Bonds on Demand

So long as a Series 2006A-1 Liquidity Facility is in effect, any Weekly Rate Bond will be purchased, on the demand of the Registered Owner or Beneficial Owner thereof, on any Business Day designated by the Registered Owner or Beneficial Owner thereof which is not less than seven (7) days after the date of such demand at the Purchase Price upon telephonic notice to the Tender Agent and the Remarketing Agent at their designated offices and confirmed by written notice to the Tender Agent and the Remarketing Agent (at their designated offices) not later than the third Business Day prior to the Purchase Date, which notice: (1) states the number and principal amount (or portion thereof in an Authorized Denomination) of such Weekly Rate Bond to be purchased; (2) states the Purchase Date on which such Weekly Rate Bond will be purchased pursuant to the Series 2006A-1 Supplemental Resolution; and (3) irrevocably requests

such purchase. The Series 2006A-1 Credit Facility does not insure the Purchase Price of such purchase of tendered Series 2006A-1 Bonds.

If the Series 2006A-1 Liquidity Facility has been terminated in accordance with its terms, the Series 2006A-1 Bonds will no longer be subject to optional tender. In addition, the Series 2006A-1 Liquidity Facility may be terminated without requiring a mandatory tender of the Series 2006A-1 Bonds upon a payment default by the Credit Facility Provider under the Series 2006A-1 Credit Facility or certain other unrelated financial guaranty insurance policies issued by the Credit Facility Provider, a ratings downgrade of the financial strength or the claims paying ability of the Credit Facility Provider to below investment grade of "Baa3", "BBB-" and "BBB-" by Moody's, S&P and Fitch, or the insolvency of the Credit Facility Provider. See the caption "THE SERIES 2006A-1 LIQUIDITY FACILITY – Summary of the Series 2006A-1 Liquidity Facility Provisions – Suspension or Termination Without Tender Rights" herein.

Any Weekly Rate Bond with regard to which demand is made will be deemed to have been tendered for purchase on the Purchase Date. Delivery of such Weekly Rate Bond (with an appropriate transfer of registration executed in blank in form satisfactory to the Tender Agent) at the designated office of the Tender Agent at or prior to 11:30 a.m., New York City time, on the date specified in the notice will be required for payment in same day funds of the Purchase Price due on such Purchase Date. No Registered Owner will be entitled to payment of the Purchase Price due on such Purchase Date except upon surrender of such Weekly Rate Bonds as set forth herein.

If the Purchase Date is also an Interest Payment Date, the Purchase Price will not include accrued interest.

So long as we maintain a Book Entry System for the Series 2006A-1 Bonds, evidence of ownership and an assignment sufficient to transfer the beneficial ownership of a tendered Series 2006A-1 Bond to the Tender Agent or its assignee shall be deemed to be presentation and surrender of the Series 2006A-1 Bond for purposes hereof. See the caption "SECURITIES DEPOSITORY" herein.

On the date Series 2006A-1 Bonds are to be purchased on a demand tender option, the Series 2006A-1 Bonds will be purchased only from the funds listed below, at the Purchase Price. Funds for the payment of such Purchase Price will be derived from the following sources in the order of priority indicated. None of the Authority, the Trustee, the Tender Agent or the Remarketing Agent will be obligated to provide funds from any other source. At the request of the Tender Agent, the Trustee and the Remarketing Agent will deliver any monies held by them from such sources in such order to the Tender Agent: (1) proceeds of the sale of such Series 2006A-1 Bonds pursuant to remarketing; and (2) proceeds of a payment pursuant to the Series 2006A-1 Liquidity Facility.

The Tender Agent will: (1) hold all Series 2006A-1 Bonds delivered to it in trust for the benefit of the respective Registered Owners until monies representing the Purchase Price of such Series 2006A-1 Bonds have been delivered to or for the account of or to the order of such

Registered Owners; and (2) hold all monies delivered to it for the purchase of such Series 2006A-1 Bonds in trust uninvested for the benefit of the person or entity which shall have so delivered such monies until the Series 2006A-1 Bonds have been delivered to or the account of such person.

No Purchases or Sales after Termination of Series 2006A-1 Liquidity Facility; Notice of Pending Termination.

There shall be no purchases or sales of Series 2006A-1 Bonds if there shall have been a termination of the Series 2006A-1 Liquidity Facility and the Tender Agent has been informed of such termination. The Trustee shall give immediate notice of such termination by telecommunication to the Remarketing Agent, the Tender Agent (together with a copy of the notice to be sent to the Registered Owners), the Credit Facility Provider and the Series 2006A-1 Liquidity Facility Provider. The Trustee shall cause the Tender Agent to give notice to the Registered Owners by mail of: (1) the termination of the Series 2006A-1 Liquidity Facility and that such termination results in no purchase or sales of Series 2006A-1 Bonds being permitted pursuant to the Series 2006A-1 Supplemental Resolution; and (2) substitution of an Alternate Liquidity Facility and that in consequence of such substitution purchases and sales are again permitted pursuant to the Series 2006A-1 Supplemental Resolution.

In addition, upon the Trustee's receipt of written notice from us, the Series 2006A-1 Liquidity Facility Provider or the Credit Facility Provider of pending termination (without substitution) of the Series 2006A-1 Liquidity Facility or Series 2006A-1 Credit Facility, the Trustee shall, as soon thereafter as is reasonably practicable, notify the Tender Agent and the Remarketing Agent by registered mail, return receipt requested (and also by telex, telecopy or similar means), of such fact. The Trustee shall cause the Tender Agent to notify all Registered Owners of the Series 2006A-1 Bonds by registered mail, return receipt requested, of such fact. The notice shall state (1) the expected date of termination; (2) that on such date the Registered Owners' right to request purchase of Series 2006A-1 Bonds by the Tender Agent will not exist; and (3) that the ratings of Rating Agencies, if any, of the Series 2006A-1 Bonds in effect as of such date will cease to apply.

Mandatory Tender and Purchase

Quarterly, Semiannual and Annual Rate Periods

So long as a Series 2006A-1 Liquidity Facility is in effect, all Quarterly Rate Bonds, Semiannual Rate Bonds and Annual Rate Bonds shall be delivered to the Tender Agent on the Business Day succeeding each Quarterly Rate Period, Semiannual Rate Period and Annual Rate Period for purchase (with all necessary endorsements) and purchased at the Purchase Price.

Conversion

So long as a Series 2006A-1 Liquidity Facility is in effect, on any Conversion Date with respect to any Series 2006A-1 Bonds, all such Series 2006A-1 Bonds (other than Bank Bonds) shall be delivered to the Tender Agent for purchase (with all necessary endorsements) and purchased at the Purchase Price.

Facility Substitution or Expiration

So long as a Liquidity Facility is in effect, on any Facility Substitution date or Expiration Date, all Series 2006A-1 Bonds shall be delivered to the Tender Agent for purchase (with all necessary endorsements) and purchased at the Purchase Price. Notice of a Facility Substitution Date or Expiration Date shall be given in accordance with the Series 2006A-1 Supplemental Resolution.

Source of Funds

The Purchase Price of the Series 2006A-1 Bonds purchased pursuant to mandatory tender will be paid from the following sources in the order of priority indicated and none of the Authority, the Trustee, the Tender Agent or the Remarketing Agent will be obligated to provide funds from any other source. At the request of the Tender Agent, the Trustee and the Remarketing Agent shall deliver any monies held by them from such sources in such order to the Tender Agent: (1) proceeds of the sale of such Series 2006A-1 Bonds pursuant to remarketing; and (2) proceeds of a payment pursuant to the Series 2006A-1 Liquidity Facility. The Series 2006A-1 Credit Facility does not insure the Purchase Price of such purchase of tendered Series 2006A-1 Bonds.

If the Series 2006A-1 Liquidity Facility has been terminated in accordance with its terms, the Series 2006A-1 Bonds will no longer be subject to mandatory tender. In addition, the Series 2006A-1 Liquidity Facility may be terminated without requiring a mandatory tender of the Series 2006A-1 Bonds upon the failure by the Credit Facility Provider to make a payment pursuant to the terms of the Series 2006A-1 Credit Facility, a default in payment on certain other unrelated financial guaranty insurance policies issued by the Credit Facility Provider, a ratings downgrade of the Credit Facility Provider to below investment grade by Moody's, S&P and Fitch, or the insolvency of the Credit Facility Provider. See the caption "THE SERIES 2006A-1 LIQUIDITY FACILITY – Summary of the Series 2006A-1 Liquidity Facility Provisions – Suspension or Termination Without Tender Rights" herein.

Deemed Tender

Series 2006A-1 Bonds to be purchased in accordance with a mandatory tender for purchase which are not delivered to the Tender Agent will nevertheless be deemed to have been delivered by the Registered Owners thereof, whereupon interest accruing on and after such mandatory tender date on such Series 2006A-1 Bonds will no longer be payable to the former Registered Owners but will be paid to the new Registered Owners

thereof. In such event, the Authority will execute and the Trustee will authenticate and deliver new Series 2006A-1 Bonds. Interest payable on such date will be paid to the Registered Owners of such Series 2006A-1 Bonds as of the Record Date next preceding such Interest Payment Date. The former Registered Owner will have recourse solely to the funds held by the Tender Agent for the purchase of such Series 2006A-1 Bonds, which shall be paid to the former Registered Owner by the Tender Agent upon presentation and surrender of such Series 2006A-1 Bonds endorsed for transfer with signature guaranty satisfactory to the Tender Agent. No other transfer of such Series 2006A-1 Bonds after the mandatory tender date shall be recognized.

Failed Conversion

If for any reason an intended Conversion does not take effect on a Conversion Date: (1) from and after the proposed Conversion Date until any subsequent Conversion, the Series 2006A-1 Bonds as to which the Conversion failed will bear interest at the Weekly Rate; and (2) the mandatory purchase of Series 2006A-1 Bonds as to which the Conversion was to relate will nevertheless remain effective and will occur as if the Conversion had taken effect if the Trustee has notified the Registered Owners of the proposed Conversion.

Substitution

If for any reason an intended substitution of a Series 2006A-1 Liquidity Facility or Series 2006A-1 Credit Facility does not take effect on the specified date, the mandatory purchase of Series 2006A-1 Bonds will nevertheless remain effective and will occur as if the substitution had taken effect if the Trustee has notified the Registered Owners of the proposed Conversion. The Series 2006A-1 Liquidity Facility will not be released until all principal, interest and Purchase Price of the Series 2006A-1 Bonds payable therefrom have been paid.

Book Entry System

So long as we maintain a Book Entry System for the Series 2006A-1 Bonds, evidence of ownership and an assignment sufficient to transfer the Beneficial Ownership of a tendered Series 2006A-1 Bond to the Tender Agent or its assignee will be deemed to be presentation and surrender of the Series 2006A-1 Bond. See the caption "SECURITIES DEPOSITORY" herein.

Redemption Provisions

The Series 2006A-1 Bonds are subject to redemption by or on behalf of the Authority upon notice as described under the caption "Notice of Redemption" below. If less than all Series 2006A-1 Bonds that are outstanding are to be redeemed, the particular obligations to be redeemed will be selected (and redeemed only in Authorized Denominations) as described under the caption "Partial Redemption" below.

Optional Redemption

The Series 2006A-1 Bonds are subject to optional redemption under certain conditions.

A. *During a Variable Rate Period,* the Series 2006A-1 Bonds will be subject to redemption at the option of the Authority (with the written consent of the Credit Facility Provider) on any Business Day in Authorized Denominations at the Redemption Price, in whole or in part from Available Monies.

B. *After conversion to a Fixed Rate*, the Series 2006A-1 Bonds will be subject to redemption at the option of the Authority (with the written consent of the Credit Facility Provider), in Authorized Denominations in whole or in part from Available Monies.

   The Fixed Rate Bonds will be noncallable for redemption for the first five (5) years after the Fixed Rate Conversion Date. On and after the fifth anniversary of the Fixed Rate Conversion Date, the Series 2006A-1 Bonds will be subject to redemption in whole at any time, or in part on any Interest Payment Date thereafter at a redemption price of 102% of the principal amount thereof, which price shall decline by ½ of 1% per annum on each anniversary of such Fixed Rate Conversion Date to 100% (i.e., 101-1/2% on and after the sixth anniversary of such Fixed Rate Conversion Date; 101% on and after the seventh anniversary; 100-1/2% on and after the eighth anniversary; and 100% on the ninth anniversary and thereafter).

C. After a Conversion of the Series 2006A-1 Bonds to an Interest Rate other than a Fixed Rate or a Variable Rate, the Series 2006A-1 Bonds shall be subject to redemption at the option of the Authority, with the written consent of the Credit Facility Provider, in Authorized Denominations, in whole or in part from Available Monies, at the times and at the redemption prices set forth in the Supplemental Bond Resolution establishing such rate.

D. In addition, the Series 2006A-1 Bonds are subject to extraordinary optional redemption, in whole or in part, in Authorized Denominations on any Business Day at the principal amount thereof, plus accrued interest to the date set for redemption, if the Authority suffers unreasonable burdens or excessive liabilities in connection with the operation of its program for originating, purchasing or financing student loans or the redemption of the Series 2006A-1 Bonds is required or necessary under applicable law or regulations of the Secretary to enable the Authority to continue to receive various federal benefits, all as evidenced by a certificate of the Authority addressed to the Trustee and the Credit Facility Provider.

   The Series 2006A-1 Bonds shall be optionally redeemed only in Authorized Denominations and only with Available Monies; provided that each Series 2006A-1 Bond must be left Outstanding in an Authorized Denomination or must be

redeemed in whole. The Trustee will redeem all Outstanding Bank Bonds prior to optional redemption of any other Series 2006A-1 Bond.

Mandatory Redemption.

The Series 2006A-1 Bonds are subject to mandatory redemption by the Authority, in whole or in part, on any Business Day at a Redemption Price equal to the principal amount thereof being redeemed, plus accrued interest to the date set for redemption, in Authorized Denominations, from monies on deposit in the Series 2006A-1 Principal Subaccount:

A. Which are not derived from the voluntary sale or disposition of Eligible Loans and which the Authority determines (as indicated in an order given to the Trustee at least forty-five (45) days before the redemption date) are not available or are not expected to be used to acquire Eligible Loans;

B. Which represent monies deposited therein on the Date of Issuance of the Series 2006A-1 Bonds which have not been used to acquire Eligible Loans by March 1, 2009 or such earlier or later date directed or allowed by the Credit Facility Provider; or

C. Which represent Recoveries of Principal from Eligible Loans acquired directly or indirectly with the proceeds of the Series 2006A-1 Bonds.

See the captions "SECURITY AND SOURCES OF PAYMENT - Flow of Funds" and "- Creation of Series 2006A-1 Accounts" herein.

All Series 2006A-1 Bonds constituting Bank Bonds are subject to mandatory redemption on each anniversary of the Expiration Date of the Series 2006A-1 Liquidity Facility in an amount equal to one-fifth (1/5) of the principal amount of Bank Bonds Outstanding on the Expiration Date, and the remaining Bank Bonds will be redeemed in whole only, on the date which is five (5) years after the Expiration Date of the Series 2006A-1 Liquidity Facility at their Redemption Price, plus accrued interest at the Bank Rate to the redemption date.

The Series 2006A-1 Bonds are also subject to mandatory sinking fund redemption on September 1 of each of the years set forth below, in the principal amounts set forth below, together with interest accrued thereon to the date fixed for redemption without premium.

Year	Principal Amount
2015	$ 7,000,000
2020	25,200,000
2035	43,695,000

However, if prior to giving notice of this mandatory redemption, the Authority has redeemed Series 2006A-1 Bonds pursuant to the optional redemption provisions above, or the other mandatory redemption provisions described above, the Series 2006A-1 Bonds so redeemed shall be applied, to the extent of the full principal amount thereof, to reduce the principal amounts required to be redeemed by mandatory sinking fund redemption pursuant to this section sequentially by scheduled mandatory sinking fund redemption date.

The Series 2006A-1 Bonds to be redeemed pursuant to mandatory redemption will be redeemed only in Authorized Denominations; provided that each Series 2006A-1 Bond must be left Outstanding in an Authorized Denomination or must be redeemed in whole. The Series 2006A-1 Bonds or portions of the Series 2006A-1 Bonds to be redeemed will be selected by lot or in such other manner as the Trustee in its discretion may deem fair, except that Bank Bonds will be redeemed prior to any other Series 2006A-1 Bonds.

Partial Redemption

If less than all of the Series 2006A-1 Bonds are to be redeemed, the particular Series 2006A-1 Bonds or portions thereof to be redeemed will be selected, not more than fifteen (15) days prior to the date of notice of redemption, by the Trustee at random in such manner as the Trustee in its discretion may deem fair and appropriate. The Trustee shall treat each Series 2006A-1 Bond to be redeemed as representing that number of Series 2006A-1 Bonds of the lowest Authorized Denomination as is obtained by dividing the principal amount of such Series 2006A-1 Bond by such Authorized Denomination.

In case part but not all of an outstanding Series 2006A-1 Bond is selected for redemption, upon surrender of such Series 2006A-1 Bond, the Authority will execute and the Trustee will authenticate and deliver to such Registered Owner, the cost of which will be paid as a Program Expense, a new Series 2006A-1 Bond(s) of Authorized Denominations in an aggregate principal amount equal to the unredeemed portion of the Series 2006A-1 Bond surrendered.

Notice of Redemption

The Trustee will cause notice of redemption to be given to the Tender Agent, the Remarketing Agent, the Credit Facility Provider and the Registered Owner of any Series 2006A-1 Bonds designated for redemption in whole or in part, by: (a) in the case of redemptions of Series 2006A-1 Bonds (other than Bank Bonds) mailing a copy of the redemption notice by first-class mail at least thirty (30) days prior to the redemption date; and (b) in the case of redemptions of Bank Bonds, sending a copy of the redemption notice to the Series 2006A-1 Liquidity Facility Provider at least three (3) Business Days prior to the redemption date by first-class express mail, telex or telecopy with confirmation by first-class mail. The failure of the Trustee to give notice to a Registered Owner or any defect in such notice will not affect the validity of the redemption of any other Series 2006A-1 Bonds.

Each notice of redemption will specify the Series 2006A-1 Bonds to be redeemed, the date fixed for redemption, the place or places of payment, that payment will be made upon presentation and surrender of the Series 2006A-1 Bonds to be redeemed, that interest, if any, accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Series 2006A-1 Bonds are to be redeemed, the notice of redemption shall specify the series and numbers of the Series 2006A-1 Bonds or portions thereof to be redeemed.

With respect to any notice of redemption of Series 2006A-1 Bonds in accordance with optional redemptions, such notice will state that such redemption will be conditioned upon the receipt by the Trustee on or prior to the date fixed for such redemption of monies (which shall be Available Monies for optional redemptions), subject to the condition below, sufficient to pay the principal of, premium, if any, and interest on such Series 2006A-1 Bonds to be redeemed, and that if such monies will not have been so received the notice shall be of no force and effect, the Trustee will not be required to redeem such Series 2006A-1 Bonds and all the rights of the Registered Owners prior to the redemption date shall be restored. In the event that such notice of redemption contains such a condition and such monies are not so received, the redemption will not be made, and the Trustee will, within a reasonable time but not more than 10 days after the proposed date of redemption, give notice, in the manner in which the notice of redemption was given, that such monies were not so received.

No assurance can be given by the Authority or the Trustee that the Depository Trust Company will distribute to the Direct Participants, or the Direct or Indirect Participants will distribute to the Beneficial Owners: (1) payments of principal and interest on the Series 2006A-1 Bonds paid to the Depository Trust Company (or its nominee), as the Registered Owner; or (2) any redemption or other notices; or (3) that the Depository Trust Company or the Direct or Indirect Participants will serve and act on a timely basis or in the manner described herein.

Transfer and Exchange

Notwithstanding the following, for so long as the Series 2006A-1 Bonds are available only in the Book Entry System of The Depository Trust Company as the Securities Depository, transfers and exchanges of the Series 2006A-1 Bonds by the Beneficial Owners thereof will occur as described in the section "SECURITIES DEPOSITORY" herein.

Each Series 2006A-1 Bond will be transferable only upon our books, which will be kept for such purpose at the corporate trust office of the Trustee, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the Registered Owner or his duly authorized attorney. Upon surrender for transfer of any such Series 2006A-1 Bond, we will execute and the Trustee will authenticate and deliver, in the name of the transferee, one or more new fully registered Series 2006A-1 Bonds of the same aggregate principal amount as the surrendered Series 2006A-1 Bond.

The Authority, the Tender Agent and the Trustee will deem and treat the person in whose name any Outstanding Series 2006A-1 Bond is registered upon the books of the Authority as the absolute owner thereof, whether such Series 2006A-1 Bond is overdue or not, for the purpose of receiving payment of (or on account of) the principal or Redemption Price of and interest on such Series 2006A-1 Bond and for all other purposes. Payment of the principal or Redemption Price and interest will be made only to (or upon the order of) such Registered Owner. All such payments to such Registered Owner will be valid and effectual to satisfy and discharge the liability upon such Series 2006A-1 Bond to the extent of the sum or sums so paid, and none of the Authority, the Tender Agent and the Trustee will be affected by any notice to the contrary.

For every such exchange or transfer of Series 2006A-1 Bonds, the Authority, the Tender Agent and the Trustee may make a charge sufficient for reimbursement of any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Such sum or sums will be paid by the Registered Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. None of the Authority, the Tender Agent or the Trustee will be obligated to:

- issue, exchange or transfer any Series 2006A-1 Bond after the Record Date next preceding a Bond Payment Date;
- issue, exchange or transfer any Series 2006A-1 Bond during a period beginning at the opening of business fifteen (15) days next preceding any selection of Series 2006A-1 Bonds to be redeemed and ending at the close of business on the date of the first mailing of notice of such redemption; or
- transfer or exchange any Series 2006A-1 Bonds called or being called for redemption in whole or in part.

Mutilated, Destroyed, Lost and Stolen Series 2006A-1 Bonds

If any mutilated Series 2006A-1 Bond is surrendered to the Trustee, or the Trustee and the Authority receive evidence to their satisfaction of the destruction, loss or theft of any Series 2006A-1 Bond, and there is delivered to the Trustee and the Authority such security or indemnity as may be required by them to save each of them harmless, then the Authority will execute, and, upon request by the Authority, the Trustee will authenticate and deliver, in exchange for any such mutilated Series 2006A-1 Bond, or in lieu of any such destroyed, lost or stolen Series 2006A-1 Bond, a new Series 2006A-1 Bond of like tenor and principal amount, bearing a number not contemporaneously Outstanding. The Trustee will thereupon cancel any such mutilated Series 2006A-1 Bond so surrendered. In case any such mutilated, destroyed, lost or stolen Series 2006A-1 Bond has become or is about to become due and payable, the Authority in its discretion may pay such Series 2006A-1 Bond instead of issuing a new Series 2006A-1 Bond.

Upon the issuance of any new Series 2006A-1 Bond, the Authority may require the payment by the Registered Owner thereof of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Authority, the Tender Agent or the Trustee, connected therewith.

SECURITIES DEPOSITORY

General

The Series 2006A-1 Bonds will be deposited with The Depository Trust Company, which will act as the securities depository. The Series 2006A-1 Bonds will be issued as fully registered securities registered in the name of Cede & Co., the partnership nominee of The Depository Trust Company, or such other name as may be requested by an authorized representative of The Depository Trust Company. One fully registered certificate will be issued for the Series 2006A-1 Bonds in the aggregate principal amount of that series.

The Depository Trust Company

The Depository Trust Company 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.

The Depository Trust Company holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that The Depository Trust Company's participants ("*Direct Participants*") deposit with it. The Depository Trust Company 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.

The Depository Trust Company is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC, in turn, is owned by a number of Direct Participants of The Depository Trust Company 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 Depository Trust Company 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*"). The Depository Trust Company has Standard & Poor's highest rating: AAA. The Depository Trust Company rules applicable to its participants are on file with the Securities and Exchange Commission.

Purchases of Series 2006A-1 Bonds under The Depository Trust Company system must be made by or through Direct Participants, which will receive a credit for the Series 2006A-1 Bonds on The Depository Trust Company's records. The ownership interest of each Beneficial Owner is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from The Depository Trust Company of their purchase. Beneficial Owners are 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 Series 2006A-1 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 Series 2006A-1 Bonds, except in the event that use of the book-entry system for the Series 2006A-1 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2006A-1 Bonds deposited by Direct Participants with The Depository Trust Company are registered in the name of The Depository Trust Company's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of The Depository Trust Company. The deposit of Series 2006A-1 Bonds with The Depository Trust Company, and their registration in the name of Cede & Co. or such other nominee, does not effect any change in beneficial ownership. The Depository Trust Company has no knowledge of the actual Beneficial Owners of the Series 2006A-1 Bonds; its records reflect only the identity of the Direct Participants to whose accounts such securities 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 The Depository Trust Company 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 Series 2006A-1 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2006A-1 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners may wish to ascertain that the nominee holding the Series 2006A-1 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 notices be provided directly to them.

Redemption notices will be sent to The Depository Trust Company. If less than all of the Series 2006A-1 Bonds are being redeemed, The Depository Trust Company's practice is to determine by lot the amount of the interest of each Direct Participant in the issue to be redeemed.

Neither The Depository Trust Company nor Cede & Co. (nor any other Depository Trust Company nominee) will consent or vote with respect to the Series 2006A-1 Bonds unless authorized by a Direct Participant in accordance with The Depository Trust Company's procedures. Under its usual procedures, The Depository Trust Company mails an Omnibus

Proxy to the Trustee 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 Series 2006A-1 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2006A-1 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of The Depository Trust Company. The Depository Trust Company's practice is to credit Direct Participants' accounts, upon The Depository Trust Company's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on The Depository Trust Company's records. Payments by Direct or Indirect 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 Direct or Indirect Participant and not of The Depository Trust Company, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of The Depository Trust Company) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of The Depository Trust Company, 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 Series 2006A-1 Bonds purchased or tendered through its Direct or Indirect Participant to the Tender Agent, and will effect delivery of the Series 2006A-1 Bonds by causing the Direct Participant to transfer the participant's interest in the Series 2006A-1 Bonds, on The Depository Trust Company's records, to the Tender Agent. The requirement for physical delivery of the Series 2006A-1 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2006A-1 Bonds are transferred by Direct Participants on The Depository Trust Company's records and followed by a book-entry credit of tendered Series 2006A-1 Bonds to the Tender Agent's account at The Depository Trust Company.

The Depository Trust Company may discontinue providing its services as depository with respect to the Series 2006A-1 Bonds at any time by giving reasonable notice to the Authority or the Trustee. In the event that a successor securities depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through The Depository Trust Company (or a successor securities depository). In that event, physical certificates will be printed and delivered to The Depository Trust Company.

Disclaimer

The information in this section concerning The Depository Trust Company and its book-entry system have been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof. The Authority, Bond Counsel, the Trustee and the Underwriter will have no responsibility or obligation to any of The Depository Trust Company, the Direct or Indirect Participants or the persons who are acting as their nominees, with respect to –

- the accuracy of any records maintained by The Depository Trust Company or any Direct or Indirect Participant;
- the payment by The Depository Trust Company or any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal amount of or interest on the Series 2006A-1 Bonds;
- the delivery by The Depository Trust Company or any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Resolution to be given to Series 2006A-1 Bonds holders; or
- any other action taken by The Depository Trust Company.

SECURITY AND SOURCES OF PAYMENT

Trust Estate

The Bond Resolution provides that all Bonds and Notes issued thereunder, as well as any Swap Agreement, are limited and special revenue obligations of the Authority secured by and payable solely from revenues, funds and other assets specifically pledged therefor, including among other things, all rights, title, interest and privileges of the Authority with respect to:

A. The Revenues (other than Revenues deposited in the Rebate Fund) and Recoveries of Principal in and payable into the Funds and Accounts created by the Bond Resolution;

B. All monies and Investment Securities held in the Funds and Accounts created by the Bond Resolution;

C. The Financed Eligible Loans (including the education loan promissory notes evidencing such indebtedness and related loan documentation);

D. The rights of the Authority in and to the Authority Guarantee Agreements, the Servicing Agreements, the Custodian Agreement and any Student Loan Purchase Agreement as such documents relate to Financed Eligible Loans;

E. The rights of the Authority in and to any Swap Agreement and any Swap Counterparty Guarantee, provided, however, that the security interest described in this paragraph will not be for the benefit of a Swap Counterparty with respect to its Swap Agreement; and

F. Any and all other property, rights and interests of every kind granted, transferred or delivered from time to time to the Trustee as additional security, whether now owned or hereafter acquired.

The above property, assets and rights are collectively referred to herein as the *"Trust Estate"*. Our responsibility to pay all Obligations under the Bond Resolution, including payment of the principal of and interest on the Bonds and Notes, is limited to the Trust Estate

Issuance of Additional Bonds and Notes

We may issue Additional Bonds and Notes pursuant to a Supplemental Bond Resolution only upon satisfying certain conditions. These conditions include the delivery of written verification from each Rating Agency that the Ratings on the Additional Bonds and Notes is not lower than the Ratings of the Bonds and Notes Outstanding; and confirming that the Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the issuance of the Additional Bonds or Notes. In addition, the written consent of the Credit Facility Provider to the issuance of such Additional Bonds and Notes is required.

Except as otherwise provided in the Bond Resolution, we (1) will not create or voluntarily permit to be created any lien which would be on a parity with, junior to, or prior to the lien of the Bond Resolution; (2) will not do, omit to do, or voluntarily permit anything whereby the lien of the Bond Resolution or the priority of such lien for the Bonds and Notes thereby secured might or could be lost or impaired, and (3) will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence to or any equality with the Bond Resolution as a lien or charge upon the Financed Eligible Loans.

Flow of Funds

The Act established a *Student Loan Fund* and a *Student Loan Sinking Fund*. The Bond Resolution maintains these Funds as well as establishing a *"Loan Account"* within the Student Loan Fund, a *"Repayment Account"* and a *"Debt Service Reserve Account"* within the Student Loan Sinking Fund, and a *"Rebate Fund"*.

The Repayment Account will be used for the deposit of all Revenues and Recoveries of Principal derived from Financed Eligible Loans, all other Revenue derived from the Trust Estate, all Swap Payments with respect to Bonds and Notes, and any other amounts deposited thereto.

All Recoveries of Principal deposited in the Repayment Account to be used to finance additional Eligible Loans will be transferred to the Recycling Subaccount of the Loan Account of the Student Loan Fund (the "*Recycling Subaccount*") corresponding to the series Loan Account from which such Recoveries of Principal were derived or as otherwise provided in a Supplemental Bond Resolution.

Recoveries of Principal deposited to the Repayment Account and not required to be transferred to the Loan Account shall be deposited to the Series Principal Subaccounts corresponding to the series of Bond and Notes which financed the Eligible Loans from which such Recoveries of Principal were derived or as otherwise provided in a Supplemental Bond Resolution. The Authority may, by Authority Order on any Bond Payment Date, require that amounts representing Capitalized Interest Payments on Financed Eligible Loans be deducted from any subsequently received Recoveries of Principal corresponding to such Financed Eligible Loans deposited to the Repayment Account and treated as Revenues for purposes of the Repayment Account. The amount of the Recoveries of Principal corresponding to the Financed Eligible Loans of any series of Bonds and Notes which may be redesignated as Revenues shall not exceed, together with all previous redesignations of such Recoveries of Principal, the amount of all Capitalized Interest Payments on the Financed Eligible Loans of such series of Bonds and Notes, as of such date.

Revenues deposited to the Repayment Account are to be used in the following order of priority (including reimbursement of such amounts to the Authority):

A. To pay to the Rebate Fund on any date any rebate or excess interest payments to comply with any Investment Instructions or any Tax Regulatory Agreement;

B. To pay any current Servicing Fees (with respect to the Financed Eligible Loans) which are due and payable;

C. To pay any current fees and expenses of the Trustee, the Credit Facility Provider or the Liquidity Facility Provider (with respect to the Bonds and Notes) which are due and payable;

D. To pay on each Bond Payment Date (or fund the corresponding Account of the Sinking Fund to provide for) interest on all Bonds and Notes and the amount of any Authority Swap Payment;

E. To pay on each Bond Payment Date, on a parity basis, (or fund the corresponding Account of the Sinking Fund to provide for) the principal on any Bonds and Notes;

F. To fund any deficiency in the Debt Service Reserve Account;

G. To pay any other Program Expenses (with respect to the Bonds and Notes) which are due and payable;

H. To pay Administrative Expenses (with respect to the Bonds and Notes) which are due and payable to the Authority;

I. On June 1 and December 1 of each year, at the option of the Authority, any remaining amounts on deposit in the Repayment Account may be re-designated as Recoveries of Principal; and

J. On June 1 and December 1 of each year, upon satisfying certain collateral ratios described under the caption "Releases to the Authority" below, transferred to us free and clear of lien of the Bond Resolution.

If there are not sufficient monies in the Repayment Account and the Debt Service Reserve Account to make the transfers and payments required by paragraphs A through H, the Trustee shall transfer an amount equal to such deficiency from any series Recycling Subaccount or any series Loan Subaccount of the Loan Account of the Student Loan Fund to the Repayment Account to make such transfers or payments.

Creation of Accounts

The Bond Resolution establishes the following Accounts and Subaccounts with respect to the Prior Bonds and the Series 2006A-1 Bonds:

A. Within the Loan Account of the Student Loan Fund, a Loan Subaccount for each series of Prior Bonds, and the *"Series 2006A-1 Loan Subaccount"* to be used to account for,

1. Original proceeds of the applicable series of the Prior Bonds and original proceeds of the Series 2006A-1 Bonds to be used to acquire Eligible Loans and pay costs of issuance, respectively, deposited thereto, and

2. Eligible Loans financed by the proceeds of the applicable series of Prior Bonds and the Series 2006A-1 Bonds, respectively.

Unless otherwise agreed to in writing by the Credit Facility Provider, the Eligible Loans acquired with the proceeds of the Prior Bonds and Series 2006A-1 Bonds, respectively, as a whole shall have characteristics of interest yield, unpaid principal balance and type of eligible institution attended that fairly represent the characteristics of the total of Eligible Loans acquired by the Authority for its other portfolios.

In addition, if after any reauthorization or amendment of the Higher Education Act, loans authorized thereunder are materially different from loans authorized thereunder before the reauthorization or amendment, then such loans will not constitute Eligible Loans unless the Authority receives written verification from each Rating Agency that the Ratings on the Outstanding Bonds and Notes will not

be lowered or withdrawn due to the financing of such loans under the Series 2006A-1 Supplemental Resolution.

B. Within the Loan Account of the Student Loan Fund, the "*Series 2006A-1 Refunding Subaccount*" to be used to account for original proceeds of the Series 2006A-1 Bonds deposited thereto for,

1. The current refunding, or prepaying Authority debt used for current refunding, of Authority note indebtedness, and

2. On April 1, 2006, the transfer of any amounts remaining therein to the Series 2006A-1 Loan Subaccount.

C. Within the Loan Account, a Recycling Subaccount for each series of Prior Bonds and the *"Series 2006A-1 Recycling Subaccount"* to be used to account for Recoveries of Principal on the applicable series of Prior Bonds and the Series 2006A-1 Bonds, respectively, that are to be used to finance additional Eligible Loans.

Unless otherwise agreed to in writing by the Credit Facility Provider, the Eligible Loans acquired with Recoveries of Principal deposited to the Recycling Subaccounts as a whole shall have characteristics of interest yield (except with respect to loans originated on or after July 1, 1998), unpaid principal balance and type of eligible institution attended that fairly represent the characteristics of the total of Eligible Loans acquired with the original proceeds of the applicable series of Prior Bonds and the Series 2006A-1 Bonds.

Recoveries of Principal which have remained on deposit in a Recycling Subaccount for a period of one hundred eighty (180) days (or such later time period consented to in writing by the Credit Facility Provider) shall be transferred to the Principal Subaccount applicable to such series of Bonds and Notes and used to redeem Bonds and Notes pursuant to the Bonds Resolution.

D. Within the Repayment Account, a Principal Subaccount for each series of Prior Bonds and the *"Series 2006A-1 Principal Subaccount"* to be used to account for all monies to be used to pay the principal of or Redemption Price of any applicable series of Prior Bonds and the Series 2006A-1 Bonds.

E. The Debt Service Reserve Account of the Student Loan Sinking Fund for the Bonds and Notes, including the Series 2006A-1 Bonds; and

F. The Rebate Fund for deposit of computed amounts of rebate or excess interest, in which fund the Registered Owners will not have any right, title or interest.

Debt Service Reserve Account

Under the Bond Resolution, as amended, we are required to maintain the Debt Service Reserve Account at an amount equal to the greater of one percent (1%) of the principal amount of the Prior Bonds Outstanding plus one-half of one percent (0.5%) of the Series 2006A-1 Bonds or $500,000, or such lesser or greater percentage or amount permitted in writing by the Credit Facility Provider with confirmation that the Ratings on the Outstanding Bonds and Notes will not be lowered or withdrawn due to the change (the "*Debt Service Reserve Account Requirement*"). The Debt Service Reserve Account Requirement is based on an amendment of the Bond Resolution definition by the Series 2006A-1 Supplemental Resolution, the consent of the Credit Facility Provider and confirmations of the Ratings of the Outstanding Bonds and Notes by the Rating Agencies.

The Bond Resolution permits us to utilize a letter or line of credit, surety bond insurance policy or similar instrument in lieu of or in addition to cash or Investment Securities in satisfaction in whole or in part of the Debt Service Reserve Account Requirement.

Previously, we obtained four Reserve Account Surety Bonds (the "*Outstanding Reserve Account Surety Bonds*") from MBIA, as the *"Surety Provider"* –

- A policy (the "*Original Reserve Account Surety Bond*") in the lesser of:
    - $2,196,250, or
    - the greater of 1% of the Outstanding amount of the Bonds and Notes issued prior to 2002 or $500,000; and
- Three policies for a total of $1,462,950 (1% of the principal amount of each of the Series 2002A Bonds, the Series 2003A Bonds and the Series 2005A Bonds), the amount of which will not be reduced, except for payments by the Surety Provider that are not reimbursed) until the Series 2002A Bonds, the Series 2003A Bonds and the Series 2005A Bonds, respectively, are redeemed or paid in full.

The Debt Service Reserve Account Requirement for the Series 2006A-1 Bonds will be satisfied by an additional Debt Service Reserve Account Surety Bond (the "*Series 2006A-1 Reserve Account Surety Bond*") issued by MBIA in the original amount of $762,725 (0.5% of the principal amount of the Series 2006A-1 Bonds) that will not be reduced (except for payments by the Surety Provider that are not reimbursed) until the Series 2006A-1 Bonds are redeemed or paid in full.

To the extent there are insufficient monies in the Repayment Account to make the transfers described in paragraphs A through H, inclusive, under the caption "SECURITY AND SOURCES OF PAYMENT – Flow of Funds", then, after any required transfer from the Student Loan Fund, the amount of such deficiency will be paid directly from the Debt Service Reserve Account. However, draws upon Reserve Account Surety Bonds will only be used to defer the deficiencies in the transfers required by paragraphs D and E under the caption "SECURITY AND SOURCES OF PAYMENT – Flow of Funds," unless the provider of the Reserve Account Surety Bond permits a drawing for other transfers.

If the Debt Service Reserve Account is used for the purposes described in the preceding paragraph, the Trustee will restore the Debt Service Reserve Account Requirement on the next Bond Payment Date by transfers from the Repayment Account. If, on any date, the Debt Service Reserve Account Requirement is exceeded for any reason, the Trustee, at the direction of the Authority, will transfer the excess to the Repayment Account.

Each Reserve Account Surety Bond provides that upon the later of: (1) three days after receipt by the Surety Provider of a Demand for Payment presented by the Trustee; or (2) the payment date of the Bonds and Notes as specified in the Demand for Payment, the Surety Provider will make a deposit of funds sufficient for the payment to the Trustee of amounts which are then due to the Trustee, subject to the available amount of the Reserve Account Surety Bond.

The available amount of each Reserve Account Surety Bond is the initial face amount less the amount of any previous deposits by the Surety Provider with the Trustee which have not been reimbursed by the Authority, and, with respect to the Original Reserve Account Surety Bond, the amount by which such Original Reserve Account Surety Bond has been automatically reduced because of the redemption or maturity of the Prior Bonds.

The Authority and MBIA entered into separate Financial Guaranty Agreements (the "*Financial Guaranty Agreements*") with respect to each Reserve Account Surety Bond. Pursuant to the Financial Guaranty Agreements, the Authority is required to reimburse the Surety Provider, with interest:

- under the Original Reserve Account Surety Bond (since the premium is payable quarterly) within the earlier of one (1) year or the date of cancellation due to nonpayment of the premium; or
- under the Series 2002A, 2003A, 2005A and 2006A-1 Reserve Account Surety Bonds (where the premium has been paid in full) within one (1) year;

until the face amount of each Reserve Account Surety Bond is reinstated before any Revenues are used to pay certain Program Expenses and Administrative Expenses. No optional redemption of Bonds or Notes may be made until each Reserve Account Surety Bond is reinstated.

Each Reserve Account Surety Bond will be held by the Trustee in the Debt Service Reserve Account. The premium for the Original Reserve Account Surety Bond is paid quarterly based on an annual rate. The entire premium for the Series 2002A, Series 2003A and Series 2005A Reserve Account Surety Bonds were paid when those bonds were issued. The entire premium for the Series 2006A-1 Reserve Account Surety Bond will be paid at the time the Series 2006A-1 Bonds are issued.

Any draws on the Reserve Account Surety Bonds are to be made only after all cash and Investment Securities in the Debt Service Reserve Account have been expended. Draws on the Reserve Account Surety Bonds shall be made on a pro rata basis to fund the insufficiency. In the event money is withdrawn from the Debt Service Reserve Account (including draws on any Reserve Account Surety Bond) to pay principal of or interest on the Bonds or Notes secured thereby (or in the event the amounts on deposit in the Debt Service Reserve Account are, for any other reason, less than the Debt Service Reserve Account Requirement), the Authority shall restore the amount so withdrawn (or replenish the deficiency) from the first Revenues deposited

to the Debt Service Reserve Fund as required by the Bond Resolution, provided that such Revenues will be used first to reinstate, on a pro rata basis, any Reserve Account Surety Bond to the required level (and pay interest on any draws thereunder), after taking into account the amounts available under the Reserve Account Surety Bond. If the Debt Service Reserve Account contains surety bonds issued by two or more different providers, any provider of such surety bond may request that the Trustee establish separate Subaccounts within the Debt Service Reserve Account to provide that each debt service surety bond only secures the repayment of the principal of and interest on one or more specified series of the Bonds and Notes.

Swap Agreements

In the Bond Resolution, the Authority directs the Trustee to agree to any Swap Agreement approved in writing by the Credit Facility Provider and entered into by the Authority and a Swap Counterparty under which: (1) the Authority may be required to make, from time to time, Authority Swap Payments; and (2) the Trustee may receive from time to time, Counterparty Swap Payments for the account of the Authority.

Any Swap Agreement will provide that the Authority will have the right to terminate the Swap Agreement without payment by the Authority of any Swap Value or termination payment or other compensation for any loss or damage to the Swap Counterparty resulting from such termination if the Swap Counterparty's Rating by a Rating Agency is suspended, withdrawn or falls below "A2" with respect to Moody's, and within ten (10) days thereafter, the Swap Counterparty fails to provide collateral (consisting of direct obligations of the United States Government or obligations of federal agencies which are fully guaranteed as to principal and interest by the United States Government) to be held by the Trustee (or third party designated by the Authority) in an amount (valued in accordance with the provisions of the Swap Agreement) which is not less than 103% of the maximum aggregate remaining payment obligation of the Swap Counterparty over the remaining term of the Swap Agreement.

In connection with the execution of a Swap Agreement, the Trustee, on behalf of the Swap Counterparty, will waive in a Supplemental Bond Resolution executed in connection with a Swap Agreement any and all rights which the Swap Counterparty may have to receive any amounts realized by the Trustee from foreclosure upon the Trust Estate consisting of any Counterparty Swap Payment from the Swap Counterparty.

In addition, no voluntary termination payment required to be made by the Authority under a Swap Agreement will be paid from monies in the Trust Estate unless the Trustee receives the written consent of the Credit Facility Provider and written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn due to such payment.

To date, the Authority has not entered into any Swap Agreement pursuant to the Bond Resolution.

Servicing Fees, Program Expenses and Administrative Expenses

The amount used to pay Servicing Fees, Program Expenses and Administrative Expenses in any one Fiscal Year will not exceed the amount budgeted by the Authority with respect to the Bonds and Notes. In addition, such fees and expenses will not exceed the amount designated therefor in the cash flows provided to the Credit Facility Provider on the date of issuance of any Outstanding Bonds and Notes, unless the Authority, after furnishing the Credit Facility Provider with revised cash flows, has received the written consent of the Credit Facility Provider to the payment of such additional fees and expenses.

Investment of Funds

The Trustee will invest money held for the credit of any Fund, Account or Subaccount as directed in writing by the Authority, to the fullest extent practicable, in Investment Securities which shall mature or be redeemed at the option of the holder prior to the respective dates when the money held for the credit of such Fund, Account or Subaccount will be required for the purposes intended. In the absence of any such direction the Trustee will invest such amounts in Governmental Obligations.

Earnings with respect to, and any net gain on the disposition of, any such investments, except on investments contained in the Rebate Fund, will be deposited into the corresponding Account or Subaccount. Earnings on amounts contained in the Rebate Fund shall remain in the Rebate Fund. Investments are valued monthly at their Value.

Supplemental Resolutions

The Bond Resolution provides that, subject to various conditions, resolutions supplemental to and amendatory of the Bond Resolution may be adopted by the trustees of the Authority. Some supplemental resolutions may be adopted without the consent of the Registered Owners of the Bonds and Notes. Reference is made to the Bond Resolution for the complete provisions thereof.

Supplemental Resolutions Not Requiring Consent of Registered Owners

The Authority may, with the consent of the Trustee, the Credit Facility Provider and the Liquidity Facility Provider, but without the consent of or notice to any of the Registered Owners, adopt any resolution supplemental to the Bond Resolution for any one or more of the following purposes:

A. To enter into a Supplemental Bond Resolution for the purposes of issuing Additional Bonds and Notes;

B. To make the terms and provisions of the Bond Resolution, including the lien and security interest granted therein, applicable to a Swap Agreement;

C. To evidence the appointment of a separate or co-Trustee or the succession of a new Trustee, or any additional or substitute Guarantee Agency or Servicer;

D. To add to or amend such provisions of the Bond Resolution as may be necessary or desirable to assure implementation of the FFEL Program in conformance with the Higher Education Act, to make any change as shall be necessary in order to obtain an investment-grade rating for the Bonds and Notes from a nationally recognized rating service (which changes, in the opinion of the Trustee, are not to the prejudice of the Registered Owners), or to make any change as shall be necessary in order to maintain the exclusion of interest on the Bonds and Notes from gross income of the Registered Owners thereof for federal income tax purposes;

E. To cure any ambiguity or formal defect or omission in the Bond Resolution, to grant to or confer upon the Trustee (for the benefit of the Registered Owners) any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Registered Owners or the Trustee, or to subject to the Bond Resolution additional revenues, properties or collateral, or to create any additional Funds or Accounts or Subaccounts under the Bond Resolution;

F. To make any change which affects the Bonds and Notes only when they bear a type of interest rate other than the one borne at the time of delivery of the Bond Resolution or a Supplemental Bond Resolution upon receipt by the Authority and the Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn because of such change;

G. To modify, amend or supplement the Bond Resolution or any resolution supplemental thereto in such manner as to permit the qualification of such resolutions under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect, or to permit the qualification of the Bonds and Notes for sale under the securities laws of the United States of America or of any of the states thereof, and, to add to the Bond Resolution or any Supplemental Bond Resolution such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar federal statute; or

H. To make any other change, except for any change which requires the consent of all the Registered Owners, upon receipt by the Authority and the Trustee of written confirmation from each Rating Agency that its then-applicable Ratings on the Bonds and Notes will not be lowered or withdrawn because of such change.

Supplemental Resolutions Requiring Consent of Registered Owners

Except for Supplemental Resolutions *not* requiring the consent of Registered Owners, the Credit Facility Provider, the Liquidity Facility Provider and the Registered Owners of not less than a majority of the collective aggregate principal amount of the Bonds and Notes

then Outstanding (which in the opinion of the Trustee are affected) shall have the right to consent to and approve the adoption by the Authority of such Supplemental Bond Resolution as shall be deemed necessary and desirable by the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Resolution or in any Supplemental Bond Resolution.

However, nothing shall permit, or be construed as permitting, without the consent of the Registered Owners of *all* Outstanding Bonds and Notes affected thereby: (1) an extension of the maturity date of the principal of or the interest on any Bond or Note; or (2) a reduction in the principal amount of any Bond or Note or the rate of interest thereon; or (3) a privilege or priority of any Bond or Note or Bonds or Notes over any other Bond or Note or Bonds or Notes except as otherwise provided in the Bond Resolution; or (4) a reduction in the aggregate principal amount of the Bonds and Notes required for consent to such Supplemental Bond Resolution; or (5) the creation of any lien other than a lien ratably securing all of the Bonds and Notes at any time Outstanding except as otherwise provided in the Bond Resolution.

Amendments to the Series 2006A-1 Credit or Liquidity Facilities Not Requiring Consent of Registered Owners

The Authority and the Trustee may, without the consent of or notice to the Registered Owners, but only with the prior written consent of the Credit Facility Provider and the Series 2006A-1 Liquidity Facility Provider, consent to any amendment, change or modification of the Series 2006A-1 Credit Facility, the Series 2006A-1 Liquidity Facility, any Alternate Credit Facility or any Alternate Liquidity Facility that may be required: (1) by the provisions of the Series 2006A-1 Credit Facility, the Series 2006A-1 Liquidity Facility, an Alternate Credit Facility, an Alternate Liquidity Facility or the Bond Resolution, (2) for the purpose of curing any ambiguity, formal defect or omission; (3) to add additional rights acquired in accordance with the provisions of the Series 2006A-1 Credit Facility, the Series 2006A-1 Liquidity Facility, an Alternate Credit Facility or an Alternate Liquidity Facility; (4) in order to obtain for the Series 2006A-1 Bonds an investment grade rating from a nationally recognized rating service; or (5) in connection with any other change therein which, in the judgment of the Trustee, is not to the material prejudice of the Trustee or the Registered Owners of the Series 2006A-1 Bonds.

Amendments to Series 2006A-1 Credit or Liquidity Facilities Requiring Consent of Registered Owners

Except for Series 2006A-1 Credit or Liquidity Facility amendments *not* requiring the consent of Registered Owners, neither the Authority nor the Trustee shall consent to any amendment, change or modification of the Series 2006A-1 Credit Facility, the Series 2006A-1 Liquidity Facility, any Alternate Credit Facility or any Alternate Liquidity Facility without notice and the written approval or consent of the Registered Owners of not less than two-thirds (2/3) in aggregate principal amount of the Series 2006A-1 Bonds at the time Outstanding and the prior written consent of the Credit Facility Provider and the Series 2006A-1 Liquidity Facility Provider. Nothing shall permit, or be construed as

permitting, a reduction of the aggregate principal amount of the Series 2006A-1 Bonds the Registered Owners of which are required to consent to any such amendment, change or modification or a reduction in, or a postponement of the payments under the Series 2006A-1 Credit Facility or the Series 2006A-1 Liquidity Facility without the consent of the Registered Owners of *all* of the Series 2006A-1 Bonds then Outstanding.

Events of Default and Remedies

The Bond Resolution provides various remedies to, and limitations on the exercise of remedies by, the Registered Owners of the Bonds and Notes. Reference is made to the Bond Resolution, a copy of which is available upon request to the Authority, for the complete provisions thereof.

Events of Default. The following events are defined in the Bond Resolution as *"Events of Default"*: (1) default in the payment of the principal of or interest on any of the Bonds and Notes when due, or failure to make any payment due under any of the Obligations when due; (2) default in the performance or observance of any other of the Authority covenants to be kept and performed and continuation of such default for a period of ninety (90) days after written notice thereof by the Trustee to the Authority; (3) the occurrence of an "event of default" under a Tax Regulatory Agreement with respect to any series of tax-exempt Bonds and Notes; and (4) default in the payment of any amount due pursuant to the tender demand for purchase or mandatory purchase of Bonds and Notes under the Bond Resolution.

While the failure to perform any of the covenants or agreements contained in the Bond Resolution will be deemed to be a "default", the remedies contained therein are exercisable solely upon the happening of Events of Default listed above.

Right to Enforce in Trustee. No Registered Owner will have any right to institute any suit, action or proceeding for the enforcement of the provisions of the Bond Resolution or for any other remedy thereunder. All such rights of action are vested exclusively in the Trustee, unless and until such Registered Owner: (1) shall have obtained the written consent of the Credit Facility Provider for such action; (2) shall have previously given the Trustee written notice of a default and of the continuance thereof; (3) shall have made written request upon the Trustee and the Trustee shall have been afforded reasonable opportunity to institute such action; and (4) the Trustee shall have been offered reasonable indemnity and security satisfactory to it against the expenses and liabilities to be incurred therein; and (5) the Trustee shall have failed to institute any such action for thirty (30) days after receipt of such notification and offer of indemnity.

Remedies on Default. The remedies in the Bond Resolution available to the Trustee, the Credit Facility Provider or the Registered Owners are not intended to be exclusive of any other remedy, but each remedy will be cumulative and in addition to every other remedy given thereunder or now or hereafter existing. No delay or omission of the Trustee, the Credit Facility Provider or any Registered Owner to exercise any power or right arising from any default will impair any such right or power or will be construed to be a waiver of any such default or to be acquiescence therein.

A. *Accelerated Maturity Remedy*. If an Event of Default shall have occurred and be continuing, the Trustee (with the written consent of the Credit Facility Provider) may declare – or upon the written direction of the Credit Facility Provider or by the Registered Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds and Notes then Outstanding and with the written consent of the Credit Facility Provider, shall declare - the principal of all Obligations then Outstanding, and the interest thereon, immediately due and payable; provided, however, that a declaration of acceleration upon a default pursuant to (2) or (3) under the heading "Events of Default" above shall require the written consent of the Credit Facility Provider or 100% of the Registered Owners of the aggregate principal amount of the Bonds and Notes then Outstanding with the written consent of the Credit Facility Provider.

B. *Possession of Trust Estate Remedy*. Subject to provisions in the Bond Resolution regarding acceleration of Obligations, upon the happening and continuance of any Event of Default, the Trustee may take possession of such portion of the Trust Estate as shall be in the custody of others, and manage and control the same as it shall deem best, and collect and receive all Revenues and Recoveries of Principal thereof, and after deducting therefrom all expenses incurred and all other proper outlays, the Trustee shall apply the rest and residue of the money received by it, including proceeds of sale of the Trust Estate, as provided in the Bond Resolution.

C. *Sale of Trust Estate Remedy*. Upon the happening of any Event of Default and if the principal of all of the Outstanding Obligations shall have been declared due and payable, then the Trustee may (with the written consent of the Credit Facility Provider) and shall, upon the written direction of the Credit Facility Provider, sell the Trust Estate, and all right, title, interest, claim and demand thereto and the right of redemption thereof, to the highest bidder at any such place, time, notice and terms as may be required by law. Upon such sale the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same.

Restoration of Position. In case the Trustee shall have proceeded to enforce any rights under the Bond Resolution by sale or otherwise, and such proceedings shall have been waived, discontinued, or determined adversely to the Trustee, then the Authority, the Trustee, the Registered Owners and the Credit Facility Provider will be restored to their former respective positions and rights in respect to the Trust Estate.

Releases to the Authority

The Bond Resolution permits the Authority to instruct the Trustee to transfer certain excess assets of the Trust Estate to the Authority free and clear of the lien of the Bond Resolution; provided that no such transfer of assets to the Authority will be made unless:

A. There is on deposit in the Debt Service Reserve Account an amount at least equal to the Debt Service Reserve Account Requirement;

B. The Trustee has received a Cash Flow Certificate and an opinion of nationally recognized municipal bond counsel that certain conditions have been met and that such transfer will not affect adversely the exclusion from federal income taxation of interest on any Bonds and Notes;

C. The Trustee has received an Authority certificate to the effect that all rebate liability as calculated pursuant to the Tax Regulatory Agreement and Investment Instructions through the date of such transfer has been paid or deposited in the Rebate Fund; and

D. Immediately after taking into account any such transfer, the Aggregate Market Value of the assets in the Trust Estate will be at least equal to 103% of the unpaid principal amount of the Bonds and Notes Outstanding.

RISK FACTORS

You should consider the following factors together with all of the information contained in this Official Statement in deciding whether to purchase any of the Series 2006A-1 Bonds.

Financial Status of Credit Facility Provider

We will obtain the Series 2006A-1 Credit Facility to pay scheduled payments of the principal of and interest on the Series 2006A-1 Bonds in the event that we are unable to do so with assets in the Trust Estate.

The financial strength rating and the claims paying ability of MBIA are subject to change, which may be adverse, due to future events, operating results, underwriting and claims experience, regulatory conditions, economic conditions and other factors. Such factors may result in a downgrade of MBIA's ratings or make it unable or unwilling to honor its obligations.

In such events, the ratings and the market price or marketability of the Series 2006A-1 Bonds may be affected adversely and you may suffer a loss of principal or interest.

The Series 2006A-1 Liquidity Facility Provider's Obligations are not Absolute

The Series 2006A-1 Liquidity Facility Provider is not obligated to pay the tender price if the Series 2006A-1 Credit Facility is no longer in effect, after expiration of the Series 2006A-1 Liquidity Facility, if the Credit Facility Provider is insolvent, has failed to pay pursuant to the terms of the Series 2006A-1 Credit Facility, is subject to certain ratings downgrade or has failed

to pay under certain other unrelated financial guaranty insurance policies issued by the Credit Facility Provider.

The Series 2006A-1 Bonds are Limited Obligations of the Authority

We are only obligated to make payments on the Series 2006A-1 Bonds from assets in the Trust Estate. We cannot compel the State of Oklahoma to make any payments on the Series 2006A-1 Bonds from any source. In the event there are not sufficient assets in the Trust Estate to make a payment, you may suffer a loss of principal or interest, the amount of which will depend upon the return we have received on the Eligible Loans we have been able to acquire and our ability to control expenses.

Limitations on Enforceability of Remedies

If the Trustee is required to exercise remedies on your behalf and litigation ensues, including, but not limited to bankruptcy proceedings, it may not be able to sell the loans or otherwise exercise remedies you may want it to exercise as quickly as you may want. Delays are inherent in litigation and, in many instances, a judge will have discretion whether to allow a desired remedy or action by the Trustee on your behalf. The legal opinions delivered at the closing of the Series 2006A-1 Bonds are qualified as to whether the Trustee can exercise remedies in bankruptcy or insolvency proceedings or similar laws affecting creditors in general.

Outside Factors May Adversely Affect Cash Flow Sufficiency

We established the terms of the Series 2006A-1 Bonds based on our experience in acquiring portfolios of Eligible Loans and the expenses we incur in the FFEL Program. We may not be able to acquire Eligible Loans in the amount, at the prices or when expected for several reasons, including competition from other FFEL Program participants.

We compete with numerous other local and national secondary markets, loan servicers and lenders participating in the FFEL Program. Many of the FFEL Program participants competing with us are larger, have more extensive operations and greater financial resources. This could affect our ability to acquire FFEL Program loans for Recycling or with the proceeds of Additional Bonds and Notes that could result in the early redemption of principal; or, it could raise the cost of acquiring FFEL Program loans which would reduce the yield on Financed Eligible Loans.

In addition, potential borrowers can obtain loans originated under USDE's William D. Ford Direct Student Loan Program. The effect of this competing program is to reduce the amount of loans available to our FFEL Program participation.

To the extent we are able to use proceeds of the Series 2006A-1 Bonds or Additional Bonds and Notes to acquire Eligible Loans, we may not realize the return we expect for several reasons including, without limitation:

- the Eligible Loans are generally 98% (97% for loans first disbursed on or after July 1, 2006) reinsured by a Guarantee Agency and to the extent a borrower defaults (if we do not maintain Exceptional Performer status), the Trust Estate will suffer a corresponding loss of 2% or 3% of the outstanding principal and accrued interest;

- borrowers may prepay their loans faster than we expect, either as a result of economic conditions or because they refinanced our loan through a Consolidation Loan by another lender, or by us with monies in a different trust estate;

- Eligible Loans acquired in the Trust Estate at a premium that are prepaid at par by loan consolidation or refinancing (whether by another lender or by us in another trust estate) or by any other early repayment could suffer a loss of premium depending on the length of time held in the Trust Estate;

- borrowers may participate in our borrower savings plans, such as TOP, REAP, Zero O Fee and EZ Pay Discount, at greater rates than projected which will reduce our Revenues and Recoveries of Principal;

- the FFEL Program is subject to frequent amendments and was subjected to future reductions in payments by budget reconciliation legislation (S 1932) titled the Deficit Reduction Act of 2005, P.L. 109-171, enacted on February 8, 2006 (the "*Deficit Reduction Act*"), which will affect when and how much Interest Benefit and Special Allowance Payments we receive from USDE and reimbursement from Guarantee Agencies (See Changes in Higher Education Act or Other Relevant Law in this RISK FACTORS section); and

- we may not receive loan payments when we expect if borrowers enter into deferment periods longer than we anticipate or are granted forbearance in larger numbers than we anticipate.

Reinvestment Risk

If Revenues and Recoveries of Principal are received and we can not Recycle monies to acquire additional Eligible Loans, we may have to prepay Bonds and Notes, including the Series 2006A-1 Bonds. If we prepay your Series 2006A-1 Bonds, you may not be able to reinvest your principal at a comparable interest rate.

Loan Servicing and Origination Compliance with the Higher Education Act

If we originate an Eligible Loan and do not comply with the Higher Education Act and applicable regulations, we may lose the Guarantee if the borrower defaults. If a third party makes the error, we reserve the right to sell the defective loan to the party from whom we purchased it, but we cannot guarantee that entity will be willing or able to honor its repurchase obligation.

Similarly, we service our own loans. If we make a servicing mistake under the Higher Education Act and applicable regulations that causes us to lose the benefit of a Guarantee, we will not be able to recover the loss from a Guarantee Agency and will have to attempt to collect on the non-guaranteed loans from the borrowers.

Financial Status of Guarantee Agencies

The Financed Eligible Loans will be unsecured. We are depending on the ability of the Guarantee Agencies, and the State Guarantee Agency in particular, to honor guarantee claims for defaulted loans. Currently, a guarantee fee of one percent (1%) of loan principal is authorized, but most guarantors have been waiving that guarantee fee.

The permitted reserves, reinsurance percentages, default (trigger) rates at which the reinsurance percentage is reduced and other income generating activities of the Guarantee Agencies have been reduced on numerous occasions in past legislation. In addition, Reauthorization of the Higher Education Act or budgetary enactments may reduce these factors in the future. These changes may impact the ability of Guarantee Agencies to honor their guarantee obligations in the future.

The Deficit Reduction Act requires guarantee agencies to collect and deposit into the guarantor’s Federal Fund a default fee of one percent (1%) of loan principal beginning July 1, 2006. The default fee must be collected either by deduction from the borrower’s loan proceeds or by payment from other non-federal sources. If a guarantor pays the default fee from its other non-federal sources, such payments could reduce a guarantor’s financial ability. The State Guarantee Agency has been waiving the guarantee fee, but has announced that it will begin charging the default fee to the borrower for loans guaranteed on or after July 1, 2006.

While the Higher Education Act provides that a loan holder may submit a guarantee claim directly to the USDE if a Guarantee Agency is unable to honor its commitment, it is possible that there would be a delay in our ability to realize claim payments on this procedure if any of the Guarantee Agencies become insolvent.

Changes in Higher Education Act or Other Relevant Law

The Higher Education Act is the subject of frequent amendments. Many of the recent amendments have reduced the return available to us on Eligible Loans. It is possible that future amendments or reauthorizations may further reduce the return on Eligible Loans, which may hurt our ability to pay debt service on the Bonds and Notes, including the Series 2006A-1 Bonds, when due.

The FFEL Program was scheduled for Reauthorization in 2004, but has been extended temporarily three times, currently through March 31, 2006. It is expected that Reauthorization will be enacted during 2006, but it is not possible to predict whether, when or the final content of Reauthorization or any other amendments of the Higher Education Act or their effect on our FFEL Program.

The Deficit Reduction Act, among other things, includes student loan changes:

- extending the FFEL Program authorization for USDE to provide interest subsidies and federal insurance on loans through September 30, 2012;
- continuing fixed rate provisions for Consolidation Loans that provides an incentive to other FFEL Program loan borrowers to take a Consolidation Loan, and prepay other loans early, in rising interest rate environments, but disallowing an early repayment option beginning July 1, 2006, that made in-school consolidation possible;
- providing for a fixed rate of 8.50% for PLUS loans made on or after July 1, 2006 and allowing graduate and professional students to borrow in the PLUS loan program;
- providing for the previously scheduled fixed rate of 6.80% for Stafford Loans made on or after July 1, 2006 to take effect;
- recapturing interest paid by borrowers if the quarterly average special allowance formula's annualized yield is lower than the borrower rate for loans made on or after April 1, 2006 by credit to USDE and a reconciliation at least annually;
- increasing annual loan limits for first year students (from $2,625 to $3,500), second year students (from $3,500 to $4,500) and graduate/professional students for Unsubsidized Stafford amounts (from $10,000 to $12,000) without changing aggregate borrowing limits effective July 1, 2007;
- decreasing origination fees imposed by USDE on borrowers from 3% to 2% beginning July 1, 2006, and phasing out the fee over four years afterwards;
- preserving the William D. Ford Federal Direct Loan Program which competes with the FFEL Program in which we participate;
- reducing the guarantee reimbursement on defaulted loans for lender/holders from 98% to 97% for loans made on or after July 1, 2006, and for Exceptional Performer loan servicers from 100% to 99% effective July 1, 2006; and
- allowing a military deferment for borrowers serving on active or other qualifying duty during war, other military operation or a national emergency for up to three years for loans first disbursed on or after July 1, 2001.

Military Service May Result in Delayed Payments
From Borrowers Called to Active Duty

The recent build-up of the United States military has increased the number of citizens who are in active military service. The Servicemembers Civil Relief Act (the "*Relief Act*") updated and replaced the Soldiers' and Sailors' Civil Relief Act of 1940. The Relief Act provides relief to borrowers who enter active military service, or to borrowers in reserve status who are called to active duty, after the origination of their student loans. The Relief Act limits the ability of a lender and guarantee agencies under the FFEL Program 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.

We do not know how many student loans have been or may be affected by the application of the Relief Act. Payments on student loans held by us may be delayed as a result of these requirements, which may reduce the funds available to pay principal and interest on the Bonds and Notes, including the Series 2006A-1 Bonds.

Higher Education Relief Opportunities for Students
Act of 2003 May Result in Delayed Payments

The Higher Education Relief Opportunities for Students Act of 2003 ("*HEROS Act of 2003*") authorizes the Secretary, during the period ending September 30, 2007, 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 for the benefit of "affected individuals" who:

- are serving on active military duty during a war or other military operation or national emergency declared by the President of the United States by reason of terrorist attacks;
- 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
- suffered direct economic hardship as a direct result of war or other military operation or national emergency, as determined by the Secretary.

The number and aggregate principal balance of student loans that may be affected by the application of the HEROS Act of 2003 is not known at this time. Accordingly, payments we receive on student 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 the relief provided under the HEROS Act of 2003, there could be an adverse effect on the total collections of our student loans and our ability to pay principal of, and interest on, the Bonds and Notes, including the Series 2006A-1 Bonds.

Changes to the Bond Resolution With Rating Agency Consent

The Bond Resolution permits certain changes by amendment or supplement with the consent of the Trustee, the Credit Facility Provider and the Liquidity Facility Provider, but without the consent of Registered Owners. See the section entitled "SECURITY AND SOURCES OF PAYMENT – Supplemental Resolutions" in this Official Statement.

Forward-Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements". Forward-looking statements may be identified by the context of the statement and arise generally when discussing "estimate," "intentions," "beliefs", "assumptions", "expectations" and similar expressions. Any forward-looking statement is not a guarantee of future performance, but rather it is subject to uncertainty and risks.

Those uncertainties and risks in the forward-looking statements could cause actual results to differ, possibly materially, from those contemplated. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be material.

GUARANTEE AGENCIES

The material in this Section of the Official Statement is a brief overview. It does not purport to be complete information on the Guarantee Agencies, including the State Guarantee Agency that is the primary guarantor of education loans held by us. Reference is made to "Appendix E – GENERAL DESCRIPTION OF THE STATE GUARANTEE AGENCY" for descriptive information on the State Guarantee Agency and to the "LOAN GUARANTEES" section of "Appendix F – SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM".

Guarantee of Loans

Pursuant to a contract (a "*Guarantee Agreement*") with each Guarantee Agency, we are entitled to a claim payment from the Guarantee Agency for 98% (97% for loans first disbursed on or after July 1, 2006) to 100% of any proven loss resulting from default, death, permanent and total disability, or discharge in bankruptcy of the borrower.

However, in servicing a portfolio of education loans, we are required to use due diligence in the servicing and collection of loans and to use collection practices no less extensive and

forceful than those generally in use among financial institutions in order to maintain the Guarantee on the loan. In order to satisfy the due diligence requirements in servicing and collections of Financed Eligible Loans, we must adhere to specific activities in a timely manner beginning with the receipt of the loan application and continuing throughout the life of the loan. See the section "LOAN SERVICING" in Appendix C.

Under the Higher Education Act, a Guarantee Agency deems default to mean 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 may reasonably conclude that the borrower no longer intends to honor the repayment obligation and in which the failure persists for 270 days in the case of a loan payable in monthly installments or for 330 days in the case of a loan payable in less frequent installments.

Reinsurance of Loans

Each respective Guarantee Agency has entered into a guarantee agreement and a supplemental guarantee agreement pertaining to the Secretary's reimbursement for amounts expended by the Guarantee Agency to discharge its guarantee obligation. The supplemental guarantee agreement is subject to annual renegotiation and to termination for cause by the Secretary.

The formula for reinsurance amounts ranges from 100% to 75% depending on the time the Eligible Loan was made, the claims "trigger rate" of the applicable guarantee agency, whether it is a lender of last resort loan, and whether the claim is for default, bankruptcy, death or disability.

Federal Payment of Claims

If the Secretary determines that a Guarantee Agency is unable to meet its obligations, the holder of loans Guaranteed by the Guarantee Agency may submit insurance claims directly to the Secretary. The Secretary will pay the holder the full insurance obligation of the Guarantee Agency. Such arrangements will continue until the Secretary is satisfied that the guarantee obligations have been transferred to another guarantee agency who can meet those obligations or a successor will assume the outstanding obligations. However, there can be no assurance that the Secretary will make such a determination or will do so in a timely manner.

The Higher Education Act also provides that the Secretary is authorized, on terms and conditions satisfactory to the Secretary, to make advances to a guarantee agency in order to assist the guarantee agency in meeting its immediate cash needs and to ensure uninterrupted payment of default claims by lenders.

Oklahoma Guaranteed Student Loan Program

A large majority of the Eligible Loans held by us, and the Eligible Loans that OSLA Network members are required to sell to us, are Guaranteed by the Oklahoma State Regents for Higher Education (the "*State Regents*"), acting as the "*State Guarantee Agency*". The State Guarantee Agency administers and utilizes the Guarantee Fund established in the State Treasury by Title 70 Oklahoma Statutes 1991, Sections 622 and 623, as amended (the "*Guarantee Fund*") to guarantee FFEL Program loans.

Numerous eligible lenders make education loans Guaranteed by the State Guarantee Agency. The Guarantee Fund administered by the State Regents is not a reserve for our bonds or notes or our education loans only, but is an insurance reserve established in respect to any claims that might be submitted by any participating eligible lender with regard to education loans Guaranteed by the State Guarantee Agency.

The State Guarantee Agency is a separate legal entity from us, and the members of the State Regents and the trustees of the Authority do not overlap. In addition, our administrative management and the management of the State Guarantee Agency are separate. For a description of the State Guarantee Agency, see Appendix E.

Federal Budget Considerations

The Deficit Reduction Act included several changes for guarantee agencies, including, among other things:

- effectively reducing guarantee agencies' retention on collection fees on default loans that are collected by Consolidation from 18.5% to 10%; and
- requiring guarantee agencies to collect a one percent (1%) default fee to be deposited in the guarantor's Federal Fund in place of the guarantee fee that typically is waived at the present time or to collect that default fee from non-federal sources.

ABSENCE OF LITIGATION

There is no litigation of any nature now pending or threatened, or in any way contesting or affecting the validity of the Series 2006A-1 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof. Also, there is no such action contesting the pledge or application of any monies or security provided for the payment of the Series 2006A-1 Bonds or the existence or powers of the Authority.

LEGALITY OF INVESTMENT

The Oklahoma Student Loan Act provides in Title 70 Oklahoma Statutes, Section 695.3, as follows:

> All bonds issued under the Oklahoma Student Loan Act are legal and authorized investments for banks, savings banks, trust companies, savings and loan associations, insurance companies, fiduciaries, trustees and guardians, and for the State of Oklahoma and any of its political subdivisions, departments, institutions and agencies. When accompanied by all unmatured coupons appurtenant thereto, the bonds are sufficient security for all deposits of state funds and of all funds of any board in control at the par value of the bonds.

LEGAL MATTERS

The issuance of the Series 2006A-1 Bonds is subject to approval of validity by Kutak Rock LLP, Oklahoma City, Oklahoma, Bond Counsel, whose approving opinion will be addressed to the Authority and the Underwriter and will state, among other things, that under existing law:

A. The Authority is an express trust duly created and established for public purposes, and has full power and authority to issue the Series 2006A-1 Bonds and to adopt the Bond Resolution and enter into the Series 2006A-1 Trust Agreement, the Tax Regulatory Agreement and the other documents contemplated thereby and perform its obligations thereunder;

B. The Bond Resolution, the Series 2006A-1 Trust Agreement and the Tax Regulatory Agreement have been duly authorized, executed and delivered, are in full force and effect and constitute legal, valid and binding agreements of the Authority enforceable in accordance with their terms;

C. The Series 2006A-1 Bonds have been duly authorized and issued by the Authority, are entitled to the benefits of the Bond Resolution and are valid and binding limited and special revenue obligations of the Authority secured by and payable solely from the revenues, funds and accounts of the Authority pledged as the trust estate therefor pursuant to the Bond Resolution.

Bond Counsel's approving opinion also will address certain items regarding the tax status of the Series 2006A-1 Bonds. In this regard, see the next section, "TAX MATTERS". Bond Counsel will not pass upon any matters relating to the business, properties, affairs or condition, financial or otherwise, of the Authority. No inference should be drawn that they have expressed an opinion on matters relating to the financial ability of the Authority to perform its obligations under the Series 2006A-1 Bonds and the documents described herein.

The opinions expressed above by Bond Counsel with respect to the enforceability of the Series 2006A-1 Bonds and the documents described herein are qualified to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, by the application of general principles of equity, and by the exercise of judicial discretion in appropriate cases.

The fee and expenses of Bond Counsel are contingent upon the sale and delivery of the Series 2006A-1 Bonds.

In addition, Bond Counsel will deliver a supplemental opinion to the Authority, the Underwriter and the Credit Facility Provider regarding the fair and accurate description of certain provisions of the Series 2006A-1 Bonds and the Bond Resolution in this Official Statement, the exemption from securities registration of the Series 2006A-1 Bonds and the creation of a first perfected security interest in the Trust Estate which secures the Series 2006A-1 Bonds, subject to certain standard exceptions.

Certain legal matters will be passed on for the Authority by its special counsel, Roderick W. Durrell, Esq.; for the Underwriter by its counsel, McCall Parkhurst & Horton, L.L.P.; for the Trustee by its counsel, Riggs Abney Neal Turpen Orbison & Lewis, PC, Tulsa, Oklahoma; for MBIA by its counsel, Kutak Rock LLP, Omaha, Nebraska; and for DEPFA BANK plc, acting through its New York Branch, by its counsel, Chapman and Cutler LLP, Chicago, Illinois. Certain legal matters also will be passed on by the Attorney General of the State of Oklahoma in approving the transcript of legal proceedings.

TAX MATTERS

In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Series 2006A-1 Bonds is excluded from gross income for federal income tax purposes. The opinion described in the preceding sentence assumes the accuracy of certain representations and compliance by the Authority with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Series 2006A-1 Bonds. Failure to comply with such requirements could cause interest on the Series 2006A-1 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2006A-1 Bonds. The Authority has covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Series 2006A-1 Bonds.

Bond Counsel is further of the opinion that interest on the Series 2006A-1 Bonds is a specific preference item for purposes of the federal alternative minimum tax.

The accrual or receipt of interest on the Series 2006A-1 Bonds may otherwise affect the federal income tax liability of the owners of the Series 2006A-1 Bonds. The extent of these other tax consequences will depend upon such owner's particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Series 2006A-1 Bonds, particularly purchasers that are corporations (including

S corporations and foreign corporations operating branches in the United States), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers otherwise entitled to claim the earned income credit, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Series 2006A-1 Bonds.

From time to time, there are legislative proposals in the Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Series 2006A-1 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. Purchasers of the Series 2006A-1 Bonds should consult their tax advisors regarding any pending or proposed tax legislation. The opinions expressed by Bond Counsel are based upon existing legislation as of the date of issuance and delivery of the Series 2006A-1 Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation.

Bond Counsel is further of the opinion that, pursuant to the Act, the Series 2006A-1 Bonds and the income therefrom are exempt from taxation in the State of Oklahoma.

RATINGS

The Underwriter's obligation to purchase the Series 2006A-1 Bonds is subject to the condition that Moody's and S&P have assigned their municipal bond Ratings listed below to the Series 2006A-1 Bonds –

Moody's: **Aaa/VMIG-1** S&P: **AAA/A-1+**

Each Rating Agency will base its Ratings on the issuance by MBIA of its Policy insuring the payment when due of the principal of and interest on the Series 2006A-1 Bonds, and the Series 2006A-1 Liquidity Facility issued by DEPFA BANK plc, acting through its New York Branch.

We applied for the Ratings. The Authority, MBIA and DEPFA BANK plc, acting through its New York Branch, furnished certain information and materials to the Rating Agencies concerning the Series 2006A-1 Bonds and regarding us, MBIA and DEPFA BANK plc, respectively, some of which is not included in this Official Statement. Generally, a rating agency bases its rating on such information and materials and also on such investigations, studies and assumptions as it may undertake or establish independently.

The Ratings are not a recommendation to buy, sell or hold the Series 2006A-1 Bonds. An explanation of the significance of the Ratings may be obtained from Moody's and S&P.

The Ratings are subject to change or withdrawal at any time. Any such change or withdrawal may affect the market price or marketability of the Series 2006A-1 Bonds. Neither

the Authority nor the Underwriter has undertaken any responsibility either to bring to the attention of the Registered Owners of the Series 2006A-1 Bonds any proposed change in, or proposed withdrawal of, the Ratings on the Series 2006A-1 Bonds or to oppose any such change or withdrawal.

UNDERWRITING

The Series 2006A-1 Bonds are to be purchased by the Underwriter pursuant to the terms and conditions of the Bond Purchase Agreement (the "*Bond Purchase Agreement*") entered into by and between the Authority and the Underwriter. The Bond Purchase Agreement requires the Underwriter to pay a purchase price of $152,545,000 (representing the par amount of the Series 2006A-1 Bonds).

The Bond Purchase Agreement provides that the Underwriter's obligation is subject to certain conditions and that the Underwriter will purchase all of the Series 2006A-1 Bonds, if any are purchased. Upon delivery of, and payment for the Series 2006A-1 Bonds, the Underwriter will be paid a fee of $352,379, which is equal to 0.231% of the aggregate principal amount of the Series 2006A-1 Bonds, for its services.

The initial public offering price (as shown on the cover page hereof) may be changed from time to time by the Underwriter without notice. The Underwriter may offer and sell the Series 2006A-1 Bonds to certain dealers (including dealers depositing Series 2006A-1 Bonds into investment trusts) and others at prices lower than the public offering price shown on the cover page hereof.

Bank of America, N.A. ("*BofA*"), an affiliate of the Underwriter, is a participating lender in the OSLA Network. This relationship results in ongoing sales by BofA of student loans to us, including Eligible Loans that are expected to be Financed by the Trust Estate.

In addition, we maintain depository, commercial banking and banking product relationships with BofA and a portion of the proceeds of the Series 2006A-1 Bonds will be used to repay debt obligations of ours that are held by BofA, including our Series 2005B Note No. 1. The Series 2005B Note No. 1 was issued under a line of credit established with BofA pursuant to a competitive request for proposal process.

CONTINUING SECONDARY MARKET DISCLOSURE

We will enter into a Continuing Disclosure Undertaking (the *"Undertaking*") for the benefit of the Beneficial Owners of the Series 2006A-1 Bonds. The Undertaking will require us to send certain information annually, and to provide notice of certain events, to information repositories pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the *"Rule*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The specific nature of the information to be provided and a summary of other terms of the Undertaking, are set forth in APPENDIX G – "CONTINUING DISCLOSURE UNDERTAKING".

We are in compliance in all material respects with our existing undertakings pursuant to the Rule. A failure to comply with the Undertaking will not constitute a default under the Bond Resolution and Beneficial Owners of the Series 2006A-1 Bonds are limited to the remedies described in the Undertaking.

Our failure to comply with the Undertaking must be reported in accordance with the Rule and must be considered by a broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2006A-1 Bonds in the secondary market. Consequently, such a failure may adversely affect the market price, transferability and liquidity of the Series 2006A-1 Bonds.

APPROVAL

This Official Statement has been approved by the Authority for distribution by the Underwriter to the prospective purchasers and the Registered and Beneficial Owners of the Series 2006A-1 Bonds.

OKLAHOMA STUDENT LOAN AUTHORITY

/s/ Patrick Rooney
Chairman

ATTEST:

/s/ Hilarie Blaney
Secretary

APPENDIX A

OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2006A-1

DEFINITION OF CERTAIN TERMS

Certain definitions of terms used in this Official Statement are set forth below. The definitions are extracted from the various definitions included in the Bond Resolution. Reference is made to the Bond Resolution for the entire definitions and provisions thereof. A copy of the Bond Resolution is available on request from the Authority or the Trustee at the addresses shown on page 9 of this Official Statement.

"Act" means, collectively, the Oklahoma Student Loan Act, Title 70, Oklahoma Statutes 2001, Section 695.1 *et seq.*, as amended, and the Oklahoma Trusts For Furtherance of Public Functions Act, Title 60, Oklahoma Statutes 2001, Sections 176 to 180.3, inclusive, as amended.

"Administrative Expenses" means all of the Authority's expenses in administering its Program (including the acquisition and origination of Eligible Loans) under the Bond Resolution and shall include, without limiting the generality of the foregoing, salaries, acquisition, origination and servicing fees, supplies, utilities, mailing, labor, materials, office rent or mortgage payment, maintenance, furnishings, equipment, machinery and apparatus, telephone, insurance premiums, legal, accounting, management, consulting and banking services and expenses, credit and liquidity facility fees and expenses, travel, and payments for pension, retirement, health and hospitalization and life and disability insurance benefits, in each case as such fees and expenses are related to the Bond Resolution.

"Aggregate Market Value" means on any calculation date the sum of the Values of all assets of the Trust Estate.

"Annual Rate" means the Interest Rate determined annually for each Annual Rate Period in accordance with the Bond Resolution. See the captions "DESCRIPTION OF THE SERIES 2006A-1 BONDS — Interest on the Series 2006A-1 Bonds" and "— Determination of Interest Rates" in the main body of this Official Statement.

"Annual Rate Bonds" means the Series 2006A-1 Bonds bearing interest at the Annual Rate.

"Annual Rate Period" means the period beginning on, and including, any March 1 (or, if not a Business Day, on the next succeeding Business Day) and ending on, and including, the last day of the next February, except that in the event of a Conversion to Annual Rate Bonds, the first "Annual Rate Period" means the period beginning on, and including, the Conversion Date and ending on, and including, the last day of the next succeeding February.

"Authority" means the Oklahoma Student Loan Authority, created pursuant to the provisions of the Act and a Trust Indenture, dated August 2, 1972, for the benefit of the State of Oklahoma.

"Authority Guarantee Agreements" means: (1) the Agreement to Endorse Loans, dated October 3, 1994, between the Authority and the State Guarantee Agency, including any amendment thereof entered into in accordance with the provisions thereof; and (2) any similar guarantee or agreement issued by the Secretary or any Guarantee Agency to the Authority and consented to by the Credit Facility Provider in writing, including any amendment thereof entered into in accordance with the provisions thereof and of the Bond Resolution and consented to by the Credit Facility Provider in writing.

"Authority Request," "Authority Order," "Authority Certificate" and *"Authority Consent"* means, respectively, a written request, order, certificate or consent signed in the name of the Authority by an Authorized Officer and delivered by overnight or same-day mail or courier, telex, telegram or other electronic means or by hand delivery, or in the case of an Authority Request or an Authority Order, an oral request by an Authorized Officer promptly confirmed in writing by such an Authorized Officer in any manner specified above in this definition.

"Authority Swap Payment" means a payment required to be made by or on behalf of the Authority due to a Swap Counterparty pursuant to a Swap Agreement other than a termination payment (unless the Credit Facility Provider consents to the payment of such termination payment).

"Authorized Denominations" means: (i) with respect to the Series 2006A-1 Bonds bearing interest at a Fixed Rate, $5,000 and any integral multiple thereof; (ii) with respect to the Series 2006A-1 Bonds bearing interest at a Variable Rate, $100,000 and any integral multiple of $5,000 in excess thereof; and (iii) with respect to the Series 2006A-1 Bonds bearing interest at an Interest Rate other than a Fixed Rate or a Variable Rate, as set forth in the Supplemental Bond Resolution establishing such rate.

"Authorized Officer," when used with reference to the Authority, means the Chairman, the Vice Chairman, the President, the Secretary or an Assistant Secretary of the Authority or any other person designated in writing from time to time by the trustees of the Authority.

"Available Monies" means: (i) while a Credit Facility is in effect, monies which are (a) continuously on deposit with the Trustee in trust for the benefit of the Registered Owners in a separate and segregated account in which only Available Monies are held and (b) proceeds of (1) the Bonds and Notes received contemporaneously with the issuance and sale of the Bonds and Notes, (2) payments made under the Credit Facility or the Liquidity Facility, (3) payments made by the Authority if at the time of the deposit of such payments and for a period of at least 123 days thereafter no petition in bankruptcy under the United States Bankruptcy Code or similar law is pending with respect to the Authority unless such petition shall have been dismissed and such dismissal shall be final and not subject to appeal, (4) any monies for which the Trustee has received a written opinion of nationally recognized counsel experienced in bankruptcy matters and acceptable to the Trustee, the Rating Agencies and the Credit Facility Provider to the effect that payment of such monies to the Registered Owners would not constitute an avoidable preference under Section 547 of the United States Bankruptcy Code in the event the Authority were to become a debtor under the United States Bankruptcy Code, or (5) income derived from

the investment of the foregoing; and (ii) if a Credit Facility is not in effect, any monies available under the Bond Resolution

"Bank Bonds" means those Bonds and Notes purchased by any Liquidity Facility Provider pursuant to a related Liquidity Facility.

"Bank Rate" means, with respect to the Series 2006A-1 Bonds, the lesser of the maximum rate permitted by applicable law or the rate of interest charged under the 2006A-1 Liquidity Facility provided that, in any event, the Bank Rate may not exceed the maximum bank rate of 21%, unless otherwise approved by the Credit Facility Provider.

"Bond Payment Date" means any date on which principal or interest is due and payable on such Bond or Note, or any date on which an Authority Swap Payment is due and payable.

"*Bonds and Notes*" means the Prior Bonds, the Series 2006A-1 Bonds and any Additional Bonds and Notes issued pursuant to the Series 1996A Bond Resolution, as supplemented and amended.

"Business Day" means a day of the year other than: (1) a day on which commercial banks located in the cities in which the principal office of any of the Trustee, the Remarketing Agent, the Tender Agent, the Credit Facility Provider or the Liquidity Facility is located are required or authorized by law to close; (2) a day on which The New York Stock Exchange, Inc. is closed; and (3) a day on which the office of the Credit Facility Provider or the Liquidity Facility Provider at which a payment under the Credit Facility or Liquidity Facility, respectively, is required to be made is closed. The Credit Facility Provider and the Liquidity Facility Provider will promptly notify the Authority, the Trustee, the Remarketing Agent and the Tender Agent if any such day is not also a day otherwise meeting this definition of "Business Day," such notice to be given at least three Business Days in advance if possible.

"Capitalized Interest Payments" means any scheduled payments of interest in respect of a Financed Eligible Loan that were not received by a Servicer on the scheduled due date thereof because such payments are subject to deferment pursuant to the High Education Act.

"Cash Flow Certificate" means a report prepared by the Cash Flow Consultant and acceptable to the Credit Facility Provider based upon assumptions used with respect to relevant variables that are consistent with criteria approved by the Credit Facility Provider showing, with respect to the period extending from the date of the Cash Flow Certificate to each Maturity of the Bonds and Notes: (1) all Revenues and Recoveries of Principal anticipated to be received during such period, taking into account any rebates expected to be payable to student borrowers; (2) the application of all Revenues and Recoveries of Principal in accordance with the provisions of the Bond Resolution, taking into account investment earnings, if any; and (3) resulting balances; provided that the Cash Flow Certificate must show that anticipated Revenues and Recoveries of Principal will be at least sufficient and available to pay all Servicing Fees, Program Expenses and Administrative Expenses payable under the Bond Resolution and the debt service on all Obligations during such period.

"Cash Flow Consultant" means any Person appointed by the Authority and acceptable to the Credit Facility Provider to prepare the Cash Flow Certificate and other cash flow projections.

"Claim Adjustment" means: (1) amounts payable to a Guarantee Agency as a result of a determination that the status of any Eligible Loan was "current" subsequent to the submission of a default claim with respect to such Eligible Loan; and (2) amounts payable to an Eligible Lender as a reimbursement for amounts paid by the Eligible Lender to repurchase such Eligible Loan pursuant to its loan purchase agreement as a result of a determination that such Eligible Loan was not required to be repurchased.

"Code" means the Internal Revenue Code of 1986, as amended from time to time and the Treasury Regulations, including temporary and proposed regulations, relating to such sections which are applicable to the Bonds and Notes or the use of the proceeds thereof. A reference to any specific section of the Code shall be deemed also to be a reference to the comparable provisions of any enactment that supersedes or replaces the Code thereunder from time to time.

"Conversion" means the conversion from time to time in accordance with the terms and provisions of the Bond Resolution of any series of Bonds and Notes from one interest rate mode to another interest rate mode.

"Conversion Date" means the effective date of any Conversion and means a Business Day succeeding any Quarterly Rate Period, any Semiannual Rate Period and any Annual Rate Period.

"Counterparty Swap Payments" means any payment to be made to, or for the benefit of, the Authority under a Swap Agreement.

"Credit Facility" means any credit instruments (whether a letter of credit, insurance policy, surety bond or other agreement) which assure payment of the principal of (whether upon acceleration, maturity, redemption or otherwise) and all or a specified amount of interest on any series of Bonds and Notes, including any Alternate Credit Facility with respect to any series of Bonds and Notes.

"Credit Facility Agreement" means any agreement pursuant to which a Credit Facility or an Alternate Credit Facility is issued.

"Credit Facility Provider" means the Person that issues a Credit Facility and is liable thereon and any issuer of an Alternate Credit Facility. The initial Credit Facility Provider with respect to all Outstanding Bond and Notes, including the Series 2006A-1 Bonds, is MBIA Insurance Corporation, and its successors and assigns.

"Custodian" means (a) Bank of Oklahoma, N.A., as assignee of Boatmen's National Bank of Oklahoma, as successor custodian pursuant to its Custodian Agreement, and any successors or assigns, (b) the Authority, as custodian pursuant to the custodial provisions of any Credit Facility Agreement or (c) any other Person appointed by the Authority pursuant to a Custodian Agreement to perform such loan custodial functions and approved in writing by the Credit Facility Provider.

"Custodian Agreement" means one or more of the following: (a) the Master Custodian Services Agreement, dated as of September 27, 1994, between the Authority and the Custodian, as amended and supplemented, (b) the custodial provisions contained in any Credit Facility Agreement between the Authority and the Credit Facility Provider, as amended and supplemented, and (c) any other custodian agreement approved in writing by the Credit Facility Provider.

"Eligible Lender" means any *"eligible lende*r", as defined in the Higher Education Act, and which has received an eligible lender designation from the Secretary with respect to Eligible Loans.

"Eligible Loan" means (unless determined otherwise in a Supplemental Bond Resolution pursuant to which particular Bonds or Notes were issued) a Student Loan which: (1) has been or will be made to an eligible borrower to finance the post-secondary education of (a) a resident of the State attending a post-secondary school within or without the State, or (b) a resident of a state other than the State attending a post-secondary school located within the State; (2) is Guaranteed or Insured; (3) is an "eligible loan" as defined in Section 438 of the Higher Education Act for purposes of receiving Special Allowance Payments and is eligible to receive Special Allowance Payments; (4) bears interest at a rate of interest not less than or in excess of the applicable maximum rate of interest set forth in the Higher Education Act for that loan except for loans made pursuant to an Authority program approved by the Credit Facility Provider which reduces the interest rate on the loan; or (5) is otherwise permitted to be acquired by the Authority pursuant to its Program (provided a favorable opinion is received with respect thereto, and provided further that the Trustee and the Authority shall have received the written consent of the Credit Facility Provider to such acquisition); provided that if the Authority has received notice from the Credit Facility Provider that an amendment to the Higher Education Act or any other law of the United States has been enacted after the date of the Series 1996A Bond Resolution that changes the percentage added to the Treasury bill rate or the commercial paper rate in calculating Special Allowance Payments in a manner which would cause the Authority to obtain a Rate of Return on a Student Loan disbursed pursuant to the Higher Education Act which would be lower, by more than thirty-hundredths of one percent (.30%), than the Rate of Return on such Student Loan under the Higher Education Act as in effect on the date of the Series 1996A Bond Resolution (such lower rate of return being referred to herein as a "*Materially Lower Rate of Return*"), no Student Loan disbursed after the effective date of such amendment and affected by such amendment shall, without the express written consent of the Credit Facility Provider, be an Eligible Loan.

"Expiration Date" means the date on which an outstanding Credit Facility or Liquidity Facility is to terminate pursuant to the terms thereof, including any extension of such date but not including any early termination because of the occurrence of an event of default (other than a nonpayment of fees thereunder or a downgrading of the Rating of the Credit Facility Provider) under the related Liquidity Facility Agreement or Credit Facility Agreement.

"Facility Substitution" means the delivery of an Alternate Credit Facility or Alternate Liquidity Facility.

"Federal Consolidation Loan" means any loan made under the Consolidation Loan Program described in the Higher Education Act to consolidate two or more outstanding student loans.

"Financed Eligible Loans" means Eligible Loans: (1) acquired by the Authority with balances in the Student Loan Fund or otherwise deposited in or accounted for in the Student Loan Fund or otherwise constituting a part of the Trust Estate; and (2) Eligible Loans substituted or exchanged for Financed Eligible Loans, but does not include Eligible Loans released from the lien of the Bond Resolution and sold or transferred, to the extent permitted by the Bond Resolution.

"Fixed Rate" means, with respect to any Series 2006A-1 Bonds, the rate of interest fixed to the stated maturity of the Series 2006A-1 Bonds and not subject to adjustment.

"Fixed Rate Bonds" means any Series 2006A-1 Bonds bearing interest at a Fixed Rate.

"Fixed Rate Conversion Date" means, with respect to the Series 2006A-1 Bonds, the date on which a Fixed Rate becomes effective for the Series 2006A-1 Bonds.

"Funds" or *"Funds and Accounts*" means the funds, accounts or subaccounts created by the Bond Resolution. See the caption "SECURITY AND SOURCES OF PAYMENT — Flow of Funds" and " — Creation of Accounts" in the main body of this Official Statement.

"Governmental Obligations" means any of the following: direct general obligations of, or obligations the full and timely payment of the principal of and interest on which is unconditionally guaranteed by, the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America).

"Guarantee" or *"Guaranteed"* means with respect to an Eligible Loan, the insurance or guarantee by the Guarantee Agency pursuant to such Guarantee Agency's Guarantee Agreement of the maximum percentage of the principal of and accrued interest on such Eligible Loan allowed by the terms of the Higher Education Act with respect to such Eligible Loan at the time it was originated and the coverage of such Eligible Loan by the federal reimbursement contracts, providing, among other things, for reimbursement to the Guarantee Agency for payments made by it on defaulted Eligible Loans insured or guaranteed by the Guarantee Agency of at least the minimum reimbursement allowed by the Higher Education Act with respect to a particular Eligible Loan.

"Guarantee Agency" means the State Guarantee Agency, United Student Aid Funds, Inc., Texas Guaranteed Student Loan Corporation, Student Loan Guarantee Foundation of Arkansas, Inc., the Colorado Department of Education, Student Loans Division, the National Student Loan Program, and the Louisiana Student Financial Assistance Commission and/or any other guarantee agency, provided that the Authority and the Trustee receive the written consent of the Credit Facility Provider to such additional or substitute Guarantee Agency.

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

"Insurance" or *"Insured*" or *"Insuring*" means, with respect to a student loan, the insuring by the Secretary under the provisions of the Higher Education Act of the maximum allowable percentage of the principal of and accrued interest on such student loan.

"Insurance Agreement" means, with respect to the Series 2006A-1 Bonds, the Reimbursement and Indemnity Agreement between the Authority and MBIA Insurance Corporation, as amended and supplemented pertaining to the Series 2006A-1 Bonds.

"Interest Benefit Payment" means an interest payment on Eligible Loans received pursuant to the Higher Education Act and an agreement with the federal government, or any similar payments.

"Interest Payment Date" means, with respect to the Series 2006A-1 Bonds, each March 1 and September 1, commencing September 1, 2006.

"Interest Rate" means the rate of interest borne by the Bonds and Notes identified in the reference thereto, as of the time referred to.

"Investment Instructions" means the investment instructions delivered to the Authority and the Trustee by Bond Counsel on the date of issuance for each series of Bonds and Notes and any amendments or supplements thereto.

"Investment Securities" means any of the following which are at the time of investment legal investments for the funds of the Authority under the laws of the State, including the Act, for the monies proposed to be invested (provided that the Authority may direct the Trustee in writing to exclude or limit any of the following).

(a) Governmental Obligations.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself): (i) Farmers Home Administration (FmHA) Certificates of beneficial ownership; (ii) Federal Housing Administration (FHA) Debentures; (iii) General Services Administration Participation certificates; (iv) Government National Mortgage Association (GNMA or *"Ginnie Mae*") guaranteed mortgage-backed bonds or guaranteed pass-through obligations; (v) U.S. Maritime Administration Guaranteed Title XI financing; (vi) U.S. Department of Housing and Urban Development (HUD) Project Notes or Local Authority Bonds; (vii) U.S. Export-Import Bank (EXIM Bank) direct obligations or fully guaranteed certificates of beneficial ownership; and (viii) Federal Financing Bank.

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself): (i) Federal Home Loan Bank System Senior debt obligations; (ii) Federal Home Loan Mortgage Corporation (FHLMC or *"Freddie Mac"*) Participation Certificates or Senior debt obligations; (iii) Federal National Mortgage Association (FNMA or *"Fannie Mae"*) Mortgage-backed securities and senior debt obligations; (iv) Resolution Funding Corp. (REFCORP) obligations; and (v) Farm Credit System consolidated system wide bonds and notes.

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G", "AAAm", or "AAm"; and if rated by Moody's are rated "Aaa", "Aa1" or "Aa2".

(e) Certificates of deposit secured at all times by collateral described in (a) and/or (b) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits that are fully insured by FDIC, including BIF and SAIF.

(g) Investment Agreements, including GIC's, acceptable to the Credit Facility Provider and S&P.

(h) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's or "A-1" or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's or S&P in one of the two highest rating categories assigned by such agencies.

(j) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

(k) Repurchase agreements for thirty (30) days or less must follow the criteria provided in the Bond Resolution. Repurchase agreements that exceed thirty (30) days must be acceptable to the Credit Facility Provider.

"Liquidity Facility" means any agreement (whether a letter of credit, standby bond purchase agreement, or other agreement) that assures payment of the purchase price of a series of Bonds and Notes, including any Alternate Liquidity Facility with respect to any series of Bonds and Notes.

"Liquidity Facility Agreement" means any agreement pursuant to which a Liquidity Facility or an Alternate Liquidity Facility is issued and that is approved in writing by the Credit Facility Provider.

"Liquidity Facility Provider" means the Person that executes and delivers a Liquidity Facility and is liable thereon. The initial Liquidity Facility Provider for the Series 2006A-1 Bonds is DEPFA BANK plc.

"Maximum Rate" means with respect to the Series 2006A-1 Bonds (except Bank Bonds), the lesser of: (1) 12% per annum; or (2) the maximum rate of interest permitted under State law.

"Moody's" means Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, 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 Authority.

"Obligations" means, collectively, the Bonds and Notes, any Authority Swap Payment and any amounts payable to any Credit Facility Provider or any Liquidity Facility Provider pursuant to the Credit Facility or a Liquidity Facility, respectively.

"Outstanding" or *"outstanding"* means, when used in connection with any Bond or Note, a Bond or Note which has been executed and delivered pursuant to the Bond Resolution which at such time remains unpaid as to principal or interest, and when used in connection with a Swap Agreement, a Swap Agreement which has not expired or been terminated, unless in each case provision has been made for such payment, excluding Bonds or Notes which have been replaced pursuant to the Bond Resolution.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, or government or any agency or political subdivision thereof.

"*Program*" means the Authority's program for originating, purchasing or financing loans to a person for post secondary education pursuant to the Act with proceeds of the Bonds and Notes.

"Program Expenses" means the fees and expenses of the Trustee, any Tender Agent, any Auction Agent, any Market Agent, any Broker-Dealer, any Remarketing Agent, any paying agent, any registrar, any authenticating agent, any securities depository, and any co-registrar or transfer agent appointed under the Bond Resolution and fees, payments and expenses payable with respect to the Rating Agencies, the Liquidity Facility, the Credit Facility, legal counsel, any rebate consultant, accountant's fees and the Cash Flow Consultant's fees, in each case as such fees and expenses are related to the Bond Resolution, but excluding Administrative Expenses and Servicing Fees.

"Purchase Date" means: (1) in the case of Weekly Rate Bonds, the Business Day such Weekly Rate Bonds are to be purchased; and (2) in the case of Series 2006A-1 Bonds other than

Weekly Rate Bonds, any Business Day on which such Series 2006A-1 Bonds are subject to mandatory purchase. "Purchase Date" shall also mean a Facility Substitution Date and, in the case of conversion of the Series 2006A-1 Bonds, the Conversion Date or next succeeding Business Day if not a Business Day.

"Purchase Price" means, with respect to any Series 2006A-1 Bond, the principal amount thereof plus accrued interest, if any, thereon to the respective Purchase Date, provided, however, that if the Purchase Date is also an Interest Payment Date, the Purchase Price shall not include accrued interest.

"Quarterly Rate" means the Interest Rate for each Quarterly Rate Period determined in accordance with the Bond Resolution. See the captions, "DESCRIPTION OF THE SERIES 2006A-1 BONDS — Interest on the Series 2006A-1 Bonds" and " — Determination of Interest Rates" in the main body of this Official Statement.

"Quarterly Rate Bonds" means Series 2006A-1 Bonds bearing interest at the Quarterly Rate.

"Quarterly Rate Period" means the period beginning on the day following the end of the last period of the preceding interest rate mode and extending to, but not including, the first Business Day of the third calendar month after the calendar month in which such period commenced.

"Rating" means one of the rating categories of Moody's or S&P or any other Rating Agency, provided Moody's, S&P or any other Rating Agency, as the case may be, is currently rating the Bonds or Notes.

"Rating Agencies" means Moody's and S&P, if and to the extent such entity is then rating the Bonds or Notes at the request of the Authority, and any other rating service requested by the Authority to rate any Bonds or Notes.

"Record Date" means: (1) with respect to the Series 2006A-1 Bonds bearing interest at a Weekly Rate or a Quarterly Rate, the Business Day preceding each Interest Payment Date for the Series 2006A-1 Bonds; (2) with respect to any Series 2006A-1 Bonds bearing interest at a Semiannual Rate, an Annual Rate or a Fixed Rate, the fifteenth day of the calendar month preceding each Interest Payment Date; and (3) with respect to the Series 2006A-1 Bonds bearing interest at an Interest Rate other than a Fixed Rate or a Variable Rate, as set forth in the Supplemental Bond Resolution establishing such rate.

"Recoveries of Principal" means, among other things, all amounts received by or on behalf of the Authority or by the Trustee for the account of the Authority, from or on account of any Financed Eligible Loan as a recovery of the principal amount thereof, including scheduled, delinquent and advance payments, payouts or prepayments, proceeds from the sale, assignment, transfer, reallocation or other disposition of such loans, and any payments representing principal from claim payments on the guarantee or insurance of any such loan, but excludes any Claim Adjustments relating to principal on an Eligible Loan and any Recoveries of Principal released from the lien of the Trust Estate as provided in the Bond Resolution.

"Redemption Price" means, with respect to the Series 2006A-1 Bonds, the principal amount of the Series 2006A-1 Bonds being redeemed, and, with respect to any other Bonds and Notes, the Redemption Price established for such Bonds and Notes by the Supplemental Bond Resolution authorizing the issuance of such Bonds and Notes.

"Registered Owner" means the Person in whose name a Bond or Note is registered on the registration books maintained by the Trustee, and shall also mean with respect to a Swap Agreement, any Swap Counterparty unless the context otherwise requires.

"*Remarketing A*gent" means, with respect to the Series 2006A-1 Bonds, the remarketing agent approved by the Credit Facility Provider and the Liquidity Facility Provider, as applicable, and appointed in accordance with the Bond Resolution. The initial Remarketing Agent for the Series 2006A-1 Bonds is Banc of America Securities LLC.

"*Remarketing Agreement*" means, with respect to the Series 2006A-1 Bonds, the Remarketing Agreement, dated as of March 1, 2006, among the Authority, the Remarketing Agent and the Trustee, as amended and supplemented with the written consent of the Credit Facility Provider.

"Revenues" means, among other things:

A. All payments, proceeds, charges and other income received by or on behalf of the Authority, or by the Trustee for the account of the Authority, including, (1) scheduled, delinquent and advance payments of interest, (2) payouts or prepayments of interest, (3) Interest Benefit or Special Allowance Payments from the Secretary, (4) any guarantee or insurance proceeds with respect to interest, from any Financed Eligible Loan held as a part of the Trust Estate or as a result of the sale or alienation thereof;

B. All interest earned or gain realized from the investment of amounts in any Fund or Account (other than amounts credited or required to be deposited to the Rebate Fund); and

C. All payments received by the Authority pursuant to a Swap Agreement, but *excludes* Recoveries of Principal, Claim Adjustments relating to interest on an Eligible Loan and any Revenues released from the lien of the Trust Estate as provided in the Bond Resolution.

"Secretary" means the Secretary of the United States Department of Education, or any successor to the functions thereof under the Higher Education Act, or when the context so requires, the former Commissioner of Education of the former United States Department of Health, Education and Welfare.

"Semiannual Rate" means the Interest Rate determined semiannually for each Semiannual Rate Period in accordance with the Bond Resolution. See the captions,

"DESCRIPTION OF THE SERIES 2006A-1 BONDS — Interest on the Series 2006A-1 Bonds" and "—Determination of Interest Rates" in the main body of this Official Statement.

"Semiannual Rate Bonds" means Series 2006A-1 Bonds bearing interest at the Semiannual Rate.

"Semiannual Rate Period" means the period beginning on, and including, any March 1 or September 1 (or, if not a Business Day, the next succeeding Business Day) and ending on, and including, the next February 28 (or February 29) or August 31, as the case may be, except that in the event of a Conversion to Semiannual Rate Bonds, the first "Semiannual Rate Period" means the period beginning on, and including, the Conversion Date and ending on, and including, the next succeeding February 28 (or February 29) or August 31.

"*Servicer"* means the Authority, acting as the servicer of the Financed Eligible Loans and any other entity appointed by the Authority as a servicer with respect to Financed Eligible Loans upon the receipt by the Authority and the Trustee of the written consent of the Credit Facility Provider to the appointment of such Servicer.

"Servicing Agreement" means, collectively, each servicing agreement between the Authority and a Servicer consented to in writing by the Credit Facility Provider under which the Servicer agrees to act as the Authority's agent in administering and collecting Financed Eligible Loans in accordance with the Bond Resolution, and any amendments thereto consented to in writing by the Credit Facility Provider.

"Servicing Fees" means any fees payable by the Authority to a Servicer (including the Authority) in respect of Financed Eligible Loans.

"Special Allowance Payments" means special allowance payments authorized to be made by the Secretary by Section 438 of the Higher Education Act, or similar allowances, if any, authorized from time to time by federal law or regulation.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, 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 Authority.

"State" means the State of Oklahoma.

"Student Loan Purchase Agreement" means a loan purchase agreement entered into for the purchase of Eligible Loans.

"Supplemental Bond Resolution" means any Supplemental Bond Resolution adopted by the Authority amending and/or supplementing the Bond Resolution.

"Swap Agreement" means a written contract or agreement between the Authority and a Swap Counterparty and approved by the Credit Facility Provider, which provides that the

Authority's obligations thereunder will be conditioned on the absence of (1) a failure by the Swap Counterparty to make any payment required thereunder when due and payable, or (2) a default thereunder with respect to the financial status of the Swap Counterparty, and: (a) under which the Authority is obligated to pay (whether on a net payment basis or otherwise) on one or more scheduled and specified Swap Payment Dates, the Authority Swap Payments in exchange for the Swap Counterparty's obligation to pay (whether on a net payment basis or otherwise), or to cause to be paid, to the Authority, Swap Payments on one or more scheduled and specified Swap Payment Dates in the amounts set forth in the Swap Agreement; (b) for which the Authority's obligation to make Authority Swap Payments is secured by a pledge of and lien on the Trust Estate on an equal and ratable basis with the Authority's Outstanding Bonds and Notes and which Authority Swap Payments are equal in priority with the Authority's Outstanding Bonds and Notes; and (c) under which Counterparty Swap Payments are to be made directly to the Trustee for deposit into the Student Loan Sinking Fund.

"Swap Counterparty" means a third party approved by the Credit Facility Provider which, at the time of entering into a Swap Agreement, has at least an "Aa2/P-1" rating, or its equivalent, from Moody's, and which is obligated to make Counterparty Swap Payments under a Swap Agreement.

"Swap Payment Date" means, with respect to a Swap Agreement, any date specified in the Swap Agreement on which both or either of the Authority Swap Payment and/or a Counterparty Swap Payment is due and payable under the Swap Agreement.

"Tax Regulatory Agreement" means, collectively, the Tax Regulatory Agreements entered into between the Authority and the Trustee with respect to each series of tax-exempt Bonds and Notes, as each are amended or supplemented.

"*The Bond Market Association*" shall mean The Bond Market Association, as successor to the Public Securities Association, and its successors and assigns.

"*The Bond Market Association Municipal Swap Index*" shall mean on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by The Bond Market Association or any Person acting in cooperation with or under the sponsorship of The Bond Market Association and acceptable to the Remarketing Agent, and effective from such date.

"Value" on any calculation date when required under the Bond Resolution means the value of the Trust Estate calculated by the Authority as to (a) below and by the Trustee as to (b) through (e), inclusive, below, as follows: (a) with respect to any Eligible Loan, the unpaid principal amount thereof plus any accrued but unpaid interest, Interest Benefit Payments and Special Allowance Payments, subject to adjustment if the Credit Facility Provider has given notice to the Authority that an amendment of any law of the United States will result in a materially lower rate of return on such Eligible Loan; (b) with respect to any funds of the Authority held under the Bond Resolution and on deposit in any commercial bank or as to any banker's acceptance or repurchase agreement or investment contract, the amount thereof plus accrued but unpaid interest; (c) with respect to any Investment Securities of an investment

company, the bid price of the shares as reported by the investment company; (d) as 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 Time*s), the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination; and (e) as to investments the bid and asked prices of which are not published on a regular basis in *The Wall Street Journal* or *The New York Times,* (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 Authority in its absolute discretion) at the time making a market in such investments, or (ii) the bid price published by a nationally recognized pricing service.

"Variable Rate" means any of the Weekly Rate, the Quarterly Rate, the Semiannual Rate and the Annual Rate.

"Variable Rate Bonds" means Weekly Rate Bonds, Quarterly Rate Bonds, Semiannual Rate Bonds and Annual Rate Bonds.

"Weekly Rate" means the Interest Rate determined for each Weekly Rate Period in accordance with the Bond Resolution. See the captions "DESCRIPTION OF THE SERIES 2006A-1 BONDS — Interest on the Series 2006A-1 Bonds" and " — Determination of Interest Rates" in the main body of this Official Statement.

"Weekly Rate Bonds" means Series 2006A-1 Bonds bearing interest at the Weekly Rate.

"Weekly Rate Period" means the period beginning on, and including, any Wednesday (or, if not a Business Day, on the next succeeding Business Day) and ending on, and including, the then next Tuesday (or the day immediately preceding the first day of the next Weekly Rate Period for Weekly Rate Bonds), except that in the event of a Conversion to Weekly Rate Bonds, the first "Weekly Rate Period" means the period beginning on, and including, the Conversion Date and ending on, and including, the second succeeding Tuesday (or the day immediately preceding the first day of the next Weekly Rate Period for Weekly Rate Bonds) unless the Conversion Date is a Tuesday or Wednesday, in which case it shall end on the first succeeding Tuesday.

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APPENDIX B

OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2006A-1

FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration, unless the Insurer elects in its sole discretion, to pay in whole or in part any principal due by reason of such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

SPECIMEN

____
President

Attest: ______________________________
Assistant Secretary

STD-R-7
01/05

ENDORSEMENT

Attached to Policy No. [_____] (the "Policy") issued by the MBIA Insurance Corporation (the "Insurer"), to the Paying Agent, as defined in the Policy issued with respect to the Obligations:

Oklahoma Student Loan Authority
Oklahoma Student Loan Bonds and Notes
$152,545,000 Variable Rate Demand Obligations, Series 2006A-1

Notwithstanding the terms and conditions contained in the Policy, it is understood that (a) while the Obligations are Variable Rate Bonds (as defined in the Bond Resolution, as hereinafter defined), the Policy will be canceled upon delivery of an Alternate Series 2006A-1 Credit Facility pursuant to the Bond Resolution provided, however, that the Policy shall remain in effect with respect to any claims of Insured Amounts as described in clause (ii) of the first paragraph of the Policy resulting from payments made by or on behalf of the Issuer prior to the effective date of the cancellation of the Policy; (b) the Policy shall guarantee the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent of an amount equal to principal of and interest accrued on the Series 2006A-1 Bank Bonds (as such terms are defined in the Series 2006A-1 Supplemental Bond Resolution adopted by the Issuer on February 21, 2006 (the "Bond Resolution")) which are mandatorily redeemed in accordance with Section 3.02(b) of the Bond Resolution; and (c) the Policy shall guarantee the payment of Differential Interest Amount (as defined in the Bond Resolution) on the Series 2006A-1 Bank Bonds no more frequently than once a month.

This Endorsement forms a part of the Policy, effective on the inception date of the Policy.

IN WITNESS WHEREOF, the Insurer has caused this Endorsement to be executed in facsimile on its behalf by its President and its Assistant Secretary, this 15th day of March 2006.

MBIA INSURANCE CORPORATION

By ______________________________
President

Attest:

By ______________________________
Assistant Secretary

APPENDIX C

OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2006A-1

GENERAL DESCRIPTION OF THE OKLAHOMA STUDENT LOAN AUTHORITY (OSLA)

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OPERATING BUSINESS

We are a secondary market, loan servicer and eligible lender in the guaranteed FFEL Program under the Higher Education Act. We perform loan origination and servicing functions under the registered tradename "OSLA Student Loan Servicing™".

We originate our own Consolidation Loans and originate and perform pre-acquisition servicing for 39 other eligible lenders that are members of the OSLA Student Lending Network™. In addition, the OSLA Network includes Eligible Lenders that are responsible for originating and interim servicing their own loans using our loan servicing system on a remote basis from their premises. Each OSLA Network lender is required to sell, and we are required to purchase, the loans that we service. We maintain a revolving warehouse line of credit to fund these purchases.

At the dates indicated in the Table below, we managed FFEL Program loans that we owned, including both Eligible Loans and uninsured loans, plus loans serviced for other Eligible Lenders, with current principal balances as shown in the following Graph and Table:

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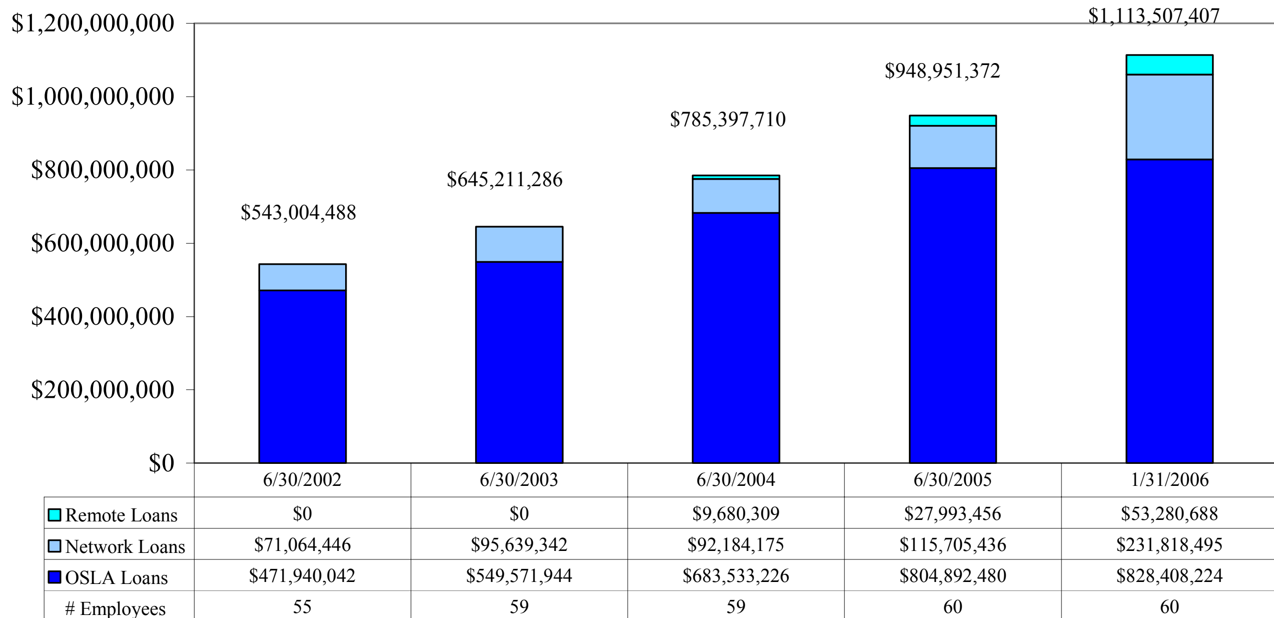
OSLA - FFEL PROGRAM LOANS MANAGED
Current Principal Balance



	6/30/2002	6/30/2003	6/30/2004	6/30/2005	1/31/2006
Remote Loans	$0	$0	$9,680,309	$27,993,456	$53,280,688
Network Loans	$71,064,446	$95,639,342	$92,184,175	$115,705,436	$231,818,495
OSLA Loans	$471,940,042	$549,571,944	$683,533,226	$804,892,480	$828,408,224
# Employees	55	59	59	60	60

In our Supplemental Higher Education Loan Finance™ (*SHELF™*) Program for private loans, we also originate and hold education loans that are not guaranteed under the Higher Education Act. SHELF loans are underwritten based on the borrower's, or co-borrower's, credit to provide supplemental funds as determined by the financial aid staff at eligible schools. SHELF loans are not a material portion of the loans that we own.

The education loan industry is highly competitive. We compete with numerous local and national secondary markets, loan servicers and lenders that are also participants in the FFEL Program. Many of the education loan program participants competing with us are larger, have more extensive operations and greater financial resources.

In addition to competing for FFEL Program loans made to finance attendance at eligible educational institutions, we must compete against numerous other lenders to make FFEL Program loans that consolidate education loans that we own. These Consolidation Loans combine and refinance the various education loans of a borrower, including borrowers of loans held by us. Generally, the underlying loans held by us that would be consolidated have been acquired from the OSLA Network at a premium.

The education loan industry also is highly regulated. The USDE is the federal government department that is the primary regulator. In addition, USDE competes directly with us through its William D. Ford Direct Student Loan Program. The effect of this competition is to reduce the annual volume of student loan originations that are available to the FFEL Program market.

Our Fiscal Year is from July 1 of each year through June 30 of the next year. We receive no appropriated funds from the State of Oklahoma for our operating expenses. All expenses are paid from revenues derived from the administration of our various education loan programs.

The bonds and notes issued by us to finance our FFEL Program loans are not general obligations, but are limited revenue obligations payable solely from the assets of the trust estates created for particular financings by various bond resolutions.

Our offices are located at 525 Central Park Drive, Suite 600, Oklahoma City, OK 73105-1706. The administrative telephone number is (405) 556-9210; and the facsimile transmission number is (405) 556-9255. Our general internet e-mail address is *info@osla.org*. Certain financial information about us is available on the internet at our separate *web site* located at "OSLAfinancial.com".

ORGANIZATION AND POWERS

We were created by an express Trust Indenture dated August 2, 1972 in accordance with the provisions of the:

- Student Loan Act at Title 70, Oklahoma Statutes 2001, Sections 695.1 *et seq*., as amended; and
- Public Trust Act at Title 60, Oklahoma Statutes 2001, Sections 176 to 183.3, inclusive, as amended.

We are governed by five Trustees who are appointed by the Governor of Oklahoma, subject to the advice and consent of the State Senate, for overlapping five (5) year terms. The present Trustees of OSLA and their principal occupations are as follows:

Name	Office	Term Expiration	Principal Occupation
Patrick T. Rooney	Chairman	April 6, 2010	Chairman, First Bancorp of Oklahoma, Inc.[1]; Oklahoma City, OK
Tom McCasland, III[2]	Vice Chairman	April 6, 2006	President, Mack Energy Company; Duncan, OK
Hilarie Blaney	Secretary	April 6, 2007	Senior Vice President, Arvest Bank[3]; Oklahoma City, OK
Dr. T. Sterling Wetzel	Trustee	April 6, 2008	Professor of Accounting, Oklahoma State University; Stillwater, OK

[Table continued on following page]

James O. Waites	Assistant Secretary	April 6, 2009	Assistant to the President for Institutional Advancement, Southwestern Oklahoma State University; Weatherford, OK

[1]A wholly owned subsidiary, First National Bank of Oklahoma, is an eligible lender in the OSLA Network.
[2]Also a director of BancFirst Corporation. A wholly owned subsidiary, BancFirst, is an eligible lender in the OSLA Network.
[3] Arvest Bank is an eligible lender in the OSLA Network.
Each of the banks noted above participates on terms and conditions available to OSLA Network lenders similarly situated.

The Trust Indenture creating OSLA, and Oklahoma law, empower us to incur debt and to secure such debt by lien, pledge or otherwise. In addition, the Trustees are authorized to make and perform contracts of every kind, and to do all acts necessary or desirable for the proper management of the trust estate. We may bring any suit or action that is necessary or proper to protect the interests of the trust estate, or to enforce any claim, demand or contract.

Under the Public Trust Act and the Trust Indenture creating OSLA, the trust can not be terminated by voluntary action if there is any indebtedness or fixed term obligations outstanding, unless all owners of such indebtedness or obligations consent in writing to the termination.

ADMINISTRATION

Executive Management

Our day-to-day management is vested in a President and Executive Staff appointed by the Trustees of OSLA. Our present executive officers are listed below.

James T. Farha, Esq., President. Mr. Farha became President and Chief Executive Officer of OSLA in June, 1999. From 1998 until assuming his current position, he was a practicing attorney with Kerr, Irvine, Rhodes & Ables, Oklahoma City, Oklahoma. Prior to that he was President and Chief Executive Officer and a Member of the Board of Directors for Standard Life and Accident Insurance Company, Oklahoma City, Oklahoma.

Mr. Farha serves as a Director of the Education Finance Council and the National Council of Higher Education Loan Programs. He has served as a Director/Vice Chairman, and Chairman for the Oklahoma Life and Health Guaranty Association; Director, Past Treasurer and Chairman for the National Organization of Life and Health Guaranty Associations; and Director/President for the Association of Oklahoma Life Insurance Companies.

Mr. Farha is a member of the American Bar Association, the Oklahoma Bar Association, the Association of Life Insurance Counsel as well as various civic organizations. He received his Associate in Arts degree from Wentworth Military Academy in 1961, his Bachelor of Business Administration degree from the University of Oklahoma School of Business in 1963, and his Juris Doctor degree from the University of Oklahoma College of Law in 1966.

Roderick W. Durrell, Esq., Vice President — Finance. Mr. Durrell has been employed by OSLA in his current position since July, 1990. Prior to joining OSLA, Mr. Durrell was in private practice specializing in public finance law in Oklahoma City and an officer of municipal securities broker-dealer firms in Oklahoma City. Mr. Durrell is a member of the Oklahoma Bar Association.

Mr. Durrell received his Bachelor of Science degree from the University of Vermont in 1967, his Master of Business Administration degree from the University of Hartford in 1972, and his Juris Doctor degree from the University of Oklahoma College of Law in 1975.

W. A. Rogers, C.P.A., Controller and Vice President — Operations. Mr. Rogers has been employed by OSLA as Controller since October, 1991. His primary duties as Controller are the production of accrual basis financial statements, related management reports and the management of systems related thereto. In 1995, Mr. Rogers also assumed responsibility for OSLA loan servicing operational functions.

From 1987 to 1991, Mr. Rogers was the Controller for W. R. Hess Company of Chickasha, Oklahoma, a gasoline jobber and retailer of computer hardware and software. From 1981 to 1987, Mr. Rogers worked in public accounting in Oklahoma City where his duties included auditing, management advisory services and tax compliance work for a variety of governmental, non-profit and commercial entities.

Mr. Rogers received a Bachelor of Science degree in 1978 from Arkansas State University and received his CPA certificate in July, 1983. He is a member of the American Institute of Certified Public Accountants.

Tonya Latham, Vice President - Information Technology Services. Ms. Latham has been employed by OSLA since November 2002. Her primary duties are managing the Information Technology staff in administration of the systems for loan portfolio servicing, information management and communications. In addition, she has responsibility for project management, information security and strategic technology planning.

Prior to joining OSLA, Ms. Latham was the Director of Information Systems for Express Personnel Corporate Headquarters. Express Personnel is a franchise organization which supplies staffing solutions to companies throughout the United States and Canada. Ms. Latham was responsible for the overall direction and strategy of the Express' Information Technology department which included the corporate applications and the network infrastructure. Ms. Latham was employed by Express from 1994 to 2002.

From 1989 to 1994, Ms. Latham was employed by Marketing Information Network. She served as Vice President of Product Development and Network Operations. Her responsibilities included the development of software applications for companies specializing in the management and brokerage of direct marketing mailing lists.

Ms. Latham attended Oklahoma State University, Stillwater, Oklahoma from 1983 to 1985, majoring in Computer Science.

Carole D. Lowe, Assistant Vice President – Finance. Ms. Lowe has been employed by OSLA in her current position since August, 2000. Prior to rejoining us, she was Director of Administrative Services for Financial Aid at Langston University, Langston, Oklahoma from August, 1998 to August, 2000. She originally joined OSLA in December, 1987 serving as Assistant Vice President of Loan Management until 1998.

From 1972 to 1987 Ms. Lowe was employed with The Bank of Casey, Casey, Illinois. She was Vice President of the Loan Department, overseeing all aspects of the lending portfolio, which included commercial, agricultural, consumer, real estate and student loans. In 1986, she served as President of the Illinois Bankers Association.

Ms. Lowe attended Oklahoma State University, Stillwater, Oklahoma from 1961 to 1962 majoring in Business. She received her Associate Degree in Banking from Southern Illinois University, Carbondale, Illinois in 1983, her Bachelor of Theology degree from Liberty School of Theology, Beacon University, Columbus, Georgia in 1996, and her Master of Theology and Counseling degree from Liberty School of Theology, Beacon University in 1999.

Employees

At December 31, 2005, we had approximately 60 full time equivalent employees, including the individuals listed above. The statutory full time equivalent limit on OSLA employees presently is 68. We may hire additional employees in the current Fiscal Year because of the growth in our business.

Properties

Our offices, including the loan servicing center, are maintained under a lease agreement with an unaffiliated third party that expires November 30, 2007, with a renewal option. For possible future growth, the lease includes a right of first offer on the adjacent floor.

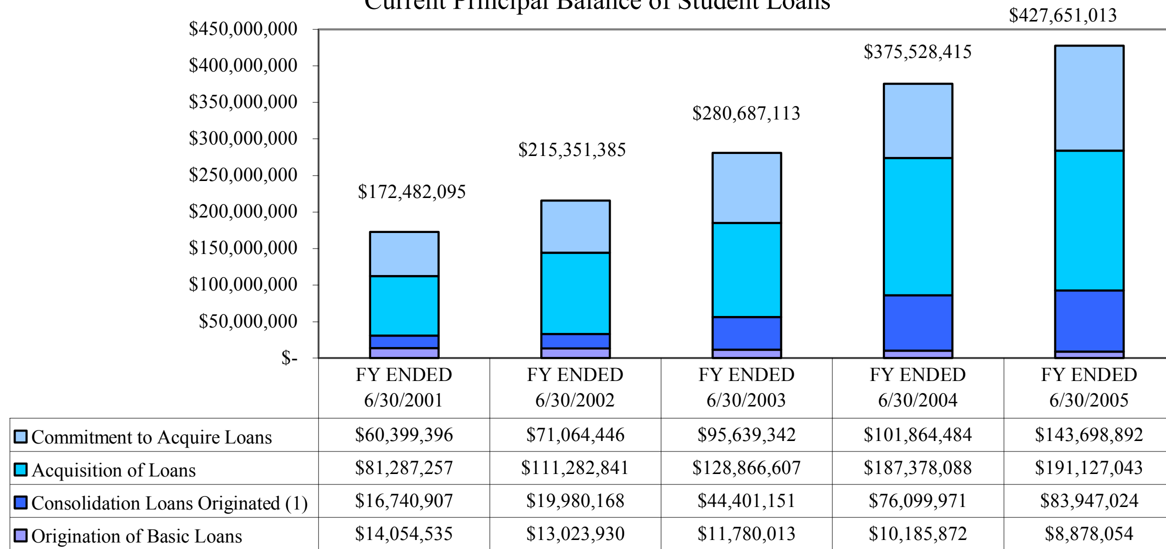
LOAN FINANCE PROGRAMS

FFEL Program Activity Summary

Lending activity for the interim periods indicated was as shown in the Table below:

Activity	6 Months Ended Dec 31, 2005	6 Months Ended Dec 31, 2004	Change from Prior Year
Commitments to Buy Loans	$ 218,349,868	$ 179,486,206	$ 38,863,662
Acquisitions of Loans	64,637,010	47,352,595	17,284,415
Consolidation Loans Made	107,191,886	42,694,946	64,496,940
Origination of Basic Loans	4,520,275	4,557,205	(36,930)
Total	$ 394,699,039	$ 274,090,952	$120,608,087

During the Fiscal Years ended June 30, as indicated below, our total loan financing activity in the FFEL Program was approximately as shown in the following Graph and Table:



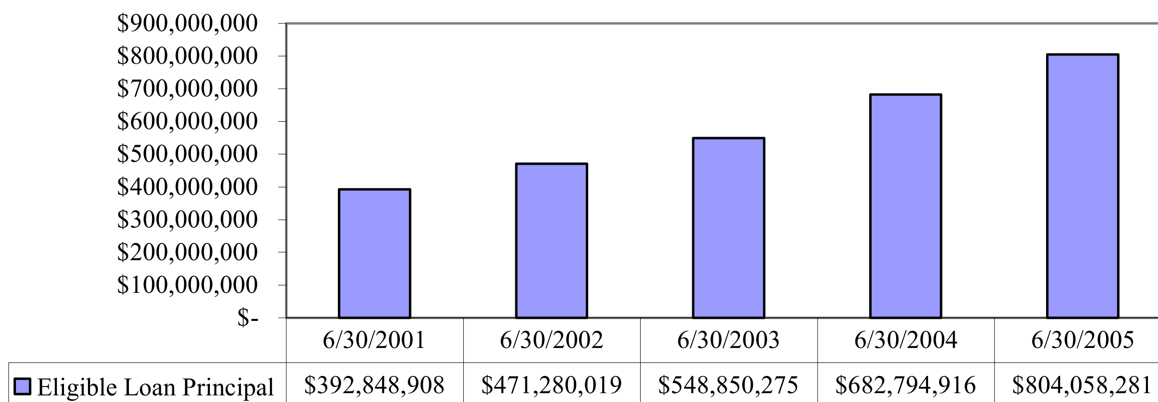
	FY ENDED 6/30/2001	FY ENDED 6/30/2002	FY ENDED 6/30/2003	FY ENDED 6/30/2004	FY ENDED 6/30/2005
Commitment to Acquire Loans	$60,399,396	$71,064,446	$95,639,342	$101,864,484	$143,698,892
Acquisition of Loans	$81,287,257	$111,282,841	$128,866,607	$187,378,088	$191,127,043
Consolidation Loans Originated (1)	$16,740,907	$19,980,168	$44,401,151	$76,099,971	$83,947,024
Origination of Basic Loans	$14,054,535	$13,023,930	$11,780,013	$10,185,872	$8,878,054

[1] In the Fiscal Year ended June 30, 2005, 91% (85% in 2004 and 84% in 2003) of Consolidation Loans that were originated paid off loans that were already owned by OSLA.

Eligible FFEL Program Principal Balances

At the dates indicated in the Table below, the current principal balance of our Eligible Loan principal (exclusive of uninsured status loans) receivable from borrowers was approximately as shown in the following Graph and Table:

OSLA - FFEL PROGRAM ELIGIBLE LOANS OWNED
Current Principal Balance



	6/30/2001	6/30/2002	6/30/2003	6/30/2004	6/30/2005
Eligible Loan Principal	$392,848,908	$471,280,019	$548,850,275	$682,794,916	$804,058,281

At June 30, 2005, Stafford Subsidized Loans had an average borrower indebtedness of approximately $5,435 ($5,400 at June 30, 2004); Stafford Unsubsidized Loans approximately $6,230 ($6,200 at June 30, 2004); Parent Loans for Undergraduate Students (PLUS) loans approximately $7,155 ($6,800 at June 30, 2004); and Consolidation Loans approximately $21,630 ($20,450 at June 30, 2004).

Guarantee of Loans

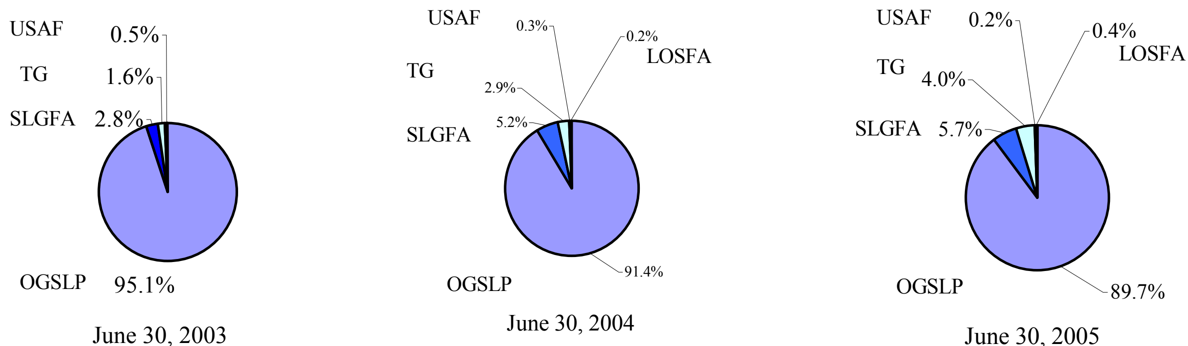
Under a contract of guarantee, a lender/holder of FFEL Program loans is entitled to a claim payment from the guarantee agency for 98% (97% for loans first disbursed on or after July 1, 2006) or 100% of any proven loss resulting from default, death, permanent and total disability, or discharge in bankruptcy of the borrower. However, as long as we maintain the Exceptional Performer designation by USDE, we will be entitled to a claim payment of 100% (99% beginning July 1, 2006). As an eligible lender/holder, we are required to use due diligence in the origination, servicing and collection of loans in order to maintain the guarantee. The Guarantee Agencies are reinsured, subject to various terms and conditions, by the USDE for reimbursement from 75% to 100% of the amounts expended in payment of claims.

Loans financed by us are guaranteed to the extent provided for in the Higher Education Act by the:

- Oklahoma State Regents for Higher Education, Guaranteed Student Loan Program (*OGSLP*), Oklahoma City, OK, acting as the State Guarantee Agency;
- Student Loan Guarantee Foundation of Arkansas, Inc. (*SLGFA*), Little Rock, AR;
- Texas Guaranteed Student Loan Corporation (*TG*), Austin, TX;
- United Student Aid Funds, Incorporated (*USAF*), Indianapolis, IN;
- Louisiana Student Financial Assistance Commission (*LOSFA*), Baton Rouge, LA;
- Colorado Department of Higher Education – College Access Network, Denver, CO; and
- National Student Loan Program (*NSLP*), Lincoln, NE.

At June 30, 2005, substantially all of the current principal balance of our loans had loan guarantee eligibility (percentage of the principal amount of a claim) of 98%. At the dates indicated below, the Guarantor composition of our guaranteed loans was approximately as shown in the following Graphs:

OSLA - FFEL PROGRAM GUARANTEE COMPOSITION



OGSLP - Okla. State Regents Guaranteed Student Loan Program
SLGFA - Student Loan Guarantee Foundation of Arkansas, Inc.
TG - Texas Guaranteed Student Loan Corporation
USAF - USAF Incorporated
LOSFA - Louisiana Student Financial Assistance Commission

Secondary Market Loan Acquisition

We established the OSLA Network of eligible lenders in August 1994 to further our secondary market activities. We perform loan application processing, disbursement and pre-acquisition servicing of education loans for the OSLA Network lenders pursuant to separate education loan servicing agreements between us and each participating lender. We indemnify each of the OSLA Network lenders against any servicing errors made by us in the performance of this work.

Also, we provide our loan servicing system for use by eligible lenders on a remote basis from their premises. The remote users are responsible for their own origination and servicing prior to the required sale of the loans to us.

We maintain a separate forward purchase commitment with each participating lender. These agreements require the lender to sell, and us to purchase, education loans held by the OSLA Network lenders after the loans are fully disbursed, but no later than when repayment of the loans begins. All the purchases are made at prices agreed upon in the forward purchase commitments.

Lender of Last Resort

In February 1994, we began offering loans to certain students, primarily those attending high default rate schools, under a Lender of Last Resort loan program with the State Guarantee Agency. At January 31, 2006, we held approximately $142,680 principal amount of such loans compared with a balance of $162,791 at June 30, 2005.

Students requesting Lender of Last Resort loans generally must have two (2) denial letters from other eligible lenders that will not make the loan to that student. Lender of Last Resort loans that default are guaranteed 100% as to principal and interest by the State Guarantee Agency.

SHELF™ Loan Program

In April 2000, we started our SHELF™ program. SHELF is a private loan program that is self insured and is *not* guaranteed by the federal government or a third party. SHELF program loans are originated and serviced by us.

SHELF program loans are underwritten based on the credit score of a borrower. A co-borrower may be required for credit underwriting purposes. SHELF program loans have been funded with our own funds and not by bond or note proceeds.

Guarantee fees are withheld from SHELF loan disbursements and placed in the Guarantee Reserve Fund of our General Student Loan Trust as a reserve against loan defaults. At January 31, 2006, the Guarantee Reserve Fund had a balance of approximately $106,814.

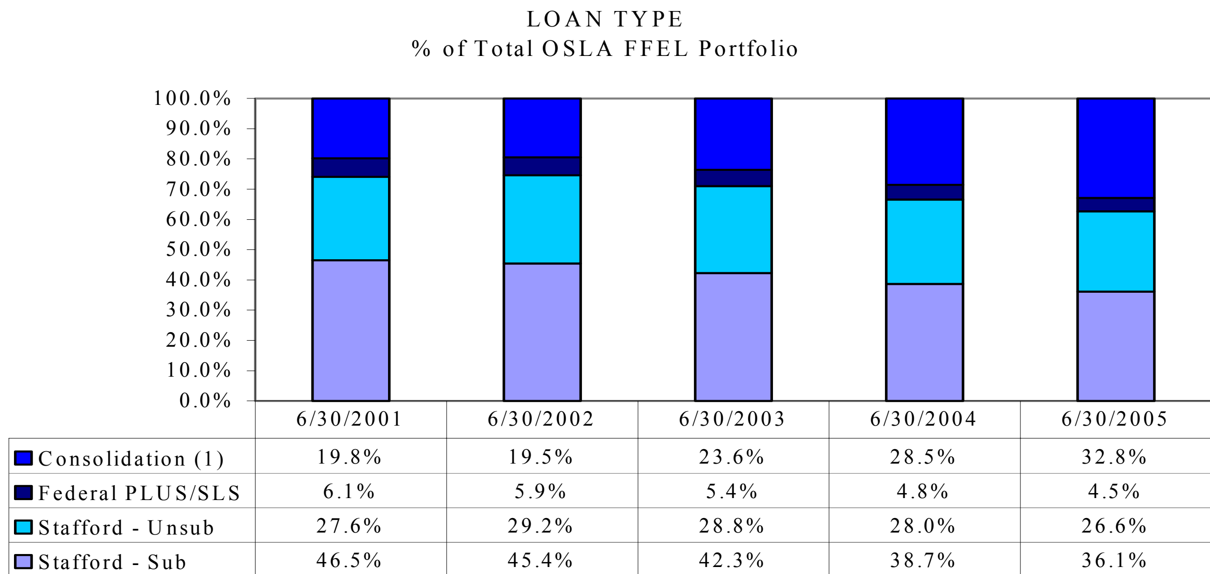
The intent of the SHELF program is to supplement loan funds available in the FFEL Program, as determined by the financial aid staff at eligible schools. Loan disbursements are made through eligible school financial aid offices. At January 31, 2006, we held approximately

$3,022,800 principal amount of SHELF program loans compared with a balance of $2,893,016 at June 30, 2005.

FFEL PORTFOLIO DATA

Loan Type

At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by loan type was approximately in the percentages shown in the following Graph and Table:



	6/30/2001	6/30/2002	6/30/2003	6/30/2004	6/30/2005
Consolidation (1)	19.8%	19.5%	23.6%	28.5%	32.8%
Federal PLUS/SLS	6.1%	5.9%	5.4%	4.8%	4.5%
Stafford - Unsub	27.6%	29.2%	28.8%	28.0%	26.6%
Stafford - Sub	46.5%	45.4%	42.3%	38.7%	36.1%

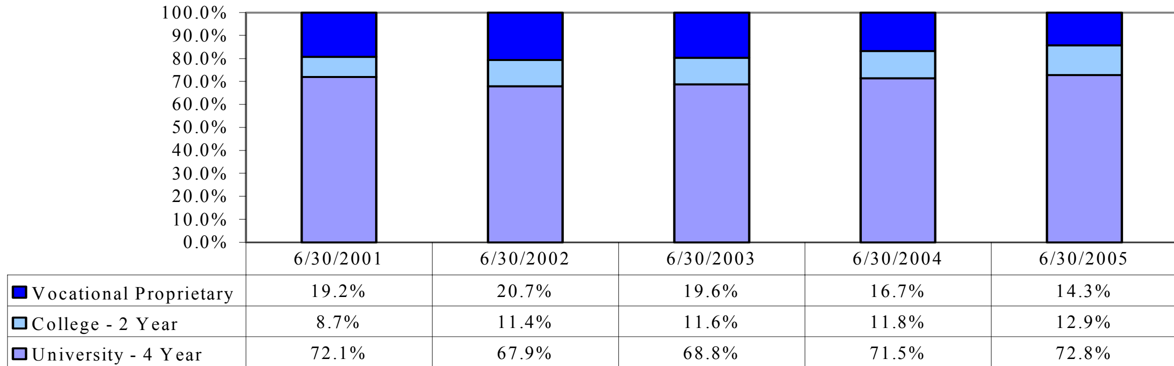
[1] Consolidation Loans require us to pay a rebate to USDE at an annual rate of 1.05% of principal and accrued borrower interest. At June 30, 2005, Consolidation Loans constituted almost 50.0% of the Repayment status portfolio, including loans in Forbearance status, compared to approximately 43.5% at June 30, 2004.

Due to a heavy volume of "in-school" and other Consolidation Loan applications processed in the first six months of Fiscal Year 2005-06, at December 31, 2005, Consolidation Loans constituted approximately 43.0% of the total loan portfolio and approximately 55.5% of the Repayment status portfolio, including loans in Forbearance status. This shift to the Consolidation loan type caused a decrease of approximately 5.0% each in the loan total portfolio share of Stafford Subsidized and Unsubsidized loans.

School Type

At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by school type, exclusive of Federal Consolidation Loans that are not generally reported by school type, was approximately in the percentages shown in the following Graph and Table:

SCHOOL TYPE
% of Total OSLA FFEL Portfolio

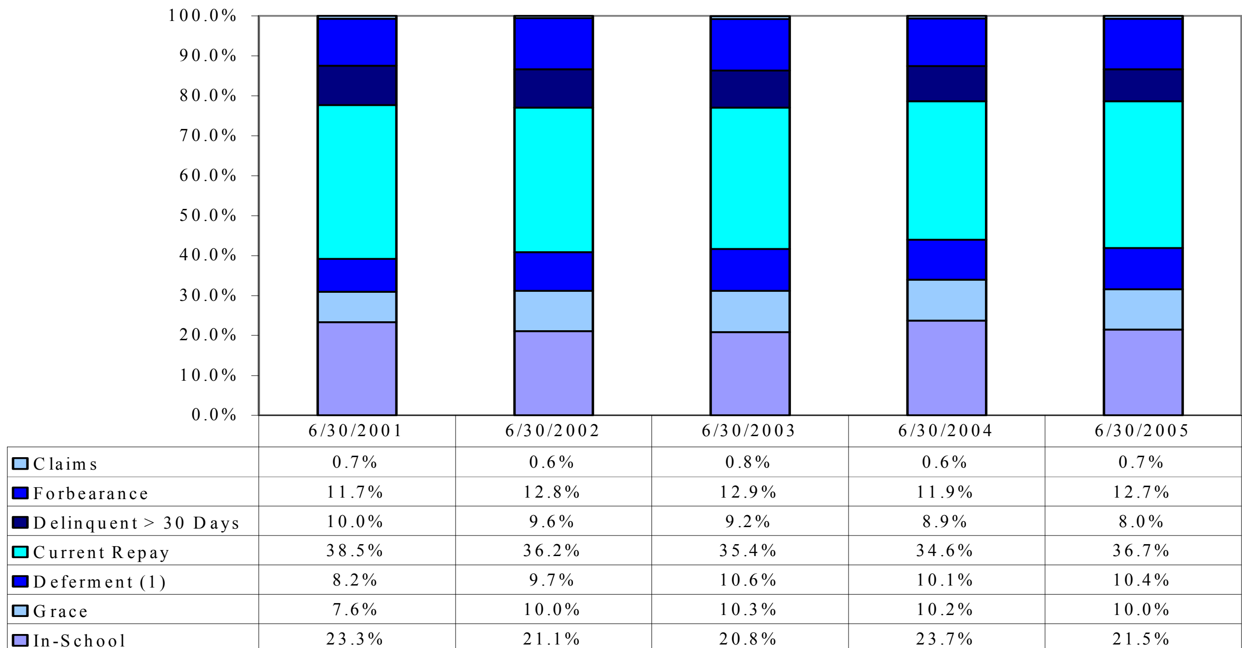


	6/30/2001	6/30/2002	6/30/2003	6/30/2004	6/30/2005
Vocational Proprietary	19.2%	20.7%	19.6%	16.7%	14.3%
College - 2 Year	8.7%	11.4%	11.6%	11.8%	12.9%
University - 4 Year	72.1%	67.9%	68.8%	71.5%	72.8%

Loan Status

At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by loan status was approximately in the percentages shown in the following Graph and Table:

LOAN STATUS
% of Total OSLA FFEL Portfolio

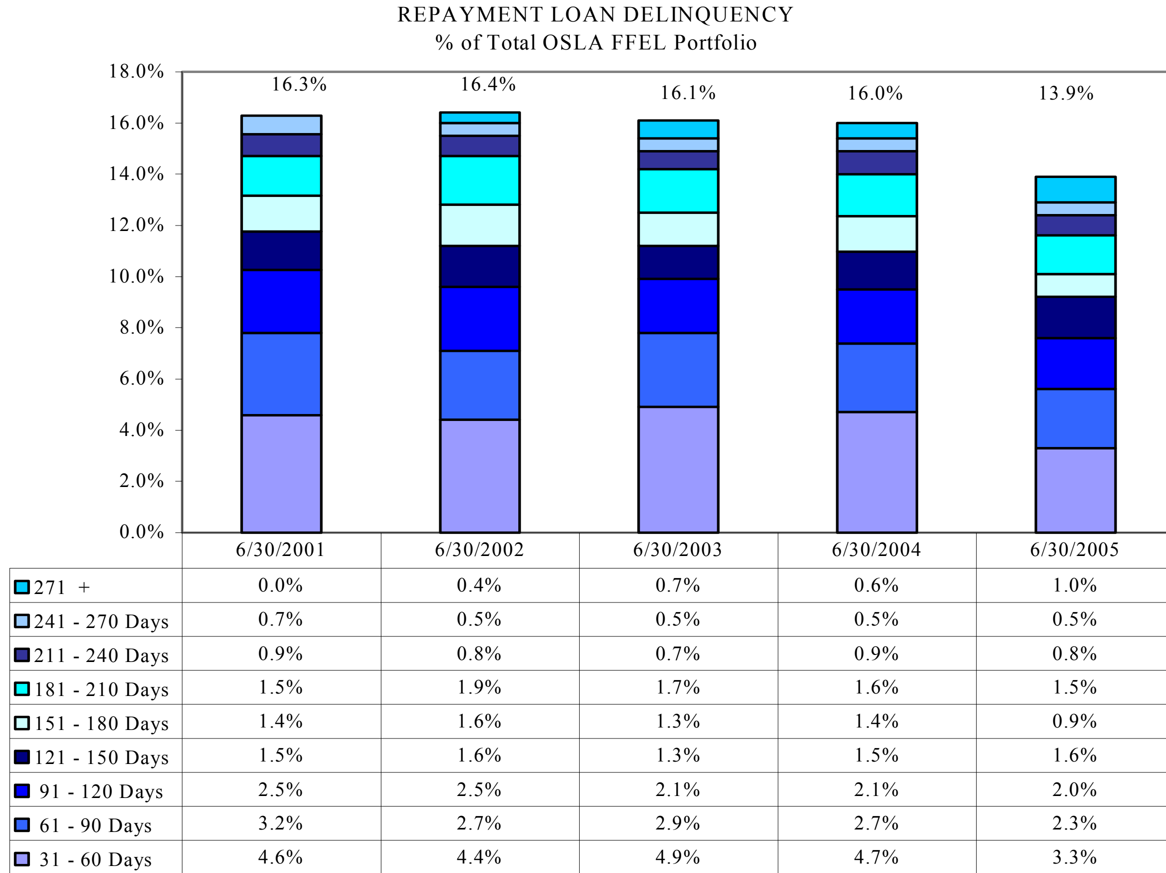


	6/30/2001	6/30/2002	6/30/2003	6/30/2004	6/30/2005
Claims	0.7%	0.6%	0.8%	0.6%	0.7%
Forbearance	11.7%	12.8%	12.9%	11.9%	12.7%
Delinquent > 30 Days	10.0%	9.6%	9.2%	8.9%	8.0%
Current Repay	38.5%	36.2%	35.4%	34.6%	36.7%
Deferment (1)	8.2%	9.7%	10.6%	10.1%	10.4%
Grace	7.6%	10.0%	10.3%	10.2%	10.0%
In-School	23.3%	21.1%	20.8%	23.7%	21.5%

[1]At June 30, 2005, approximately 55% of this category (57% at June 30, 2004 and also at June 30, 2003) were Subsidized Stafford loans or certain Consolidation Loans on which the USDE pays interest during deferment.

Repayment Loan Delinquency

At June 30 of the Fiscal Years indicated below, the delinquency rates of the current principal balance of our Eligible Loans that were in Repayment status, including Forbearance status loans, were approximately in the percentages shown in the following Graph and Table:



	6/30/2001	6/30/2002	6/30/2003	6/30/2004	6/30/2005
271 +	0.0%	0.4%	0.7%	0.6%	1.0%
241 - 270 Days	0.7%	0.5%	0.5%	0.5%	0.5%
211 - 240 Days	0.9%	0.8%	0.7%	0.9%	0.8%
181 - 210 Days	1.5%	1.9%	1.7%	1.6%	1.5%
151 - 180 Days	1.4%	1.6%	1.3%	1.4%	0.9%
121 - 150 Days	1.5%	1.6%	1.3%	1.5%	1.6%
91 - 120 Days	2.5%	2.5%	2.1%	2.1%	2.0%
61 - 90 Days	3.2%	2.7%	2.9%	2.7%	2.3%
31 - 60 Days	4.6%	4.4%	4.9%	4.7%	3.3%

However, delinquency rates at June 30, 2005 varied widely by loan type, with a rate of approximately 21.5% for Stafford Loans (21.1% at June 30, 2004); 9.2% for Consolidation Loans (12.7% at June 30, 2004); and 7.9% for PLUS Loans (8.8% at June 30, 2004).

LOAN SERVICING

Standards and Activities

We have serviced our own loans, and performed third party pre-acquisition servicing of the loans of the OSLA Network, since 1994. Loan servicing activities performed by us include:

- Application processing and funds disbursement in originating loans;
- Customer service;
- Loan account maintenance, including production of notices and forms to borrowers and the resulting processing;
- Reconciliation and payment of guarantee fee billings;
- Billings to USDE for Interest Benefit Payments and Special Allowance Payments;

- Collection of principal and interest from borrowers;
- Filing claims to collect guarantee payments on defaulted loans; and
- Accounting for ourselves and the OSLA Network.

We are required to use due diligence in originating, servicing and collecting education loans. In addition, we are required to use collection practices no less extensive and forceful than those generally in use among financial institutions with respect to other consumer debt.

In order to satisfy the due diligence requirements, we must adhere to specific activities in a timely manner. These activities begin with the receipt of the loan application and continue throughout the life of the loan. Examples of specific due diligence activities include:

- Verifying that the original application is completed with all pertinent data and has a guarantee provided to the lender;
- Diligent efforts to contact a delinquent borrower by letter and telephone;
- Skip tracing if a borrower has an invalid phone number or address;
- Requesting default aversion assistance from the Guarantor between 60 and 120 days of delinquency;
- Sending a final demand letter to the borrower when the loan becomes 241 or more days delinquent; and
- Timely filing of the default claim for payment, provided the borrower's failure to make monthly installment payments when due, or to comply with other terms of the obligation, persists for the most recent consecutive 270-day period (330 days for a loan repayable in less frequent installments).

OSLA Student Loan Servicing System

From 1994 to 2002, our loan servicing was done as a remote user of another party's loan servicing system. Presently, we originate and service loans in-house using our own staff and the *OSLA Student Loan Servicing System* comprised of:

- An IBM iSeries computer acquired in October 2005 that we own, which replaced an earlier iSeries model, resulting in a significant upgrade in configuration, processing capability and memory storage;
- iSeries related operating and database software that we license from IBM;
- Personal computers and an NT based local area network;
- Aid Delivery System (*ADS*) software that we licensed on a perpetual basis from Idaho Financial Associates, Inc. (*IFA*), Boise, Idaho;
- IFA Student Loan Servicing System (*IFA-SLSS*) software that we licensed also on a perpetual basis from IFA; and
- Ancillary software programs of proprietary software and database query reports that we developed and various commercial software applications licensed from multiple vendor sources.

We began originating education loans using the OSLA Student Loan Servicing System on January 28, 2002. We converted loans from the remote third party database and implemented all servicing of our portfolio, and the portfolios of the OSLA Network, with the OSLA Student Loan Servicing System as of March 1, 2002.

Together, the ADS and the IFA-SLSS systems are referred to herein as the *IFA System*. We are the primary user of ADS, but IFA provides its IFA-SLSS education loan servicing software to 13 other student loan users that service loans, including Nelnet, Inc. In addition to licensing the IFA System software, IFA provides software maintenance and enhancement at the direction of the users, as well as support. IFA is a wholly owned subsidiary of Nelnet, Inc., Lincoln, Nebraska. Nelnet, Inc. also is a competitor of ours as a loan servicer and secondary market.

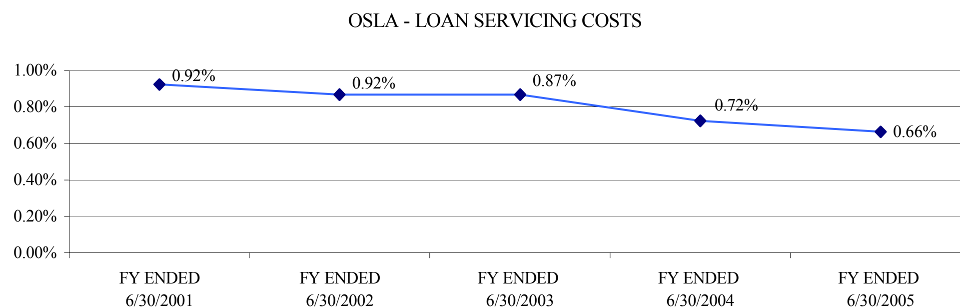
In operating the OSLA Student Loan Servicing System, also we are responsible for:

- Providing, maintaining and operating the requisite computer system and its operating and database software;
- Maintenance of tables and profiles on lenders, guarantors and post-secondary education institutions that we work with;
- Installing and testing new releases of the IFA System;
- Participation in the IFA System users' group which is responsible for compliance of the IFA System with the Higher Education Act and other applicable law;
- Exchanges of data files with various third party trading partners;
- Any necessary or desirable ancillary programming for loan servicing functionality not provided by IFA; and
- Necessary or desirable internet functionality related to loan origination and servicing.

In addition to our own use of the OSLA Student Loan Servicing System, we provide, operate, support and maintain our system for remote use by certain OSLA Network lenders in their origination and interim servicing of FFEL Program loans from their premises. Under the remote arrangement, the OSLA Network lenders are required to sell, and we are required to purchase, their FFEL Program loans originated and serviced by the remote use of the OSLA Student Loan Servicing System.

Servicing Costs

At the dates indicated in the Graph below, our annual loan servicing cost (expressed as a percent of the outstanding Current Principal Balance of loans serviced) was approximately as shown in the following Graph:



Note: The percentage is the total Annual Operating Cost of OSLA divided by the average monthly outstanding Current Principal Balance of loans.

If we do not comply with the due diligence standards required by the Higher Education Act, a claim to the Guarantor of the loan may be rejected. In such event, we can attempt to cure the rejected claim loan by various procedures. A cure within three years re-instates the guarantee.

During the Fiscal Years ended June 30, as indicated below, our cure experience was as shown in the following Table:

Fiscal Year	Claims Filed	Rejected[1]	Rejection Rate	Cured[1]	Un-Resolved[2]
2005	$27,356,200	$ 215,037	0.78%	$ 11,113	$203,924
2004	$23,581,512	$ 152,746	0.65%	$ 70,581	$ 82,165
2003	$21,172,322	$ 90,370	0.43%	$ 37,436	$ 52,934
2002	$21,498,003	$ 136,332	0.63%	$ 21,423	$114,909
2001	$15,134,549	$ 79,324	0.52%	$ 43,664	$ 35,660

[1]Annual amounts are adjusted due to the reconciliation and capitalized interest from recovery.
[2]More than the original amount may be recovered because of capitalized interest during recovery.

PROGRAM REVIEWS

Federal Review

The USDE routinely conducts site program reviews of secondary markets and student loan servicers, such as OSLA, for compliance with various aspects of the Higher Education Act.

The USDE conducted a program review of our operations as a secondary market in September 2002. There were no findings in the Review Report issued in April 2003. That Report stated that the review was closed.

The USDE conducted a program review of our loan service operations, including the portfolios of the OSLA Network serviced by us, in November 2002. The Review Report also issued in April 2003 had one finding on a non-recurring matter for the quarter ended March 31, 2002. The finding related to incorrect average daily balance calculations supplied to us on the conversion from our remote loan system to the IFA SLSS. The incorrect average daily balances overstated the billing on certain portions of our portfolio receiving Special Allowance Payments and did not have a monetary effect on the billing of any lenders in the OSLA Network. The miscalculation was corrected and balances were adjusted for the March 2003 quarter. This correction was reported to USDE, and in March 2004, the USDE reported that the adjustments satisfied the finding and stated that the review was closed.

State Guarantee Agency Review

In addition, the State Guarantee Agency routinely conducts site program reviews, or audits, of lenders, such as us, and our OLSA Network members, for compliance with various

aspects of the Higher Education Act. We underwent a joint site program compliance review by the State Guarantee Agency and SLGFA, the Arkansas state guarantee agency, in June 2004.

In February 2005 the report for the joint Compliance Review was issued. The report had two findings. One finding related to subsidized loans that had achieved an interest rate reduction, but subsequently were given a deferment and were billed to USDE at the applicable stated interest rate on the loan rather than at the reduced rate billed to the borrower when they were in repayment status. The other finding was one instance of not refunding a part of the loan fees when a payment was made within 120 days of disbursement.

We responded to the findings. On April 27, 2005, the two agencies concluded that we had responded satisfactorily to the findings and that upon receipt of documentation of the billing corrections to be done as a result of the IFA System enhancement at the June 2005 quarter end, the review would be considered closed. We implemented the enhancement and corrected the billing to USDE for the quarter ended June 30, 2005. On November 29, 2005, the review was closed.

SUMMARY DEBT INFORMATION

We issued various debt obligations for our loan financing activities. The bonds and notes issued by us are not general obligations, but are limited revenue obligations secured by, and payable solely from, the assets of the Trust Estates created for particular financings by the various Bond Resolutions. At December 31, 2005, we had total outstanding debt of $829,497,057 in our various financing systems, compared to $806,580,000 at June 30, 2005 and $658,410,000 at June 30, 2004.

At December 31, 2005, $753,605,000 of our debt was publicly held and had long term credit ratings assigned by Moody's and S&P based on the type of security as shown in the Table below. The credit ratings have been maintained and periodically the ratings have been confirmed in connection with new parity debt issues or extensions of recycling periods.

Credit Rating(s)	Principal Amount	Type of Security
Aaa Moody's/AAA S&P	$ 716,395,000	Senior Lien or Insured
A2 Moody's/A S&P	$ 37,210,000	Subordinate Bonds

$256,250,000 of the Authority debt listed above bears a Weekly Rate and, in addition to the long-term ratings, also has short-term ratings by Moody's (VMIG-1) and S&P (A-1+ or A-1).

The principal amount of the Series 2006A-1 Bonds offered by this Official Statement is in addition to the above amounts

We meet our temporary funding requirements through a revolving taxable warehouse line of credit provided by commercial banks. Presently, the commitment amount of the taxable warehouse line of credit is $150,000,000, of which $32,200,000 is outstanding and will be

refunded by the proceeds of the Series 2006A-1 Bonds. Advances on the commitment are available in multiple draws as needed by us. The commitment currently expires on April 29, 2008. The taxable line of credit is not rated by a credit rating agency.

In addition, we maintain a non-revolving tax-exempt line of credit, originally in the not-to-exceed principal amount of $100,000,000, with a commercial bank. Presently, $43,692,057 is outstanding on that line and will be refunded by the proceeds of the Series 2006A-1 Bonds. Advances are available on the line until September 1, 2008. The tax-exempt line of credit is not rated by a credit rating agency.

We lease certain facilities and equipment under non-cancelable operating leases that expire at various dates through calendar year 2007. The future minimum rental payments under these leases for the next five Fiscal Years after June 30, 2005 totaled approximately $667,500. There have been no new non-cancelable leases entered into since June 30, 2005.

We have no capitalized lease obligations. In addition, we have no off-balance sheet financings.

FINANCIAL STATEMENTS

Our financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, unless such statements are in direct conflict with statements issued by the Governmental Accounting Standards Board. Our financial statements are prepared to comply with Statement No. 34, “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments”.

The financial statements for the Fiscal Years ended June 30, 2005 and 2004 were audited and reported on by Grant Thornton LLP, Oklahoma City, Oklahoma, independent certified public accountants. The audited financial statements speak only as of their date and Grant Thornton LLP has not been requested, nor has it undertaken, to conduct any post-audit review.

A copy of the comparative financial statements for June 30, 2005 and 2004 are posted on the internet at the *website* address of “OSLAfinancial.com” and a copy was filed with the various National Repositories through the Central Post Office.

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APPENDIX D

OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2006A-1

LOAN PORTFOLIO COMPOSITION

This Appendix contains a description of the Authority's portfolio of Eligible Loans financed with proceeds of the Prior Bonds. See also, the captions "INTRODUCTION — Cash Flow Projections" and "RISK FACTORS—Outside Factors May Adversely Affect Cash Flow Sufficiency" in the main body of this Official Statement.

Existing Loan Portfolio

A. ***Existing Portfolio Principal Balance by Loan Type***. As of December 31, 2005, the principal balance of Eligible Loans that was outstanding, and the loan type distribution was as follows:

Loan Type	Amount	% of Total
Subsidized Stafford	$ 107,450,560	29.7%
Unsubsidized Stafford	81,915,917	22.6
Total Stafford	$ 189,366,477	52.3%
PLUS/SLS	8,453,368	2.3
Consolidation	164,209,289	45.4
Total	$ 362,029,134	100.0%

B. ***Existing Portfolio Duration by Borrower Status***. The Eligible Loans financed with proceeds of the Prior Bonds and held in the Trust Estate as of December 31, 2005 are assumed to have an average term to maturity as follows:

	Term to Maturity, in Months		
Borrower Status	Stafford	PLUS	Consolidation
School	24	N/A	N/A
Grace	3	N/A	N/A
Deferment	16	15	12
Forbearance	4	4	4
Repayment	104	98	222

C. ***Existing Portfolio by Loan Status***. The Eligible Loans financed with proceeds of Prior Bonds as of December 31, 2005 had the status composition as shown below:

Borrower Status	% of Total
School	16.4%
Grace	4.4
Deferment	14.9
Forbearance	14.6
Repayment	48.8
Claim	0.9
Total	100.0%

D. ***Existing Portfolio by Delinquency Status***. The Eligible Loans financed with the proceeds of Prior Bonds as of December 31, 2005 had the following delinquency rates:

Delinquency	% of Repayment & Forbearance Loans
30 to 59 days	4.8%
60 to 89 days	2.5
90 to 119 days	1.4
120 to 149 days	0.9
150 to 179 days	1.4
180 to 209 days	0.9
210 to 239 days	0.5
240 to 269 days	0.5
Greater than 270 days	1.1
Total	14.0%

E. ***Existing Portfolio by School Type***. The Eligible Loans financed with the proceeds of Prior Bonds as of December 31, 2005 had the following school type composition:

School Type	% of Total*
University - 4 Year	71.0%
College - 2 Year	15.4
Vocational/Proprietary	13.6
Total	100.0%

*Excludes Consolidation Loans that are not reported by school type.

Other Financed Eligible Loan Characteristics

A. ***Borrower Incentive Loan Programs***. Substantially all of the Stafford and PLUS Eligible Loans financed with the proceeds of the Prior Bonds and the Series 2006A-1 Bonds are eligible for the Authority's TOP™ Interest Rate Reduction program. Further, it is anticipated that substantially all of the Eligible Loans (except Consolidation Loans) first disbursed on or after July 1, 2001 will be eligible for the Authority's TOP Principal Reduction program.

   TOP is the identifying trademark name of the Authority's behavioral incentive loan program for Stafford and PLUS loan borrowers in repayment. The TOP Interest Rate Reduction applies to Stafford and PLUS borrowers that make timely payments and qualify for a subsequent interest rate discount of 1.50% on their education loans held by the Authority. In order to be eligible for TOP Interest Rate Reduction: (1) a Stafford or PLUS education loan must have been, with certain exceptions, first disbursed on or after July 1, 1996; and (2) an eligible borrower must make timely their first twelve consecutive payments of principal and interest. Once achieved, the TOP interest rate reduction is permanent.

   TOP Principal Reduction is a further enhancement to the Authority's behavioral incentive loan program for Stafford and PLUS borrowers in repayment. Eligible Stafford and PLUS borrowers that make timely payments qualify for a non-recurring reduction of 1.00% of the eligible principal amount. In order to be eligible for TOP Principal Reduction: (1) a Stafford or PLUS education loan, with certain exceptions, must have been first disbursed on or after July 1, 2001; and (2) an eligible borrower must make timely their first three consecutive payments of principal and interest.

   Borrowers of certain Consolidation Loans are eligible for the Authority's Reduction of Eligible Account Principal (REAP) incentive program. Eligible Consolidation Loan borrowers that make timely payments qualify for a non-recurring reduction of 1.00% of the eligible principal amount. In order to be eligible for the REAP program: (1) a Consolidation Loan must have been first disbursed on or after July 1, 2003; and (2) an eligible borrower must make timely their first six consecutive payments of principal and interest. It is expected that all of the Consolidation Eligible Loans financed with the proceeds of the Series 2006A-1 Bonds will be eligible for REAP.

B. ***Recycling***. Recycling is available for monies received until March 1, 2009 with respect to Eligible Loans acquired with the proceeds of the Prior Bonds and the Series 2006A-1 Bonds. The date of the end of the Recycling Period may be reduced or extended by the Credit Facility Provider.

C. ***OSLA EZ-Pay***. The Authority reduces borrowers' interest rates by 0.33% if they arrange to make their loan payments through an automatic debit of their checking or savings accounts.

D. ***Premiums***. Generally, we paid, or will pay, premiums for the Eligible Loans in the Trust Estate that are:

- in the existing portfolio;
- to be acquired with the proceeds of the Series 2006A-1 Bonds; and
- to be acquired through Recycling.

The premiums paid vary according to the type of loan, the loan status, the average borrower indebtedness and the source of acquisition. In addition, our participation with the OSLA Network lenders that offer the Zero 0 Fee may increase the cost of loans acquired through Recycling.

Premiums are amounts in excess of the amount of the current principal balance outstanding on the Eligible Loan. Premiums reduce the effective yield of the loan portfolio and as a result the amount of asset coverage that otherwise would occur.

See APPENDIX F — "SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN PROGRAM" for a description of various terms and provisions relating to the guaranteed education loans that comprise the Eligible Loans to be held under the Bond Resolution.

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APPENDIX E

OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2006A-1

The information concerning the State Guarantee Agency was obtained from them. The information is not guaranteed as to accuracy or completeness by the Authority, the Underwriter, the Trustee or Bond Counsel. It is not to be construed as a representation by any of those persons.

The Authority, the Underwriter, the Trustee or Bond Counsel have not independently verified this information. No representation is made by any of those persons as to the absence of material adverse changes in such information subsequent to the date hereof.

GENERAL DESCRIPTION OF THE STATE GUARANTEE AGENCY

General

The State Regents, acting as the State Guarantee Agency, operate the Oklahoma Guaranteed Student Loan Program. The State Guarantee Agency has been in operation in Oklahoma since November 1965. It administers the Guarantee Fund to guarantee FFEL Program education loans made to students who attend approved universities, colleges, vocational education or trade schools.

At Federal Fiscal Years ended September 30, 2005 and 2004, FFEL Program loans made by various eligible lenders and guaranteed by the State Guarantee Agency were outstanding in the total principal amount of approximately $3.2 billion and $3.0 billion, respectively.

There are approximately 75 schools in Oklahoma and 116 eligible lenders actively participating in the State Guarantee Agency program.

State Guarantee Agency Administration

The State Regents appoint a chief executive officer, the Chancellor of Higher Education. The present Chancellor is Dr. Paul G. Risser. Mary Mowdy is the Executive Director of the State Guarantee Agency. The State Guarantee Agency employs approximately 141 full time equivalent employees.

The offices of the State Guarantee Agency are located at 421 N.W. 13th Street, Oklahoma City, Oklahoma 73103; Telephone (405) 234-4300.

Electronic Data Processing Support

The State Guarantee Agency uses an integrated software system and data processing facilities for administering education loans that is provided pursuant to an agreement between the State Regents and Sallie Mae Servicing L.P. dated September 7, 1989, as amended and extended to December 31, 2010.

This software system is operated from terminals controlled by the State Guarantee Agency and connected to Sallie Mae's system. The system provides for loan application processing, guarantee fee billings to lenders, loan status management, pre-claims assistance, claims processing, post claims operations (including reinsurance claims to the USDE) and reporting.

Annual Guaranteed Loan Volume

During the federal fiscal years indicated below, the loan principal volume guaranteed by the State Guarantee Agency was as shown on the following table:

Annual Education Loan Guarantees

	Federal Fiscal Year Ended 9/30/2005	Federal Fiscal Year Ended 9/30/2004	Federal Fiscal Year Ended 9/30/2003	Federal Fiscal Year Ended 9/30/2002	Federal Fiscal Year Ended 9/30/2001
Amount (000)	$907,077	$742,702	$739,201	$570,264	$444,641
Loan Type					
Stafford (Sub)	29.6%	34.5%	33.3%	37.2%	42.9%
Unsubsidized Stafford	26.2	29.2	28.0	30.4	32.3
PLUS	4.8	5.6	4.3	4.7	5.1
SLS					0.0
Consolidation	39.4	30.7	34.4	27.7	19.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Amount (000)*	$907,077	$742,702	$739,201	$570,264	$444,641
School Type*					
4 Year Univ	79.0%	79.6%	76.1%	79.1%	71.0%
2 Year College	12.0	10.8	14.7	9.1	15.3
Proprietary	9.0	9.6	9.2	11.8	13.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*The State Guarantee Agency's system does not track Consolidation Loan approvals by institution type.

Outstanding Portfolio Composition

The composition of the State Guarantee Agency's outstanding loan principal guaranteed during the federal fiscal years has been as shown in the following table:

Composition of Outstanding Education Loan Guarantees

	Federal Fiscal Year Ended 9/30/2005	Federal Fiscal Year Ended 9/30/2004	Federal Fiscal Year Ended 9/30/2003	Federal Fiscal Year Ended 9/30/2002	Federal Fiscal Year Ended 9/30/2001
Amount (000)	$3,246,612	$2,984,587	$2,788,938	$2,624,079	$2,448,623
Loan Status					
Interim	32.0%	32.3%	30.6%	28.7%	28.1%
Deferred	11.3	13.2	7.1	6.6	8.4
Repayment	56.7	54.5	62.3	64.7	63.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%
School Type*					
4 Year Univ.	74.1%	75.8%	77.0%	79.0%	80.4%
2 Year College	18.5	16.6	15.1	13.3	12.4
Proprietary	7.4	7.6	7.9	7.7	7.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*The State Guarantee Agency's system does not track Consolidation Loan approvals by institution type.

Trigger Rate

Reimbursements by USDE of claims paid by the State Guarantee Agency are subject to a sliding scale from 95% to 100%, depending on the date of first disbursement, if the State Guarantee Agency's "*trigger rate*" is below 5.0%. USDE reimbursements can decrease to 75% to 90% if the rate is 5.0% or greater. During the federal fiscal years indicated below, the trigger rate for the State Guarantee Agency has been as shown on the following table:

Trigger Rate of the State Guarantee Agency

Federal Fiscal Year Ended 9/30	Trigger Numerator	Trigger Denominator	Rate
2005	$68,450,783	$1,957,446,978	3.50%
2004	53,732,816	1,881,291,358	2.86
2003	58,090,002	1,819,009,603	3.19
2002	59,416,998	1,718,637,559	3.46
2001	45,760,709	1,559,846,640	2.93

The State Guarantee Agency is responsible as a co-insurer in each federal fiscal year for the difference between the claim amount paid to eligible lenders and the Secretary's reimbursement under the trigger rate formula.

Reserve Ratio

Beginning with fiscal year ended June 30, 2005, the reserve ratio is calculated on an accrual basis of accounting, using the sum of the Federal Fund balance with amounts reported for allowances and other non cash charges added back into the balance. Prior years ratios were calculated on a cash basis using total cash and investments. The reserve ratio for the State Guarantee Agency for the past five Fiscal Years ended June 30 was as shown in the Table below:

Reserve Ratio of the State Guarantee Agency

Fiscal Year Ended June 30	Reserve Ratio	Required Reserve Ratio
2005	0.53%	0.25%
2004	0.61*	0.25
2003	0.43	0.25
2002	0.66	0.25
2001	0.83	0.25

* 2004 Reserve Ratio has been restated on the accrual basis for comparative purposes.

Waiver of Guarantee Fees

Guarantee Agencies are allowed to collect a Guarantee fee from borrowers for up to one per cent of the student loan amount disbursed by Eligible Lenders. Generally, Guarantee Agencies have waived this fee for the past several years. The State Guarantee Agency began waiving the fee for loans disbursed on or after July 1, 2001.

The effect of these fee waivers generally is to reduce the amounts in the Federal Reserve Fund and lower the Reserve Ratio. Recently, some Guarantee Agencies reinstated the Guarantee fee charged beginning in April 2004. The State Guarantee Agency announced in February 2005 that it will continue to waive the fee through June 30, 2006.

However, the Deficit Reduction Act requires for FFEL Program loans guaranteed on or after July 1, 2006, the collection and deposit into a guarantee agency's Federal Fund of a federal default fee of 1% of loan principal, which fee shall be collected either by deduction from the borrower's proceeds of the loan or by payment from other non-federal sources. On February 22, 2006, the State Guarantee Agency announced that it will charge the 1% default fee for loans guaranteed on or after July 1, 2006.

Default Rates and Collections

The gross and net (after collections) default rates for the State Guarantee Agency during the federal fiscal years indicated below have been as shown in the following table:

Default Rates Regarding the State Guarantee Agency

	Federal Fiscal Year Ended 9/30/2005	Federal Fiscal Year Ended 9/30/2004	Federal Fiscal Year Ended 9/30/2003	Federal Fiscal Year Ended 9/30/2002	Federal Fiscal Year Ended 9/30/2001
Gross Default Rate	22.3%	21.8%	21.3%	20.3%	19.2%
Net Default Rate after Collections	8.0%	7.9%	8.1%	8.2%	8.2%

The Higher Education Amendments of 1998 reduced guarantee agencies' retention rate on collection recoveries from 27% to 24%. A further reduction to a 23% retention on collection recoveries became effective October 1, 2003. In addition, pursuant to the Secretary's interpretation of the Higher Education Act, the retention rate paid by the Secretary on defaulted loans that are paid by the making of a Federal Consolidation Loan is 18.5%.

The Deficit Reduction Act of 2005 requires guarantors beginning October 1, 2006 to remit to the Secretary a portion of the collection fees on default consolidations equal to 8.5% of principal and interest, thus effectively reducing retention on default consolidations to 10%.

Pending State Legislation and Litigation

There is no State legislative action pending or proposed with respect to the State Guarantee Agency or the Guarantee Fund.

There is no currently pending or, to the knowledge of the State Regents, threatened legal proceeding with respect to the State Guarantee Agency and the Guarantee Fund except for defaulted loan collection recovery efforts in normal course of operations.

Status of Federal Matters

Regulations provide that a guarantee agency paying a claim more than 90 days after submission, cannot file with USDE for reinsurance. The regulations have had no adverse effect on the reserve fund status of the State Guarantee Agency.

Certain Federal Reserve Fund amounts were subject to recall by the Secretary on September 1, 2002 under Section 422 (h) and (i) of the Higher Education Act. These amounts had been provided for

by the State Guarantee Agency over a four-year period. As of September 1, 2002, the State Guarantee Agency met its combined recall obligation of approximately $5,050,000.

The State Guarantee Agency is making ongoing annual provisions to meet the next recall amounts under Section 422(i) of HEA that will be due on September 1, 2006 in the amount of $797, 092 and September 1, 2007 in the amount of $797,092.

The USDE routinely conducts regular guarantor reviews or audits of guarantee agencies, such as the State Guarantee Agency, for compliance with various aspects of the Higher Education Act. The State Guarantee Agency underwent an overall program review in April, 2005. The State Guarantee Agency's written report on this review from USDE dated May 18, 2005, identified that "There were no reported findings identified for the stated review period (October 1, 2002 to December 31, 2004) and the review is now considered closed."

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APPENDIX F

OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2006A-1

SUMMARY OF CERTAIN PROVISIONS OF THE FEDERAL FAMILY EDUCATION LOAN (FFEL) PROGRAM

This Summary of the guaranteed Federal Family Education Loan Program does not purport to be comprehensive or definitive. Generally, it describes only the provisions of the FFEL Program that apply to loans made on or after July 1, 1998. The Summary is qualified in its entirety by reference to the Higher Education Act and the regulations promulgated thereunder. Certain of the information summarized herein may or may not be applicable to the Authority's FFEL Program.

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INTRODUCTION

General

Title IV, Part B of the Higher Education Act provides for several different educational loan programs with respect to the Federal Family Education Loan Program. Under the FFEL Program, state agencies or private nonprofit corporation guarantors are reimbursed for portions of losses

sustained in connection with FFEL Program loans. In addition, holders of certain loans made under the FFEL Program are paid subsidies for owning such loans.

The Higher Education Act has sections that expire by its terms and conditions. Generally, it is subject to a reauthorization process ("*Reauthorization*") to extend and amend it. In addition to Reauthorization, the Higher Education Act has been amended frequently, including amendments that have changed the terms of, and eligibility requirements for, FFEL Program loans.

The Higher Education Act was scheduled for Reauthorization in calendar year 2004. However, no legislation to reauthorize the Higher Education Act was enacted, and temporary extensions of the Higher Education Act through March 31, 2006 were signed into law. In addition, the Higher Education Act also can be amended by the budget process. In February 2006, the Deficit Reduction Act was enacted as P.L. 109-171, which extended the FFEL Program payment authorization through September 30, 2012. The Deficit Reduction Act includes a number of restrictive changes to the FFEL Program.

It is not possible to predict whether, when or the final content of any proposals for Reauthorization or other future amendments of the Higher Education Act. See the "RISK FACTORS" section of this Official Statement for additional information on legislation, including the Deficit Reduction Act.

FAFSA

Application for federal student financial assistance is made with a Free Application for Federal Student Aid ("*FAFSA*"). The FAFSA is processed by a federal government contractor. The information in the FAFSA is used with a standard federal formula to calculate the Expected Family Contribution ("*EFC*"), or amount that a family (including the student) is expected to contribute from their income and assets toward the cost of education.

Needs Analysis

The financial aid office of an eligible institution deducts the Expected Family Contribution from the Cost of Attendance ("*COA*") at that institution to make an analysis of financial need for determining eligibility for some form of student financial assistance, including education loans.

The eligible educational institution has to certify, among other things, the student's eligibility, loan amounts, enrollment and loan disbursement schedule.

"*Eligible Institutions*" include higher educational institutions and vocational schools that comply with certain federal regulations. With certain exceptions, an institution with a cohort (composite) default rate that is higher than certain specified thresholds in the Higher Education Act is not an Eligible Institution.

Eligible Borrowers

Generally, a loan may be made only to a United States citizen or national or otherwise eligible individual under federal regulations who:

- has been accepted for enrollment or is enrolled and is maintaining satisfactory progress at an Eligible Institution;
- 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;
- has agreed to notify promptly the holder of the loan of any address change; and
- meets the applicable "need" requirements.

TYPES OF LOANS

Federal Family Education Loans

Several types of loans are authorized currently as Federal Family Education Loans pursuant to the FFEL Program. These include:

- "*Subsidized Stafford Loans*" to students meeting certain financial needs tests with respect to which the federal government makes interest payments available to reduce student interest cost during periods of enrollment;
- "*Unsubsidized Stafford Loans*" to students made without regard to financial need with respect to which the federal government does not make such interest payments;
- "*Supplemental Loans for Students*", or "*SLS*", a loan type that was replaced by Unsubsidized Stafford Loans that constitutes an immaterial part of our loan portfolio;
- "*Parent Loans for Undergraduate Students*", or "*PLUS*" loans made to parents of dependent students, and, beginning July 1, 2006, to graduate and professional student borrowers; and
- "*Consolidation Loans*" or "*Federal Consolidation Loans*" available to borrowers with certain existing federal educational loans to consolidate repayment of such loans.

Together, Subsidized Stafford Loans and Unsubsidized Stafford Loans are referred to herein as "*Stafford Loans*".

Subsidized Stafford Loans

The Higher Education Act provides for federal (1) insurance or reinsurance of eligible Subsidized Stafford Loans, (2) Interest Benefit Payments to eligible lenders with respect to certain eligible Subsidized Stafford Loans, and (3) Special Allowance Payments representing an additional subsidy paid by the Secretary to holders of eligible Subsidized Stafford Loans.

Subsidized Stafford Loans are eligible for reinsurance under the Higher Education Act if the eligible student to whom the loan is made has been accepted or is enrolled in good standing

at an eligible institution of higher education or vocational school and is carrying at least one-half the normal full-time workload at that institution. In connection with eligible Subsidized Stafford Loans there are limits as to the maximum amount which may be borrowed for an academic year and in the aggregate for both undergraduate and graduate/professional study. The Secretary has discretion to raise these limits to accommodate students undertaking specialized training requiring exceptionally high costs of education.

Subject to these limits, Subsidized Stafford Loans are available to borrowers in amounts not exceeding their unmet need for financing 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 Stafford Loan 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 Stafford Loan funding to borrowers or the availability of Subsidized Stafford Loans for secondary market acquisition.

Unsubsidized Stafford Loans

Unsubsidized Stafford Loans are available for students who do not qualify for Subsidized Stafford Loans due to parental and/or student income or assets in excess of permitted amounts. In other respects, the general requirements for Unsubsidized Stafford Loans are essentially the same as those for Subsidized Stafford Loans. The interest rate, the annual loan limits, the loan fee requirements and the Special Allowance Payment provisions of the Unsubsidized Stafford Loans are the same as the Subsidized Stafford Loans. However, the terms of the Unsubsidized Stafford Loans differ materially from Subsidized Stafford Loans in that the Secretary does not make Interest Benefit Payments and the loan limitations are determined without respect to the expected family contribution. The borrower is responsible for the interest from the time such loan is disbursed. However, the borrower may pay or capitalize the interest until repayment begins.

PLUS Loans

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. The basic provisions applicable to PLUS Loans are similar to those of Stafford Loans with respect to the involvement of guarantors and the Secretary in providing federal reinsurance on the loans. However, PLUS Loans differ significantly from Subsidized Stafford Loans, particularly because federal Interest Benefit Payments are not available under the PLUS program and Special Allowance Payments are more restricted.

Beginning July 1, 2006, graduate and professional students also may borrow in the PLUS program.

Federal Consolidation Loans

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 Subsidized Stafford Loans. Consolidation Loans may be made in an amount sufficient to pay outstanding principal, unpaid interest and late charges on certain federally insured or reinsured student loans incurred under the FFEL Program (other than PLUS Loans made to "parent borrowers") selected by the borrower, as well as loans made pursuant to the Perkins (formally, the National Direct Student Loan) Program, the Health Professional Student Loan Programs and the William D. Ford Federal Direct Loan Program.

The borrowers may be either in repayment status or in a grace period preceding repayment. Delinquent or defaulted borrowers are eligible to obtain Consolidation Loans if they agree to 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, until July 1, 2006, a married couple who agrees to be jointly and severally liable is to be treated as one borrower for purposes of loan consolidation eligibility. A Consolidation Loan will be federally insured or reinsured only if such loan is made in compliance with requirements of the Higher Education Act.

In the event that a 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 eligible lender, the Higher Education Act authorizes the Secretary to offer the borrower a Direct Consolidation Loan with income contingent terms under the William D. Ford Direct Student Loan Program. Such Direct Consolidation Loans must be repaid either pursuant to income contingent repayment or any other repayment provision under the authorizing section of the Higher Education Act.

Master Promissory Notes (MPN)

Beginning in July of 2000, all lenders were required to use a master promissory note (the "*MPN*") for new Stafford Loans. Beginning in July of 2004, lenders also were required to use a separate MPN for all PLUS loans. The MPN permits a borrower to obtain future loans without the necessity of executing a new promissory note. Due to changes in the FFEL Program made by the Deficit Reduction act, it is expected that an Addendum will be needed for loans made on or after July 1, 2006.

Borrowers are not required to obtain all of their future loans from their original lender. However, if a borrower obtains a loan from a lender that does not hold an MPN presently for the borrower, that borrower will be required to execute a new MPN. Consequently, a single borrower may have several MPNs evidencing loans to multiple lenders.

If multiple loans have been advanced pursuant to a single MPN, any or all of those loans may be individually sold by the holder of the MPN to one or more different secondary market purchasers, such as the Authority.

LOAN FINANCING PROVISIONS

Loan Interest Rates

Subsidized and Unsubsidized Stafford Loans made after October 1, 1998 and before July 1, 2006 which are in in-school, grace and deferment periods bear interest at an annual variable rate equivalent to the 91-day T-Bill rate plus 1.70%, with a maximum rate of 8.25%. These Subsidized Stafford Loans and Unsubsidized Stafford Loans in all other statuses bear interest at a rate equivalent to the 91-day T-Bill rate plus 2.30%, with a maximum rate of 8.25%. The rate is adjusted annually on July 1.

PLUS Loans made prior to July 1, 2006 bear interest at an annual variable rate equivalent to the 91-day T-Bill rate plus 3.10%, with a maximum rate of 9%. The rate is adjusted annually on July 1.

The Deficit Reduction Act provides that for Subsidized and Unsubsidized Stafford Loans made on or after July 1, 2006, the interest rate will be 6.80% per annum and for PLUS Loans made on or after July 1, 2006, the interest rate will be 8.50% per annum.

Consolidation Loans for which the application was received by an eligible lender on or after October 1, 1998, bear interest at a rate equal to the weighted average of the loans consolidated, rounded to the nearest higher one-eighth of 1%, with a maximum rate of 8.25%.

Loan Limits

The Higher Education Act requires that Subsidized and Unsubsidized Stafford Loans made to cover multiple enrollment periods, such as a semester, trimester or quarter be disbursed by eligible lenders in at least two separate disbursements. A Stafford Loan borrower may receive a subsidized loan, an unsubsidized loan, or a combination of both for an academic period. Generally, the maximum amount of a Stafford Loan for an academic year is as set forth in the Table below.

Stafford Loans	Maximum Loan Amount
First Year Undergraduate	
Base Stafford Eligibility	$ 2,625[1]
Additional Unsubsidized Stafford Eligibility	$ 4,000
Second Year Undergraduate	
Base Stafford Eligibility (Subsidized and Unsubsidized)	$ 3,500[2]
Additional Unsubsidized Stafford Eligibility	$ 4,000

Third, Fourth, and Fifth Year	
Base Stafford Eligibility (Subsidized and Unsubsidized)	$ 5,500
Additional Unsubsidized Stafford Eligibility	$ 5,000
Graduate & Professional Students	
Subsidized Stafford Eligibility	$ 8,500
Unsubsidized Stafford Eligibility	$10,000

[1] $3,500 beginning July 1, 2007
[2] $4,500 beginning July 1, 2007

Generally, the total debt a student borrower can have outstanding from all Stafford Loans combined is:

- $23,000 as a dependent undergraduate student
- $46,000 as an independent undergraduate student (only $23,000 of this amount may be in Subsidized Stafford Loans)
- $138,500 as a graduate or professional student, including any Stafford Loans received for undergraduate study ($65,000 of this amount may be in Subsidized Stafford Loans)

The Secretary has discretion to raise these limits by regulation to accommodate highly specialized or exceptionally expensive courses of study. For example, certain medical students may now borrow up to $46,000 per academic year, with a maximum aggregate limit of $189,125.

The total amount of all PLUS Loans that parents may borrow on behalf of each dependent student for any academic year may not exceed the student's Cost of Attendance minus other estimated financial assistance for that student.

Repayment

Repayment of principal on a Stafford Loan does not commence while a student remains a qualified student, but generally begins not more than six months after the borrower ceases to pursue at least a half-time course of study. That six-month period is known as the "*Grace Period*". Borrowers may waive Grace Periods.

Repayment of interest on an Unsubsidized Stafford Loan begins immediately upon disbursement of the loan. However, the lender may capitalize the interest until repayment of principal is scheduled to begin. Except for certain borrowers as described below, each loan generally 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; in instances in which a borrower and spouse both have such loans outstanding,

the total combined payments for such a couple may not be less than $600 per year. Regulations of the Secretary require lenders to offer standard, graduated or income-sensitive repayment schedules to borrowers. Use of income sensitive repayment plans may extend the ten-year maximum term for up to five years.

PLUS Loans enter repayment on the date the last disbursement is made on the loan. Interest accrues and is due and payable from the date of the first disbursement of the loan. The first payment is due within 60 days after the loan is fully disbursed. Repayment plans are the same as in the Subsidized and Unsubsidized Stafford Loan program.

Consolidation Loans enter repayment on the date the loan is disbursed. The first payment is due within 60 days after that date. Consolidation Loans must be repaid during a period agreed to by the borrower and lender, subject to maximum repayment periods that vary depending upon the principal amount of the borrower's outstanding student loans, as follows:

$ 4,000	but less than	$ 7,500	10 years
$ 7,500	but less than	$10,000	12 years
$10,000	but less than	$20,000	15 years
$20,000	but less than	$40,000	20 years
$40,000	but less than	$60,000	25 years
$60,000	or more		30 years

New borrowers on or after October 7, 1998 who accumulate outstanding FFEL Program Loans totaling more than $30,000 may receive an extended repayment schedule, with a standard or graduated payment amount paid over a longer period of time, not to exceed 25 years. A borrower may accelerate principal payments at any time without penalty. Once a repayment plan is established, the borrower may annually change the selection of the plan.

No principal repayments need to be made during certain periods prescribed by the Higher Education Act ("*Deferment Periods*") but interest accrues and must be paid. Deferment periods extend the maximum repayment periods. Generally, Deferment Periods include periods:

- when the borrower has returned to an eligible educational institution on a half-time basis or is pursuing studies pursuant to an approved graduate fellowship or rehabilitation training program;
- not exceeding three years while the borrower is seeking and unable to find full-time employment; and
- not in excess of three years for any reason which the lender determines, in accordance with regulations, has caused or will cause the borrower economic hardship.

Under certain circumstances, a lender may also allow periods of forbearance ("*Forbearance*") during which the borrower may postpone payments because of temporary financial hardship. The Higher Education Act specifies certain periods during which Forbearance is mandatory. Mandatory Forbearance periods exist when the borrower is impacted by a national emergency, military mobilization, or when the geographical area in which the borrower resides or works is declared a disaster area.

Other mandatory periods include periods during which the borrower is (1) participating in a medical or dental residency and is not eligible for deferment; (2) serving in a qualified medical or dental internship program or certain national service programs; or (3) determined to have a debt burden of certain federal loans equal to or exceeding 20% of the borrower's gross income. In other circumstances, Forbearance may be granted at the lender's option. Forbearance also extends the maximum repayment periods.

Interest Benefit Payments

The Secretary is to pay interest on Subsidized Stafford Loans while the student is in school as a qualified student, during a Grace Period or during certain Deferment Periods. In addition, those portions of Consolidation Loans that repay Subsidized Stafford Loans or similar subsidized loans made under the William D. Ford Direct Student Loan Program are eligible for Interest Benefit Payments. The Secretary is required to make Interest Benefit Payments to the holder of Subsidized Stafford Loans in the amount of interest accruing on the unpaid balance thereof prior to the commencement of repayment or during any Deferment Period.

The Higher Education Act provides that the holder of an eligible Subsidized Stafford Loan, or the eligible portions of Consolidation Loans, is deemed to have a contractual right against the United States to receive Interest Benefit Payments in accordance with its provisions.

Special Allowance Payments

The Higher Education Act provides for Special Allowance Payments to be made by the Secretary to eligible lenders. The rates for Special Allowance Payments are based on formulae that differ according to the type of loan, the date the loan was first disbursed, the interest rate and the type of funds used to finance such loan (tax-exempt or taxable). Loans made or purchased with funds obtained by the holder from the issuance of tax-exempt obligations issued prior to October 1, 1993 have an effective minimum rate of return of 9.50%. The Special Allowance Payments payable with respect to eligible loans acquired or funded with the proceeds of tax-exempt obligations issued after September 30, 1993 are equal to those paid to other lenders.

Under the Deficit Reduction Act, for loans made on or after April 1, 2006, USDE will recapture, from lenders, interest that is paid by borrowers if the annualized yield of the quarterly Special Allowance formulae is lower than the borrower interest rate by credit to USDE. A reconciliation will be required at least annually.

Subject to the foregoing, the formulae for special allowance payment rates for Stafford and Unsubsidized Stafford Loans are summarized in the following chart. The term "T-Bill" as used in this table and the following table, means the average 91-day Treasury bill rate calculated as a "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.

Date of Loans	Annualized SAP Rate
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.10%
On or after July 1, 1995	T-Bill Rate less Applicable Interest Rate + 3.10% [1]
On or after July 1, 1998	T-Bill Rate less Applicable Interest Rate + 2.80% [2]
On or after January 1, 2000	3 Month Commercial Paper Rate less Applicable Interest Rate + 2.34% [3]

[1] Substitute 2.50% in this formula while such loans are in the In-School or Grace period.
[2] Substitute 2.20% in this formula while such loans are in the In-School or Grace period.
[3] Substitute 1.74% in this formula while such loans are in the In-School or Grace period.

The formula for Special Allowance Payment rates for PLUS and Consolidation Loans are as follows:

Date of Loans	Annualized SAP Rate
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.10%
On or after January 1, 2000	3 Month Commercial Paper Rate less Applicable Interest Rate + 2.64%

However, until June 30, 2006, if PLUS loans bearing an annual variable rate have an interest rate that is less than the maximum, or "cap", rate that can be charged to the borrower, *no* Special Allowance is paid during that annual period through June 30, 2006.

Special Allowance Payments are generally payable, with respect to variable rate FFEL Program Loans to which a maximum borrower interest rate applies, only when the maximum borrower interest rate is in effect. The Secretary offsets Interest Benefit Payments and Special Allowance Payments by the amount of Origination Fees and Lender Loan Fees described in the following section.

The Higher Education Act provides that a holder of a qualifying loan who is entitled to receive Special Allowance Payments has a contractual right against the United States to receive those payments during the life of the loan. Receipt of Special Allowance Payments, however, is conditioned on the eligibility of the loan for federal insurance or reinsurance benefits. Such eligibility may be lost due to violations of federal regulations or guarantee agency requirements.

Loan Fees

Insurance, Guarantee Fee or Default Fee. A guarantee agency is authorized to charge a guarantee fee of up to 1% of the principal amount of the loan. The guarantee fee may be deducted proportionately from each installment of the loan. Generally, guarantee agencies have waived this fee since 1999.

However, under the Deficit Reduction Act, guarantee agencies are required to deposit a default fee of 1% of the principal amount of the loan beginning July 1, 2006. This default fee

must be collected by deduction from the installment of the loan or by payment from other non-federal sources.

Origination Fee. The lender is required to pay to the Secretary an origination fee equal to 3% of the principal amount of each Subsidized and Unsubsidized Stafford and PLUS Loan. The lender may charge these fees to the borrower by deducting them proportionately from each disbursement of the loan proceeds. Under the Deficit Reduction Act, the origination fee will be reduced to 2% beginning July 1, 2006, and phased out in 0.5% increments each subsequent academic year.

Lender Loan Fee. The lender of any FFEL Loan is required to pay to the Secretary an additional origination fee equal to 0.50% of the principal amount of the loan. The lender may ***not*** charge the lender loan fee to the borrower.

The Secretary collects from the lender or subsequent holder the maximum origination fee authorized (regardless of whether the lender actually charges the borrower) and the lender loan fee, either through reductions in Interest Benefit Payments or Special Allowance Payments or directly from the lender or holder.

Rebate Fee on Consolidation Loans. The holder of any Consolidation Loan is required to pay to the Secretary a monthly fee equal to .0875% (1.05% per annum) of the principal amount of, plus accrued interest, on the loan.

LOAN GUARANTEES

Default and Guarantee Claims

A Federal Family Education Loan is considered to be in default for purposes of the Higher Education Act when the borrower fails to make an installment payment when due, or to comply with other terms of the loan, and if the failure persists for 270 days in the case of a loan repayable in monthly installments or for 330 days in the case of a loan repayable in less frequent installments. If the loan is guaranteed by a guarantor in accordance with the provisions of the Higher Education Act, the guarantor is to pay the holder a percentage of such amount of the loss subject to reduction as described in the following paragraphs within 90 days of notification of such default.

Federal Insurance

The Higher Education Act provides that, subject to compliance with the Higher Education Act, the full faith and credit of the United States is pledged to the payment of insurance claims and ensures that such reimbursements are not subject to reduction. In addition, the Higher Education Act provides that if a guarantor is unable to meet its insurance obligations, holders of loans may submit insurance claims directly to the Secretary 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 reimbursement 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.

Guarantees

If the loan is guaranteed by a guarantor in accordance with the provisions of the Higher Education Act, the eligible lender is reimbursed by the guarantor for a statutorily set percentage (98%, or, 97% for loans first disbursed on or after July 1, 2006) 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. Certain types of claims such as bankruptcy, Lender of Last Resort, death or total and permanent disability are reimbursed 100%, and claims by loan servicers designated for Exceptional Performance are paid 100% (99% beginning July 1, 2006). Under the Higher Education Act, the Secretary enters into a guarantee agreement and a reinsurance agreement (the "*Federal Agreements*") with each guarantor that provides for federal reimbursement for amounts paid to eligible lenders by the guarantor with respect to defaulted loans.

Federal Agreements. Pursuant to the Federal Agreements, the Secretary is to reimburse a guarantor for the amounts expended in connection with a claim resulting from the death, bankruptcy or total and permanent disability of a borrower, the death of a student whose parent is the borrower of a PLUS Loan, certain claims by borrowers who are unable to complete the programs in which they are enrolled due to school closure, borrowers whose borrowing eligibility was falsely certified by the eligible institution, or the amount of an unpaid refund due from the school to the lender in the event the school fails to make a required refund. Such claims are not included in calculating a guarantor's claims rate experience for federal reimbursement purposes. Generally, educational loans are non-dischargeable in bankruptcy unless the bankruptcy court determines that the debt will impose an undue hardship on the borrower and the borrower's dependents. Further, the Secretary is to reimburse a guarantor for any amounts paid to satisfy claims not resulting from death, bankruptcy, or disability subject to reduction as described below.

The Secretary may terminate Federal Agreements if the Secretary determines that termination is necessary to protect the federal financial interest or to ensure the continued availability of loans to student or parent borrowers. Upon termination of such agreements, the Secretary is authorized to provide the guarantor with additional advance funds with such restrictions on the use of such funds as is determined appropriate by the Secretary, in order to meet the immediate cash needs of the guarantor, ensure the uninterrupted payment of claims, or ensure that the guarantor will make loans as the lender-of-last-resort.

If the Secretary has terminated or is seeking to terminate Federal Agreements, or has assumed a guarantor's functions, notwithstanding any other provision of law: (1) no state court may issue an order affecting the Secretary's actions with respect to that guarantor; (2) any contract entered into by the guarantor with respect to the administration of the guarantor's reserve funds or assets acquired with reserve funds shall provide that the contract is terminable by the Secretary upon 30 days notice to the contracting parties if the Secretary determines that

such contract includes an impermissible transfer of funds or assets or is inconsistent with the terms or purposes of the Higher Education Act; and (3) no provision of state law shall apply to the actions of the Secretary in terminating the operations of the guarantor. Finally, notwithstanding any other provision of law, the Secretary's liability for any outstanding liabilities of a guarantor (other than outstanding student loan guarantees under the Higher Education Act), the functions of which the Secretary has assumed, shall not exceed the fair market value of the reserves of the guarantor, minus any necessary liquidation or other administrative costs.

Reimbursement. The amount of a reimbursement payment on defaulted loans made by the Secretary to a guarantor is subject to reduction based upon the annual claims rate of the guarantor calculated to equal the amount of federal reimbursement as a percentage of the original principal amount of originated or guaranteed loans in repayment on the last day of the prior fiscal year. The claims experience is not accumulated from year to year, but is determined solely on the basis of claims 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 reimbursement amounts is summarized below:

Guarantor Reinsurance Rate

Guarantor's Incremental Claims Rate	Loans made prior to October 1, 1993	Loans made between October 1, 1993 and September 30, 1998	Loans made on or after October 1, 1998[1]
0% up to 5%	100%	98%	95%
5% up to 9%	90%	88%	85%
9% and over	80%	78%	75%

[1] Other than student loans made pursuant to the Lender of Last Resort program, bankruptcy, total and permanent disability or student loans transferred by an insolvent guarantor, as to which claims the amount of reinsurance is 100%.

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.

In addition, the Secretary may withhold reimbursement payments if a guarantor 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 renegotiation and to termination for cause by the Secretary.

If a payment on a Federal Family Education Loan guaranteed by a guarantor is received after reimbursement by the Secretary, the Secretary is entitled to receive an equitable share of the payment. Guarantor retentions remaining after payment of the Secretary's equitable share on such

collections on consolidations of defaulted loans were reduced to 18.5% from 27% effective July 1, 1997 and for other loans were reduced from 27% to 24% (23% effective October 1, 2003).

Lender Agreements. Pursuant to most typical agreements for guarantee between a guarantor and the originator of the loan, any eligible holder of a loan insured by such a guarantor is entitled to reimbursement from such guarantor of any proven loss incurred by the holder of the loan resulting from default of the student borrower at the rate of 98% (97% for loans that are first disbursed on or after July 1, 2006) of such loss or, subject to certain limitations, 100% for loans that are a loss resulting from death, permanent and total disability, bankruptcy or a Lender of Last Resort loans and claims submitted by loan servicers designated for Exceptional Performance are paid 100% (99% beginning July 1, 2006). Guarantors generally deem default to mean a student 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 student borrower no longer intends to honor the repayment obligation and for which the failure persists for 270 days in the case of a loan payable in monthly installments or for 330 days in the case of a loan payable in less frequent installments.

When a loan becomes at least 60 days past due, the holder is required to request default aversion assistance from the applicable guarantor to attempt to cure the delinquency. When a loan becomes 240 days past due, the holder is required to make a final demand for payment of the loan by the borrower. The holder is required to continue collection efforts until the loan is 270 days past due. At the time of payment of insurance benefits, the holder must assign to the applicable guarantor all right 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 after the loan becomes delinquent with respect to any installment thereon.

Any holder of a loan is required to exercise due care and diligence in the servicing of the loan 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 payments or requiring reimbursement of funds. The guarantor may also terminate the agreement for cause upon notice and hearing.

Exceptional Performance Status

The Higher Education Act authorizes the Secretary to recognize qualified lender servicers for an exceptional level of performance ("*Exceptional Performer*") in servicing FFEL Program loans. The lender servicer must request the Exceptional Performer status and meet all requirements. A lender servicer designated for exceptional performance receives 100 percent (99% beginning July 1, 2006) reimbursement on all claims submitted for guarantee or insurance during the 12-month period following the date that the lender servicer receives notification of the designation.

We received the Exceptional Performer designation on December 9, 2005, effective for claims submitted on or after January 1, 2006.

Among the requirements of applicants for Exceptional Performer status is the submission of a special compliance audit of the loan portfolio. Requirements for this special audit are set forth in a document provided by the U.S. Department of Education, referred to as the "*Guide*". The Guide also provides for an agreed-upon procedures level attestation engagement to be conducted by a qualified independent organization.

Application for a designation for Exceptional Performer status, requires lender servicers to submit specific items to the Secretary. The agreed-upon procedures engagement is to cover the 12-month period specified by the lender servicer ending no more than 90 days prior to the date the lender servicer submits its request for designation. Copies of all required application information are to be sent to each appropriate guarantee agency.

Once the status is achieved, an Exceptional Performer must submit packages of quarterly compliance engagement reports in order to maintain the Exceptional Performer status.

Guarantor Reserves

Each guarantor was required to establish a Federal Student Loan Reserve Fund (the "*Federal Fund*") on October 1, 1998, which, together with any earnings thereon, are deemed to be property of the United States. Each guarantor is required to deposit into the Federal Fund any reserve funds plus reinsurance payments received from the Secretary, default collections, insurance premiums, the default fee for loans guaranteed on or after July 1, 2006, and other receipts as specified in regulations.

The Federal Fund may be used to pay lender claims and to pay default aversion fees into the Operating Fund.

A guarantor also was required to establish an Operating Fund (the "*Operating Fund*"), which is the property of the guarantor. A guarantor may deposit into the Operating Fund:

- loan processing and issuance fees equal to 0.40% of the total principal amount of loans insured during the fiscal year;
- up to 23% retention of collections on defaulted loans, which percentage varies depending on the type of loan collection;
- an Account Maintenance Fee, currently 0.10% of the original principal amount of outstanding loans based on quarterly billings to USDE; and
- other receipts as specified in regulations.

An Operating Fund must be used for application processing, loan disbursement, enrollment and repayment status management, default aversion, collection activities, compliance monitoring, and other student financial aid related activities.

The Higher Education Act provides for an additional recall of reserves from each Federal Fund, but also provide for certain minimum reserve levels which are protected from recall. The Secretary is authorized to enter into voluntary, flexible agreements with guarantors under which various statutory and regulatory provisions can be waived. In addition, under the Higher Education

Act, the Secretary is prohibited from requiring the return of all of a guarantor's reserve funds unless the Secretary determines that the return of these funds is in the best interest of the operation of the FFEL Program, or to ensure the proper maintenance of such guarantor's funds or assets or the orderly termination of the guarantor's operations and the liquidation of its assets.

The Higher Education Act also authorizes the Secretary to direct a guarantor to:

- return to the Secretary all or a portion of its reserve fund that the Secretary determines is not needed to pay for the guarantor's program expenses and contingent liabilities; and
- cease any activities involving the expenditure, use or transfer of the guarantor's reserve funds or assets which the Secretary determines is a misapplication, misuse or improper expenditure.

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APPENDIX G

OKLAHOMA STUDENT LOAN AUTHORITY
OKLAHOMA STUDENT LOAN BONDS AND NOTES, SERIES 2006A-1

CONTINUING DISCLOSURE UNDERTAKING

The following is a brief summary of certain provisions of the *Continuing Disclosure Undertaking* by the Authority. It does not purport to be complete. The statements made in this Appendix are subject to the detailed provisions of the Undertaking.

Annual Financial Information Disclosure

The Authority covenants that it will disseminate its Annual Financial and Operating Information and its Audited Financial Statements (as described below) to each Nationally Recognized Municipal Securities Information Repository ("*National Repository*"). The Authority is required to deliver such information so that each National Repository receives the information by the dates specified in the Undertaking. Instead of sending these documents to each National Repository directly, the Authority may make a central filing with the *web site*[1] "DisclosureUSA.org", commonly called the "*Central Post Office*".

"*Audited Financial Statements*" means the audited financial statements of the Authority prepared in accordance with accounting principles generally accepted in the United States of America unless such statements are in direct conflict with statements issued by the Governmental Accounting Standards Board, as in effect from time to time, which financial statements have been audited by a firm of certified public accountants.

"*Annual Financial and Operating Information*" means the Audited Financial Statements and financial information and operating data regarding the Authority of the type set forth in the caption "INTRODUCTION – Initial Collateralization" of this Official Statement and Appendix D on loan portfolio composition.

Presently, the State of Oklahoma does not have a State Information Depository. If the State were to establish such a depository, the Authority would be required to deliver the above information to the State Information Depository also.

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[1]Internet or web site addresses herein are provided as a convenience for purchasers of the Series 2006A-1 Bonds. The Authority does not adopt any information that may be provided at these addresses and disclaims any responsibility for such information. The information at such addresses is *not* to be construed as part of this Official Statement.

Material Events Disclosure

The Authority covenants that it will disseminate to each National Repository and the State Information Depository, if any, (or, in the alternative, a Central Post Office, in a timely manner, the disclosure of the occurrence of an event (as described below) with respect to the Series 2006A-1 Bonds that is material. The "events" are:

- Principal and interest payment delinquencies
- Non-payment related defaults
- Unscheduled draws on debt service reserves reflecting financial difficulties
- Unscheduled draws on credit enhancements reflecting financial difficulties
- Substitution of credit or liquidity providers, or their failure to perform
- Adverse tax opinions or events affecting the tax-exempt status of the Series 2006A-1 Bonds
- Modifications to the rights of Series 2006A-1 Bond holders
- Bond calls
- Defeasances
- Release, substitution or sale of property securing repayment of the Series 2006A-1 Bonds
- Rating changes

Consequences of Failure of the Authority to Provide Information

The Authority will give notice in a timely manner to each National Repository or to the Municipal Securities Rulemaking Board (the "*MSRB*") and to the State Information Depository, if any, of any failure to provide disclosure of Annual Financial and Operating Information when the same are due under the Undertaking.

In the event of a failure of the Authority to comply with any provision of the Undertaking, the Beneficial Owner of any Series 2006A-1 Bond may seek mandamus or specific performance by court order, to cause the Authority to comply with its obligations under the Undertaking. A default under the Undertaking will *not* be deemed an Event of Default under the Bond Resolution or the Trust Agreement. The sole remedy in the event of any failure of the Authority to comply with the Undertaking will be an action to compel performance.

Amendment; Waiver

Notwithstanding any other provision of the Undertaking, the Authority may amend the Undertaking, and any provision of the Undertaking may be waived, if:

A. The amendment or the waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or

change in the identity, name, or status of the Authority, or type of business conducted;

B. The Undertaking, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment or waiver does not materially impair the interests of the Beneficial Owners of the Series 2006A-1 Bonds, as determined either by parties unaffiliated with the Authority (such as the Trustee) or by an approving vote of the Registered Owners of the Series 2006A-1 Bonds pursuant to the terms of the Bond Resolution at the time of the amendment.

Termination of Undertaking

The Undertaking will be terminated if the Authority no longer has any legal liability for any obligation on or relating to repayment of the Series 2006A-1 Bonds under the Bond Resolution. The Authority will give notice to each National Repository or to the MSRB and the State Information Depository, if any, in a timely manner if this paragraph is applicable.

Additional Information

Nothing in the Undertaking will be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in the Undertaking or any other means of communication, or including any other information in any Annual Financial and Operating Information or notice of occurrence of a material event, in addition to that which is required by the Undertaking.

If the Authority chooses to include any information from any document or notice of occurrence or a material event in addition to that which is specifically required by the Undertaking, the Authority will have no obligation under the Undertaking to update such information or include it in any future disclosure or notice of occurrences of a material event.

Dissemination Agent

The Authority may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Undertaking, and may discharge any such agent, with or without appointing a successor dissemination agent.

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