NEW ISSUE **BOOK-ENTRY**

In the opinion of Wohlforth, Vassar, Johnson & Brecht, P.C., Bond Counsel, based on an analysis of existing statutes, regulations, rulings, and court decisions, and assuming, among other things, compliance by the Corporation with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, interest on the 2004 Bonds is not includable in gross income of registered owners thereof for federal income tax purposes. Interest on the 2004 Bonds is exempt from taxation by the State of Alaska except for transfer, estate, and inheritance taxes. However, interest on the 2004 Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2004 Bonds. See "TAX EXEMPTION."

$115,115,000
ALASKA STUDENT LOAN CORPORATION
Education Loan Revenue Bonds
consisting of:

$45,500,000
Senior Series 2004A-1
(Reset Auction Mode Securities - RAMS™)
Due April 1, 2044
Price: 100%

$47,600,000
Senior Series 2004A-2
(Reset Auction Mode Securities - RAMS™)
Due: April 1, 2044
Price: 100%

$22,015,000
Senior Series 2004A-3
Fixed Rate Bonds

Amounts, Maturities, Interest Rate and Yields

Due June	Principal Amounts	Interest Rates	Yields
2011	$6,285,000	5.25%	4.35%
2012	7,020,000	5.25	4.55
2013	2,400,000	5.25	4.69
2014	3,865,000	5.25	4.81
2016	1,950,000	5.25	4.98
2017	495,000	5.00	5.06

Dated: Date of Delivery

The Education Loan Revenue Bonds, consisting of $45,500,000 Education Loan Revenue Bonds, Senior Series 2004A-1 (the "2004A-1 Bonds"), $47,600,000 Education Loan Revenue Bonds, Senior Series 2004A-2 (the "2004A-2 Bonds") and $22,015,000 Education Loan Revenue Bonds, Senior Series 2004A-3 (the "2004A-3 Bonds," and together with the 2004A-1 Bonds and 2004A-2 Bonds, the "2004 Bonds") are being issued by the Alaska Student Loan Corporation (the "Corporation") in fully registered form only, without coupons. The 2004 Bonds are issuable only as fully registered bonds and when issued, shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2004 Bonds. Individual purchases of interests in the 2004 Bonds will be made in book-entry only form. Purchasers of beneficial ownership interests will not receive certificates representing their beneficial ownership interests in the 2004 Bonds. The 2004A-1 Bonds and the 2004A-2 Bonds are being issued as Reset Auction Mode Securities - RAMS™ ("RAMS"). The 2004A-3 Bonds are being issued as fixed rate bonds (the "Fixed Rate Bonds"). The 2004A-1 Bonds are being issued in denominations of $25,000 and any integral multiple thereof, the 2004A-2 Bonds are being issued in denominations of $100,000 and any integral multiple thereof, and the 2004A-3 Bonds are being issued in denominations of $5,000 and any integral multiple thereof.

The 2004 Bond proceeds, together with other available funds of the Corporation, will be used to (i) refund certain student loan revenue bonds previously issued by the Corporation, (ii) finance Education Loans for eligible borrowers to fund a portion of their postsecondary education costs whether in or out of State, (iii) make a Capital Reserve Fund deposit, and (iv) pay 2004 Bond issuance costs.

The 2004 Bonds are being issued pursuant to the Master Indenture, as heretofore and hereafter amended and supplemented, dated as of June 1, 2002 (the "Master Indenture") between the Alaska Student Loan Corporation (the "Corporation") and Zions First National Bank, Denver, Colorado, as Trustee (the "Trustee") and a Third Supplemental Indenture dated as of April 1, 2004 by and between the Corporation and the Trustee (the "Third Supplemental Indenture," and together with the Master Indenture, the "Indenture").

During the respective Initial Periods for each series of the RAMS, being the period from the date of delivery through June 30, 2004 for the 2004A-1 Bonds and the period from the date of delivery through June 9, 2004 for the 2004A-2 Bonds, the respective series of RAMS will bear interest at the respective initial interest rates set forth in the Indenture. The interest rate on the RAMS for each Interest Period after the Initial Interest Period for such series of RAMS and prior to conversion to fixed or variable rates will be the Auction Rate, and such interest will be payable on June 1 and December 1 of each year, commencing December 1, 2004. The Auction Rate is to be determined by the Auction Agent pursuant to the Auction Procedures described herein, subject to certain limitations as further described herein.

The Fixed Rate Bonds will bear interest from their date of delivery, until payment of principal has been made or provided for, at the rates set forth above, payable on June 1 and December 1 of each year, commencing December 1, 2004.

The RAMS are subject to redemption by the Corporation and to redemption, mandatory tender and acceleration prior to maturity as described herein. See "THE 2004 BONDS - Redemption and Acceleration Provisions." The Fixed Rate Bonds are not subject to redemption by the Corporation prior to maturity.

Investment in the 2004 Bonds involves risk to the Bondowner. Each prospective investor should read this entire Official Statement, including the Appendices hereto, and should give particular attention to the section entitled "CERTAIN INVESTMENT CONSIDERATIONS."

THE 2004 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE CORPORATION AND ARE PAYABLE SOLELY FROM THE REVENUES, ASSETS AND FUNDS PLEDGED THEREFOR UNDER THE INDENTURE. IN ADDITION, THE 2004 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR OTHER LIABILITY OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE CORPORATION, OR A PLEDGE OF THE FAITH AND CREDIT OF THE CORPORATION, THE STATE OF ALASKA OR ANY POLITICAL SUBDIVISION THEREOF. ISSUANCE OF THE 2004 BONDS DOES NOT DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATE THE STATE OR A POLITICAL SUBDIVISION OF THE STATE TO APPLY MONEY FROM, OR LEVY OR PLEDGE, ANY FORM OF TAXATION TO THE PAYMENT OF THE 2004 BONDS. THE CORPORATION HAS NO TAXING POWER.

The 2004 Bonds are offered when, as, and if issued and received by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Wohlforth, Vassar, Johnson & Brecht, P.C., Anchorage, Alaska, Bond Counsel, as to validity and the exemption of interest thereon from federal income taxation. Certain legal matters will be passed upon for the Corporation by the Attorney General of the State of Alaska and for the Underwriter by Ballard Spahr Andrews & Ingersoll, LLP, Salt Lake City, Utah. It is expected that the 2004 Bonds in definitive form will be available for delivery through the facilities of DTC on or about May 19, 2004.

RBC Dain Rauscher

May 13, 2004

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No dealer, broker, salesman, or other person has been authorized by the Corporation or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either the Corporation or the Underwriter. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor is there authorized to be any sale of the 2004 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. This Official Statement is not to be construed as a contract with purchasers or registered owners of the 2004 Bonds.

The information set forth in this Official Statement has been provided by the Corporation and other official sources, all of which are believed to be reliable. The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Corporation or that the other information or opinions are correct as of any time subsequent to the date of this Official Statement. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party.

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 responsibility 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.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2004 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AND, IF DISCONTINUED, THEN RECOMMENCED AT ANY TIME.

UPON ISSUANCE, THE 2004 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE, OR OTHER GOVERNMENTAL ENTITY OR AGENCY HAS PASSED UPON THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED THE 2004 BONDS FOR SALE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE INDENTURE WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED.

This Official Statement is submitted by the Corporation in connection with the sale of the 2004 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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SUMMARY STATEMENT

(This Summary Statement is subject in all respects to the more complete information contained elsewhere in this Official Statement.)

No person is authorized to detach this Summary Statement from this Official Statement or to otherwise use it without this entire Official Statement.

Definitions

Capitalized terms not otherwise defined in this Summary Statement shall have the meanings given to such terms elsewhere in this Official Statement, including the Appendices attached hereto.

The Corporation

The Alaska Student Loan Corporation (the "Corporation") is a public corporation and governmental instrumentality within the Department of Education and Early Development of the State of Alaska (the "State"), but having a legal existence independent of and separate from the State. The Corporation was created by State law in 1987.

The 2004 Bonds

The Corporation's Education Loan Revenue Bonds, Series 2004 consist of $45,500,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-1 (the "2004A-1 Bonds"), $47,600,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-2 (the "2004A-2 Bonds"), and $22,015,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-3 (the "2004A-3 Bonds," and together, with the 2004A-1 Bonds and the 2004A-2 Bonds, the "2004 Bonds").

The 2004A-1 Bonds and the 2004A-2 Bonds are being issued as Reset Auction Mode Securities - RAMS™ ("RAMS"). The 2004A-3 Bonds are being issued as fixed rate bonds (the "Fixed Rate Bonds"). The 2004 Bonds are to mature in the amounts and on the dates set forth on the cover page of this Official Statement. The 2004A-3 Bonds bear interest at the rates set forth on the cover page of this Official Statement. The RAMS bear interest at the rates established from time to time as set forth herein.

Purpose of the 2004 Bonds

The proceeds of the 2004 Bonds, together with other available funds of the Corporation, will be used (i) to refund certain outstanding bonds of the Corporation, (ii) to finance Education Loans made to eligible borrowers to fund a portion of their postsecondary education costs, whether in or out of the State, (iii) to make a Capital Reserve Fund deposit, and (iv) to pay the 2004 Bonds issuance costs.

Interest Payments

Interest on the 2004A-1 Bonds and the 2004A-2 Bonds, while outstanding as RAMS and prior to a change in the Interest Payment Date as described herein, is payable semiannually on each June 1 and December 1, commencing December 1, 2004 (or if any such date is not a Business Day, the next succeeding Business Day, but only for interest accrued through the preceding May 31 or November 30, as applicable) until maturity, earlier redemption or mandatory tender upon conversion of the 2004 Bonds, as applicable.

The Initial Interest Period for the 2004A-1 Bonds will be from the date of issuance to (and including) June 30, 2004, and the Interest Period thereafter will be generally 35 successive days. The Initial Interest Period for the 2004A-2 Bonds will be from the date of issuance to (and including) June 9, 2004, and the Interest Period thereafter will be generally 35 successive days.

The applicable RAMS Rate and Auction Periods with respect to the 2004A-1 Bonds and the 2004A-2 Bonds shall be established from time to time pursuant to the Auction Procedures described herein. The Auction Periods and Interest Payment dates for the 2004A-1 Bonds and 2004A-2 Bonds are subject to change. See "RESET AUCTION MODE SECURITIES -- Interest" and "RESET AUCTION MODE SECURITIES -- Changes in Interest Periods or Auction Date."

The Fixed Rate Bonds will bear interest from their date of delivery, until payment of principal has been made or provided for, at the rates set forth on the cover of this Official Statement, payable on December 1 and June 1, commencing December 1, 2004.

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Security for the 2004 Bonds

The 2004 Bonds are secured by and are payable solely from the Trust Estate created by the Indenture. The Trust Estate includes Education Loans acquired with moneys held under the Indenture, Bond proceeds (until used as provided in the Indenture) and Pledged Receipts on deposit in certain of the funds and accounts established under the Indenture. See "SECURITY FOR THE BONDS."

Education Loans

The term Education Loans includes both Alternative Loans and FFELP Loans. Alternative Loans include Supplemental Education Loans, Family Education Loans and Teacher Education Loans. The Alternative Loans are described herein under "DESCRIPTION OF ALTERNATIVE LOANS." FFELP Loans include several different educational loans governed by the Higher Education Act, including Federal Family Education Loans, Subsidized Stafford Loans, Unsubsidized Stafford Loans, PLUS Loans and FFELP Consolidation Loans (collectively, the "FFELP Loans"). The FFELP Loans are described herein under the caption "DESCRIPTION OF FEDERAL FAMILY EDUCATION LOAN PROGRAM."

The Alaska Commission on Postsecondary Education (the "Commission") is an "eligible lender" under Title IV of the Higher Education Act of 1965, as amended.

Priorities by Class

The 2004 Bonds will be issued as Class I Bonds and will be payable on an equal priority with all other Bonds of the same Class outstanding. The Corporation reserves the right to issue additional Classes of Bonds in the future as well as additional Class I Bonds.

The Indenture provides that Bonds of each series must be designated a priority or priorities by Class, with Class I constituting the highest priority and successively lower priorities represented by increasing roman numerals. See "INTRODUCTION -- Class and Bond Characteristics." Priority of payment on the Bonds at any particular time and exercise of various rights and remedies is determined on the basis of Class priority of the Bonds. Exercise of remedies by or on behalf of a higher priority Class upon a default, including particularly acceleration of a higher priority Class of Bonds, or exercise of remedies by a Credit Enhancement Agency following a default by the Corporation under the related agreement, or exercise of remedies by the provider of an Interest Rate Exchange Agreement following a default by the Corporation under such agreement could adversely affect the ability of the Corporation to pay debt service when due on lower priority Classes of Bonds. See the caption "SECURITY FOR THE BONDS." A payment default with respect to a Class of Bonds other than the highest priority Class then outstanding, is not an Event of Default under the Indenture.

Capital Reserve Fund

Upon the issuance of the 2004 Bonds, the Corporation will deliver, or cause to be delivered to the Trustee, cash in an amount sufficient, when added to amounts previously on deposit in the Capital Reserve Fund, to satisfy the Capital Reserve Requirement under the Indenture. The Indenture provides that all, or any portion, of the Capital Reserve Requirement may be satisfied by the deposit with the Trustee of a surety bond. The Capital Reserve Fund is a pooled reserve, and the cash or surety bonds are available to be drawn upon with respect to any shortfall by Class in descending order of priority.

Moral Obligation

The statute creating the Corporation requires that the Chairperson of the Board of Directors of the Corporation certify in writing to the Governor and the State Legislature, by January 15 of each year, if any amount is required to restore the Capital Reserve Fund to the Capital Reserve Fund Requirement. The State Legislature may, but is not obligated to, appropriate to the Corporation the amount certified by the Chairperson; however, this legislative option does not create a debt or liability of the State. The Corporation is required to deposit the amounts so appropriated into the Capital Reserve Fund.

Guarantee and Reinsurance

FFELP Loans are to be insured by the United States Secretary of Education (the "Secretary") or covered by a guarantee by certain guarantors and reinsured by the Secretary for claims payments made on FFELP Loans, subject to certain limits under the Higher Education Act as described herein.

It is expected that Northwest Education Loan Association ("NELA" or the "Guarantor") will guarantee all FFELP Loans financed with proceeds of the 2004 Bonds. The Corporation anticipates, but does not guarantee, that approximately 39% of the 2004 Bond proceeds will be used to finance FFELP Loans.

Additional Bonds

The Corporation may issue additional series of Bonds under the Indenture from time to time, payable on a lien basis senior to, on a parity with, or subordinate to, any Class or Classes of the Outstanding Bonds, provided that such issuance does not, among other things, adversely affect the rating of any Outstanding Bonds.

Redemption

The RAMS are subject to redemption, mandatory tender, and acceleration prior to their respective scheduled maturity dates, as described herein. The Fixed Rate Bonds are not subject to redemption or mandatory tender prior to maturity but are subject to acceleration as described herein.

Change in Rating Agencies

The Corporation has outstanding the following Bonds issued under the Master Indenture: Education Loan Revenue Bonds, Senior Series 2002A, 2003A-1 and 2003A-2 and Education Loan Revenue Bonds, Subordinate Series 2002B (collectively, the "Prior Bonds"). The Prior Bonds were rated by Moody's Investors Service ("Moody's") and Standard & Poor's, a Division of the McGraw-Hill Companies ("Standard & Poor's"). The Corporation has requested that Moody's withdraw its rating on the Prior Bonds.

The Prior Bonds, as well as the 2004 Bonds, will receive ratings from Fitch Ratings ("Fitch") and Standard & Poor's. The Corporation may again, in the future, change rating agencies. No assurance can be given that the Corporation will continue to request ratings of the Bonds from either Fitch or Standard & Poor's. The Indenture requires that the Bonds be rated by at least one nationally recognized rating agency. The Indenture also requires that one of such rating agencies be either Standard & Poor's or Moody's.

Reliance on Rating Confirmation

The Indenture provides that the Corporation and the Trustee may undertake various actions upon receipt by the Trustee of confirmation from the Rating Agencies that such actions will not adversely affect the outstanding ratings assigned by the Rating Agencies to the Bonds. Such actions include (but are not limited to) the execution and delivery of additional Bonds, the inclusion in the Trust Estate of additional Education Loans which are other than as described herein, the release of funds held under the Indenture and the extension of certain dates for the acquisition or origination of Education Loans. To the extent such actions are taken after issuance of the 2004 Bonds, investors in the 2004 Bonds will be relying on the evaluation by the Rating Agencies of such actions and their impact on credit quality. Currently, the Rating Agencies are Fitch and Standard & Poor's. Information on the ratings assigned to the 2004 Bonds can be obtained from Fitch, One State Street Plaza, New York, New York 10004, (212) 908-0500, or Standard & Poor's, 55 Water Street, New York, New York 10041, (212) 438-2124.

Changes in Federal Law

The programs effected by the Higher Education Act have been the subject of numerous statutory and regulatory changes over the last several years which have resulted in material modifications to such programs. No assurance can be given that relevant laws, including the Higher Education Act, will not be further changed in the future in a manner which might adversely affect the availability and flow of funds of the Corporation. See "CERTAIN INVESTMENT CONSIDERATIONS – Changes in Federal Law."

Proposed Amendment to Higher Education Act

On May 5, 2004, a bill was introduced by the 108th Congress, 2d Session, of the United States of America which seeks to amend certain provisions of the Higher Education Act. One such amendment includes removal of the 9.5% floor for Special Allowance Payments on tax-exempt obligations issued prior to October 1, 1993 and refunded after May 5, 2004. Should this specific amendment become law, proceeds of the 2004A-1 Bonds will not be used in the manner described herein under the caption "PLAN OF FINANCE - The 2004A-1 Bonds." Instead, proceeds of the 2004A-1 Bonds will be used to (i) redeem 2004A-1 Bonds, or (ii) make or acquire Education Loans upon receipt of a Rating Confirmation.

Tax Status

The 2004 Bonds will be accompanied by an opinion of Wohlforth, Vassar, Johnson & Brecht, P.C., Bond Counsel to the Corporation, to the effect that, under existing statutes, regulations, rulings, and court decisions, interest on the 2004 Bonds is excluded for federal income tax purposes from gross income of registered owners of the 2004 Bonds. Interest on the 2004 Bonds is exempt from taxation by the State of Alaska except for transfer, estate, and inheritance taxes. However, interest on the 2004 Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. See "TAX EXEMPTION" herein.

OFFICIAL STATEMENT

Relating to

$115,115,000
ALASKA STUDENT LOAN CORPORATION
Education Loan Revenue Bonds
consisting of:

$45,500,000
Senior Series 2004A-1
(Reset Auction Mode Securities - RAMS™)

$47,600,000
Senior Series 2004A-2
(Reset Auction Mode Securities - RAMS™)

$22,015,000
Senior Series 2004A-3
Fixed Rate Bonds

INTRODUCTION

This Official Statement is being distributed by the Alaska Student Loan Corporation (the "Corporation") to furnish information regarding $45,500,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-1 (the "2004A-1 Bonds"), $47,600,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-2 (the "2004A-2 Bonds," and $22,015,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-3 (the "2004A-3 Bonds," and, together with the 2004A-1 Bonds and the 2004A-2 Bonds, the "2004 Bonds"). The 2004A-1 Bonds and the 2004A-2 Bonds will be initially issued as Reset Auction Mode Securities ("RAMS") and the 2004A-3 Bonds will be issued as fixed rate bonds ("Fixed Rate Bonds").

The 2004 Bonds will be issued and secured under the Indenture, dated as of June 1, 2002, as heretofore and hereafter amended and supplemented from time to time (the "Master Indenture") by and between the Corporation and Zions First National Bank, Denver, Colorado, as trustee (the "Trustee"), and a Third Supplemental Indenture, dated as of April 1, 2004, by and between the Corporation and the Trustee (the "Third Supplemental Indenture" and, together with the Master Indenture, the "Indenture"). The Trustee is also the initial Paying Agent and Registrar for the 2004 Bonds. The 2004 Bonds, together with all bonds issued under the Indenture, are referred to herein as the "Bonds". The 2004 Bonds are the third series of Bonds issued under the Master Indenture.

The Corporation has outstanding the following Bonds issued under the Master Indenture:

Class of Bonds	Initial Principal Amount	Currently Outstanding Principal Amount	Title	Date of Issue
Class I	$16,500,000	$16,500,000	Senior Series 2003A-1	June 5, 2003
Class I	30,500,000	30,500,000	Senior Series 2003A-2	June 5, 2003
Class I	47,500,000[1]	47,500,000	Senior Series 2002A	June 4, 2002
Class III	$15,000,000	$15,000,000	Subordinate Series 2002B	June 4, 2002

(1) $26,400,000 of the Senior Series 2002A Bonds will be refunded with proceeds of the 2004A-1 Bonds. See, "PLAN OF FINANCE – The 2004A-1 Bonds."

(collectively, the "Prior Bonds").

All capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture. Certain defined terms are contained in Appendix II -- "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE." The summaries of and extracts from the Indenture and other documents included in this Official Statement do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such document.

In 1987, the Corporation was created under laws of the State of Alaska (the "State"). The statute creating the Corporation is codified at Alaska Statutes 14.42.100 through 14.42.990, as amended (the "Act"). The Act authorizes the Corporation, among other things, to acquire, purchase and make commitments to purchase loans made to students or certain family members of students and to

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loan money to students or certain family members of students for the purpose of assisting students in obtaining a postsecondary education, and to issue revenue bonds and notes to obtain funds to purchase or make such loans.

In order to finance its acquisition of Education Loans, the Corporation is authorized to borrow money and to issue bonds payable from sources authorized by the Act, including the revenues derived from such loans. All Education Loans acquired with proceeds of the Bonds will secure the Bonds. The Corporation, as owner of such loans, is entitled to receive benefits with respect to any loss resulting from default, death, disability or bankruptcy of a student borrower. Such benefits, loan payments and other amounts constitute revenues pledged under the Indenture and are discussed herein under the heading "THE ALASKADVANTAGE™ LOAN PROGRAM." Loans for the financing of postsecondary education that are eligible for purchase by the Corporation include both Alternative Loans and FFELP Loans, and are hereinafter referred to as "Education Loans." The Corporation's program for the financing of loans for postsecondary education, including the acquisition of Education Loans, is herein referred to as the "Loan Program."

The Alaska Commission on Postsecondary Education (the "Commission") is an "eligible lender" under Title IV of the Higher Education Act of 1965, as amended (the "Higher Education Act"). Pursuant to a Custodian Depository/Servicing Agreement, the Commission has agreed to apply all benefits received under the Higher Education Act, with respect to the FFELP Loans financed under the Indenture, for the benefit of the Corporation and the Trustee.

Class and Bond Characteristics

The Master Indenture provides that Bonds issued thereunder, including the 2004 Bonds, be designated a priority Class, with Class I being the highest priority and the lower priorities designated by increasing roman numerals. The 2004 Bonds are designated Class I Bonds. The Corporation reserves the right to issue additional Bonds under the Master Indenture with Class designations the same as or different from the designations given to the 2004 Bonds as well as additional Class I Bonds. The 2004 Bonds are the third series of Bonds issued under the Master Indenture.

At any time a current principal or interest payment is required to be made, it is to be made first with respect to Bonds of the highest priority Class, and then in descending order of priority. In addition, the ability to control or pursue remedies is given "By Class in Descending Priority" as described in Appendix II to this Official Statement.

EXERCISE OF REMEDIES BY A HIGHER PRIORITY CLASS UPON A DEFAULT, INCLUDING PARTICULARLY ACCELERATION OF A HIGHER PRIORITY CLASS OF BONDS, OR EXERCISE OF REMEDIES BY A CREDIT ENHANCEMENT AGENCY FOLLOWING A DEFAULT UNDER A RELATED AGREEMENT (SEE "SECURITY FOR THE BONDS – CERTAIN PAYMENT PRIORITIES") COULD ADVERSELY AFFECT THE ABILITY OF LOWER PRIORITY CLASSES OF BONDS TO RECEIVE PAYMENT OF DEBT SERVICE WHEN DUE. A PAYMENT DEFAULT WITH RESPECT TO A CLASS OF BONDS OTHER THAN THE HIGHEST PRIORITY CLASS THEN OUTSTANDING IS NOT AN EVENT OF DEFAULT UNDER THE INDENTURE.

General

The 2004 Bonds will be dated as of their date of delivery and, subject to the redemption provisions set forth below, will mature on the respective dates set forth on the cover page of this Official Statement. The 2004A-1 Bonds and 2004A-2 Bonds will be issued initially as RAMS. The 2004A-1 Bonds will be issued in authorized denominations of $25,000 or any integral multiple thereof while outstanding as RAMS and the 2004A-2 Bonds will be issued in authorized denominations of $100,000 or any integral multiple thereof while outstanding as RAMS. See "RESET AUCTION MODE SECURITIES (2004A-1 Bonds and 2004A-2 Bonds)" herein. The 2004A-3 Bonds will be issued as Fixed Rate Bonds in authorized denominations of $5,000 or any integral multiple thereof. See "FIXED RATE BONDS (2004A-3 BONDS)" herein. The 2004 Bonds will be issued in fully registered form, without coupons, and when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as Securities Depository for the 2004 Bonds. Individual purchases of the 2004 Bonds will be made in Book-Entry Form only in the principal amount of authorized denominations. Purchasers of the 2004 Bonds will not receive certificates representing their interests in the 2004 Bonds purchased. See "Appendix VII - THE DEPOSITORY TRUST COMPANY."

The Bonds are special, limited obligations of the Corporation, secured by and payable solely from payments, proceeds, charges and other income derived by or for the account of the Corporation constituting Pledged Receipts as described in Appendix II – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE." Such income includes, without limitation, payments of interest on Education Loans and other investments (including federal interest subsidy payments), principal payments on Education Loans (whether regularly scheduled, prepayments or proceeds of insurance payments for defaulted Education Loans) and SAP from the Secretary, if any. See "SECURITY FOR THE BONDS."

THE 2004 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE CORPORATION AND ARE PAYABLE SOLELY FROM THE REVENUES, ASSETS AND FUNDS PLEDGED THEREFOR UNDER THE INDENTURE. IN ADDITION, THE 2004 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OR OTHER LIABILITY OF THE STATE OF ALASKA OR OF ANY POLITICAL SUBDIVISION THEREOF, EXCEPT THE CORPORATION, OR A PLEDGE OF

THE FAITH AND CREDIT OF THE CORPORATION, THE STATE OF ALASKA OR ANY POLITICAL SUBDIVISION THEREOF. ISSUANCE OF THE 2004 BONDS DOES NOT DIRECTLY, INDIRECTLY, OR CONTINGENTLY OBLIGATE THE STATE OR A POLITICAL SUBDIVISION OF THE STATE TO APPLY MONEY FROM, OR LEVY OR PLEDGE, ANY FORM OF TAXATION TO THE PAYMENT OF THE 2004 BONDS. THE CORPORATION HAS NO TAXING POWER.

The descriptions of the 2004 Bonds and of the documents authorizing and securing the 2004 Bonds contained herein do not purport to be definitive or comprehensive. All references herein to such documents are qualified in their entirety by reference to such documents. Copies of such documents, in reasonable quantity, may be obtained upon written request during the offering period of the 2004 Bonds from RBC Dain Rauscher Inc., 2398 E. Camelback Road, Suite 700, Phoenix, Arizona 85016 and upon written request thereafter from the Corporation at 3030 Vintage Boulevard, Juneau, Alaska 99801 or the Trustee at 717 Seventeenth Street, Suite 301, Denver, Colorado 80202.

SECURITY FOR THE BONDS

General

The 2004 Bonds are special, limited obligations of the Corporation secured by and payable solely from the Trust Estate established under the Indenture pursuant to which the 2004 Bonds are issued. The Trust Estate consists of: (i) any Education Loan held in or credited to the Education Loan Fund under the Indenture; (ii) all amounts received under, or pursuant to, or with respect to any Pledged Loan; (iii) all amounts received under or pursuant to the promissory note or other documentation evidencing a Pledged Loan, and (iv) amounts held in the Capital Reserve Fund. No other assets of the Corporation are pledged to the payment of the 2004 Bonds.

Collateralization

Upon the issuance of the 2004 Bonds, it is anticipated that the principal amount of the Education Loans and the value of the other assets pledged under the Indenture will be equal to approximately 143% of the aggregate principal amount of all Class I Bonds (including the 2004 Bonds). The Indenture does not require that any levels of collateralization be maintained.

Withdrawal of Excess Coverage

At any time, but no more frequently than once every month, the Corporation may deliver to the Trustee a Certificate executed by its Authorized Representative, (i) evidencing the fact that there is then Excess Coverage, as defined in Appendix II to this Official Statement, on deposit under the Indenture and specifying the amount thereof, and (ii) that no Event of Default exists under the Indenture. Promptly upon the Trustee's receipt of that Certificate, and a Rating Confirmation, the Trustee will release such Excess Coverage to the Corporation for any of its lawful purposes.

Capital Reserve Fund

As part of the Trust Estate, the 2004 Bonds are secured (subject to priority as described in this Official Statement) by the Capital Reserve Fund established under the Master Indenture. At the time of issuance of the 2004 Bonds, the Capital Reserve Fund is expected to have on deposit therein an amount equal to approximately $4,468,900. The Supplemental Indenture provides a minimum Capital Reserve Requirement of at least equal to 2% of the principal amount of Bonds Outstanding but in no event less than $500,000. Amounts on deposit in the Capital Reserve Fund (other than amounts in excess of the Capital Reserve Requirement, which are to be transferred to the Revenue Fund) are to be used to pay the principal of or interest on the Bonds, by Class in descending order of priority, to the extent other moneys held and available under the Indenture are insufficient and to reimburse each Credit Enhancement Agency to the extent provided in the related agreement. Under the Indenture, all or any portion of the Capital Reserve Requirement may be satisfied by the deposit with the Trustee of a surety bond.

The Act provides that if the assets in any capital reserve fund created pursuant to the Act are less than the amount currently required in a Corporation resolution or indenture to be on deposit, the Chairperson of the Corporation shall, annually, by January 15, certify to the Governor and the State Legislature the amount necessary to restore the assets of the fund to the required amount. However, because the Capital Reserve Fund Requirement is less than maximum annual debt service on the Bonds, even if the State Legislature makes all appropriations contemplated by the Act, such appropriations may be insufficient to pay debt service on the Bonds as the same become due and payable.

In the opinion of Bond Counsel, such provision does not give rise to a legal obligation of the State; however, the Governor is legally authorized, but not legally obligated, to request such appropriation, and the Legislature is legally authorized, but not legally obligated, to appropriate the amount requested. The Corporation has covenanted in the Indenture to do and perform or cause to be done and performed each and every act and thing with respect to the Capital Reserve Fund to be done or performed by or on behalf of the Corporation or the Trustee under the terms and provisions of the Indenture and of the Act. The Corporation is not required to contribute assets to maintain the Capital Reserve Fund at its required level.

Certain Payment Priorities

The Indenture provides that Bonds issued thereunder, including the 2004 Bonds, be designated a priority Class, with Class I being the highest priority. The 2004 Bonds are designated Class I Bonds and are in parity with the $16,500,000 principal amount of the Corporation's Education Loan Revenue Bonds, Senior Series 2003A-1 Bonds, $30,500,000 principal amount of the Corporation's Education Loan Revenue Bonds, Senior Series 2003A-2, and $47,500,000 principal amount of the Corporation's Education Loan Revenue Bonds, Senior Series 2002A Bonds.

The Corporation reserves the right to issue additional Classes of Bonds in the future and to issue additional Bonds within Class I in the future.

At any time a current principal or interest payment is required to be made, it will be made first with respect to Bonds of the highest priority Class, and then in descending order of priority. In addition, the ability to control or pursue remedies is given to the registered owners of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of the highest Class as described in Appendix II to the Official Statement.

EXERCISE OF REMEDIES BY A HIGHER PRIORITY CLASS UPON A DEFAULT, INCLUDING PARTICULARLY ACCELERATION OF A HIGHER PRIORITY CLASS OF BONDS, OR EXERCISE OF REMEDIES BY A CREDIT ENHANCEMENT AGENCY FOLLOWING A DEFAULT UNDER A RELATED AGREEMENT (SEE "SECURITY FOR THE BONDS - CERTAIN PAYMENT PRIORITIES") COULD ADVERSELY AFFECT THE ABILITY OF LOWER PRIORITY CLASSES OF BONDS TO RECEIVE PAYMENT OF DEBT SERVICE WHEN DUE. A PAYMENT DEFAULT WITH RESPECT TO A CLASS OF BONDS OTHER THAN THE HIGHEST PRIORITY CLASS THEN OUTSTANDING, IS NOT AN EVENT OF DEFAULT UNDER THE INDENTURE.

Additional Bonds

The Corporation may issue additional Series of Bonds under the Master Indenture from time to time, payable on a lien basis senior to, on a parity with or subordinate to any Class or Classes of outstanding Bonds. The issuance of Additional Bonds is subject to, among other things, receipt of a Rating Confirmation prior to issuance.

Bond Issuing Limitation

Under current State law, the Corporation may not issue bonds, other than refunding bonds, during any two consecutive fiscal years in an aggregate amount greater than $200,000,000. See "PENDING LEGISLATION" herein.

THE 2004 BONDS

The 2004 Bonds are issued as fully registered bonds. The 2004A-1 Bonds will be initially issued as RAMS in authorized denominations of $25,000 or integral multiples thereof while outstanding as RAMS and the 2004A-2 Bonds will initially be issued as RAMS in authorized denominations of $100,000 or integral multiples thereof while outstanding as RAMS. See "RESET AUCTION MODE SECURITIES (2004A-1 Bonds and 2004A-2 Bonds)" herein. The 2004A-3 Bonds (the Fixed Rate Bonds) will be issued in authorized denominations of $5,000 or integral multiples thereof. See "FIXED RATE BONDS (2004A-3 Bonds)" herein. The 2004 Bonds, when issued, shall be registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"), which shall act as securities depository for the 2004 Bonds. Interest on the 2004 Bonds is payable on the dates described herein under the heading "THE 2004 BONDS – Interest Payments." While the 2004 Bonds are held in the Book-Entry System, principal of and interest on the 2004 Bonds will be paid by wire transfer of same day funds or in such other manner as permitted by the Letter of Representations to the account of CEDE & Co. on the Payment Date at the address indicated for CEDE & Co. in the bond register kept by the Trustee.

Interest Payments

Interest on the RAMS is to be computed as described in "RESET AUCTION MODE SECURITIES (2004A-1 Bonds and 2004A-2 Bonds) – Interest Payments." Interest on the Fixed Rate Bonds is to be computed as described in "FIXED RATE BONDS (2004A-3 Bonds).

Redemption and Acceleration Provisions

Optional Redemption. The 2004A-1 Bonds and 2004A-2 Bonds are subject to redemption at the option of the Corporation from any source of funds in whole or in part on any date at a redemption price equal to the respective principal amounts of the 2004A-1 Bonds and 2004A-2 Bonds being redeemed, plus accrued interest, if any, to the redemption date. The Fixed Rate Bonds are not subject to redemption prior to maturity.

Procedure for and Notice of Redemption. When the Trustee receives notice from the Corporation of its election or direction to redeem Bonds, the Trustee is to give notice, in the name of the Corporation, to the registered owners of such Bonds of the redemption of such Bonds. Such notice is to specify the Series, Class and maturities of the Bonds to be redeemed, the Redemption Date and, if less than all the Bonds of any Series, Class and maturity are to be redeemed, the respective portions of the principal amount thereof to be redeemed. Such notice is to further state that on such date there will become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued to the Redemption Date, and that from and after such date interest thereon will cease to accrue and be payable. Such notice is to be given by first-class mail, not less than 10 days nor more than 30 days before the Redemption Date. Failure to mail any such notice will not affect the validity of the proceedings for the redemption of Bonds with respect to which no such failure occurred. Such notice is to be given to DTC so long as it is the registered owner of the Bonds and the Auction Agent.

Payment of Redeemed Bonds. Bonds or portions thereof so called for redemption will become due and payable on the Redemption Date so designated at the Redemption Price, plus interest accrued and unpaid to the Redemption Date. So long as the Bonds are book-entry only, the Trustee is to pay the Redemption Price to DTC, which is to follow its procedures for payment to Beneficial Holders. See "APPENDIX VII - THE DEPOSITORY TRUST COMPANY." If the Corporation or DTC discontinues the book-entry system and certificated bonds are issued to the registered owners, the Bonds must be presented and surrendered at the office of the Trustee on the Redemption Date. If less than the entire principal amount of a Bond is called for redemption, the Corporation is to execute, the Trustee is to authenticate, and the Paying Agent is to deliver, upon the surrender of such Bond, without charge to the registered owner thereof, for the unredeemed balance of the principal amount of the Bond so surrendered at the option of the registered owner thereof, Bonds of like Class, Series and maturity in any Authorized Denominations. If, on the Redemption Date, moneys for the redemption of all the Bonds or portions thereof of any like Series, Class and maturity to be redeemed, together with interest to the Redemption Date, is wired to DTC (while the Bonds are book-entry only) or held by the Paying Agent so as to be available therefor on said date and if notice of redemption has been mailed as aforesaid, then, from and after the Redemption Date, interest on the Bonds or portions thereof of such Class, Series and maturities so called for redemption will cease to accrue and become payable. If said moneys are not available on the Redemption Date, such Bonds or portions thereof will continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

Acceleration. If an Event of Default (as defined in the Indenture) shall occur, the principal of all the 2004 Bonds may be, and under certain circumstances shall be, declared due and payable in the manner and with the effect provided in the Indenture.

RESET AUCTION MODE SECURITIES
(2004A-1 Bonds and 2004A-2 Bonds)

General

The description of the 2004A-1 Bonds and 2004A–2 Bonds contained in this Official Statement generally includes details with respect to the 2004A-1 Bonds and 2004A-2 Bonds while they are outstanding as RAMS. This Official Statement does not attempt to describe details which would be applicable to the 2004A-1 Bonds and 2004A-2 Bonds if they were converted to a Fixed Rate or Adjustable Rate. In such events, the 2004A-1 Bonds and 2004A-2 Bonds Outstanding as RAMS, which would be so converted, would be subject to mandatory tender prior to conversion. See "RATE CONVERSION – Mandatory Tender Upon Conversion."

The 2004A-1 Bonds and 2004A-2 Bonds will be issued initially as RAMS, shall be dated the date of initial delivery thereof and shall mature on the dates as set forth on the cover of this Official Statement. Certain capitalized terms used herein with respect to the 2004A-1 Bonds and the 2004A-2 Bonds outstanding as RAMS are defined in Appendix IV to this Official Statement.

Interest

Interest Payments. Interest on the RAMS shall accrue for each Interest Period at the Auction Bond Interest Rate for such Interest Period and shall be payable in arrears, on each succeeding Interest Payment Date. An "Interest Period" means (a) so long as interest is payable on June 1 and December 1 with respect to the 2004A-1 Bonds and 2004A-2 Bonds Outstanding as RAMS, and unless otherwise changed as described under the caption "–Changes in Interest Periods or Auction Date – Changes in Interest Period or Periods" below, the period commencing on the date of the delivery of the RAMS and ending on and including June 30, 2004 for the 2004A-1 Bonds and June 9, 2004 for the 2004A-2 Bonds, and each successive 35-day period thereafter, commencing on a Thursday, and (b) if, and for so long as, Interest Payment Dates are specified to occur at the end of each Auction Period, as described below under "–Changes in Interest Periods or Auction Date – Changes in Interest Period or Periods," each period commencing on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date. An "Interest Payment Date" for the 2004A-1 Bonds and 2004A-2 Bonds, while the 2004A-1 Bonds and 2004A-2 Bonds are Outstanding as RAMS, means June 1 and December 1 and at maturity or earlier redemption, commencing December 1, 2004, or if any such date is not a Business Day, the next succeeding Business Day (but only for interest accrued through the preceding May 31 or November 30, as the case may be).

While the RAMS are outstanding in book-entry form, the amount of interest distributable to Holders of RAMS in respect of each $25,000 in principal amount thereof for the 2004A-1 Bonds and $100,000 in principal amount thereof for the 2004A-2 Bonds, for any Interest Period or part thereof shall be calculated by applying the Auction Bond Interest Rate for each Interest Period or part thereof to the principal amount of $25,000 or $100,000, respectively, multiplying such product by the actual number of days in each such Interest Period or part thereof, divided by 360, and, if necessary, truncating the resultant figure to the nearest cent. Interest on the RAMS shall be computed on the basis of a 360-day year for the number of days actually elapsed. In the event an Interest Payment Date occurs in an Interest Period on a day other than the first day of such Interest Period, the Auction Agent, after confirming the calculation required above, shall calculate the portion of the interest amount payable for such Interest Period on such Interest Payment Date and the portion payable on the next succeeding Interest Payment Date. The Auction Agent shall make the calculation described above not later than the close of business on each Auction Date.

Interest payments on the RAMS are to be made by the Trustee to the registered owners of the RAMS, as of the Record Date preceding each Interest Payment Date. The RAMS are to be initially registered in the name of Cede & Co., as nominee of DTC. See Appendix VII - "The Depository Trust Company" for a description of how DTC and other Depositories, as registered owners, are expected to disburse such payments to the beneficial owners.

Auction Bond Interest Rate. The rate of interest on each Series of RAMS for each Interest Period subsequent to the Initial Interest Period, to but not including the Conversion Date, shall be equal to the annual rate of interest (the "Auction Rate") that results from implementation of the Auction Procedures described in Appendix IV hereto, provided that if, on any Auction Date, an Auction is not held for any reason (other than as described in the following paragraph), then the rate of interest for the next succeeding Interest Period shall equal the applicable Maximum Auction Rate on such Auction Date. Notwithstanding the foregoing: (a) if the ownership of the RAMS is no longer maintained in book-entry form, the rate of interest on the RAMS for any Interest Period commencing after the delivery of certificates representing RAMS as described above shall equal the applicable Maximum Auction Rate on the Business Day immediately preceding the first day of such Interest Period; (b) if a Payment Default occurs, Auctions will be suspended and the Auction Bond Interest Rate (as defined below) for the Interest Period commencing on or after such Payment Default and for each Interest Period thereafter to and including the Interest Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured will equal the Overdue Rate; or (c) if a proposed conversion to a Fixed Rate or Adjustable Rate shall have failed, as described under the caption "Rate Conversion – Inadequate Funds for Tenders; Failed Conversion" below, and the next succeeding Auction Date shall be two or fewer Business Days after, or on, any such failed Conversion Date, then an Auction shall not be held on such Auction Date and the rate of interest on the RAMS subject to the failed conversion for the next succeeding Interest Period shall be equal to the applicable Maximum Auction Rate calculated as of the first Business Day of such Interest Period.

The rate per annum at which interest is payable on each series of RAMS for any Interest Period is herein referred to as the "*Auction Bond Interest Rate.*" Notwithstanding anything herein to the contrary, the Auction Bond Interest Rate cannot exceed the Maximum Auction Rate.

Notwithstanding anything herein to the contrary, if any RAMS or portion thereof have been selected for redemption during the next succeeding Interest Period, such RAMS or portion thereof will not be included in the Auction preceding such Redemption Date, and will continue to bear interest until the Redemption Date at the rate established for the Interest Period prior to said Auction.

Disruption in Auction Procedures. If, as of the commencement of an Interest Period, an Auction is scheduled to occur for such Interest Period on a Business Day (a "Scheduled Auction Date"), but such Auction does not occur because it was not foreseeable that the Scheduled Auction Date would not be a Business Day, or if the Scheduled Auction Date was a Business Day but, as a result of an event generally affecting the securities markets in the United States, auctions for securities such as the RAMS were generally not conducted during such Business Day and in fact an Auction for the RAMS was not conducted on such Business Day, the following will apply:

(a) An Auction shall be deemed to have occurred on the Scheduled Auction Date as if such day were a Business Day;

(b) The Auction Rate for such deemed Auction to be in effect for the succeeding Interest Period (i) shall be equal to the Auction Rate for the preceding Interest Period if such preceding Interest Period was 35 days or less; and (ii) otherwise shall be the rate of interest determined by the Market Agent on equivalently rated auction securities with a comparable length of Interest Period; and

(c) The succeeding Interest Period shall begin on the calendar day following the Scheduled Auction Date.

Auction Participants

Existing Holders and Potential Holders. Participants in each Auction will include (i) "Existing Holders," which shall mean (A) for the purpose of dealing with the Auction Agent in connection with an Auction, any Person who is a Broker-Dealer listed in the existing owner registry at the close of business on the Business Day preceding each Auction and (B) for the purpose of dealing with a Broker-Dealer in connection with an Auction, a Person who is a beneficial owner of RAMS; and (ii) "Potential Holders," which shall

mean any person (including any Existing Holder that is (a) a Broker-Dealer when dealing with the Auction Agent and (b) a potential beneficial owner when dealing with a Broker-Dealer) who may be interested in acquiring RAMS (or in the case of an Existing Holder, an additional principal amount of RAMS).

By purchasing RAMS, whether in an Auction or otherwise, each prospective purchaser of RAMS or its Broker-Dealer must agree and will be deemed to have agreed: (i) to participate in Auctions on the terms set forth in Appendix IV hereto, (ii) as long as the beneficial ownership of the RAMS is maintained in book-entry form by a Depository, to sell, transfer or otherwise dispose of RAMS only pursuant to a Bid or a Sell Order (each as defined in Appendix IV) in an Auction, or to or through a Broker-Dealer, provided that in the case of all transfers other than those pursuant to an Auction, the Existing Holder of RAMS so transferred, its agent member or its Broker-Dealer advises the Auction Agent of such transfer, and (iii) to have its beneficial ownership of RAMS maintained at all times in book-entry form by the designated Depository for the account of its Participant, which in turn will maintain records of such beneficial ownership, and to authorize such Participant to disclose to the Auction Agent such information with respect to such beneficial ownership as the Auction Agent may request.

Auction Agent. The Wilmington Trust Company is appointed as the initial Auction Agent for the RAMS. The Trustee is directed to enter into the initial Auction Agency Agreement with The Wilmington Trust Company. Any substitute Auction Agent shall be (i) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, the City of New York, and having a combined capital stock, surplus and undivided profits of at least $15,000,000 or (ii) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least $15,000,000 and, in either case, authorized by law to perform all the duties imposed upon it under the Indenture and under the Auction Agency Agreement. The Auction Agent may resign and be discharged of the duties and obligations created by the Indenture by giving at least 90 days written notice to the Corporation, the Trustee and the Market Agent (25 days written notice if the Auction Agent has not been paid its fee after notice of such fact to the Corporation and the Trustee). The Auction Agent may be removed at any time by the Trustee if the Auction Agent is an entity other than the Trustee, acting at the direction of either (i) the Corporation or (ii) the holders of 66-2/3% of the aggregate principal amount of the RAMS by an instrument signed by the Trustee and filed with the Auction Agent, the Corporation and the Market Agent upon at least 30 days notice; provided that, if required by the Market Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent. If the Auction Agent and the Trustee are the same entity, the Auction Agent may be removed as described above, with the Corporation acting in lieu of the Trustee.

If the Auction Agent shall resign or be removed or dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Corporation shall use its best efforts to appoint a successor as Auction Agent, and the Trustee shall thereupon enter into an Auction Agency Agreement with such successor.

The Auction Agent is acting as agent for the Trustee and the Corporation in connection with Auctions. In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

Broker-Dealer. Existing Holders and Potential Holders may participate in Auctions only by submitting orders (in the manner described below) through a "Broker-Dealer." A Broker-Dealer must be either a broker or dealer (each as defined in the Securities Exchange Act of 1934, as amended), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth below which (i) is a "Participant" (i.e., a member of, or participant in, the Depository) or an affiliate of a Participant, (ii) has a capital surplus of at least $15,000,000, (iii) has been selected by the Corporation with the approval of the Market Agent, and (iv) has entered into a Broker-Dealer Agreement with the Auction Agent that remains effective, in which the Broker-Dealer agrees to participate in Auctions as described in the Auction Procedures, as from time to time amended or supplemented.

The initial Broker-Dealers for the 2004A-1 Bonds are RBC Dain Rauscher Inc. and Goldman, Sachs & Co. The sole initial Broker-Dealer for the 2004A-2 Bonds is RBC Dain Rauscher Inc.

Market Agent. The "Market Agent" will initially be Goldman, Sachs & Co. for the 2004A-1 Bonds and RBC Dain Rauscher Inc. for the 2004A-2 Bonds. Each Market Agent will be acting pursuant to the terms of a Market Agent Agreement with the Trustee, and is responsible under the terms of the Market Agent Agreement for determination of the Kenny Index, the Quarterly Average T-Bill Rate and the Quarterly Average CP Rate and for the determination of any changes to be made in the Applicable Percentage used in determining the Maximum Auction Rate, the All-Hold Rate and the Overdue Rate. See " – Adjustment in Percentages for RAMS" below. Under the Market Agent Agreements, and in connection with the RAMS, the Market Agent shall, by reason of its execution and delivery of the Market Agent Agreements and the performance of its obligations thereunder, act solely as agent of the Trustee and shall not thereby assume any obligation or establish any relationship of agency or trust for or with any of the beneficial owners.

Auctions

Auctions to establish the Auction Bond Interest Rate are to be held on each Auction Date, except as described above under "– Interest – *Auction Bond Interest Rate*," by application of the Auction Procedures described in Appendix IV. "Auction Date" shall mean initially June 30, 2004 (or if such date is not a Business Day, then the immediately preceding Business Day), with respect to the to the 2004A-1 Bonds, and June 9, 2004 (or if such date is not a Business Day, then the immediately preceding Business Day), with respect to the 2004A-2 Bonds, and thereafter, the Business Day immediately preceding the first day of each Interest Period, other than: (i) each Interest Period commencing after the ownership of the RAMS is no longer maintained in book-entry form; (ii) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or (iii) any Interest Period commencing less than the Applicable Number of Business Days after the cure or waiver of a Payment Default. Notwithstanding the foregoing, the Auction Date for one or more Interest Periods may be changed as described below under "Changes in Interest Periods or Auction Date – *Changes in Interest Period or Periods*." See "Interest – *Auction Bond Interest Rate*" above.

The Auction Agent shall determine the Maximum Auction Rate and the All-Hold Rate for each Series of RAMS on each Auction Date. Upon receipt of notice from the Trustee of a failed Conversion Date as described below under "Rate Conversion – Inadequate Funds for Tenders; Failed Conversion," and if the next succeeding Auction Date shall be less than the Applicable Number of Business Days after (or on) the failed Conversion Date, the Auction Agent shall not hold an Auction on such Auction Date but shall calculate the Maximum Auction Rate as of the first Business Day of the next succeeding Interest Period and give notice thereof as provided and to the parties specified in the Auction Agency Agreement. If the ownership of the RAMS is no longer maintained in book-entry form, the Market Agent shall calculate Maximum Auction Rate on the Business Day immediately preceding the first day of each Interest Period commencing after delivery of certificates representing the RAMS. If a Payment Default shall have occurred, the Market Agent shall calculate the Overdue Rate on the first day of (a) each Interest Period commencing after the occurrence and during the continuance of such Payment Default and (b) any Interest Period commencing less than the Applicable Number of Business Days after the cure of any Payment Default. The determination by the Market Agent or the Auction Agent, as the case may be, of the Maximum Auction Rate shall (in the absence of manifest error) be final and binding upon the owners and all other parties. If calculated or determined by the Auction Agent, the Auction Agent shall promptly advise the Trustee of the Maximum Auction Rate.

As long as the ownership of the RAMS is maintained in book-entry form, an Existing Holder may sell, transfer or otherwise dispose of RAMS only pursuant to a Bid or Sell Order (as defined in Appendix IV) placed in an Auction or through a Broker-Dealer, provided that, in the case of all transfers other than pursuant to Auctions or mandatory tenders, such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer. Prior to a Conversion Date, Auctions shall be conducted on each Auction Date, in the manner described in Appendix IV. A description of the Settlement Procedures to be used with respect to Auctions for the RAMS is contained in Appendix V.

Adjustment in Percentages for RAMS

The Market Agent shall adjust the percentage used in determining the All-Hold Rate, the Applicable Percentage used in determining the Maximum Auction Rate and the Applicable Percentage of the Kenny Index used in determining the Overdue Rate, if any such adjustment is necessary, in the judgment of the Market Agent, to reflect any Change of Preference Law such that RAMS paying the Maximum Auction Rate, RAMS paying the All-Hold Rate and RAMS paying the Overdue Rate shall have equal market values before and after such Change of Preference Law. Prior to any such adjustment, the Corporation shall give notice thereof to the Rating Agency, and no such adjustment shall be made unless such adjustment will not adversely affect the Rating on any of the 2004 Bonds. In making any such adjustment, the Market Agent shall take the following factors, as in existence both before and after such Change of Preference Law, into account: (i) short-term taxable and tax-exempt market rates and indices of such short-term rates; (ii) the market supply and demand for short-term tax-exempt securities; (iii) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the RAMS; (iv) general economic conditions; and (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the RAMS.

The Market Agent shall effectuate an adjustment in the percentage used in determining the All-Hold Rate, the Applicable Percentage used in determining the Maximum Auction Rate and the Applicable Percentage of the Kenny Index used to determine the Overdue Rate by delivering written notice to the Corporation, the Trustee and the Auction Agent at least 10 days prior to the Auction Date on which the Market Agent desires to effect such change.

Changes in Interest Periods or Auction Date

Changes in Interest Period or Periods. While any of the 2004A-1 Bonds and 2004A-2 Bonds are outstanding as RAMS, the Corporation may change, upon meeting certain conditions, the length of one or more Interest Periods. In connection with any such change or otherwise, but for the same stated purpose, the Market Agent may change Interest Payment Dates; any such change shall be considered a "change in the length of one or more Interest Periods" for purposes of the Indenture. Any change in the length of the Interest Period requires the consent of the Corporation and must be made for the purpose of conforming to current market practice with respect to similar securities. Any such changed Interest Period shall not be less than 7 days nor more than 366 days.

The change in the length of one or more of the Interest Periods shall not be allowed unless Sufficient Clearing Bids (as defined in Appendix IV hereto) existed at both the Auction before the date on which the notice of the proposed change was given and the Auction immediately preceding the proposed change. Such change shall take effect only if certain requirements are met as described in the Indenture.

Changes in the Auction Date. While any of the 2004A-1 Bonds and 2004A-2 Bonds are outstanding as RAMS, in order to conform with then-current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the RAMS, and, with the written consent of an Authorized Officer of the Corporation, the Market Agent may specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of *"Auction Date"* with respect to one or more specified future Interest Periods.

If a change in an Auction Date is undertaken in conjunction with a change in an Interest Period and the conditions for the establishment of such change in Interest Period are not met, the Auction Date may be, and the next succeeding Interest Period may be adjusted to end on, an earlier Business Day (but not more than five Business Days earlier) than the date on which such Auction Date was scheduled to occur and such Interest Period was scheduled to end to accommodate the change in the Auction Date.

The Market Agent shall provide notice of any determination to specify an earlier Auction Date for one or more Interest Periods by means of a written notice delivered at least 10 days prior to the proposed changed Auction Date to the Trustee, the Auction Agent, the Corporation, and the Rating Agencies.

In connection with any change in the Auction terms described above, the Auction Agent shall provide such further notice to such parties as is specified in the applicable Auction Agency Agreement.

Mandatory Tender

The 2004A-1 Bonds and 2004A-2 Bonds are subject to mandatory tender for purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued interest to the Purchase Date (as described in the Indenture) upon the occurrence of any of the following events: (i) as to any 2004A-1 Bonds or 2004A-2 Bonds, on any Conversion Date for such 2004A-1 Bonds or 2004A-2 Bonds other than (a) the effective date from a Daily Rate Period to a Weekly Rate Period or from a Weekly Rate Period to a Daily Rate Period or (b) the effective date of any Term Rate Period which was preceded by a Term Rate Period of the same duration; or (ii) as to any 2004A-1 Bonds or 2004A-2 Bonds in a Flexible Rate Period, on the day next succeeding the last day of each Flexible Rate Period with respect to such 2004A-1 Bonds or 2004A-2 Bonds; or (iii) on any Credit Enhancement Expiration Date; or (iv) as to any 2004A-1 Bonds or 2004A-2 Bonds, any rating agency then rating such 2004A-1 Bonds or 2004A-2 Bonds is no longer deemed to be a Rating Agency for purposes of the Indenture.

RATE CONVERSION

General

The Corporation may, upon 30 days written notice, on the first day of any Interest Period, convert all or a portion of a series of its 2004 Bonds outstanding as RAMS to bear interest at an Adjustable Rate other than the Auction Rate or at a Fixed Rate (a "Conversion"). Upon the effective date of a Conversion, 2004 Bonds to be converted ("Converted Bonds") will no longer be outstanding as RAMS and will be subject to mandatory tender for purchase at a price equal to the principal amount thereof plus accrued interest, if any, thereon to the date of purchase (the "Conversion Date"). The terms of the 2004A-1 Bonds and 2004A-2 Bonds following such Conversion Date shall be set forth in the official statement, remarketing memorandum or similar document used by the Corporation at the time of such conversion and remarketing of the 2004A-1 Bonds and 2004A-2 Bonds.

In accordance with the provisions of the Indenture, the Corporation must deliver to the Trustee a Supplemental Indenture to provide for such prospective terms for the Converted Bonds, or the manner of determining the same, as the Corporation may deem advisable, provided that, among other things, (1) the then existing owners of Converted Bonds shall be given written notice that the effective date of any such provisions shall be the mandatory tender date; and (2) any failure to tender is nevertheless deemed to be a tender for mandatory purchase and the Converted Bonds which are not tendered shall be deemed "Undelivered Bonds."

Mandatory Tender Upon Conversion

Any 2004A-1 Bonds and 2004A-2 Bonds to be converted to bear interest at a Fixed Rate or Adjustable Rate shall be subject to mandatory tender for purchase on the Conversion Date, at a price equal to the principal amount thereof plus accrued interest, if any, thereon to the date of purchase. The Trustee is required to give notice of such mandatory tender to the Holders of such Converted Bonds subject to purchase at their addresses shown on the books of registry. Such notice shall be sent by first class mail to the Holders.

Converted Bonds to be purchased on any Conversion Date shall be required to be delivered to the designated office of the Trustee, or its designated agent for such purposes, at or before 12:00 noon (local time) on such date. If the owner of any Converted

Bond which is subject to purchase as described herein fails to deliver such Converted Bond to the Trustee, or its designated agent for such purposes, for purchase on the purchase date, and if the Trustee, or its designated agent for such purposes, is in receipt of the purchase price therefor, such Converted Bond shall nevertheless be deemed tendered and purchased on the Conversion Date and shall be an Undelivered Bond as described below under the caption "– Undelivered Bonds," and registration of the ownership of such Converted Bond shall be transferred to the purchaser thereof as described under the caption "– Undelivered Bonds."

Undelivered Bonds

Any Converted Bonds which are required to be tendered on a Conversion Date and which are not delivered on the Conversion Date, and for the payment of which there has been irrevocably held in trust in a segregated subaccount for the benefit of such owner an amount of money sufficient to pay the purchase price and any accrued interest owing on the purchase date with respect to such Converted Bonds, shall be deemed to have been purchased, and shall be Undelivered Bonds. In the event of a failure by an owner of Converted Bonds to tender such Converted Bonds on or prior to the required date, such owner of such Undelivered Bonds shall not be entitled to any payment other than the purchase price and any unpaid interest due on the purchase date, and Undelivered Bonds in the hands of such non-delivering Bondowner shall no longer accrue interest or be entitled to the benefits of the Indenture, except for the payment of the purchase price and any unpaid interest due on the purchase date; *provided, however*, that the indebtedness represented by such Converted Bonds shall not be extinguished, and the Trustee shall transfer, authenticate and deliver such Converted Bonds as provided in the Indenture.

Inadequate Funds for Tenders; Failed Conversion

If the funds available for purchase of Converted Bonds are inadequate for the purchase of all 2004A-1 Bonds and 2004A-2 Bonds tendered on any Conversion Date, or if a proposed conversion of the 2004A-1 Bonds and 2004A-2 Bonds otherwise fails as a result of a failure to meet the conditions specified in the Indenture, the Trustee shall: (a) return all tendered 2004A-1 Bonds and 2004A-2 Bonds to the Holders thereof, (b) return all moneys received for the purchase of such 2004A-1 Bonds and 2004A-2 Bonds to the persons providing such money; and (c) notify the Corporation, the Auction Agent, the Remarketing Agent and the Paying Agent of the return of such 2004A-1 Bonds and 2004A-2 Bonds and money and the failure to make payment for tendered Bonds. After any such failed conversion, the 2004A-1 Bonds and 2004A-2 Bonds subject to the failed conversion shall remain outstanding as RAMS. In the case of a failed conversion of 2004A-1 Bonds and 2004A-2 Bonds, Auctions subject to the failed conversion shall be conducted beginning on the first Auction Date occurring more than two Business days after the failed Conversion Date and interest thereon shall be determined and paid according to the Indenture.

No Tender Purchases On Redemption Date

The 2004A-1 Bonds and 2004A-2 Bonds (or portions thereof) called for redemption shall not be subject to tender and purchase on the redemption date thereof.

Amendment to Auction Provisions

Pursuant to the Indenture and in accordance with the provisions set forth in Appendix IV hereto, the Corporation may amend the auction provisions relating to the 2004A-1 Bonds and 2004A-2 Bonds Outstanding as RAMS, including effectuating amendments without the consent of the Holders of the affected RAMS; provided that notice of such amendment is given and two auctions with respect to the affected 2004A-1 Bonds or 2004A-2 Bonds are held after the time such notice was given in which all Sell Orders (as defined in the Indenture) have been accepted.

FIXED RATE BONDS
(2004A-3 Bonds)

General

The Fixed Rate Bonds will be dated as of their date of delivery and will mature on June 1 in the years and amounts shown on the cover of this Official Statement. The Fixed Rate Bonds will be issued in fully registered form, without coupons, and when issued will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Fixed Rate Bonds. Individual purchases of the Fixed Rate Bonds will be made in book-entry form only in the principal amount of $5,000 or any denomination that is an integral multiple of $5,000 in excess thereof. Purchasers of the Fixed Rate Bonds will not receive certificates representing their interests in the Fixed Rate Bonds purchased. See "Appendix VII – The Depository Trust Company."

No Redemption of the Fixed Rate Bonds

The 2004A-3 Bonds are not subject to redemption prior to maturity.

Interest

The Fixed Rate Bonds will bear interest from their date of delivery at the rates per annum shown on the cover page hereof, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2004. Interest on the Fixed Rate Bonds will be computed on the basis of a 360-day year composed of twelve 30-day months. Except in the case of overdue interest, the Record Date for interest due on the Fixed Rate Bonds will be the fifteenth day of the month preceding each Interest Payment Date.

PLAN OF FINANCE

The 2004A-1 Bonds

The 2004A-1Bonds are being issued to (i) refund the July 1, 2004 maturities of the Corporation's Student Loan Revenue Bonds, Series 1998A and 2001A[1] (the "Series A-1 Refunded Bonds"), (ii) redeem the June 1, 2009 and 2010 sinking fund installments of the Corporation's Education Loan Revenue Bonds, Senior Series 2002A, and (iii) pay costs of issuance of the 2004A-1 Bonds.

A portion of the proceeds of the 2004A-1 Bonds will be exchanged for amounts on deposit in the debt service fund securing payment of principal and interest of the Series A-1Refunded Bonds. The moneys released from the debt service fund and exchanged for the 2004A-1 Bond proceeds will be credited to the 2004 A-1 Series Subaccount held under the Indenture and will be used to make or acquire Education Loans which are expected to consist entirely of FFELP Loans.

On May 5, 2004, a bill was introduced by the 108th Congress, 2d Session, of the United States of America which seeks to amend certain provisions of the Higher Education Act. One such amendment includes removal of the 9.5% floor for Special Allowance Payments on tax-exempt obligations issued prior to October 1, 1993 and refunded after May 5, 2004. Should this specific amendment become law, proceeds of the 2004A-1 Bonds will not be used in the manner described above. Instead, proceeds of the 2004A-1 Bonds will be used to (i) redeem 2004A-1 Bonds, or (ii) make or acquire Education Loans upon receipt of a Rating Confirmation.

The 2004A-2 Bonds

The 2004A-2 Bonds are being issued to (i) refund the July 1, 2005, 2006, and 2007 maturities of the Corporation's Student Loan Revenue Bonds, Series 1994A (the "Series A-2 Refunded Bonds"), (ii) make or acquire Education Loans, (iii) make a Capital Reserve Fund deposit, and (iv) pay costs of issuance of the 2004 A-2 Bonds.

A portion of the proceeds of the 2004A-2 Bonds will be exchanged for amounts on deposit in the debt service fund securing payment of principal and interest on the Series A-2 Refunded Bonds. The moneys released from the debt service fund and exchanged for the 2004A-2 Bond proceeds will be credited to the 2004 A-2 Series Subaccount held under the Indenture and will be used to make or acquire Education Loans which are expected to consist entirely of Alternative Loans.

The 2004A-3 Bonds

The 2004A-3 Bonds are being issued to (i) refund the July 1, 2004 maturities of the Corporation's Student Loan Revenue Bonds, Series 1994A, Series 1995A, Series 1996A, Series 1997A, Series 1999A, and Series 2000A (the "Series A-3 Refunded Bonds") and (ii) pay costs of issuance of the 2004A-3 Bonds.

A portion of the proceeds of the 2004A-3 Bonds will be exchanged for amounts on deposit in the debt service fund securing payment of principal and interest on the Series A-3 Refunded Bonds. The moneys released from the debt service fund and exchanged for the 2004A-3 Bonds proceeds will be credited to the 2004A-3 Series Subaccount held under the Indenture and will be used to make or acquire Education Loans which are expected to consist entirely of Alternative Consolidation Loans.

Assumptions Considered in Structuring the 2004 Bonds

In structuring the 2004 Bonds, the Corporation made certain assumptions regarding the Education Loan portfolio to be held under the Indenture, moneys to be deposited under the Indenture, and proceeds of the 2004 Bonds. The Corporation believes these assumptions to be reasonable based upon its experience but cannot guarantee the accuracy thereof.

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[1] The Series A-1 Refunded Bonds were issued under the Indenture. The Corporation has previously issued student loan revenue bonds, under the terms of a bond indenture other than the Indenture, in the total principal amount of $673,770,000, which bonds are currently outstanding in the principal amount of $323,045,000. These bonds are general obligations of the Corporation and are secured by, and payable from, a separate trust estate. The Corporation has also issued Capital Project Bonds (delivered March 11, 2004), under the terms of a bond indenture other than the Indenture, in the total principal amount of $75,140,000, which bonds are currently outstanding in the principal amount of $75,140,000. These bonds are special, limited obligations, secured by and payable from a separate trust estate.

The Corporation expects, but does not guarantee, that the pool of Education Loans financed with a portion of the proceeds of the 2004 Bonds (including amounts made available upon refunding other bonds) will consist of the following categories of loans in the following proportions: 39% FFELP Loans, 39% Alternative Loans, and 22% Alternative Consolidation Loans. A summary of certain characteristics of the Education Loans held in the Trust Estate as of December 31, 2003, is described below.

Characteristics of Education Loans

The characteristics of the Education Loans described in the following charts, pertain only to those Education Loans pledged as security for the Bonds as of December 31, 2003. The characteristics of Education Loans held under the Indenture will change over time. No assurance can be given that such changes will bot be significant or that they will not be adverse.

Loan Type	Characteristics (as of December 31, 2003) of Education Loans	
Alaska Education Loans	$67,782,512	69%
Teacher Education Loans	4,448,145	4
Family Education Loans	9,776,198	10
Federal Family Education Loans	16,869,042	17
TOTAL	$98,875,897	100%

Borrower Payment Status	Characteristics (as of December 31, 2003) of Education Loans	
School	$67,374,499	68%
Grace	6,025,653	6
Deferment	1,387,803	2
Repayment	24,087,942	24
TOTAL	$98,875,897	100%

Interest Rate Category		
Fixed Rate (5.0% to 9%)	$16,487,939	17%
Variable Rate*	82,387,958	83
TOTAL	$98,875,897	100%

* Rates change annually. The current range is 2.82% to 4.22%.

Loan Delinquencies and Defaults

The Education Loans are deemed to be in default when payments become one hundred eighty (180) days past due. The default rate for Education Loans held under the Indenture is 4.5% as of December 31, 2003.

The following table summarizes the delinquency rates for the Education Loans that were in repayment as of the date indicated and that were not in default.

Aging Category	December 31, 2003
current	95.3%
30-59 days	1.8
60-89 days	0.7
90-119 days	0.6
120-149 days	0.6
150-179 days	1.0
Total	100%

Loan Program Expenses

It has been assumed that the annual Loan Program expenses of the Corporation, which include the Corporation's administrative expenses, the cost of servicing the Pledged Loans, and the fees and expenses of the Trustee, that will be paid from

Pledged Receipts ahead of Debt Service on Bonds Outstanding will be approximately one and one-quarter percent (1.25%) of the average principal amount of Pledged Loans outstanding during the previous fiscal year.

ESTIMATED SOURCES AND USES OF FUNDS

The Corporation estimates that the proceeds from the sale of the 2004 Bonds will be applied approximately as follows:

Sources:	
Principal Amount of 2004 Bonds	$115,115,000
Reoffering Premium on Series 2004A-3 Bonds	943,226
Issuer Contribution	11,774
Total Sources	$116,070,000
Uses:	
Deposit to Redemption Fund(*)	$ 26,400,000
Deposit to Acquisition Fund	85,593,400
Deposit to Capital Reserve Fund	1,774,300
Estimated Cost of Issuance (including Underwriters' fee)	2,302,300
Total Uses	$116,070,000

(*) Subject to resolution of proposed Higher Education Act legislation (see "PLAN OF FINANCE --The 2004A-1 Bonds."

CERTAIN INVESTMENT CONSIDERATIONS

The Corporation believes, based on its analyses of multiple cash flow projections, using various assumptions and scenarios, that (i) Pledged Receipts to be received pursuant to the Indenture and the balances in the various Accounts should be sufficient to pay principal of and interest on the Bonds (including the 2004 Bonds) when due and to pay when due certain fees and expenses related to the Bonds and the Education Loans until the final maturity of the Bonds, as more fully described below; and (ii) the liquidity of the amounts in the Accounts should be sufficient under the circumstances as projected to pay principal of and interest on the Bonds (including the 2004 Bonds) when due and also pay when due all expenses related to the Bonds and the Education Loans. A variety of factors, including the factors discussed below, could materially and adversely affect the sufficiency of the Pledged Receipts to meet debt service payments on the Bonds.

Factors Affecting Sufficiency and Timing of Receipt of Pledged Receipts

The Corporation expects that the Pledged Receipts to be received pursuant to the Indenture should be sufficient to pay principal of and interest on the Bonds (including the 2004 Bonds) when due and also to pay the annual cost of all Trustee fees, auction agent fees, if any, insurance fees, credit enhancement fees, if any, servicing costs and other expenses related thereto and to the Education Loans until the final maturity or earlier redemption of such Bonds. This expectation is based upon an analysis of cash flow projections using assumptions, which the Corporation believes are reasonable, regarding the timing of the financing of such Education Loans to be held pursuant to the Indenture, the future composition of and yield on the Education Loan portfolio, the rate of return on moneys to be invested in various Accounts under the Indenture, and the occurrence of future events and conditions. These assumptions are derived from the Corporation's experience in the administration of its Loan Program. There can be no assurance, however, that the Education Loans will be acquired as anticipated, that interest and principal payments from the Education Loans will be received as anticipated, that the reinvestment rates assumed on the amounts in various Accounts will be realized, or that SAP and other payments will be received in the amounts and at the times anticipated. In addition, there can be no assurance that certain costs related to maintaining the Education Loan portfolio, including servicing costs, will not increase. Furthermore, other future events over which the Corporation has no control may adversely affect the Corporation's actual receipt of Pledged Receipts pursuant to the Indenture.

Receipt of principal of and interest on Education Loans may be accelerated due to various factors, including, without limitation: (i) default claims or claims due to the disability, death or bankruptcy of the borrowers greater than those assumed; (ii) actual principal amortization periods which are shorter than those assumed based upon the current analysis of the Corporation's loan portfolio; (iii) the commencement of principal repayment by borrowers on earlier dates than are assumed based upon the current analysis of the Corporation's loan portfolio; (iv) economic conditions that induce borrowers to refinance or repay their loans prior to maturity; and (v) changes in federal or state law which may affect the timing of the receipt of funds by the Corporation. The Corporation or other lenders may make consolidation loans to borrowers for the purpose of retiring certain borrowers' existing loans under various federal or state higher education loan programs. To the extent that Education Loans are repaid with consolidation loans, the Corporation would realize repayment of such Education Loans earlier than projected.

Delay in the receipt of principal of and interest on Education Loans may adversely affect payment of the principal of and interest on the Bonds when due. Principal of and interest on Education Loans may be delayed due to numerous factors, including, without limitation: (i) borrowers entering deferment periods due to a return to school or other eligible purposes; (ii) forbearance being

granted to borrowers; (iii) Education Loans becoming delinquent for periods longer than assumed; (iv) actual loan principal amortization periods which are longer than those assumed based upon the current analysis of the Corporation's loan portfolio; and (v) the commencement of principal repayment by borrowers at dates later than those assumed based upon the current analysis of the loan portfolio.

If actual receipt of Pledged Receipts under the Indenture or actual expenditures by the Corporation under its loan origination and acquisition programs vary greatly from those projected, the Corporation may be unable to pay the principal of and interest on the 2004 Bonds and amounts owing on other obligations when due. In the event that Pledged Receipts to be received under the Indenture are insufficient to pay the principal of and interest on the Bonds and amounts owing on certain other obligations when due, the Indenture authorizes, and under certain circumstances requires, the Trustee to declare an Event of Default, accelerate the payment of the Bonds, and sell the Education Loans. In such circumstances, it is possible, however, that the Trustee would not be able to sell the Education Loans and other assets held under the Indenture at prices sufficient to pay the Bonds. The Indenture provides that Bonds issued thereunder, including the 2004 Bonds, be designated a priority Class, with Class I being the highest priority. At any time a current principal or interest payment is required to be made, it will be made first with respect to Bonds of the highest priority Class, and then in descending order of priority. In addition, the ability to control or pursue remedies is given "By Class in Descending Priority" as described in Appendix II to this Official Statement. Exercise of remedies by a higher priority Class upon a default, including particularly acceleration of a higher priority Class of Bonds, or exercise of remedies by a Credit Enhancement Agency following a default under a related agreement (see the caption "SECURITY FOR THE BONDS - Certain Payment Priorities") could adversely affect the ability of lower priority Classes of Bonds to receive payment of debt service when due.

FFELP Loan Program

The Corporation has only recently (FY 2002-03) offered FFELP Loans under its Loan Program. As of December 31, 2003, there were $16,869,042 of FFELP Loans held in the Trust Estate. See "THE ALASKADVANTAGE™ LOAN PROGRAM – The Federal Loan Program." The Commission anticipates that approximately 39% of the 2004 Bond proceeds will be used to finance FFELP Loans, although there can be no assurance what demand there will be for such loans. While this is a relatively new undertaking for the Corporation, it believes that it has in place the appropriate procedures and staff for the administration of FFELP Loans.

Guarantor/Guarantee

In the event the financial status of Northwest Education Loan Association, the "eligible guarantor" of the FFELP Loans, and its ability to honor guarantee claims were to deteriorate over time, such event could result in a delay or a failure to make guarantee payments to holders of FFELP Loans, including the Corporation. The percentage of federal reimbursement to a guarantor is based upon the amount of federal reimbursement payments made to such guarantor as a percentage of the principal amount of the guarantor's guaranteed loans in repayment at the end of the preceding federal fiscal year. Higher than expected default claims against a guarantor of guaranteed loans could reduce the amount of federal reimbursement to such guarantor, thus possibly causing such guarantor to reduce its reserve fund below desired levels in order to pay guarantee claims. Guarantor operations and activities are subject to statutory and regulatory change. See "INSURANCE AND GUARANTEES - Federal Insurance and - Guarantees."

Alternative Loans are <u>not</u> guaranteed by Northwest Education Loan Association or any other guarantor.

Changes to Federal Family Education Loan Program

The Higher Education Act and the Federal Family Education Loan Program (the "FFEL Program") have been subject to numerous amendments and changes over the years. These changes have included, among other things, changes in the calculation of interest rates and SAP on federal student loans, changes in the requirements to offer alternate payment plans to borrowers, additional loan forgiveness provisions, and additional restrictions on guaranty agencies' use of funds. As a result of the changes to the FFEL Program, the net revenues resulting to holders of student loans have in some cases been reduced and may be further reduced in the future.

Federal Budgetary Legislation

The availability of various federal payments in connection with the FFEL Program is subject to federal budgetary appropriation. In recent years, federal budgetary legislation has been enacted which has provided, subject to certain conditions, for the mandatory curtailment of certain federal budget expenditures, including expenditures in connection with the FFEL Program and the recovery of certain advances previously made by the federal government to state guarantee agencies in order to achieve certain deficit reduction guidelines. No representation is made as to the effect, if any, of future federal budgetary appropriation or legislation upon expenditures by the Department of Education, or the effect, if any, of any future legislation or regulations upon the Corporation's student loan program or other factors that could potentially affect timely payment of the 2004 Bonds.

Noncompliance with the Higher Education Act

Noncompliance with the Higher Education Act, with respect to Loans which are Higher Education Act loans, by lenders, any guarantor, any servicer or the Corporation may adversely affect payment of principal of and interest on the 2004 Bonds when due. The Higher Education Act and the applicable regulations thereunder require the lenders making FFELP Loans, guarantors guaranteeing such loans and lenders or servicers servicing such loans to follow certain due diligence procedures in an effort to ensure that FFELP Loans are properly made and disbursed to, and timely repaid by, the borrowers. Such due diligence procedures include certain loan application procedures, certain loan origination procedures and, when a FFELP Loan is in default, certain loan collection procedures. The procedures to make, guarantee and service Higher Education Act loans are set forth in the Code of Federal Regulations and other documents of the Department of Education, and no attempt has been made in this Official Statement to describe those procedures in their entirety. Failure to follow such procedures may result in the Secretary's refusal to make reinsurance payments to a guarantor on such loans or may result in the guarantor's refusal to honor its guarantee on such loans to holders of guaranteed loans, including the Corporation. Such action by the Secretary could adversely affect a guarantor's ability to honor guarantee claims, and loss of guarantee payments to the Corporation by an Eligible Guarantor could adversely affect the ability of the Corporation to make payment of principal of and interest on the 2004 Bonds.

Uncertainty as to Available Remedies

The remedies available to owners of the 2004 Bonds upon an Event of Default under the Indenture or other documents described herein are in many respects dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the Indenture and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the 2004 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

THE ALASKA STUDENT LOAN CORPORATION/ALASKA COMMISSION ON POSTSECONDARY EDUCATION

Commission - General Information

State law established the Alaska Commission on Postsecondary Education (the "Commission") in 1974. The Commission's primary purpose is to enable residents of the State to evaluate their postsecondary educational needs and available resources, to enable State residents to make informed decisions regarding the disposition of those resources, and to assure State residents of the opportunity to satisfy those postsecondary needs and goals. The Commission consists of fourteen members representing public and private postsecondary education institutions in the State, advisory groups, and members of the legislature. The Commission appoints an Executive Director. The Executive Director then appoints persons to staff positions authorized by the Commission.

The Commission has offices in Juneau and Anchorage, Alaska. The principal office for the Commission is located at 3030 Vintage Boulevard, Juneau, Alaska 99801-7109. The telephone number for the Commission is (907) 465-6740. The Attorney General of the State serves as counsel to the Commission.

Staffing of the Commission

The Commission includes four divisions which are managed by a six-member professional team. These individuals direct the affairs of the staff and report to the Executive Director. The four divisions are Finance, Loan Operations and Outreach, Information Support Services, and the Executive Office. Ms. Sheila King supervises the Finance Division, which is composed of accounting and procurement. She is assisted by Ms. Elizabeth McDonough. The Loan Operations and Outreach Division is directed by Ms. Stephanie Butler. This Division is responsible for citizen outreach and program marketing initiatives, strategic analysis, loan origination, customer service, deferment and forgiveness processing, skip tracing, due diligence activity on delinquent loans, records, and other specialized student aid programs. The Information Support Services Division is directed by Mr. Kenneth Dodson. All development and support functions related to the management of the automated loan servicing system software, hardware, mainframe and internet connectivity reside within this Division. The fourth division is the Executive Office, which in addition to the Executive Director, is managed by the two other members of the professional team, Human Resources Administrative Officer Frank Love, and Internal Auditor Ms. Victoria Sullivan. This division is responsible for overall agency management and specifically for internal audit, human resource management, records management, small procurement, institutional authorization, and procedural compliance with all relevant State and federal statutes, regulations and subregulatory policies.

As of January 1, 2004, the Commission had one hundred and four employees. These positions are assigned as follows: nine to the Executive Office, twelve to Finance, sixty-seven to Loan Operations and Outreach, and sixteen to Information Support Services.

Executive and Senior Staff of the Commission

Ms. Diane Barrans, Executive Director of the Commission. Ms. Barrans assumed the duties of Executive Director of the Commission and Executive Officer of the Corporation on July 10, 1995. Ms. Barrans joined the staff in January 1983 and held several positions with the agency, most recently serving as Program Coordinator from 1989 to 1993 and Director of Student Financial Aid Programs in 1994/95. Ms. Barrans currently serves on and is vice chair of the Western Interstate Commission on Higher Education. Ms. Barrans also jointly serves with the President of the University of Alaska as the State Higher Education Executive Officer for the State. Ms. Barrans received a bachelor of arts degree from Barnard College of Columbia University in 1982.

Ms. Sheila King, CPA, Finance Officer. Ms. King joined the Commission in May 1998. Prior to joining the Commission, Ms. King was the Accountant IV/Controller for the Alaska Industrial Development and Export Authority from May 1994 to April 1998 and worked as an Auditor for KPMG LLP from February 1990 to May 1994. From 1983 to 1990, Ms. King worked in the accounting field in a variety of capacities. Ms. King received a bachelor of science degree in business administration from University of Texas at Dallas in 1989.

Ms. Elizabeth McDonough, Senior Accountant. Ms. McDonough originally joined the Commission in 1988 and served in the finance unit in a variety of capacities through 1993. From 1988 to 1991 she worked as an Accountant, from 1991 to 1992 she was the Finance Manager, and from 1992 to 1993 she was the Principal Analyst in charge of system projects. Ms. McDonough again joined the Commission in 1994 and since that time has been the Senior Accountant in the Finance Division. Ms. McDonough received a bachelor of science degree in business administration with an accounting emphasis from California State University, Long Beach in 1983.

Ms. Stephanie Butler, Director of Loan Operations and Outreach. Ms. Butler joined the Commission in August 1997 as Institutional Authorization Program Coordinator. She was promoted to Director of Institutional Relations in June 1998. In October 2001 she accepted her current position. Prior to coming to the Commission, she worked for the University of Alaska Anchorage as Administrative Manager from November 1992 to 1997 and Information/Support Services Manager from 1990 to 1992. Ms. Butler is a Certified Internal Auditor through the International Institute for Internal Auditing and a Certified Government Professional. Ms. Butler received a master of science in business administration/management from Boston University in 1987 and a bachelor of arts in English from Barry University in Miami, Florida, in 1983.

Mr. Kenneth Dodson, Director of Information Support Services. Mr. Dodson joined the Commission in September 1994 as Director of Information Support Services. Prior to coming to the Commission he was employed from 1988 until 1994 by UNIPAC Service Corporation in Denver, Colorado, first as a Programmer in 1988 advancing to Information Services Supervisor in 1990. In September of 1991 Mr. Dodson assumed the role as Information Services Supervisor of Regulation and Compliance Support where his team successfully implemented the changes required by the 1992 Reauthorization Act as well as the Rebate Eligible Loans provisions. Mr. Dodson served on the steering committee for the Rocky Mountain Chapter of the Project Management Workbench Users Group and was on the planning committee for the Guaranteed Student Loan Users Group. The Commission services the Corporation's loan portfolio using the Higher Education Loan Management System ("HELMS"). Mr. Dodson is past President and a current member of the HELMS User Group. (The HELMS User Group is comprised of software provider representatives and student loan servicers currently using HELMS.) Mr Dodson received a certificate in Computer Information Systems from Tucumcari Area Vocational School in Tucumcari, New Mexico, in 1988.

Mr. Frank Love, Human Resources Administrative Officer. Mr. Love joined the Commission in July 1997. Prior to joining the Commission, Mr. Love's professional life was substantially spent as a 32-year career member of the United States Coast Guard. For the latter eighteen years of his service, Mr. Love served in various capacities as a human resources manager, engaged in personnel management, employee relations, career development, and staff training initiatives. Mr. Love has received certificates in Human Relations from the Defense Equal Opportunity Management Institute and Chief Petty Officer Training from the U.S. Coast Guard Training Center in addition to receiving ongoing training in Human Resources issues.

Ms. Victoria Sullivan, CPA, Internal Auditor. Ms. Sullivan joined the Commission in December 2003. Prior to joining the Commission, Ms. Sullivan was an Auditor within the Alaska State Legislature Legislative Audit Division in Juneau, Alaska from March 2000. Her other professional experience includes one year as a senior accountant with the Alaska State Employees Federal Credit Union as well as serving in staff accounting positions with Hanlin & Merritt, CPAs and the Alaska Pacific Bank. Ms. Sullivan received her bachelor of business administration and accounting from Oklahoma Baptist University in 1995.

Corporation - General Information

In 1987, State law created the Corporation. The statute creating the Corporation is codified at Alaska Statutes 14.42.100 through 14.42.990, as amended (the "Act"). Pursuant to the Act, the Corporation is a "public corporation and government instrumentality within the Department of Education and Early Development but having a legal existence independent of and separate from the state." Its primary purpose is to finance education loans. A combination of revenues generated from the issuance of bonds and loan repayments fund the Program.

The Corporation is governed by a board of directors (the "Board"). The supervision of the administration of the Corporation is delegated to the Executive Officer of the Corporation (the "Executive Officer"), who is also the Executive Director of the Commission.

The principal office of the Corporation is located at 3030 Vintage Boulevard, Juneau, Alaska 99801-7109. The telephone number for the Corporation is (907) 465-6740. The Attorney General of the State serves as counsel to the Corporation.

Corporation Membership

The Board consists of two members of the Commission, the Commissioner of Revenue, the Commissioner of Administration, and the Commissioner of Community and Economic Development. The members of the Board who represent the Commission serve on the Board at the pleasure of the Governor, subject to their incumbency on the Commission.

The table below identifies the current members of the Corporation's Board (and, where applicable, their first delegates to the Board).

Name and Location	Principal Occupation
Randy Simmons, Chair Anchorage, Alaska	Vice President, JL Properties, Inc. Commission Member
Bobette Bush, Vice Chair Aniak, Alaska	Retired Superintendent Commission Member
William A. Corbus Juneau, Alaska	Commissioner Alaska Department of Revenue
Tom Boutin, First Delegate Juneau, Alaska	Deputy Commissioner Alaska Department of Revenue
Ray Matiashowski Juneau, Alaska	Commissioner Alaska Department of Administration
Edgar Blatchford Juneau, Alaska	Commissioner Alaska Department of Community and Economic Development
Greg Winegar, First Delegate Juneau, Alaska	Director Alaska Division of Investments

Mr. Randy Simmons, Chair of the Corporation and Member of the Commission. Mr. Simmons was appointed to the Commission in 2001 by the Governor and to the Board of the Corporation that same year. Mr. Simmons currently is the Vice President of operations at JL Properties, Inc. in Anchorage, where he oversees the management of commercial and residential properties and promotes the development of new projects. He previously served as Development and Finance Manager of the Alaska Industrial Development and Export Authority, coordinating economic development projects and the development of policy, and was promoted to Chief Executive Officer with the responsibility for encouraging economic development and diversification in the State. As CEO, he also served as the CEO of the Alaska Energy Authority, a billion-dollar State corporation responsible for State-owned energy projects, State energy policy, and rural energy programs. He has served as comptroller for the Alaska Department of Transportation and Public Facilities where he was promoted to Deputy Commissioner of Finance and Management, responsible for the administrative and financial functions of the department, as well as oversight of the Alaska Marine Highway System and International Airports System. Prior to his public sector service, Mr. Simmons was a tax manager and supervisor at Coopers & Lybrand, CPA's, in Anchorage. Mr. Simmons earned his juris doctorate in 1979 from the University of Oregon, School of Law, and his bachelor of science in business administration in 1974. He is a certified public accountant and a member of the Alaska State Bar.

Ms. Bobette D. Bush, Vice Chair of the Corporation and Member of the Commission. Ms. Bush was appointed to the Commission in 1993 and was reappointed in 1997 and again in 2001. Ms. Bush is retired, previously serving as the superintendent of the Kuspuk School District in Aniak, Alaska. She received her bachelor of arts degree in 1969 from Whitman College in Walla Walla, Washington, and a master of education degree in 1988 from the University of Alaska Fairbanks. Her professional experience includes 11 years of teaching, serving as curriculum coordinator and curriculum staff development director in the Kuspuk School District, principal of Aunti Mary Nicoli Elementary, and interim superintendent in the Kuspuk School District prior to being named

superintendent. Ms. Bush currently serves as a member of the College of Rural Alaska Council, Bethel Broadcasting, Incorporated, and the Kuskokwim College Council.

Mr. Ray Matiashowski, Commissioner, Department of Administration Mr. Matiashowski was appointed Commissioner on May 2, 2004. Mr. Matiashowski oversees the divisions of Administrative Services, Finance, General Services, Enterprise Technology Services, Retirement and Benefits, and the Oil and Gas Conservation Commission. Prior to Mr. Matiashowski's appointment as Deputy Commissioner, he owned and operated a real estate company in Ketchikan, Alaska. Mr. Matiashowski has considerable experience in sales, having worked for a number of sales-oriented organizations. He also served as legislative aide and Chief of Staff to Senator Lloyd Jones. Mr. Matiashowski is a member of Omicron Delta Epsilon and the International Honor Society in economics. He earned his Bachelor of Arts in economics from the University of Washington, and is a 1983 graduate of the institute on comparative political and economic systems, Georgetown University.

Mr. William A. Corbus, Commissioner, Department of Revenue. Mr. Corbus was appointed Commissioner on December 9, 2002. Mr. Corbus recently retired as president of Alaska Electric Light and Power Company, the electrical utility for Juneau, where he had worked since 1970. Mr. Corbus served on the Alaska State Pension Investment Board from 1993 to 1999, and on several bank boards in Alaska. He holds a bachelor's degree in industrial engineering from Stanford University and a master's degree in business administration from the Amos Tuck Graduate School at Dartmouth College. Mr. Corbus is a Navy veteran, and worked in financial planning and accounting at a New York City firm after leaving the Navy in the 1960s. As Revenue Commissioner, Mr. Corbus serves on the Board of Trustees of the Alaska Permanent Fund Corporation, in addition to overseeing the tax, investment and public service functions of the 900-employee Department of Revenue.

Mr. Tom Boutin, Deputy Commissioner, Department of Revenue, Treasury and Tax Division (Mr. Boutin serves on the Board as the First Delegate of William Corbus). Mr. Boutin was appointed Deputy Commissioner in February 2004. Mr. Boutin spent his first 22 years in New Hampshire, logging and working for dairies. He then moved to Alaska, working as a logging engineer for Ketchikan Pulp Co. and as a timber faller, rigging slinger and equipment operator for various logging and road building firms. He bought and sold logs, lumber, veneer and plywood for North Pacific Lumber Company, and was Chief Financial Officer and then President and Chief Financial Officer for Klukwan, Inc., an Alaska Native Claims Settlement Act corporation involved in forest products and money management. His government service experience consists of State Debt Manager for the Alaska Department of Revenue, Alaska State Forester, and currently, Deputy Commissioner for the Alaska Department of Revenue. Mr. Boutin has a Bachelor of Science from the University of New Hampshire, and an MBA in Finance from the University of Oregon. He has lived in Juneau for the past 20 years.

Mr. Edgar Blatchford, Commissioner, Department of Community and Economic Development. Mr. Blatchford was appointed Commissioner of the Department of Community and Economic Development in January 2004. At the time of his appointment, he was an Associate Professor of Journalism and Public Communications at the University of Alaska-Anchorage. Previously, under Governor Walter J. Hickel, he served as Commissioner of Community and Regional Affairs from 1990-1994. Mr. Blatchford earned a Bachelor of Arts degree from Alaska Methodist University in 1973, a Juris Doctor degree from the University of Washington School of Law in 1976 and a Masters of Arts degree in journalism from Columbia University in 1988. He is a former Mayor of Seward, and has served on the Board of Directors of Chugach Alaska Corporation, including numerous terms as chairman. As Commissioner of the Department of Community and Economic Development, Mr. Blatchford oversees 14 divisions whose mutual mission is to encourage and contribute to the state's economic growth through business development and investments in Alaska, the Lower 48, and international opportunities.

Mr. Greg Winegar, Director of the Division of Investments. (Mr. Winegar serves as the First Delegate of Edgar Blatchford.) Mr. Winegar was appointed Director of the Division of Investments in May 2000. This Division administers various direct lending programs for the State and services loans for other State agencies, representing approximately 3,500 accounts totaling $250 million. Prior to his appointment as Director, Mr. Winegar served as the Division of Investment's Lending Branch Manager for 21 years. Mr. Winegar received his bachelors degree from the Evergreen State College in 1973. In addition to his work as Lending Branch Manager, he also served as a Loan Officer for the Department for five years where his responsibilities included credit analysis and recommendations for commercial, multi-family, residential and consumer loan requests.

Staffing of the Corporation

The staff of the Commission also serves as staff of the Corporation in accordance with the Act. The Corporation does not have the authority to hire staff independently. See "– Staffing of the Commission" above.

Authority of the Corporation

The Act grants the Corporation various corporate powers, including, among others, the authority to: (i) make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of the powers and functions of the Corporation, including contracts with a person or governmental entity; (ii) borrow money to carry out its corporate purposes and issue its obligations as evidence of the borrowing; (iii) service education loans held by the Corporation; (iv) purchase, or participate in the purchase, of education loans; (v) contract in advance for the purchase or sale of education loans; (vi) sell, or participate in the sale, either public

or private and on terms authorized by the Board, of education loans to other purchasers; (vii) collect and pay reasonable fees and charges in connection with the purchase, sale and servicing of education loans; (viii) enter into agreements with the Commission relating to education loans, the administration of the education loan fund created under the Act, and the payment of and security for bonds of the Corporation; (ix) enter into credit facility agreements and make pledges, covenants and agreements with respect to the repayment of borrowings under the credit facility agreements; (x) enter into agreements with the federal government, including guaranty agreements and supplemental guaranty agreements as described in the United States Higher Education Act of 1965, as amended, as necessary to provide for the receipt by the Corporation of administrative allowances and other benefits available under the United States Higher Education Act of 1965, as amended; (xi) administer federal money allocated to the State involving insured FFELP Loans and related administrative costs and other matters; and (xii) perform acts that may be necessary or appropriate to carry out effectively the general objectives and purposes of the Corporation under the Act.

Dividend Plan of the Corporation

In 2000, an amendment to the Act became effective which permits the Corporation, as approved by the Board, to pay the State a return of capital payment or a dividend for each base fiscal year that the Corporation's net income equals or exceeds $2,000,000. The payment amount may not be less than ten percent (10%) nor more than thirty-five percent (35%), as approved by the Board, of the Corporation's net income for the base fiscal year, and is subject to the provisions of any applicable bond indentures of the Corporation. The base fiscal year is the fiscal year ending two years before the fiscal year in which payment is made available.

The Board of the Corporation has approved and paid return of capital payments to the State of $5.25 million and $5.0 million for payment in fiscal years 2003 and 2004, respectively. The Corporation has approved a return of capital payment to the State of $5.6 million for payment in fiscal year 2005.

THE ALASKADVANTAGE™ LOAN PROGRAM

General

The information set forth under this heading, "THE ALASKADVANTAGE™ LOAN PROGRAM," refers to the Loan Program generally and to Education Loans within the Loan Program generally and is not specific to Education Loans within the Loan Program that are pledged as security for the Bonds. With respect to Education Loans within the Loan Program that are pledged as security for the Bonds, see "PLAN OF FINANCE."

The purpose of the Loan Program is to provide low-interest loans to Alaskans pursuing education and training at a postsecondary level and to other qualified individuals attending postsecondary institutions in the State. The Loan Program has grown from annually serving just over 1,000 Alaskans in the 1971-72 academic year, to serving more than 57,000 borrowers in 2004. In its thirty years of operation, over 320,000 education loans have been awarded to Alaskan residents, in an amount in excess of $1.16 billion.

Education loans are provided to eligible Alaskans and may be used only to offset allowable educational costs as defined by statute. The loans may be used for attendance at any accredited or approved college, university, or vocational-technical program.

The following chart provides a five-year summary of the number of loans awarded by the Commission:

School Year	Loans Awarded	In-State Loans	Out-of-State Loans	Undergraduate Loans	Graduate Loans
1998-99	12,183	6,605 or 54%	5,578 or 46%	11,099	1,084
1999-00	10,620	5,389 or 51%	5,231 or 49%	9,822	798
2000-01	9,939	4,722 or 48%	5,217 or 52%	9,169	770
2001-02	9,369	4,474 or 48%	4,895 or 52%	8,593	776
2002-03	10,356	5,595 or 54%	4,761 or 46%	9,562	794
2003-04[1]	10,490	6,052 or 58%	4,438 or 42%	9,530	960

(1) As of March 31, 2004.

Borrower Benefit Program

The Corporation has approved various programs to provide incentives and rewards for borrowers. Under the Borrower Benefit Program, effective July 1, 2003 through June 30, 2004, borrowers with qualified loans held by the Corporation are eligible for certain reductions in interest rate or interest rate rebates on any such loan. Certain Education Loans will be eligible under the Corporation's Borrower Benefit Program. The Borrower Benefit Program is subject to the availability of funds and annual modification or termination by the Corporation in its discretion; provided, however, any change in the Borrower Benefit Program which impacts any Education Loan held under the Indenture requires a Rating Confirmation.

The Alternative Loan Program

There are four types of alternative education loans available through the Loan Program: (i) Supplemental Education Loans, which include Education Loans for students enrolled in half-time or greater status; (ii) Family Education Loans; (iii) Teacher Education Loans; and (iv) Alternative Consolidation Loans (collectively, the "Alternative Loans"). Substantially all loans financed by the Corporation prior to July 2002 have been Supplemental Education Loans.

Following is a table which briefly shows certain characteristics of the Alternative Loans. These characteristics are set by the Act.

	Academic Year Loan Limit	Aggregate Loan Limit(*)	Repayment Period	Grace Period
Supplemental Education Loan:				
Graduate	$9,500	$47,500	10 years	6 months
Undergraduate	8,500	42,500	10 years	6 months
Vocational	6,500	42,500	10 years	6 months
Family Education Loan:				
Graduate	$9,500	$47,500	10 years	N/A
Undergraduate	8,500	42,500	10 years	N/A
Teacher Education Loan:				
Graduate	$7,500	$37,500	15 years	6 months
Undergraduate	7,500	37,500	15 years	6 months
Alternative Consolidation Loan:				
<$30,000	N/A	Max of loans to	10 years	N/A
$30,000 or more	N/A	consolidate	15 years	N/A

(*) A borrower's overall limit under the Alternative Loans (combining undergraduate and graduate education loans) cannot exceed $60,000.

The Federal Loan Program

After extensive analysis, the Corporation expanded its program offerings beginning with the 2002-2003 academic year to include loans governed by the Higher Education Act (collectively, the "Federal Family Education Loans" or "FFELP Loans" and, the program with respect thereto, the "Federal Family Education Loan Program" or "FFELP Loan Program"). To accommodate the FFELP Loan Program, the Commission secured the status of "eligible lender" under the Higher Education Act and entered into various agreements with NELA, which serves as the Commission's "eligible guarantor" under the Higher Education Act. See "DESCRIPTION OF FEDERAL FAMILY EDUCATION LOAN PROGRAM."

DESCRIPTION OF ALTERNATIVE LOANS

Supplemental Education Loan

A person is eligible for a supplemental education loan if certain statutory requirements are satisfied, including (i) admission as at least a half-time student into a career education, associate, baccalaureate, or graduate degree program, (ii) resident of the State and attendance at an approved college, university or vocational technical program, (iii) nonresident of the State and attendance at an approved college, university or vocational technical program in the State, and (iv) determination by the Commission that the person is credit worthy.

Currently, the loan limit for any one academic year is $9,500 for qualified graduate students, $8,500 for qualified undergraduate students, and $6,500 for qualified vocational students. Under the Loan Program, borrowing limits amount to $42,500 per student for undergraduate loans, $47,500 per student for graduate loans, and $60,000 overall. To maintain a loan the student must continue to be enrolled, in academic good standing, in a career education program, college or university at least half-time.

Repayment of the principal of and interest on a loan begins no later than six months after the borrower's graduation or a change in enrollment status to less than half-time. Repayment of the total amount owed is made in periodic installments over ten years from the commencement of repayment, except with respect to certain periods of forbearance or deferment. If the Commission and the borrower agree to a different repayment schedule, the borrower is required to repay the loan in accordance with such agreement. A borrower may make payments earlier than required.

Pursuant to the Supplemental Education Loan terms, the borrowers pay a variable rate of interest which is adjusted annually on or after June 1 of each loan year and effective for the next twelve months beginning July 1. The variable interest rates are based on the bond equivalent rate of 91-day United States Treasury bills auctioned at the final auction held before June 1 of the loan year plus up to 2.8% and are capped at 8.25%.

Teacher Education Loan

The Teacher Education Loan Program is designed to support the growth of teaching staffs in rural areas of the State. Historically, the annual loan volume under this program has been less than $1,500,000. These loans do not bear interest while a student borrower is enrolled in a qualified educational program. Interest rates for Teacher Education Loans are fixed rates set by the Commission and are based on the cost of funds plus up to 3% for program administration. The Commission limits the number of new applicants to 90 each year.

For substantially all of the Teacher Education Loans, repayment of the principal and interest begins six months after the borrower's graduation or change in enrollment status to less than full-time. A borrower may make payments earlier than required.

Borrowers of Teacher Education Loans can obtain up to 100% forgiveness on loans awarded if the borrower teaches in rural Alaska for periods specified by the program. As of December 31, 2003, there were approximately $3,300,000 of outstanding loans eligible for forgiveness; the Corporation anticipates that only 30% of these loans will actually be forgiven.

Family Education Loan

The Alaska Family Education Loan Program is designed to provide financial assistance to families for the postsecondary education of family members. The interest rate for these loans is currently fixed by State law at 5%.

Interest accrues on the loan from the time of the initial disbursement until the loan is paid in full. Repayment begins the month following the date of last disbursement for the loan year. A borrower may make payments earlier than required.

Alternative Loan Fees

The Commission charges a 3% origination fee on all Alternative Loans issued except the Alternative Consolidation Loans. The purpose of the origination fee is to offset loan losses due to death, disability, bankruptcy or default. These amounts are not pledged under the Indenture and there is no assurance that the amounts will be used to pay for any losses incurred in connection with Education Loans held under the Indenture.

Alternative Consolidation Loans

Beginning July 1, 2004, borrowers with two or more supplemental loans may consolidate those loans under the Alternative Consolidation Loan Program.

Alternative Consolidation Loan applicants are subject to minimum FICO credit score standards or, alternatively, must have made full and timely payments on all loans held by the Commission for the twelve month period immediately prior to the application.

Interest rates on the Alternative Consolidation Loans are fixed rates set annually by the Corporation and are based on the 10 year United States Treasury note auctioned at the final auction held before March 1 plus up to 2%.

Repayment of principal and interest begins no later than 60 days from the date the Alternative Consolidation Loan is originated. The repayment term for the Alternative Consolidation Loans is 10 years for loans with a principal balance of less than $30,000 and 15 years for loans with a principal balance of $30,000 or more.

DESCRIPTION OF FEDERAL FAMILY EDUCATION LOAN PROGRAM

General

The information under this heading, "DESCRIPTION OF FEDERAL FAMILY EDUCATION LOAN PROGRAM," refers to the FFELP Loan Program generally and to FFELP Loans within the FFELP Loan Program generally and is not specific to FFELP Loans that are pledged as security for the Bonds. With respect to FFELP Loans that are pledged as security for the Bonds, see "PLAN OF FINANCE."

The FFELP Loan Program includes several different educational loan programs. Under these programs, state agencies or private nonprofit corporations administering FFELP Loan insurance programs ("Guarantee Agencies" or "Guarantors") are reimbursed for losses sustained in the operation of their programs, and holders of certain loans made under such programs are paid subsidies for

owning such loans. Certain provisions of the Federal Family Education Loan Program are summarized below and are qualified in their entirety by reference to the Higher Education Act and the regulations promulgated thereunder. The Commission is an "eligible lender" under the Higher Education Act.

The Higher Education Act has been subject to frequent amendments, including several amendments that have changed the terms of and eligibility requirements for the FFELP Loans. See, "PLAN OF FINANCE -- The 2004A-1 Bonds" regarding a recently proposed amendment to the Higher Education Act. There can be no assurance that the Higher Education Act, or other relevant federal or State laws, rules and regulations will not be changed in the future in a manner that will adversely impact the programs described below and the student loans made thereunder. Generally, this Official Statement describes only the provisions of the Federal Family Education Loan Program that currently apply to loans made on or after July 1, 1998. The following summary of the Federal Family Education Loan Program as established by the Higher Education Act does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the text of the Higher Education Act and the regulations thereunder.

Federal Family Education Loans

Several types of loans are currently authorized as Federal Family Education Loans pursuant to the Federal Family Education Loan Program. These include: (i) 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 ("Subsidized Stafford Loans"); (ii) loans to students made without regard to financial need with respect to which the federal government does not make such interest payments ("Unsubsidized Stafford Loans" and, collectively with Subsidized Stafford Loans, "Stafford Loans"); (iii) loans to parents of dependent students ("PLUS Loans"); and (iv) loans available to borrowers with certain existing federal educational loans to consolidate repayment of such loans ("Consolidation Loans").

Subsidized Stafford Loans

The Higher Education Act provides for federal (i) insurance or reinsurance of eligible Subsidized Stafford Loans, (ii) interest subsidy payments to eligible lenders with respect to certain eligible Subsidized Stafford Loans, and (iii) SAP representing an additional subsidy paid by the Secretary of the U.S. Department of Education (the "Secretary") to such 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 on at least a half-time basis at an eligible institution of higher education or vocational school. 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 Program funding have been the subject of frequent and extensive amendment in recent years. There can be no assurance that further amendment to such provisions will not materially affect the availability of Subsidized Stafford Loan funding to borrowers or the availability of Subsidized Stafford Loans for secondary market acquisition.

Qualified Students and Institutions. Generally, a loan may be made only to a United States citizen or national or otherwise eligible individual under federal regulations who (i) has been accepted for enrollment or is enrolled and is maintaining satisfactory progress at an eligible institution, (ii) 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, (iii) has agreed to notify promptly the holders of the loan of any address change, and (iv) meets the applicable "need" requirements. 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 thresholds specified in the Higher Education Act is not an eligible institution.

Unsubsidized Stafford Loans

Unsubsidized Stafford Loans are available for students who do not qualify for Subsidized Stafford Loans after the need analysis methodology due to parental and/or student income or assets in excess of permitted amounts. Such students are entitled to borrow the difference between the Stafford Loan maximum amount and their Subsidized Stafford eligibility. 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 subsidy payments and the loan limitations are determined

without respect to the expected family contribution. The borrower is required to pay interest from the time such loan is disbursed or capitalize the interest until repayment begins.

PLUS Loan Program

The Higher Education Act authorizes PLUS Loans to be made to parents of eligible dependent undergraduate students. Only parents who do not have an adverse credit history or, if permitted by the lender, have an endorser who does 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 Guarantee Agencies and the Secretary in providing federal reinsurance on the loans. However, PLUS Loans differ significantly from Subsidized Stafford Loans, particularly because federal interest subsidy payments are not available under the PLUS Program and SAP are more restricted.

The FFELP Consolidation Loan Program

The Higher Education Act authorizes a program under which certain borrowers may consolidate their various FFELP 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 FFELP Loans (other than PLUS Loans made to "parent borrowers") selected by the borrower, as well as loans made pursuant to the Perkins Loan Program (formerly "National Direct Student Loan"), loans made pursuant to the Health Professional Student Loan Program, Health Education Assistance Loans, Nursing Student Loans, and loans made pursuant to the William D. Ford Federal Direct Loan Program (the "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 have made satisfactory repayment arrangements with the holders of the defaulted loan or agreed to repay the Consolidation Loan under an income-sensitive repayment schedule. Borrowers may add additional loans to a Consolidation Loan during the 180-day period following origination of the Consolidation Loan. Further, a married couple who agree to be jointly and severally liable are 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.

If 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 Direct Loan Program. Such Direct Consolidation Loans shall be repaid either pursuant to income contingent repayment or any other repayment provision under the authorizing section of the Higher Education Act.

Interest Rates

Subsidized Stafford Loans and Unsubsidized Stafford Loans disbursed on or after October 1, 1998 and prior to July 1, 2006 which are in in-school, grace and deferment periods bear interest at a rate equivalent to the 91-day T-Bill rate plus 1.7 percent, with a maximum rate of 8.25 percent. Subsidized Stafford Loans and Unsubsidized Stafford Loans in all other periods bear interest at a rate equivalent to the 91-day T-Bill rate plus 2.3 percent, with a maximum rate of 8.25 percent. The rate is adjusted annually on July 1. PLUS Loans bear interest at a rate equivalent to the 91 day T Bill rate plus 3.1 percent, with a maximum rate of 9 percent. Consolidation Loans for which the application was received by an eligible lender on or after October 1, 1998 and prior to July 1, 2006, bear interest at a rate equal to the weighted average of the loans consolidated, rounded to the nearest higher one-eighth of one percent, with a maximum rate of 8.25 percent.

All Subsidized Stafford Loans and Unsubsidized Stafford Loans first disbursed on or after July 1, 2006 will bear interest at the fixed rate of 6.8%. Similarly, PLUS loans first disbursed on or after July 1, 2006 will bear interest at the fixed rate of 7.9%. Finally, Consolidation Loans made as a result of applications received on or after July 1, 2006 will bear interest at a rate equal to the lesser of (i) the weighted average of the interest rates on the loans consolidated, rounded to the nearest higher one-eighth of 1%, or (ii) 8.25%.

Loan Limits

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 cannot exceed $2,625 for the first year of undergraduate study, $3,500 for the second year of undergraduate study and $5,500 per year for the third, fourth and fifth years of undergraduate study. The aggregate limit of Stafford Loans for undergraduate study is $23,000; however, if the student's parent is unable to obtain a PLUS Loan, the student's aggregate amount may not exceed $46,000 for undergraduate study, with Subsidized Stafford Loans comprising no more than $23,000 of the total limit. Independent undergraduate students may receive an additional Unsubsidized Stafford Loan of up to $4,000 for the first and second years of study, and up to $5,000 for the third, fourth and fifth years of study, with an aggregate maximum of $46,000, with Subsidized Stafford Loans comprising no more than $23,000 of the total limit. The maximum amount of the loans for an academic year for graduate students is $8,500, and independent students may borrow an

additional Unsubsidized Stafford Loan up to $10,000 per academic year. The aggregate unpaid principal amount of such loans of the borrowers may not exceed $138,500 with Subsidized Stafford Loans comprising no more than $65,000 of the total limit. The Secretary has discretion to raise these limits by regulation to accommodate highly specialized or exceptionally expensive courses of study.

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 borrower 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 (the six month period is the "Grace Period"). Grace Periods may be waived by borrowers. Except for certain borrowers described below in general, each such loan must be scheduled for repayment over a period of not less than five or more than 10 years (excluding any "deferment period" or "forbearance period" as defined by the Higher Education Act) after the commencement of repayment. 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. An extended repayment plan, not to exceed 25 years, is also available to new borrowers of loans disbursed on or after July 1, 1998 with loans totaling more than $30,000. Once a repayment plan is established, the borrower may annually change the selection of the plan. Student borrowers are entitled to accelerate, without penalty, the repayment of all or any part of a guaranteed student loan.

The Higher Education Act currently requires minimum annual payments of $600, including principal and interest (but in no event less than the accrued 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 which vary depending upon the principal amount of the borrower's outstanding FFELP Loans (but no longer than 30 years).

Deferment and Forbearance Periods

During certain periods and subject to certain conditions prescribed by the Higher Education Act, 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. Generally, Deferment Periods include periods (a) when the borrower has returned to an eligible educational institution on at least half-time basis or is pursuing studies pursuant to an approved graduate fellowship or rehabilitation training program, (b) not exceeding three years while the borrower is seeking and unable to find full-time employment, and (c) 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. Deferment Periods extend the maximum repayment periods. Under certain circumstances, a lender may also allow periods of forbearance ("Forbearance") during which the borrower may defer payments because of temporary financial hardships. 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 or by military mobilization or when the geographical area in which the borrower resides or works is declared a disaster area by certain officials. Other mandatory periods include periods during which the borrower is (a) participating in a medical or dental residency and is not eligible for deferment; (b) serving in a qualified medical or dental internship program or certain national service programs; or (c) 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 Subsidy Payments

The Secretary is to pay interest on Subsidized Stafford Loans while the borrower is 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 Direct Loan Program are eligible for interest subsidy payments. The Secretary is required to make interest subsidy payments to the holders 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, shall be deemed to have a contractual right against the United States to receive interest subsidy payments from the Secretary (including the right to receive interest or interest subsidy payments not timely paid)in accordance with its provisions.

Special Allowance Payments

The Higher Education Act provides for Special Allowance Payments ("SAP") to be made by the Secretary to eligible lenders. The rates for SAP 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 9.5%. The SAP payable with respect to FFELP Loans acquired or funded with the proceeds of tax-exempt obligations issued after September 30, 1993 are equal to those paid to other lenders. (The Higher Education Act has been subject to frequent amendments which could impact SAP. See, "PLAN OF FINANCE – The 2004A-1 Bonds" which speaks to a recently proposed change to the Higher Education Act.)

Subject to the foregoing, the formulae for SAP rates for Subsidized Stafford Loans 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. As a general matter, the amount of the SAP with respect to any loan is the difference between interest on such loan at its stated rate of interest and the SAP Rate applicable to such loan (assuming that the former is greater than the latter).

Date of Loans	Annualized Special Allowance Payments Rate
On or after October 1, 1992 to June 30, 1995	T-Bill Rate less Applicable Interest Rate + 3.1%
On or after July 1, 1995 to June 30, 1998	T-Bill Rate less Applicable Interest Rate + 3.1%[1]
On or after July 1, 1998 to December 31, 1999	T-Bill Rate less Applicable Interest Rate + 2.8%[2]
On or after January 1, 2000 to June 30, 2006	3-Month Commercial Paper Rate less Applicable Interest Rate + 2.34%[3]

(1) Substitute 2.5% in this formula while such loans are in the in-school or grace period.
(2) Substitute 2.2% 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 formulae for SAP rates for PLUS and Consolidation Loans are as follows:

Date of Loans	Annualized Special Allowance Payments Rate
On or after October 1, 1992 to December 31, 1999	T-Bill Rate less Applicable Interest Rate + 3.1%
On or after January 1, 2000 to June 30, 2006	3-Month Commercial Paper Rate less Applicable Interest Rate + 2.64%

SAP are generally payable, with respect to variable rate FFELP Loans to which a maximum borrower interest rate applies, only when the maximum borrower interest rate is in effect. The Secretary offsets Interest Subsidy Payments and SAP by the amount of Origination Fees and Lender Loan Fees described below in "- FFELP Loan Fees."

The Higher Education Act provides that a holder of a qualifying loan who is entitled to receive SAP has a contractual right against the United States to receive those payments during the life of the loan. Receipt of SAP, 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. Under recent amendments, the current Special Allowance Payment formula for PLUS Loans extends through June 30, 2006. For PLUS Loans first disbursed on or after July 1, 2006, SAP will only be made when the 3-month Commercial Paper Rate plus 2.64% exceeds 9.00%.

FFELP Loan Fees

Insurance Premium. A Guarantee Agency is authorized to charge a premium, or guarantee fee, of up to 1% of the principal amount of the loan, which may be deducted proportionately from each installment of the loan. Generally, Guarantee Agencies have waived this fee since 1999. NELA has announced its intention to resume charging this fee on loans guaranteed on or after July 1, 2004.

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.

Lender Loan Fee. The lender of a FFELP Loan is required to pay to the Secretary an additional origination fee equal to 0.5% of the principal amount of the loan. 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 Subsidy or SAP 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.

INSURANCE AND GUARANTEES

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 in default is covered by federal loan insurance in accordance with the provisions of the Higher Education Act, the Secretary is to pay the holder the amount of the loss sustained thereby, upon notice and determination of such amount, within 90 days of such notification. 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.

Federal Insurance

The Higher Education Act provides that, subject to compliance with such 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 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. Under the Higher Education Act, the Secretary enters into a guarantee agreement and an annually renewable supplemental guarantee agreement (the "Guarantee Agreements") with each guarantor which provide for federal reimbursement for amounts paid to eligible lenders by the guarantor with respect to defaulted loans.

Guarantee Agreements. Pursuant to the Guarantee Agreements, the Secretary is to reimburse a guarantor for a statutorily-set percentage of 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, or claims by borrowers who are unable to complete the programs in which they are enrolled due to school closure or borrowers whose borrowing eligibility was falsely certified by the eligible institution. Such claims are not included in calculating a guarantor's claims rate experience for federal reimbursement purposes. Generally, education 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 Guarantee 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 Guarantee Agreements, or has assumed a guarantor's functions, notwithstanding any other provision of law: (i) no state court may issue an order affecting the Secretary's actions with respect to that guarantor; (ii) 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 (iii) 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 made by the Secretary to a guarantor is subject to reduction based upon the annual claims rate of the guarantor. The annual claims rate of a guarantor is equal to the amount of reimbursement payments made by the Secretary to the guarantor during the previous fiscal year expressed as a percentage of all FFELP Loans guaranteed by that guarantor and in repayment as of the last day of such preceding 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 in the table on the following page:

CLAIMS RATE	GUARANTOR REIMBURSEMENT RATE FOR LOANS MADE PRIOR TO OCTOBER 1, 1993	GUARANTOR REIMBURSEMENT RATE FOR LOANS MADE BETWEEN OCTOBER 1, 1993 AND SEPTEMBER 30, 1998*	GUARANTOR REIMBURSEMENT RATE FOR LOANS MADE ON OR AFTER OCTOBER 1, 1998
0% up to 5%	100%	98%	95%
5% up to 9%	100% of claims up to 5%; and 90% of claims 5% and over	98% of claims up to 5%; and 88% of claims 5% and over	95% of claims up to 5% and 85% of claims 5% and over
9% and over	100% of claims up to 5%; 90% of claims 5% up to 9%; 80% of claims 9% and over	98% of claims up to 5%; 88% of claims 5% up to 9%; 78% of claims 9% and over	95% of claims up to 5%, 85% of claims 5% up to 9%; 75% of claims 9% and over

* Other than student loans made pursuant to the lender-of-last resort program or student loans transferred by an insolvent guarantor as to which the amount of reinsurance is equal to 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: (i) guarantee payments on such loans, (ii) the original principal amount of such loans that have been fully repaid, and (iii) 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.

Under the Guarantee Agreements, 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 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, death, permanent and total disability or bankruptcy of the student borrower at the rate of 98% of such loss subject to certain limitations (100% for loans in default made on or after October 1, 1993). 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 from 60 days past due, the holder is required to request default aversion assistance from the applicable guarantor in order 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 rights accruing to the holder under the note evidencing the loan.

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.

Guarantor Reserves. Each guarantor is required to establish a Federal Student Loan Reserve Fund (the "Federal Fund") 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, the Secretary's share of default collections, insurance premiums, 70% of payments received as administrative cost allowance and other receipts as specified in regulations. A guarantor is authorized to transfer up to 180 days of cash expenses for normal operating expenses (other than claim payments) from the Federal Fund to the Operating Fund (described below) at any time during the first three years after establishment of the fund. The Federal Fund may be used to pay lender claims and to pay default aversion fees into the Operating Fund. A guarantor is also required to establish an operating fund (the "Operating Fund") which, except for funds transferred from the Federal Fund, is the property of the guarantor. A guarantor may deposit into the Operating Fund loan processing and issuance fees equal to 0.65% of the total principal amount of loans insured during the fiscal year, 30% of payments received after October 7, 1998 for the administrative cost allowance for loans insured prior to that date and the 24% retention of collections on defaulted loans and other receipts as specified in regulations (23% retention date effective October 1, 2003). 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 required the Secretary to recall $1 billion in federal reserve funds from guarantors on September 1, 2002. Each guarantor was required to transfer its equitable share of the $1 billion to a restricted account. Each guarantor was to transfer its required share to the restricted account in equal annual installments for each of the five federal fiscal years 1998 through 2002. However, a guarantor with a reserve ratio equal to or less than 1.1% as of September 30, 1996 may transfer its required share to the restricted account in four equal annual installments beginning in federal fiscal year 1999. The guarantor's required reserve ratio has been reduced from 1.1% to .25%.

The Higher Education Act provides for an additional recall of reserves from each Federal Fund, but also provides 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 FFELP Loan 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: (i) 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 (ii) 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.

GUARANTOR

Lack of Liability of Eligible Guarantors

Neither the guarantee funds nor any other assets or revenues of the Eligible Guarantors, including amounts payable to the Eligible Guarantors by the Secretary, as described above, are pledged as security for the Bonds or are available for payment of the Bonds. However, amounts paid from such assets and revenues by the Eligible Guarantors to the Corporation in fulfillment of the Eligible Guarantors' insurance obligations with respect to FFELP Loans are so pledged.

The Guarantor

Northwest Education Loan Association. NELA was organized as a private, non-profit corporation in November 1978 under the General Corporation Law of the State of Washington. In accordance with its Articles of Incorporation, NELA (i) maintains facilities for the provision of guarantee services with respect to approved education loans made to or for the benefit of eligible students who are enrolled at or plan to attend approved educational institutions, (ii) guarantees education loans made pursuant to the Higher Education Act loan programs and (iii) serves pursuant to designation as the guaranty agency for the Federal Family Education Loan Programs in Washington and Idaho.

For the purpose of providing loan guarantees under the Higher Education Act, NELA has entered into various agreements with the Secretary (collectively, the "Federal Reinsurance Agreements"). Pursuant to the Federal Reinsurance Agreements, NELA

serves as a "Guaranty Agency" as defined in Section 435(j) of the Higher Education Act. Under the terms of the Federal Reinsurance Agreements, reinsurance is paid to NELA by the Secretary in accordance with a formula based on the annual default rate of loans guaranteed by NELA under the Higher Education Act. Under the Higher Education Act, certain reserve funds of a guarantee agency are considered the property of the United States and recalls or reserves may occur.

As of September 30, 2003, NELA had total assets in excess of $29 million, including restricted assets of approximately $15 million. At September 30, 2003, the aggregate amount of loan principal (excluding cancellations) which had been guaranteed by NELA since its inception was approximately $7.9 billion (excluding consolidations).

NELA's "claims rate" (see, "INSURANCE AND GUARANTEES –Guarantees –Reimbursement") represents the percentage of default claims (based on dollar value) submitted as reinsurance claims to the Department of Education relative to its existing portfolio of loans in repayment at the start of the federal fiscal year. Past "claims rates"were as follows:

Year	Past "Claim Rates"
1999	2.6 %
2000	3
2001	2
2002	2
2003	1.36

Under Section 422(h) of the Higher Education Act, as amended by the Balanced Budget Act of 1997, the Secretary is required to recall a portion of federal funds deposited into restricted accounts by guaranty agencies participating in the FFELP Loan Program. See, "INSURANCE AND GUARANTEES – Guarantees – Guarantor Reserves." As of fiscal year 2003, NELA had paid $14,386,769 of its obligation to the Department of Education. NELA has two remaining payments of $1,175,590 each to the Department of Education in years 2006 and 2007.

NELA employs approximately 109 persons. NELA will provide a copy of its most recent annual report upon receipt of a written request directed to its headquarters at 190 Queen Anne Ave. N., Suite 300, Seattle, WA 98109, Attention: Controller.

Reimbursement

The original principal amount of loans guaranteed by a guaranty agency which are in repayment for purposes of computing reimbursement payments to a guaranty agency means the original principal amount of all loans guaranteed by a guaranty agency less: (1) guarantee payments on such loans, (2) the original principal amount of such loans that have been fully repaid, and (3) the original amount of such loans for which the first principal installment payment has not become due.

In addition, the Secretary may withhold reimbursement payments if a guaranty agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary or applicable federal law. A supplemental Guaranty Agreement is subject to annual renegotiation and to termination for cause by the Secretary. The Corporation has no knowledge as to whether any aforementioned supplemental Guaranty Agreement will be renegotiated or, if renegotiated, whether it will be renegotiated on the same terms or terms different from those that are currently in effect.

Under the Guaranty Agreements and the supplemental guaranty agreements, if a payment on a FFELP Loan guaranteed by a guaranty agency is received after reimbursement by the Secretary, the Secretary is entitled to receive an equitable share of the payment.

The Corporation (or any other 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 guaranty agency has probable cause to believe that the holder has made misrepresentations or failed to comply with the terms of its agreement for guarantee, the guaranty agency may take reasonable action including withholding payments or requiring reimbursement of funds. Prior to the end of the initial term (or any renewal period), termination of the agreement by the guarantor would entail notice and the opportunity for a hearing. The guarantor has other interim remedies, including emergency suspension, and the Secretary has independent remedies.

LOAN SERVICING AND COLLECTION

General

The Commission services the Education Loans owned by the Corporation, including all AlaskAdvantage™ Loans, except to the extent that certain collection activities are delegated to private contractors. The Education Loan Notes evidencing the Education Loans will be secured in fireproof cabinets maintained at the offices of the Commission, which are also the offices of the Corporation.

As described under "THE ALASKA STUDENT LOAN CORPORATION/ALASKA COMMISSION ON POSTSECONDARY EDUCATION," the Corporation does not have its own independent staff; the staff of the Commission serves as staff of the Corporation.

The Commission presently uses education loan servicing software from Charter Accounts Systems, Inc. to service the Education Loans. The purchase of the software included the source code, the possession of which enables the Commission programming staff to enhance reporting capabilities and to service FFELP Loans and Alternative Loans on a single servicing platform.

Servicing of Education Loans

The Commission services the portfolio of Education Loans owned by the Corporation except as otherwise noted above. The Corporation may, in the future, use any other entity or person to service its loans. The Corporation expects that all Education Loans pledged as security for payment of the Bonds will be serviced by the Commission or another servicer. The servicer will maintain custody of the Education Loans pursuant to a Custody Agreement with the Corporation and the State of Alaska.

The Higher Education Act requires the exercise of due diligence in the collection of FFELP Loans. The Higher Education Act defines due diligence as requiring the use of collection practices at least as extensive and forceful as those generally practiced by financial institutions for the servicing and collection of consumer loans. See, "INSURANCE AND GUARANTEES – Federal Insurance – Lender Agreements." The Higher Education Act also requires the exercise of reasonable care and diligence in the making and collection of FFELP Loans, and provides that the Secretary may disqualify an "eligible lender" (which could include the Corporation or the Trustee as a holder of FFELP Loans) from further federal insurance if the Secretary is not satisfied that the foregoing standards have been, or will be, met. An eligible lender may not relieve itself of its responsibility for meeting these standards by delegation of its responsibility to any servicing agent and, accordingly, if the servicer fails to meet such standards, the Corporation's ability to realize the benefits of insurance may be adversely affected.

The Higher Education Act requires that a guaranty agency, such as NELA, ensure that due diligence will be exercised by an eligible lender in making and collecting FFELP Loans guaranteed by such guaranty agency and in collecting loans which it holds. The Commission and other servicers of the FFELP Loans owned by the Corporation have established procedures and standards for due diligence to be exercised. If the Commission or any other such servicer does not comply with the established due diligence standards, the Corporation's ability to realize the benefits of any guaranty may be adversely affected. NELA is obligated under its disbursement agreement with the Commission to exercise due diligence and to ensure that its subcontractors exercise due diligence within the meaning of the Higher Education Act.

Collection

The Commission has authority to facilitate collection on accounts, with respect to Alternative Loans, that are at least one hundred eighty days (180) past due without the need to secure a judgment issued by a court using various administrative collection tools including wage garnishment in Alaska, withholding the renewal of an Alaska occupational license, seizure of the State of Alaska Permanent Fund Dividend, and issuing a lien against real property.

The Alaska State Permanent Fund (the "Permanent Fund") is a fund held and managed by the State, which was established by an amendment to the State Constitution in 1976. A percentage of the State's oil and gas royalties is deposited each year into the Permanent Fund. Currently, a portion of the Permanent Fund's earnings is paid annually to qualifying State residents who apply for it (the "Permanent Fund Dividend"). The Commission may seize a borrower's Permanent Fund Dividend, if any, to satisfy the balance of a defaulted education loan. There can be no assurance that the Permanent Fund Dividend program will continue. The Permanent Fund Dividend can be eliminated or reduced by an amendment to the Alaska State Constitution, Alaska Statutes or by failure of the Legislature to appropriate the amount produced by the statutory formula.

The Commission also uses collection agencies to provide debt collection on certain accounts that are at least two hundred and seventy (270) days past due. The contracts with collection agencies are contingency fee based, covering the cost of pursuing collection of defaulted loans, including additional skip tracing, legal fees, and judgment enforcement.

LOAN ORIGINATION

General

Following is a general summary of the chronology of an Alternative Loan and a FFELP Loan. While in most situations borrowers do not follow exactly the same flow of events from the inception of their loan to the last payment of their loan, and in certain cases there are nonconformities with regular procedure, this summary does provide a general description of the material events in the life of the Alternative Loan and FFELP Loan.

Alternative Loans

Loan Application and Payment. After an application for an Alternative Loan is received it is reviewed for completeness, and a review of the applicant's credit history, compliance with any outstanding child support enforcement obligation, and compliance with applicable selective service registration requirements is performed. If the applicant does not have an adverse credit history, is in compliance with any outstanding child support enforcement obligation, and is compliant with applicable selective service requirements the Alternative Loan is approved. Once approved, the borrower is sent notification of the award and disbursements are sent to the school. Following the borrower's last date of attendance, and after a grace period, repayment commences.

Loan Repayment. Provided the borrower continues to make scheduled monthly payments, the borrower receives a monthly bill from the Commission and remains in the repayment cycle until the Alternative Loan is paid in full. At that time, a "paid in full" letter and the cancelled promissory note is sent to the borrower.

Activity Prior to Default. When a borrower fails to make a payment when due, the borrower's next billing statement contains text reminding the borrower that the payment is delinquent. The past due status is reflected in each subsequent monthly billing until the Alternative Loan is brought current. If the loan was made with a co-signer, the due diligence notices will also be sent to the co-signer. The co-signer's obligation to repay the Alternative Loan begins when the borrower's obligation begins and continues even if the borrower's obligation to repay the Alternative Loan is discharged or canceled before the Alternative Loan, including interest, is repaid in full. In addition, during the time that the scheduled payment is between thirty (30) and one hundred eighty (180) days past due, due diligence staff make attempts, by telephone and regular mail, to contact the borrower and co-signer in each 30-day period. If both the borrower and co-signer fail to respond to the contact or fail to bring the account current, or if the borrower or the co-signer make arrangements to bring the account current but fail to keep the arrangement, the Alternative Loan will be manually reviewed by staff. If the following criteria are met, the Alternative Loan is transferred to a collection agency for further collection action: (i) the Alternative Loan is at least two hundred seventy (270)[1] days past due; (ii) neither the borrower nor the co-signer has contacted the Commission to make alternate payment arrangements (or the borrower or co-signer has made alternate payment arrangements but has not kept the arrangement); (iii) the Commission has exhausted all administrative measures for collection; and (iv) the borrower and the co-signer have received all appropriate past due notices including a demand letter.

In addition to staff communications directed to the borrower and the co-signer, due diligence staff also informs the institution which the borrower attended when such borrower's loan becomes 60 days or more past due. Institutional staff then verifies or updates contact information last known for the borrower (which may include information regarding any known employer) and also may engage in institution-based default management activities. Due diligence staff provides this information to the institutions on a monthly basis through paper rosters and electronic media.

Rehabilitation. The Commission is authorized to establish a rehabilitation loan program for Alternative Loans which are 271, or more, days past due. Such program could allow the borrower to regain eligibility under the Loan Program with an alternative repayment schedule, loan deferment, or loan forbearance. No such program is presently approved by the Commission.

Forbearance. The Commission provides Alternative Loan borrowers with mandatory forbearance options to conform with those offered through the FFELP Loan program. However, any additional forbearance may be granted at the sole discretion of the Commission in cases where, because of temporary hardship, a borrower is willing but unable to pay in accordance with the repayment schedule. Forbearance would not be authorized when the borrower is unwilling to pay. The borrower must submit a request for forbearance and, for a forbearance period of more than six months in length, provide other documentation supporting the request. Upon receipt of a written request for forbearance of the principal payment from an eligible borrower, forbearance will be granted for a period of time at the discretion of the Commission, but for a period of no longer than 36 months.

FFELP Loan

Loan Application and Payment. The borrower submits a loan application to the Commission either directly, or through the school or the Guarantor. The Commission then sends the borrower a notification of the award, once the guarantee is secured. Loan disbursements are sent to the school. Following the borrower's last date of attendance, after a grace period of, generally, six months in length, repayment commences.

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[1] The Commission may provide a borrower with alternative repayment schedules, loan deferments, and loan forbearance options subsequent to the 180th day of delinquency, but not later than the 270th day of delinquency.

Loan Repayment. Generally borrowers are billed and make payment on a monthly schedule, and remain in the repayment cycle until the loan is paid in full. At that time, a "paid in full" letter, and the cancelled promissory note, are sent to the borrower.

TAX EXEMPTION

In the opinion of Bond Counsel, based on an analysis of existing laws, regulations, rulings and court decisions and assuming, among other things, compliance with certain covenants, interest on the 2004 Bonds is excluded from gross income for federal income tax purposes. Interest on the 2004 Bonds is a specific preference item for purposes of the federal individual and corporate alternative minimum taxes.

Bond Counsel is also of the opinion based on existing laws of the State as enacted and construed that interest on the 2004 Bonds is excluded from taxation by the State except for transfer, estate and inheritance taxes and except to the extent that inclusion of said interest in computing the alternative minimum tax under the Code may affect the corresponding provisions of the State income tax.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2004 Bonds. The Corporation has covenanted to comply with certain restrictions designed to assure that interest on the 2004 Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the 2004 Bonds being included in federal gross income, possibly from the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2004 Bonds may adversely affect the tax status of interest on the 2004 Bonds.

Although Bond Counsel has rendered an opinion that interest on the 2004 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, such 2004 Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of, or the accrual or receipt of interest on, the 2004 Bonds.

A description of the proposed opinion of Bond Counsel is set forth in Appendix VI hereto and such opinion is to be delivered with the 2004 Bonds.

THE TRUSTEE

The Corporation has appointed Zions First National Bank, Denver, Colorado, as Trustee for the 2004 Bonds. The Trustee is to carry out such duties as are assigned to it under the Indenture and the Continuing Disclosure Agreement.

The Trustee did not participate in the preparation of this Official Statement and makes no representations concerning the 2004 Bonds, the collateral or any other matter stated in this Official Statement. The Trustee has no duty or obligation to pay the 2004 Bonds from its own funds, assets or corporate capital or to make inquiry regarding, or investigate the use of amounts disbursed from the Trust Estate.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "Rule"), the Corporation will agree to provide continuing disclosure for the benefit of the registered owners and beneficial owners of the Bonds, by executing and delivering an agreement with Zions First National Bank, as dissemination agent, for the benefit of the registered owners and beneficial owners of the Bonds (the "Continuing Disclosure Agreement"). The Corporation will undertake to provide each Nationally Recognized Municipal Securities Information Repository (the "Repository"), and if and when one is established, the Alaska State Information Depository, on an annual basis on or before 215 days after the end of each fiscal year for the Corporation, commencing with the fiscal year ending June 30, 2004, the financial and operating data concerning the Corporation outlined in the Continuing Disclosure Agreement. The annual financial and operating data which include (i) the Corporation's audited financial statements and (ii) information with respect to the Education Loans held pursuant to the Indenture (in a format similar to that provided in this Official Statement under the captions "PLAN OF FINANCE – Characteristics of Education Loans" and "PLAN OF FINANCE – Loan Delinquencies and Defaults"). In addition, the Corporation will undertake for the benefit of the registered owners and beneficial owners of the Bonds, to provide to each such Repository or to the Municipal Securities Rulemaking Board, and to the State Information Depository, in a timely manner, the event notices described in the Continuing Disclosure Agreement.

The sole and exclusive remedy for breach or default under the Continuing Disclosure Agreement is an action to compel specific performance of the undertakings of the Corporation, and no person, including a registered owner or beneficial owner of the Bonds, may recover monetary damages thereunder under any circumstances. A breach or default under the Continuing Disclosure Agreement shall not constitute an Event of Default under the Indenture. In addition, if all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under the Continuing Disclosure Agreement, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Corporation has never failed to comply in any material respect with any previous undertaking with respect to the Rule to provide annual financial information or notices of material events.

STATE LEGISLATION

Senate Bill No. 277 was introduced by the 23rd Legislature, Second Session, of the State of Alaska on January 23, 2004. This bill amends State statute to authorize the Corporation and/or Commission to 1) administratively establish liens for the purpose of collecting on defaulted loans; 2) expand the scope of the Corporation's purpose in issuing bonds to include providing money to finance capital projects of the State in an aggregate amount not to exceed $280 million; 3) make changes to and finance student aid through the State needs-based education grant program; and 4) be exempt from the State procurement code for the purpose of entering into agreements with third-parties to guarantee and disburse education loans. SB 277 also eliminates the bond issuance limitation under present law. See, "SECURITY FOR THE BONDS – Bond Issuing Limitation."

Senate Bill 277 is awaiting transmittal to the Governor for signature. Once signed by the Governor, Senate Bill 277 becomes law.

ABSENCE OF LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2004 Bonds or in any way contesting or affecting the validity of the 2004 Bonds or any proceedings of the Corporation taken with respect to the issuance or sale thereof or the pledge or application of any moneys or securities provided for the payment of 2004 Bonds or the existence or powers of the Corporation.

FINANCIAL ADVISOR

Public Financial Management, Minneapolis, Minnesota, has been retained by the Corporation to serve as financial advisor with respect to the 2004 Bonds. The financial advisor has assisted the Corporation in matters relating to the planning, structuring and issuance of the 2004 Bonds and various other debt related matters.

LEGALITY

The 2004 Bonds are subject to approval of validity by Wohlforth, Vassar, Johnson & Brecht, P.C., Anchorage, Alaska, Bond Counsel. Certain other legal matters will be passed upon for the Corporation by the State Attorney General. Certain legal matters will be passed upon for the Underwriters by Ballard Spahr Andrews & Ingersoll, LLP, Salt Lake City, Utah.

FINANCIAL STATEMENTS OF THE CORPORATION

The financial statements of the Corporation included in this Official Statement as APPENDIX I have been audited by Elgee Rehfeld Mertz, LLC, Independent Auditors, to the extent and for the periods indicated in their report thereon.

LEGAL INVESTMENT IN ALASKA

The Act provides, subject to any applicable federal requirement or limitation, that the bonds of the Corporation are securities in which public officers and bodies of the State, municipalities, insurance companies, insurance associations, other persons carrying on an insurance business, banks, bankers, trust companies, savings banks, savings associations, building and loan associations, investment companies, other persons carrying on a banking business, administrators, guardians, executors, trustees, other fiduciaries, and other persons who are authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them. The Act further states that, notwithstanding any other provisions of law, the bonds of the Corporation are also securities that may be deposited with and may be received by public officers and bodies of the State and municipalities for any purpose for which the deposit of bonds or other obligations of the State is now or may be authorized.

PLEDGE AND AGREEMENT OF THE STATE

In the Act, the State pledges to, and agrees with, registered owners of bonds issued by the Corporation that the State will not limit or alter the rights and powers vested in the Corporation under Alaska Statutes, Sections 14.42.100 through 14.42.990, to fulfill the terms of a contract made by the Corporation with the bondholders or in any way impair the rights and remedies of the bondholders until the bonds, together with the interest on them with interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the bondholders, are fully met and discharged. In accordance with the Act, the Corporation has included this pledge and agreement of the State in the Indenture.

RATINGS

The 2004 Bonds will be issued as Class I Bonds under the Indenture, and it is expected that the 2004 Bonds will be rated upon issuance "AAA" by Fitch and "AAA" by Standard & Poor's. Under the terms of the Indenture, the Corporation has the ability to change rating agencies at its discretion and no assurance can be given that the Corporation will continue to request ratings of the Bonds from either of the ratings agencies that originally provided a rating for the Bonds.

Any explanation of the significance of such ratings by Fitch may be obtained from Fitch at One State Street Plaza, New York, New York 10004, (212) 908-0500 and any explanation of such ratings by Standard & Poor's may be obtained from Standard & Poor's at 55 Water Street, New York, New York 10041, (212) 438-2124. Certain information and materials concerning the 2004 Bonds and the Corporation, some of which have not been included in this Official Statement, were furnished to such rating agencies by the Corporation and others. There is no assurance that any such rating will be maintained for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the applicable rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price or marketability of the applicable 2004 Bonds.

The Prior Bonds of the Corporation received ratings by Standard & Poor's and Moody's. The Corporation has requested that Moody's withdraw its ratings. The Prior Bonds continue to be rated by Standard & Poor's and are also now rated by Fitch.

The Corporation may in the future again change rating agencies. No assurances can be given that the Corporation continue to request ratings from either Standard & Poor's or Fitch. The Indenture requires that the Bonds be rated by at least one nationally recognized rating agency. The Indenture also requires that one of such rating agencies be either Standard & Poor's or Moody's.

UNDERWRITING

The Underwriter has agreed to purchase the 2004 Bonds at an aggregate price of par. The Underwriter is to be paid an underwriting fee of approximately $496,718.25. The purchase contracts provide that the Underwriter is not obligated to purchase any 2004 Bonds on their date of issuance unless all such 2004 Bonds are purchased. The initial public offering prices or yields set forth on the cover page hereof may be changed by RBC Dain Rauscher from time to time without notice. The 2004 Bonds may be offered and sold to certain dealers (including RBC Dain Rauscher and other dealers depositing such 2004 Bonds into investment trusts) at prices or yields lower than the public offering prices or yields shown on the cover. Although there can be no assurance that any market will commence or be maintained, the Underwriter expects to make a market in the 2004 Bonds after the initial public offering. It is likely that any market that develops will be at prices different from the initial offering prices or yields.

MISCELLANEOUS

All quotations from, and summaries and explanations of, the State, the Act, the Higher Education Act, the Indenture (including supplements thereto) and any other documents and agreements contained herein do not purport to be complete, and reference should be made to said laws, documents and agreements for full and complete statements of their provisions. The Appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Indenture and the other documents and agreements described herein may be obtained upon request directed to Alaska Student Loan Corporation, Attn: Executive Officer, 3030 Vintage Boulevard, Juneau, Alaska 99801-7109 or to the Trustee, Zions First National Bank, 717 Seventeenth Street, Suite 301, Denver, Colorado 80202, ATTN: Corporate Trust.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Corporation and the purchasers or registered owners of the 2004 Bonds.

EXECUTION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement has been authorized by the Corporation.

ALASKA STUDENT LOAN CORPORATION

By: /S/ Diane Barrans
Diane Barrans
Executive Officer

APPENDIX I

Audited Combined Financial Statements of the Corporation - June 30, 2003 and 2002

ALASKA STUDENT LOAN CORPORATION

(a Component Unit of the State of Alaska)

Management's Discussion and Analysis and
Financial Statements

June 30, 2003 and 2002

Together With Independent Auditors' Report

Alaska Student Loan Corporation
(a Component Unit of the State of Alaska)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Alaska Student Loan Corporation (Corporation) functions as a lender and servicer of education loans. The following is a discussion and analysis of the Corporation's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2003. This discussion and analysis contains other supplementary information in addition to the basic financial statements for the year ended June 30, 2003. Please read it in conjunction with the Corporation's financial statements and the notes to financial statements, which follow this section.

Financial Highlights

The Corporation's total assets at June 30, 2003 were approximately $833.7 million, which is an increase of $14.8 million or 2% over June 30, 2002.

The Corporation's long-term debt decreased by $4.7 million during fiscal year 2003, which represents the net difference between new issues and payments and refunding of outstanding debt. During the year the Corporation issued bonds in the amount of $47 million.

The assets of the Corporation exceeded its liabilities at the close of the fiscal year by $323 million (reported as net assets), an increase in net assets of $22 million or 7% over June 30, 2002.

The Corporation's education loans receivable was $566.1 million at year-end, an increase of $2.7 million during the year.

The Corporation's operating revenue remained level at $37.1 million during the year.

The Corporation's interest expense was $20.7 million during the year.

The Corporation's operating expense was $10.3 million during fiscal year 2003.

Overview of the Financial Statements

The Corporation is an enterprise fund of the State of Alaska and is accounted for as an enterprise fund. As such, the Corporation's financial statements are prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied on an accrual basis. Under the accrual method of accounting, the same method used by private sector businesses, revenues are recognized in the period in which they are

earned and expenses are recognized in the period in which they are incurred. The three basic financial statements of the Corporation are as follows:

Balance Sheets - This statement presents information regarding the Corporation's assets, liabilities and net assets. Net assets represent the total amount of assets less the total of liabilities. The Balance Sheets classify assets, liabilities and net assets as current, non-current and restricted.

Statements of Revenues, Expenses and Changes in Net Assets – This statement presents the Corporation's interest income, costs of funds, operating expenses and changes in net assets for the fiscal year.

Statements of Cash Flows – This statement presents cash flows from operations, non-capital financing, capital, and investing activities. The Corporation presents its cash flow statements using the direct method of reporting operating cash flows.

Financial Analysis

The following condensed financial information was derived from the Corporation's financial statements and reflects the Corporation's changes during the fiscal year:

		2003	2002	Percentage Change
Assets:				
Current assets	$	31,020,362	24,008,300	29%
Restricted assets		802,709,476	794,915,881	1%
Total assets		833,729,838	818,924,181	2%
Liabilities:				
Current liabilities payable from unrestricted assets		19,680,723	20,049,880	(2%)
Current liabilities payable from restricted assets		42,130,819	47,090,430	(11%)
Non-current liabilities payable from restricted assets		448,885,517	450,261,871	(.3%)
Total liabilities		510,697,059	517,402,181	(1%)
Net assets:				
Restricted net assets		311,693,140	297,563,580	5%
Unrestricted net assets		11,339,639	3,958,420	186%
Total net assets	$	323,032,779	301,522,000	7%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Corporation moved $5 million from restricted cash to unrestricted cash in June 2003 for the dividend payment to the State of Alaska, which is to occur in fiscal year 2004. Origination fees of $1.3 million were collected on loan fundings during the year, however the annual transfer from the origination fee fund to reimburse the trust funds for write-offs did not occur until after June 30, 2003. The result was a net increase in current assets at year-end.

Restricted assets remained relatively constant in total, however, there were some notable changes. The Corporation modified the loan loss allowance estimate for more mature loans in the portfolio to better recognize the positive impact of ongoing loan servicing and collection improvements. The cumulative effect of this change was a reduction in the allowance for loan loss of $10.4 million.

The Corporation changed its method of amortizing bond issuance costs from the effective interest method to the straight-line method as management believes the straight line method is more understandable given the nature of the Corporation's variable rate bonds. The cumulative effect of the change in amortization method is $1.6 million. The net increase in bond issuance costs as reported on the balance sheet is $1.4 million. This adjustment can also be seen on the Statements of Revenues, Expenses and Changes in Net Assets.

The Corporation issued the 2003 Series bonds in the amount of $47 million to refund outstanding bonds and provide funding for the Corporation's loan programs. The refundings included $15.885 million for the early redemption of the 1993 Series A bonds dated July 1, 1993.

	Changes in Net Assets		
	2003	2002	Percentage Change
Operating revenue-loan interest income	$ 37,154,043	37,105,494	0%
Operating expenses	(10,335,689)	(11,726,007)	12%
Non-operating expense, net	(1,928,305)	(11,012,995)	82%
Income before cumulative effect	24,890,049	14,366,492	73%
Cumulative effect of change in accounting methods	1,620,730	--	--
Income before transfers	26,510,779	14,366,492	85%
Transfers out	(5,000,000)	(5,250,000)	5%
Increase in net assets	21,510,779	9,116,492	136%
Net assets- beginning	301,522,000	292,405,508	3%
Net assets- ending	$ 323,032,779	301,522,000	7%

The Corporation provided borrowers with an interest cost reduction for all loans with interest rates exceeding 8.3% for the second year in a row. The aggregate benefit was a $1.1 million reduction in income.

Interest income from investments, which is reported as a non-operating item, fell $3.4 million from the previous year as a result of low market interest rates.

The net non-operating expense amount was also impacted by the allowance for loan loss adjustment.

Transfers out represent a payment to the State of Alaska as allowed by statute. The amount of the payment is determined by the Corporation Board of Directors annually. It is based on the amount of the Corporation's income before transfers during the fiscal year ending two years before the end of the fiscal year in which the payment is to be made.

Corporation Activities and Conditions Affecting Financial Position

The Alaska Commission on Postsecondary Education (Commission) administers the Corporation's programs. Operating expenditures of the Commission are subject to budgetary appropriation. The Corporation reimburses the Commission for such expenditures that relate to the program administration and are permitted under the bond indentures of the Corporation.

The purpose of the loan program is to provide low cost loans to Alaskans pursuing education and training at a postsecondary level and to other qualified individuals attending postsecondary institutions in the State.

Historically, the Corporation has provided various alternative education loan programs under the umbrella title of the Alaska Student Loan Program. The Corporation modified and broadened its program offerings beginning in the 2002-2003 academic year by implementing a successor program, the AlaskAdvantage™ Loan Program, which includes Federal Family Education Loan Program (FFELP) loans governed by the Higher Education Act. The Corporation also replaced its fixed rate alternative loan, the Alaska Student Loan, with a new variable rate alternative loan, the Alaska Supplemental Education Loan (ASEL).

To accommodate FFELP lending, the Commission secured the status of "eligible lender" under the Higher Education Act and entered into various agreements with Northwest Education Loan Association, to serve as the Commission's "eligible guarantor" under the Higher Education Act. Loans authorized under the Higher Education Act which the Corporation is funding include Subsidized Stafford, Unsubsidized Stafford, and PLUS loans. The Higher Education Act provides for federal (i) insurance or reinsurance of eligible loans, (ii) interest subsidy payment to eligible lenders with respect to certain

Subsidized Stafford loans, and (iii) special allowance payments representing an additional subsidy paid by the Secretary of the U.S. Department of Education to holders of eligible loans. For a loan loss to be eligible for reimbursement to a lender by a guarantor the loan must be serviced according to standards set by federal statutes and regulations.

The interest rate on FFELP loans is variable, reset annually on each July 1. Subsidized Stafford and Unsubsidized Stafford loans which are in in-school, grace, and deferment periods bear interest at a rate equivalent to the 91-day T-bill rate plus 1.7%, with a maximum rate of 8.25%. Subsidized Stafford and Unsubsidized Stafford loans in all other periods bear interest at a rate equivalent to the 91-day T-bill rate plus 2.3%, with a maximum rate of 8.25%. PLUS loans bear interest at a rate equivalent to the 91-day T-bill rate plus 3.1%, with a maximum of 9%.

The interest rate for the ASEL is adjusted annually on or after June 1 and effective for the next twelve months beginning July 1. According to State statute, the variable interest rates are to be based on the bond equivalent rate of 91-day T-bill auctioned at the final auction held before June 1 of the loan year plus up to 2.8% and are to be capped at 8.25%.

In fiscal year 2003, the Corporation offered a new Consolidation Loan to borrowers who had two or more fixed rate Alaska Student Loans. The initial application period began April 1, 2003 and remained open for about 30 days. During this period approximately $48 million in principal and interest was consolidated. The consolidation loans accrue interest at a fixed rate of 5.8%.

The AlaskAdvantage™ Program was structured to provide eligible student borrowers with low cost financial aid options. It encourages students to take advantage of federal aid resources to maximize their grant and lowest cost loan options prior to tapping into alternative loan sources. The federal loan program allows borrowers to create a serialized note with a given lender.

During its first year of new program offerings, the Corporation saw a 6% increase in loan awards and had the highest volume of federal loan awards in the state as compared to other federal education loan providers in Alaska.

AlaskAdvantage™ Financing:

To facilitate financing the program, the Corporation issued $47 million of tax-exempt, limited obligation, education loan revenue bonds under the 2002 Master Trust Indenture. The bond issuance included refunding bonds, which included $15.885 million for the early redemption of the 1993 Series A Bonds. The Corporation contributed $78 million

in cash to the 2002 Master Trust Indenture for ASEL and ASL Consolidation loan fundings.

AlaskAdvantage™ Borrower Benefits:

Under the AlaskAdvantage™ Program the Corporation Board of Directors has approved various loan benefit features that provide incentives and rewards to borrowers who participate in the program.

Under the AlaskAdvantage™ Borrower Benefit Program, effective July 1, 2003 through June 30, 2004, borrowers with qualified loans held by the Corporation are eligible for certain interest rate reductions or rebates on any such loan.

Borrower Benefit Program offerings are subject to the availability of funds and annual modifications or termination by the Corporation at its discretion provided, however, that any changes do not adversely effect the credit rating of certain bonds issued by the Corporation.

Contacting the Corporation's Financial Management

This financial report is designed to provide our customers, investors and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for its assets. If you have any questions about this report or need additional financial information, contact the Finance Officer of the Corporation at (907) 465-6757.

ELGEE, REHFELD, MERTZ & BARRETT, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Alaska Student Loan Corporation:

We have audited the accompanying basic financial statements of the Alaska Student Loan Corporation (Corporation), a component unit of the State of Alaska, as of and for the years ended June 30, 2003, and 2002, as listed in the table of contents. These financial statements are the responsibility of the management of the Corporation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the Alaska Student Loan Corporation as of June 30, 2003, and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 1 through 6, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards,* we have also issued a report dated August 29, 2003 on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

ERMB

August 29, 2003

ALASKA STUDENT LOAN CORPORATION

(a Component Unit of the State of Alaska)

Balance Sheets

June 30, 2003 and 2002

Assets		2003	2002
Current assets:			
Cash and cash equivalents (note 3)	$	9,492,828	4,680,055
Investments (note 4)		21,386,775	18,889,650
Accrued interest receivable		140,759	438,595
Total current assets		31,020,362	24,008,300
Restricted assets:			
Cash and cash equivalents (note 3)		9,903,333	9,114,385
Investments (note 4)		307,342,838	314,417,860
Loans receivable (note 5)		566,146,551	563,448,389
Less allowance for:			
Doubtful loans (note 6)		(96,229,397)	(107,710,286)
Forgiveness (note 7)		(2,292,031)	(2,346,535)
Net loans receivable		467,625,123	453,391,568
Accrued interest receivable, net of forgiveness allowance of $698,651 and $837,783 in 2003 and 2002, respectively		12,299,783	10,867,911
Due from State of Alaska		—	3,101,748
Due from U.S. Department of Education		128,282	—
Bond issuance cost, net of accummulated amortization of $4,093,522 and $5,875,702 in 2003 and 2002, respectively		5,410,117	4,022,409
Total restricted assets		802,709,476	794,915,881
Total assets	$	833,729,838	818,924,181

(Continued)

See accompanying notes to financial statements.

ALASKA STUDENT LOAN CORPORATION

(a Component Unit of the State of Alaska)

Balance Sheets

June 30, 2003 and 2002

Liabilities and Net Assets		2003	2002
Liabilities:			
Current liabilities payable from unrestricted assets:			
Accounts payable	$	209,495	294,825
Due to State of Alaska		357,150	334,439
Warrants outstanding		91,209	30,535
Deferred credit (note 2)		14,022,869	14,140,081
Return of capital payment declared (note 12)		5,000,000	5,250,000
Total current unrestricted liabilities		19,680,723	20,049,880
Current liabilities payable from restricted assets:			
Due to State of Alaska		23,614	—
Warrants outstanding (note 5)		567,918	785,651
Bond interest payable		9,970,298	11,438,630
Current portion of arbitrage rebate payable (note 9)		448,989	236,149
Current portion of bonds payable (note 8)		31,120,000	34,630,000
Total current liabilities		42,130,819	47,090,430
Noncurrent liabilities payable from restricted assets:			
Arbitrage rebate payable (note 9)		553,399	860,340
Bonds payable, net of bond discounts (note 8)		448,332,118	449,401,531
Total noncurrent liabilities		448,885,517	450,261,871
Total liabilities		510,697,059	517,402,181
Commitments and contingencies (note 12)		—	—
Net assets:			
Restricted net assets		311,693,140	297,563,580
Unrestricted net assets (note 2)		11,339,639	3,958,420
Total net assets		323,032,779	301,522,000
Total liabilities and net assets	$	833,729,838	818,924,181

See accompanying notes to financial statements.

ALASKA STUDENT LOAN CORPORATION

(a Component Unit of the State of Alaska)

Statements of Revenue, Expenses,

and Changes in Net Assets

Years ended June 30, 2003 and 2002

		2003	2002
Operating revenue – interest income – student loans	$	37,154,043	37,105,494
Operating expenses:			
Provision for:			
Loan losses (note 6)		1,229,039	2,900,201
Forgiveness (note 7)		451,788	414,492
Operations		8,532,245	8,151,989
Collections		122,617	259,325
Total operating expenses		10,335,689	11,726,007
Operating income		26,818,354	25,379,487
Nonoperating revenue (expense):			
Interest income from investments		9,261,130	12,695,865
Interest expense		(20,740,722)	(22,873,121)
Arbitrage rebate expense/recovery		(142,048)	97,657
Amortization of bond issuance costs		(678,580)	(933,396)
Change in estimate of doubtful loan allowance (note 6)		10,371,915	—
Net nonoperating expense		(1,928,305)	(11,012,995)
Income before cumulative effect		24,890,049	14,366,492
Cumulative effect of change in accounting method (note 2)		1,620,730	—
Income before transfers ("statutory net income")		26,510,779	14,366,492
Transfers out		(5,000,000)	(5,250,000)
Change in net assets		21,510,779	9,116,492
Total net assets-beginning		301,522,000	292,405,508
Total net assets-ending	$	323,032,779	301,522,000

See accompanying notes to financial statements.

ALASKA STUDENT LOAN CORPORATION

(a Component Unit of the State of Alaska)

Statements of Cash Flows

Years ended June 30, 2003 and 2002

	2003	2002
Cash flows from operating activities:		
Principal repayments received on loans	$ 57,574,847	54,558,858
Interest received on loans	28,022,052	29,473,848
Other cash receipts	1,386,190	1,635,403
Loans originated	(55,120,991)	(52,690,536)
Cash paid to Alaska Commission on Postsecondary Education for operating expenses	(8,649,895)	(8,301,416)
Cash paid to collection agencies	(122,617)	(259,325)
Net cash provided by operating activities	23,089,586	24,416,832
Cash flows from noncapital financing activities:		
Proceeds from issuance of bonds	47,000,000	62,500,000
Bond issue costs	(445,558)	(511,090)
Interest paid on bonds	(22,073,467)	(22,730,200)
Principal payments on bonds	(51,715,000)	(33,345,000)
Net cash provided by (used for) noncapital financing activities	(27,234,025)	5,913,710
Cash flows from investing activities:		
Interest received on investments	9,929,283	14,018,769
Investments matured	898,777,783	657,388,982
Investments purchased	(893,710,906)	(710,503,040)
Net cash provided by (used for) investing activities	14,996,160	(39,095,289)
Cash flows from capital activities:		
Return of capital payments	(5,250,000)	(4,000,000)
Net cash used for return of capital	(5,250,000)	(4,000,000)
Net increase (decrease) in cash and cash equivalents	5,601,721	(12,764,747)
Cash and cash equivalents at beginning of period	13,794,440	26,559,187
Cash and cash equivalents at end of period	$ 19,396,161	13,794,440

(Continued)

See accompanying notes to financial statements.

ALASKA STUDENT LOAN CORPORATION

(a Component Unit of the State of Alaska)

Statements of Cash Flows

Years ended June 30, 2003 and 2002

		2003	2002
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$	26,818,354	25,379,487
Adjustments to reconcile operating income to net cash provided by operating activities:			
Decrease (increase) in net loans receivable		(3,861,640)	3,483,406
Increase in net accrued interest receivable on loans		(2,527,318)	(1,791,222)
Decrease (increase) in due to/from State of Alaska		3,148,073	(1,937,747)
Increase in other assets		(128,282)	—
Decrease in accounts payable		(85,330)	(133,908)
Decrease in warrants outstanding		(157,059)	(751,295)
Increase (decrease) in deferred credit		(117,212)	168,111
		(3,728,768)	(962,655)
Net cash provided by operating activities	$	23,089,586	24,416,832

Summary of noncash transactions that affect recognized assets and liabilities:			
Provision for loan loss and forgiveness	$	(1,680,827)	(3,314,693)
Provision for lost interest and forgiveness		(4,747,978)	(4,779,014)
Write-off of uncollectible loans		3,430,854	3,199,615
Forgiveness granted – principal		(635,896)	(825,645)
Forgiveness granted – interest		(129,823)	(155,483)
Bond discount amortization		(135,587)	(205,000)
Bond issuance cost amortization		(678,580)	(933,396)
Deferred credit used for loan loss		1,092,841	928,424
Deferred credit amortization		354,397	463,055
Interest capitalization		7,603,853	5,146,433
Unrealized gain on investments		488,980	18,662
Change in estimate doubtful loans		10,371,915	—
Cumulative effect of change in accounting method		1,620,730	—

See accompanying notes to financial statements.

(1) Authorizing Legislation and Organization

The Alaska Student Loan Corporation (Corporation), a component unit of the State of Alaska, was created in 1987 by an act of the State of Alaska Legislature (Legislature). The purpose of the Corporation is to provide low-interest education loans to Alaskans. The Corporation is authorized, with certain limitations, to issue its own bonds and other obligations in such principal amounts as, in the opinion of the Corporation, will be necessary to provide sufficient funds for carrying out its purpose. All obligations so issued shall not be deemed to constitute a debt of the State of Alaska (State).

The Corporation's Board of Directors is appointed by the State governor and the Corporation is administered by the staff of the Alaska Commission on Postsecondary Education (Commission). The Commission's budget provides for reimbursement from the Corporation for operating and capital expenses. The Commission's budget is subject to review and approval from both the executive and legislative branches of the State.

The State has provided education loans through various programs since 1968. Prior to the creation of the Corporation, substantially all such loans were recorded in the Scholarship Revolving Loan Fund and Teacher Scholarship Loan Fund (Funds) of the State. In April 1988, by act of the Legislature, the assets, liabilities and equities of the Funds were transferred to the Corporation effective December 31, 1987.

Loans are financed through the issuance of tax-exempt bonds or with recycled principal and interest repayments. The bonds outstanding are payable, primarily from interest and principal repayments on the financed loans as specified in the underlying resolutions authorizing the sale of bonds.

(2) Summary of Significant Accounting Policies

(a) *Fund Accounting*

The financial activities of the Corporation, which are restricted by the Corporation's bond indentures and the requirements of the Legislature, are recorded in various funds as specified in such instruments or necessitated by appropriation requirements or sound fiscal management. The funds are combined for financial statement purposes and there are no significant interfund transactions.

The Corporation's funds are considered to be enterprise funds for financial reporting purposes with revenues recognized when earned and expenses when incurred. The Corporation adopted the provisions of Government Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for Statement and Local Governments* in fiscal year 2002, effective July 1, 2000. GASB 34 establishes financial reporting standards for all state and local governments and related entities. For the Corporation, GASB 34 primarily relates to presentation and disclosure requirements and has no net impact on fund equity. The impact is primarily related to balance sheet presentation of assets and liabilities classified between current, noncurrent, and restricted, and of net asset classification between restricted and unrestricted.

(Continued)

(b) ***Standards Application***

As allowed by the Government Accounting Standards Board Statement No. 20 (GASB 20), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Corporation has elected not to apply Statements and Interpretations issued by the Financial Accounting Standards Board after November 30, 1989.

(c) ***Fiscal Year***

The Corporation's fiscal year begins July 1 and ends June 30, consistent with the State's fiscal year.

(d) ***Management Estimates***

In preparing the financial statements in accordance with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual amounts could differ from those estimates. The more significant accounting and reporting policies applied in the preparation of the accompanying financial statements are discussed below.

(e) ***Loans***

Loans represent education loans issued through the AlaskaAdvantage™ Loan Programs, which include Alaska Supplemental Loans, Teacher Education Loans (TEL), Family Education Loans (FEL), (collectively referred to as supplemental loans), and federally guaranteed Stafford and PLUS loans. The terms of the loans vary depending on the year of inception and loan type. Interest accrues at fixed and variable rates ranging from 3.46% to 9% and is generally determined by loan issue date. The Corporation offers borrower benefits, which reduce the interest costs for eligible borrowers. The borrower benefit offerings are approved by the Corporation Board of Directors annually and may vary from year-to-year.

Borrowers of TEL can obtain up to 100% forgiveness of loan principal and interest if the borrower teaches in rural Alaska for periods specified by the program.

For certain supplemental loans awarded prior to July 1, 1987, borrowers can obtain forgiveness for up to 50% of loan principal and interest if the borrower resides in Alaska for specified periods upon successful completion of the program of study for which the loan was awarded.

(f) ***Allowance for Doubtful Loans***

The allowance for doubtful loans represents management's estimate, based on experience, of all loans that will ultimately be uncollectible. The Corporation charges off supplemental loans to the allowance upon death, bankruptcy as allowed by law, total disability of the borrower, or when a payment has not been received for five years on loans not in deferment. In fiscal year 2003, management changed the allowance estimate for older loan program years to better reflect the impact of ongoing loan servicing and collection improvements. To determine the change, management analyzed default data on matured loan pools and cohort default declines since

(Continued)

calendar year 1997. These analyses were used to estimate reserve rates for loans outstanding as of June 30, 2003. Included in the older program years are the loans that were brought back for in-house servicing due to termination of the collection agency vendor contracts in 1998 and 2001.

(g) ***Interest on Education Loans***

Interest on education loans is accrued when earned. For federally guaranteed subsidized loans, interest from the start date of the loan until a date that is six months after the student withdraws from school (plus any authorized deferment periods) is billed to and paid by the U.S. Department of Education under the Federal Family Education Loan Program. Interest subsequent to that date, is paid by the student. For non-subsidized federally guaranteed loans and for all supplemental loans issued after June 30, 2002 interest from the first disbursement date is paid by the borrower.

Certain supplemental loans are non-interest bearing while the borrower is completing eligible studies. All state guaranteed loans issued prior to July 1, 1996 are non-interest bearing during approved periods of deferment and postponement. Loans issued prior to July 1, 1987 also are non-interest bearing during a one-year grace period following completion of studies and a six-month sub-grace period following an approved deferment. Non-interest bearing loans are approximately $64,105,989 at June 30, 2003.

Historical rates are used to determine the allowance for doubtful interest. The allowance for doubtful interest is approximately $21,900,000 and $21,700,000 as of June 30, 2003 and 2002, respectively. The provision for doubtful interest is a reduction of interest income.

(h) ***Deferred Credit***

Borrowers who received supplemental loans after June 30, 1994 were charged an origination fee of 1%, 3%, or 5%, generally determined by loan issue date. Its purpose is to offset loan losses due to death, disability, bankruptcy or default of borrowers charged the origination fee. The origination fee is recognized as revenue using the straight-line method equal to the loan repayment period and assumes repayment begins the year following origination. The allowance for doubtful loans has been reduced by the unamortized deferred credit.

(i) ***Allowance for Forgiveness***

The allowance for forgiveness represents management's estimate, based on experience, of the loan forgiveness that will ultimately be applied for and granted.

(j) ***Bond Issuance Costs***

Bond issuance costs, include underwriters' fees and other costs incurred in connection with the issuance of bonds. Effective for the year ended June 30, 2003 the Corporation changed its method of amortizing bond issuance costs from the effective interest method to the straight-line method. The cumulative effect of the change is $1,620,730.

(Continued)

(k) ***Bond Discounts and Deferred Amounts on Refundings***

Bond discounts and deferred amounts on refundings are amortized over the life of the bonds using the interest method.

(l) ***Income Taxes***

The Corporation, as a government instrumentality, is exempt from federal and state income taxes.

(m) ***Investments***

The Corporation carries all investments at fair value.

(n) ***Unrestricted Net Assets***

Unrestricted net assets represent assets of the Corporation not pledged as collateral for specific bond indentures. GASB 34 requires assets restricted by statute to be reported as unrestricted. Assets restricted by statute are approximately $28,100,000 and $21,600,000 at June 30, 2003 and 2002, respectively.

(3) Cash and Cash Equivalents

The statement of cash flows is presented to reflect the activity that results in a change in cash and cash equivalents. For purposes of the statement of cash flows, the Corporation considers its equity in the State Treasury Short-term Fixed Income Pool and repurchase agreements held by the State as the custodian for the Corporation to be cash and cash equivalents. The State Treasury Short-term Fixed Income Pool consists of commercial paper, cash, corporate bonds, U.S. Treasuries, repurchase agreements and U.S. Government sponsored securities.

Government Accounting Standards Board Statement No. 3 (GASB 3) and GASB Technical Bulletin 87-1 require deposits and investments to be categorized to indicate the level of risk assumed by the Corporation at the end of the period. Category 1 consists of investments that are insured or registered and held by the Corporation or its custodian in the Corporation's name. Category 2 consists of uninsured and unregistered investments held by the Corporation or its custodian in the Corporation's name. Category 3 includes uninsured and unregistered investments held by the Corporation or its custodian not in the Corporation's name.

(Continued)

A summary of cash and cash equivalents at June 30 follows:

	Risk category	2003	2002
Equity in the State Treasury			
Short-term Fixed Income Pool	—	$ 10,189,270	5,394,121
Deposits, collateralized	1	4,506,875	2,026,147
Repurchase Agreements	1	4,692,735	5,582,505
Deposits, uncollateralized	3	7,281	791,667
		$ 19,396,161	13,794,440

Equity in the State Treasury cannot be categorized because it represents the Corporation's share of ownership in the short-term fixed income pool rather than ownership of specific securities.

Cash and cash equivalents in the amount of $9,903,333 and $9,114,385 for fiscal years 2003 and 2002 respectively, are subject to certain restrictions as specified in the bond indentures.

(4) Investments

Allowable restricted investments are specified in the bond indenture, as are certain restrictions. Substantially all investments are held, in trust, for the benefit of the Corporation and the bondholders.

The Corporation's investments at June 30 are shown below:

	Risk category	2003	2002
Categorized investments:			
U.S. government and federal agency securities	1	$ 120,930,342	65,424,299
Repurchase agreements	1	41,257,379	136,257,000
Forward delivery agreements	1	13,000,644	3,397,663
Bank investment contracts	3	9,340,000	9,340,000
		184,528,365	214,418,962
Non-categorized investments:			
Money market pool – Government securities	—	144,201,248	118,888,548
Total investments		$ 328,729,613	333,307,510

(Continued)

Pooled investments cannot be categorized because they represent the Corporation's share of ownership in the pool rather than ownership of specific securities.

The carrying value of investments at June 30, 2003 by contractual maturity, are shown below:

Due in one year or less	$	277,359,045
Due within one to five years		38,282,321
Due in five years or more		13,088,247
	$	328,729,613

Investments include amounts specifically designated for financing student loans. At June 30, 2003 and 2002, the investments available for financing student loans total $133,485,683 and $80,065,745 respectively. The funds are available to the Corporation only if certain cash flow tests are met. The remaining investments held by the Trustee are restricted for debt service, capital reserve and rebate requirements.

(5) Restricted Loans Receivable

A summary of restricted loans receivable, all of which are installment loans to individuals, at June 30 follows:

		2003	2002
Alaska Supplemental Loans	$	537,252,920	544,003,136
Teacher Education Loans		9,332,715	9,400,022
Family Education Loans		9,743,222	10,045,231
Federal Family Education Loans		9,817,694	—
	$	566,146,551	563,448,389

The loan portfolio summarized by loan status at June 30 follows:

		2003	2002
Enrollment	$	94,222,923	89,447,309
Grace		28,585,428	37,987,884
Repayment		376,195,576	366,837,167
Deferment		67,142,624	69,176,029
	$	566,146,551	563,448,389

(Continued)

Loans awarded and not disbursed at June 30, 2003 and 2002 total $8,723,521 and $3,096,609 respectively.

Included in loans receivable are $541,356 and $730,345 of loan warrants issued but not yet redeemed by the borrowers at June 30, 2003 and 2002, respectively. Redemption is contingent upon the borrowers meeting certain eligibility requirements.

Restricted loans receivables are pledged to the Corporation's outstanding bonds.

(6) Allowance for Doubtful Loans

A summary of the activity in the allowance for doubtful loans at June 30 follows:

		2003	2002
Balance at beginning of period	$	107,710,286	107,081,276
Provision for loan losses		1,229,039	2,900,201
Net loans charged off		(2,338,013)	(2,271,191)
Change in estimate (note 2(f))		(10,371,915)	—
Balance at end of period	$	96,229,397	107,710,286

(7) Allowance for Forgiveness

As described in note 2, the Corporation disburses loans of which principal and interest become eligible for forgiveness under certain conditions.

A summary of the activity in the allowance for forgiveness at June 30 follows:

		2003	2002
Balance at beginning of period	$	2,346,535	2,603,573
Provision for forgiveness		451,788	414,492
Forgiveness granted		(506,292)	(671,530)
Balance at end of period	$	2,292,031	2,346,535

(Continued)

(8) Bonds Payable

(a) Bonds payable at June 30 consist of the following:

	Original Amount	Amount outstanding 2003	Amount outstanding 2002
1992 Series A Student Loan Revenue Bonds – serial bonds	$ 47,500,000	—	22,090,000
1993 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 5.5% to 5.625%, due 2004 to 2007	43,400,000	20,495,000	24,805,000
1994 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 5.75% to 6.0%, due 2004 to 2008	50,000,000	23,740,000	30,505,000
1995 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 5.375% to 5.75%, due 2004 to 2009	55,000,000	35,470,000	41,020,000
1996 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 5.65% to 6.35%, due 2004 to 2013	38,000,000	33,500,000	35,500,000
1997 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 5.1% to 5.75%, due 2004 to 2015	75,000,000	75,000,000	75,000,000
1998 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 4.5% to 5.3%, due 2004 to 2016	88,570,000	70,000,000	79,500,000
1999 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 4.45% to 5.45%, due 2004 to 2017	40,000,000	38,500,000	40,000,000
2000 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 5.2% to 6.05%, due 2005 to 2018	32,140,000	32,140,000	32,140,000
term bonds, 6.0%, due July 1, 2016	7,860,000	7,860,000	7,860,000
2001 Series A Student Loan Revenue Bonds – serial bonds, fixed rates ranging from 3.75% to 4.65%, due 2004 to 2010	33,345,000	33,345,000	33,345,000
2002 Series A and B Education Loan Revenue Bonds – auction variable rate bonds, due 2009 to 2037	62,500,000	62,500,000	62,500,000
2003 Series A-1 and A-2 Education Loan Revenue Bonds – auction variable rate bonds, due 2011 to 2038	47,000,000	47,000,000	—
	$ 620,315,000	479,550,000	484,265,000
Less bond discounts		97,882	233,469
		$ 479,452,118	484,031,531

(Continued)

(b) The bonds are private activity bonds and pay interest semiannually. The bonds are secured by education loans and other assets of the Corporation and are not obligations of the State.

All of the bonds are subject to certain early redemption features, both mandatory and at the option of the Corporation. In addition, the bond indentures contain covenants relative to restrictions on additional indebtedness.

With the exception of the 1993 Series A, the Series 2002A and B, and the Series 2003A-1 and A-2 bonds, payment of the principal and interest on the bonds when due, according to schedule, are insured by a municipal bond policy issued by Ambac Assurance Corporation.

(c) The minimum payments and sinking fund installments related to the fixed rate bonds for the five years subsequent to June 30, 2003 and thereafter, are as follows:

Period ending June 30	Principal	Interest	Total
2004	$ 31,120,000	18,899,166	50,019,166
2005	46,970,000	16,975,065	63,945,065
2006	31,725,000	15,005,379	46,730,379
2007	32,670,000	13,318,664	45,988,664
2008	34,040,000	11,535,659	45,575,659
2009-2013	113,930,000	36,910,639	150,840,639
2014-2018	79,595,000	8,573,420	88,168,420
	$ 370,050,000	121,217,992	491,267,992

(d) The minimum principal payments and sinking fund installments related to the 2002 Series A and B, and 2003 Series A-1 and A-2 auction variable rate bonds are as follows:

Period ending June 30	Principal	Interest	Total
2004	$ —	1,162,150	1,162,150
2005	—	1,162,150	1,162,150
2006	—	1,162,150	1,162,150
2007	—	1,162,150	1,162,150
2008	—	1,162,150	1,162,150
2009-2013	53,500,000	4,461,978	57,961,978
2014-2018	5,200,000	2,999,879	8,199,879
2019-2038	50,800,000	11,596,267	62,396,267
	$ 109,500,000	24,868,874	134,368,874

(e) On June 4, 2002, the Corporation issued $62,500,000 in education loan revenue bonds, of which $17,085,000 was for the purpose of refunding the outstanding 1992 Series A bonds at par. The refunding occurred on July 1, 2002.

The refunding portion of the Series 2002A bonds was issued as auction variable rate certificates in which the interest is reset every 35 days and the principal payment due June 1, 2009. The initial interest rate on the Series 2002A bonds was 1.45%. The refunded Series 1992A bonds interest rates were fixed rates ranging from 5.9% to 6.125% and were due in level debt service payments, with the final payment due July 1, 2005. The refunding resulted in aggregate debt service payments over the next six years in a total amount of approximately $200,000 less than the debt service payments which would have been due on the refunded bonds. Based on the Series 2002A bonds' initial interest rate of 1.45% there was an estimated economic gain of $1,200,000. Economic gain is calculated as the net difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid.

(f) On June 5, 2003, the Corporation issued $47,000,000 in education loan revenue bonds, of which $15,885,000 was for the purpose of refunding the outstanding 1993 Series A bonds at par. The refunding will occur on July 1, 2003.

The refunding portion of the Series 2003A-2 bonds was issued as auction variable rate certificates in which the interest is reset every 35 days and the principal payment due June 1, 2038. The initial interest rate on the Series 2003A-3 bonds was 1.12%. The refunded 1993 Series A bonds interest rates were fixed rates ranging from 5.5% to 5.625% and were due in level debt service payments, with the final payment due July 1, 2006. The refunding resulted in aggregate debt service payments over the next seven years in a total amount of approximately $400,000 less than the debt service payments which would have been due on the refunded bonds. Based on the Series 2003A-2 bonds' initial interest rate of 1.12%, there will be an estimated economic gain of $ 900,000. Economic gain is calculated as the net difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid.

(9) Arbitrage Rebate Payable

In connection with the Corporation's tax-exempt bond issues, the Corporation is subject to rebatable arbitrage when bond proceeds are invested in investments and education loans. Interest income from investments and education loans is limited by the U.S. Treasury regulations. The amount accrued for arbitrage rebates payable at June 30, 2003 represents the estimated amount of arbitrage rebate due to the federal government for excess earnings on the bond proceeds.

(10) Student Loan Interest and Special Allowance on Federally Guaranteed Loans

The U.S. Department of Education makes quarterly interest subsidy payments on behalf of qualified students until the student is required under provisions of the Higher Education Act to begin repayment. Repayment on Stafford Education loans normally begins within six months after students complete their course of study, leave school, or cease to carry at least one-half the normal full-time academic load as determined by the educational institution. Repayment of PLUS loans normally begins within sixty days from the date of loan disbursement unless a deferment of payments has been granted. In these cases, full repayment of principal and interest would resume at the expiration of the deferment. Interest accrues during this deferment period.

The U.S. Department of Education provides a special allowance payment to lenders participating in the Stafford, PLUS, and Consolidation loan programs. Special allowance is paid based on a rate that is established quarterly. For loans first disbursed after December 31, 1999 and financed with obligations issued after October 1, 1993, the rate is based on the average rate established in the auction of the three-month Financial Commercial Paper, plus a predetermined factor, less the interest rate on the loan. Loans made or purchased with funds obtained through the issuance of tax-exempt obligations issued before October 1, 1993 are eligible for one-half of the special allowance rate, subject to a minimum return of 9.5%. Loans originated or purchased with funds obtained through the issuance of tax-exempt obligations originally issued after October 1, 1993 are eligible for full special allowance and are not subject to a minimum return.

(11) Retirement Plan

Effective July 1, 1997, the Commission adopted the provisions of Government Accounting Standards Board Statement No. 27 (GASB 27), *Accounting for Pensions by State and Local Government Employers*. There was no impact on the financial statements as a result of GASB 27.

(a) *Plan Description*

The Commission and its employees participate in the State of Alaska Public Employees' Retirement System (PERS), as a defined benefit, agent multiple-employer public employee retirement system which was established and is administered by the State of Alaska (State) to provide pension, post-employment healthcare, and death and disability benefits to eligible employees. All full-time employees are required to participate in PERS. Benefit and contribution provisions are established by State law and may be amended only by the State Legislature.

Employees hired prior to July 1, 1986 with five or more years of credited service are entitled to annual pension benefits beginning at the normal retirement age of fifty-five or early retirement age of fifty. For employees hired after June 30, 1986 the normal retirement age is sixty and the early retirement age is fifty-five. The normal annual pension benefit for the first ten years of service is equal to 2% per year of the member's highest three-year average yearly compensation, 2.25% per year for the second ten years of service, and 2.5% per year thereafter. All service earned prior to July 1, 1986 is calculated using the 2% multiplier. Employees with thirty or more years of credited service may retire at any age and receive a normal benefit. Major medical

(Continued)

benefits are provided without cost to all retirees first hired before July 1, 1986. Members with five or more years of credited service first hired after June 30, 1986, but before July 1, 1996, may elect major medical benefits. Members first hired after June 30, 1996 must obtain at least ten years of credited service to be eligible to elect major medical benefits.

Each fiscal year, PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Alaska, Department of Administration, Division of Retirement and Benefits, P.O. Box 110203 Juneau, Alaska 99211-0203 or by calling (907) 465-4460.

(b) ***Fund Policy and Annual Pension Cost***

Employees are required to contribute 6.75% of their gross wage to the plan, as required by State statute. The funding policy for PERS provides for periodic employer contributions at actuarially determined rates that, expressed as a percentage of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. Covered payroll for the period ended June 30, 2003, was approximately $4,186,000 constituting substantially all of the Commission's payroll.

The Commission's annual pension cost for the current year and the related information is as follows:

Contribution rates:	
Employee	6.75%
Employer	7.19%
Annual Pension cost to date	$ 301,500
Contributions made	$ 301,500
Actuarial valuation date	June 30, 2002
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay
Amortization period	25-year Fixed
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Inflation rate	3.50% per year
Investment return	8.25% per year, compounded annually, net of expense.
Projected salary increase:	
Inflation	3.50%
Productivity and merit	2.00%
Health cost trend	12.00%

In the current year, the Commission determined, in accordance with provisions of GASB 27, that no pension liability (asset) existed to PERS and there was no previously reported liability (asset).

(12) Commitments and Contingencies

(a) *Operations*

The Commission included approximately $8,600,000 in its budget for fiscal year 2004 as reimbursement from the Corporation for administrative and capital expenses incurred on the Corporation's behalf. Amounts paid by the Corporation will be subject to revision based upon actual expenses incurred by the Commission.

(b) *Payment to the State of Alaska*

During fiscal year 2000 the Alaska legislature passed a bill which allows the Corporation to pay the State a return of contributed capital or dividend. If the Corporation Board of Directors elects to make such a payment, the amount may not be less than 10%, nor greater than 35%, of the Corporation's income before transfers when it equals or exceeds $2,000,000 for the Base Fiscal Year. The Base Fiscal Year is defined as the fiscal year ending two years before the end of the fiscal year in which the payment is made.

On September 5, 2002, the Corporation Board of Directors approved a $5,000,000 return of capital payment to the State which will be paid during the fiscal year 2004.

(c) *Interest Cost Reduction*

On December 4, 2000, the Corporation Board of Directors authorized an interest cost reduction for loans awarded with interest rates of 9%, 8.9%, and 8.6%. The amount of the reduction will range from three-tenths percent (.3%) to seven-tenths percent (.7%) of the outstanding principal balance of the loan. The aggregate cost reduction in fiscal year 2003 was approximately $1,100,000. The Corporation expects the cost to range from approximately $1,000,000 in the year 2004, gradually declining annually to $40,000 by year 2022.

(d) *State Permanent Fund Dividend Seizure*

The Alaska Permanent Fund (Permanent Fund) is a fund held and managed by the State and was established by an amendment to the Alaska State Constitution in 1976. The State deposits a percentage of oil and gas royalties each year into the Permanent Fund. By statute, the State pays a portion of the earnings of the Permanent Fund (PFD) annually to individuals who submit an application and meet certain residency requirements, provided that sufficient funds are available for payment. The annual PFD paid to each State resident who applied and qualified for a payment for the years 2002 and 2001 was $1,540.76 and $1,850.28, respectively. There can be no assurance that payments will continue. PFD payments could be eliminated or reduced by an amendment to the Alaska Statutes or by failure of the Legislature to appropriate the amount produced by the statutory formula. Further, there is no assurance that any particular borrower will qualify or apply for a PFD payment.

(Continued)

The Commission may seize a borrower's Permanent Fund Dividend payment, if any, to satisfy the balance of a defaulted loan pursuant to Alaska Statutes 14.43.145 and 43.23.067. To do so, the Commission issues certified claim letters to all borrowers of defaulted loans applying for Permanent Fund Dividends, notifying them of the Commission's claim. The Commission has seizure priority over all other executors except State child support enforcement and any court ordered restitution.

Permanent Fund Dividend seizures collected by the Commission were approximately $6,800,000 and $10,600,000 for the years ended June 30, 2003 and 2002, respectively.

The Legislature and the Governor have, from time to time, proposed various alternative measures to balance the State's budget; those measures have included reducing or restricting the size of the PFD. The Corporation cannot predict whether any such measure will be enacted or the impact any such measure would have on loan collections through PFD seizures.

(e) ***General***

The education loan program has traditionally been the subject of legislative action by the State. The laws governing the program have been amended from time to time and will continue to be the subject of legislative proposals calling for further amendment. The effect, if any, on the program cannot be determined.

The Corporation is subject to interest rate risk relating to its variable rate bonds and the loans funded with bond proceeds. The bonds are subject to an interest rate cap of 14% while the loans are subject to an interest rate cap of 8.25% to 9.5% depending on the loan type. The Corporation has various strategies available to manage the risk that the bond rate may rise above the loan rate cap.

(13) Subsequent Event

As further described in note 8, on June 5, 2003, the Corporation issued $47,000,000 in education loan revenue bonds, of which $15,885,000 was for the purpose of refunding the outstanding Series 1993 A bonds at par. The refunding will occur on July 1, 2003.

SUMMARY OF CERTAIN PROVISIONS OF THE MASTER INDENTURE

There follows a summary of certain provisions of the Master Indenture. This summary is not comprehensive and reference should be made to the full text of the Master Indenture, which in all events governs matters relating to the terms and provisions of the Master Indenture. *Certain provisions of the Master Indenture relating to the 2004 Bonds are governed (including in the event of conflict) by the First Supplemental Indenture.*

Definitions

In this summary, unless the context otherwise requires, the following words and terms have the meanings set forth below:

"Account" means one of the special accounts created and established pursuant to Section 501 or Section 510 of the Indenture.

"Accountant" means a certified public accountant or firm of independent certified public accountants selected by the Corporation and may be the accountant or firm of accountants that regularly audits the books of the Corporation.

"Act" means Sections 14.42.100 through 14.42.990 of the Alaska Statutes, as amended.

"Additional Bonds" means Bonds other than the first series of Bonds authenticated and delivered under the Indenture.

"Authorized Officer" means the Chairman or Executive Officer of the Corporation and, in the case of an act to be performed or a duty to be discharged, any member, officer or employee of the Corporation then authorized by the Chairman or Executive Officer or by action of the Board of Directors of the Corporation to perform such act or discharge such duty.

"Bond" means one of the bonds, notes, or other evidences of indebtedness authenticated and delivered under the Indenture.

"Bond Counsel" means any firm of attorneys selected by the Corporation and acceptable to the Trustee that is recognized nationally as an expert in the area of municipal finance and tax-exempt obligations.

"Bondholder" or "holder" or words of similar import, when used with reference to a Bond or Bonds, means any person who is the registered owner of any Outstanding Bond or Bonds issued in fully registered form or the bearer of any Bond or Bonds issued in bearer form or registered to bearer.

"Business Day" means any day other than a Saturday or Sunday or any other day on which banks in New York, Alaska or the state or states in which any Trustee appointed under the Indenture performs its duties under the Indenture are authorized or required to be closed or are closed.

"By Class in Descending Order of Priority" means that any action to be so taken shall be taken first with respect to the Bonds that are designated as the highest priority Class of Bonds Outstanding until there is no such action required for such Bonds and then such action shall be taken for each lower priority Class of Bonds Outstanding in order until such action shall no longer be required for each such Class.

"Capital Reserve Fund" means the capital reserve fund created pursuant to Section 501 of the Indenture and described as such under the Act.

"Capital Reserve Requirement," with respect to any Series or Class of Bonds, will have the meaning provided in the Supplemental Indenture authorizing the issuance of such Bonds.

"Certificate" means a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined by an Authorized Officer pursuant to the Indenture.

"Class" means one or more Series of Bonds, Credit Enhancement facilities, and Interest Rate Exchange Agreements having the same security interest with respect to the Trust Estate.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commission" means the Alaska Commission on Postsecondary Education.

"Continuing Disclosure Agreement" means, for each Series, the continuing disclosure certificate or agreement, if any, executed by the Corporation for the purpose of satisfying the continuing disclosure requirements of Rule 15c2-12 of the Securities and Exchange Commission with respect to such Series, as such continuing disclosure certificate or agreement is originally executed and as it may be amended from time to time in accordance with its terms.

"Corporation" means the Alaska Student Loan Corporation, a public corporation and government instrumentality created and existing pursuant to the Act.

"Costs of Issuance" means all items of expense directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale, or issuance of Bonds, including, but not limited to, printing costs; costs of preparation and reproduction of documents; filing and recording fees; initial fees and charges of any Fiduciary and its counsel; legal fees and charges; underwriting compensation; placement agent compensation; fees and disbursements of consultants and professionals; costs of credit ratings; fees and charges of any Credit Enhancement Agency in connection with providing Credit Enhancement for any of the Bonds; fees and charges for preparation, execution, transportation and safekeeping of Bonds; costs and expenses of refunding; premiums for the insurance of the payment of Bonds; and any other cost, charge or fee in connection with the original issuance of Bonds.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to state and municipal financing (who may be counsel to the Corporation) selected by the Corporation and acceptable to the Trustee.

"Credit Enhancement" means a letter of credit, a line of credit, a credit facility, a surety bond, bond insurance, or any other instrument or arrangement obtained in connection with the issuance of a Series of Bonds to further secure the payment of the Bonds of such Series or the payment of any Pledged Loans.

"Credit Enhancement Agency" means any bank or other institution that provides Credit Enhancement.

"Credit Enhancement Fund" means a Fund or Account authorized to be created by the Corporation under Section 510(B)of the Indenture for the purposes of holding and disbursing the proceeds of, or holding only, Credit Enhancement.

"Custodian/Depositary/Servicing Agreement" means that certain agreement with respect to custody of a portion of the Trust Estate by and among the Corporation, the Trustee, and the State through the Commission and through its Department of Revenue, dated as of June 1, 2002.

"Debt Service" means, for a Series of Bonds Outstanding and for any Parity Obligations Outstanding, the scheduled amount of interest and Principal Installments payable on the Bonds of such Series or on such Parity Obligations (or substantially equivalent payments due on Parity Obligations) during the period of computation.

"Default Payment" means all amounts (in any form) received by the Corporation, by the Trustee acting on behalf of the Bondholders, or by any agent of either of them as a result of the acceleration of the due date of any Pledged Loan because of an event of default with respect to such Pledged Loan.

"Depositary" means the State or any bank or trust company or national banking association selected by the Trustee or the Corporation as a depositary of moneys or securities held under the provisions of the Indenture, and may include the Trustee, if such party agrees to hold such money or securities as an agent of the Trustee.

"Education Loan" means a loan, including but not limited to Guaranteed Loans, that is authorized by the Act or any other qualifying program that may be established by or for the Commission or the Corporation or an entity controlled by either of them as any such program may be administered from time to time by the Commission or the Corporation or such entity.

"Education Loan Fund" means the Education Loan Fund created by Section 501 of the Indenture.

"Education Loan Program" means the Corporation's program of financing or purchasing Education Loans pursuant to the Act.

"Education Loan Trust Fund" means the special revolving trust fund of the Corporation created and established by the Act.

"Event of Default" means any of the events specified in clauses (1) through (7) of Section 1002 of the Indenture.

"Excess Coverage" means, as of any date of calculation, and except as otherwise provided in a Supplemental Indenture, the amount by which the sum of the value of (a) the Education Loans (valued at par plus accrued interest and accrued SAP, as such term is defined in the Higher Education Act, if any) credited to the Education Loan Fund and (b) all cash and Investment Securities held in the Funds and Accounts (valued as set forth in the Indenture or in the pertinent Supplemental Indenture, plus accrued interest, but excluding amounts irrevocably set aside to pay particular Bonds pursuant to Section 1201) shall exceed all of the following sums taken individually and not as an aggregate: (x) 107% of the sum of the principal and accrued interest on all Outstanding Class I Bonds and (y) 101.5% of the sum of the principal of and accrued interest on all Outstanding Bonds; all as evidenced in a Certificate, upon which the Trustee may conclusively rely.

"Fiduciary" means the Trustee or any Paying Agent or any Co-Paying Agent or Co-Registrar for the Bonds or any Series of Bonds.

"Fund" means one of the special trust funds established pursuant to Section 501(A) or Section 510 of the Indenture.

"Guaranteed Loan" means any Education Loan that is guaranteed under the Higher Education Act or other federal law.

"Higher Education Act" means Title IV of the Higher Education Act of 1965, as amended, or any successor federal act, and the regulations, directives, bulletins, and guidelines promulgated thereunder.

"Indenture" means the Indenture as from time to time amended and supplemented in accordance with the terms thereof.

"Interest Payment Date" means any date upon which interest on any Bonds is payable in accordance with the terms of the Bonds and the terms of the Indenture or any Supplemental Indenture.

"Interest Rate Exchange Agreement" means a contract entered into by the Corporation or by the Trustee on behalf of the Corporation providing for an interest rate cap, floor, or swap with respect to any Bonds or Pledged Loans.

"Investment Securities" has the meaning, with respect to any Class, set forth in any of the Supplemental Indentures authorizing a Series of Bonds of such Class if any of the Bonds of such Class and Series are Outstanding at the time of reference, provided that if more than one Series of Bonds of a particular Class has Bonds Outstanding and the meanings in the Supplemental Indenture are different, Investment Securities means only those investments appearing in both or all Supplemental Indentures for Bonds of such Series and Class (in the determination of the Trustee, which will be conclusive).

"Moody's" means Moody's Investors Service Inc.

"Original Purchaser" means, with respect to each Series, the first purchaser or purchasers of the Bonds of such Series from the Corporation.

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

(1) Any Bonds canceled by the Corporation or the Trustee at or prior to such date;

(2) Bonds (or portions of Bonds) for the payment or redemption of which there is held in trust under the Indenture and set aside moneys or Investment Securities which represent or are secured by the full faith and credit of the United States of America, which are not subject to redemption prior to the dates on which amounts will be needed to make payments and the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited at the same time, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or redemption date on such Bonds (or portions of Bonds) and, if such Bonds are to be redeemed, for which notice of such redemption has been given as provided in Article VI of the Indenture or provisions satisfactory to the Trustee have been made for the giving of such notice;

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

(4) Bonds deemed to have been paid as provided in subsection (B) of Section 1201 of the Indenture.

"Parity Obligations" means bonds, notes, or other obligations so described in Section 209(A) of the Indenture and issued under or secured by a Parity Obligation Instrument.

"Parity Obligation Instrument" means the indenture, resolution, or other instrument securing any Parity Obligation and under which the Parity Obligation was issued.

"Paying Agent" means any bank or trust company, which may include the Trustee, designated by the Corporation as paying agent or co-paying agent for the Bonds of any Series, and its or their successor or successors appointed after the date of the Indenture in the manner provided in the Indenture.

"Pledged Loan" means any Education Loan held in or credited to the Education Loan Fund under the Indenture.

"Pledged Loan Note" means the promissory note or other documentation evidencing a Pledged Loan.

"Pledged Receipts" means (i) all amounts, including principal and interest payments, paid or payable or otherwise received under or pursuant to or with respect to any Pledged Loan (monthly or otherwise) including, without limitation, both timely and delinquent payments with late charges, fees and charges, SAP, insurance or guaranty payments, subsidy payments, and all other revenues and income paid to the Trustee, the Corporation, or any agent of either on account of or in connection with any Pledged Loan, (ii) all Recoveries of Principal, and (iii) all interest paid or payable or any gain realized upon the investment or deposit of amounts in any Fund or Account, but does not include any amount retained by any Servicer of any Pledged Loan (other than the Corporation, the Commission, or any related entity) as compensation for services rendered.

"Prepayment" means any amount received or recovered as a prepayment of the principal amount of any Pledged Loan, including any prepayment penalty, fee, premium or other such additional charge, less the amount retained by any Servicer of such Pledged Loan, other than the Corporation, as additional compensation resulting from such prepayment.

"Principal Installment" means, as of any date of calculation and with respect to the Outstanding Bonds of any Series, (i) the principal amount of such Bonds which are due on a certain future date, reduced by the aggregate principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Indenture of Sinking Fund Payments payable before such future date for the retirement of such Bonds or (ii) the unsatisfied balance, determined as provided in subsection 505(E) of the Indenture, of any Sinking Fund Payment due on a certain future date for such Bonds, plus the aggregate amount of the premiums, if any, which would be applicable on such future date upon the redemption of such Bonds by application of such Sinking Fund Payments in a principal amount equal to said unsatisfied balance or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds, unsatisfied balance and applicable premiums, if any or (iv) for any particular Series of Bonds the amount specified in the Supplemental Indenture authorizing such Series of Bonds.

"Program Expenses" means all the Corporation's expenses in carrying out and administering its Education Loan Program, insofar as they are fairly allocable to all Pledged Loans, and in servicing the Pledged Loans; "Program Expenses" includes, without limiting the generality of the foregoing, expenses incurred in the collection of Education Loans; salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus, insurance premiums; legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Trustee and its agents and counsel; the fees and expenses of Depositaries and Paying Agents; Costs of Issuance not paid from proceeds of Bonds; and payments for pension, retirement, health and hospitalization and life and disability insurance benefits, all to the extent properly allocable to the Education Loan Program insofar as they are fairly allocable to Pledged Loans.

"Rating Agency" means any securities rating agency but only if and during the times that such agency has assigned, at the request of the Corporation or in connection with any Credit Enhancement obtained by the Corporation, and have in effect a rating for any of the Outstanding Bonds.

"Rating Confirmation" means a letter from each Rating Agency then providing a rating for any Bonds confirming that the action proposed to be taken will not, in and of itself, have the effect of (i) reducing or withdrawing the rating then applicable to those Bonds if those Bonds are not secured by Credit Enhancement which requires the ratings on the Bonds to be maintained at a certain minimum rating, or (ii) if those Bonds are secured by Credit Enhancement which requires that the ratings on the Bonds (without regard to Credit Enhancement) be maintained at a certain minimum rating, reducing their rating to a rating below such minimum rating without regard to the rating of the Credit Enhancement Agency or withdrawing the rating.

"Record Date" has the meaning set forth in the Supplemental Indenture authorizing the particular Series of Bonds.

"Recoveries of Principal" means all amounts received by the Corporation as a recovery of the principal amount of any Pledged Loan from any Default Payment, Prepayment or Sale Payment.

"Redemption Date" means the date on which any Bonds are subject to redemption.

"Redemption Account" means the Redemption Account of the Revenue Fund established pursuant to Section 501 of the Indenture.

"Redemption Price" means, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond or the Indenture.

"Refunding Bonds" means all Bonds, whether issued in one or more Series, authenticated and delivered on original issuance for the purpose of refunding Bonds or other obligations of the Corporation and all Bonds thereafter authenticated and delivered upon the transfer or exchange of or in lieu of or in substitution for such Bonds pursuant to the Indenture.

"Registrar" means the person or entity responsible for maintaining the registration books of the Corporation with respect to the Bonds.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Revenue Fund" means the Revenue Fund established pursuant to Section 501 of the Indenture.

"Sale Payment" means any amount received by the Corporation from the sale, assignment, endorsement or other disposition of any Pledged Loan, except Prepayments or Default Payments; provided that withdrawal of a Pledged Loan pursuant to Section 502(G) of the Indenture (permitting the release of Pledged Loans and other property from the lien of the Indenture upon the satisfaction of certain conditions; see Paragraph (C) herein under the heading "FUNDS AND ACCOUNTS – Establishment of Funds and Accounts") is not considered a disposition leading to a Sale Payment.

"Series" means all the Bonds authenticated and delivered on original issuance pursuant to a Supplemental Indenture and designated as a Series therein and any Bonds thereafter authenticated and delivered upon the transfer or exchange of or in lieu of or in substitution for (but not to refund) such Bonds as provided in the Indenture, regardless of variations in maturity, interest rate, Sinking Fund Payments, or other provisions.

"Series Account" means, for each Series, the Series Education Loan Account established for such Series pursuant to Section 502 of the Indenture.

"Servicer" means the Corporation, the Commission, or any institution which, by a Servicing Agreement with the Corporation, services any Pledged Loan.

"Servicing Agreement" means a contractual agreement of the Corporation with a Servicer other than the Corporation for the servicing of Pledged Loans by the Servicer.

"Sinking Fund Installment" means, as of any particular date of calculation and with respect to the Outstanding Bonds of any Series, the amount required to be paid at all events by the Corporation on a single future date for the retirement of Bonds of such Series which mature after said future date, but does not include any amount payable by the Corporation by reason only of the maturity of a Bond.

"S&P" means Standard & Poor's Corporation.

"State" means the State of Alaska.

"Subordinate Obligations" means bonds, notes, or other obligations described in Section 209(B) of the Indenture.

"Supplemental Indenture" means an indenture supplemental to or amendatory of the Indenture, executed by the Corporation and effective as provided in Article VIII of the Indenture.

"Surplus Revenues" means, first, amounts held at any time in the Revenue Fund and described in Paragraph Eighth of Section 503(C) of the Indenture (see Paragraph (C) herein under the heading "FUNDS AND ACCOUNTS – Revenue Fund") and, second, amounts held in any Unallocated Account within the Education Loan Fund; provided, however, that the Corporation may reverse the foregoing order of priority in determining, or eliminate specified amounts from being considered as, Surplus Revenues by a written direction to the Trustee.

"Trustee" means the trustee appointed pursuant to Article XI of the Indenture and any successor or successors to it or any other person at any time substituted in its place pursuant to the Indenture.

"Trust Estate" has the meaning provided in the Granting Clauses of the Indenture.

"Unallocated Account" means an Unallocated Account within the Education Loan Fund established pursuant to Section 501 of the Indenture.

Granting Clauses

The Corporation, in consideration of the premises of the Indenture and the acceptance by the Trustee of the trusts created by the Indenture and of the purchase and acceptance of the Bonds by the Bondholders, and for good and valuable consideration, the receipt of which is acknowledged by the Corporation, and in order to secure the payment of the principal or Redemption Price, if any, of and interest on the Bonds and the obligations of the Corporation arising under any Credit Enhancement facility and any Interest Rate Exchange Agreement (but only if and to the extent that the Corporation expressly grants a security interest under the Indenture in favor of such Credit Enhancement facility or Interest Rate Exchange Agreement in the Supplemental Indenture authorizing the Bonds to which such Credit Enhancement facility or Interest Rate Exchange Agreement relates), all according to their tenor and effect and all other amounts due in connection therewith and the performance and observance by the Corporation of all covenants expressed or implied in the Indenture and in the Bonds, in such Credit Enhancement facilities, and in such Interest Rate Exchange Agreements, grants, bargains, sells, conveys, pledges and assigns unto, and grants a first priority security interest in and to the Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the securing of the performance of the obligations of the Corporation set forth in the Indenture, the following (the "Trust Estate"):

I.

The Pledged Loans, Pledged Receipts, and Pledged Loan Notes including all extensions and renewals of the term thereof, if any, together with all right, title and interest of the Corporation therein, including, but without limiting the generality of the foregoing, the present and continuing right to claim, collect and receive any of the moneys, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Corporation is or may become entitled to do under the Pledged Loan Notes; provided, however, that the foregoing pledge is subject to the Corporation's right to modify the terms of, or to take other actions which may affect, the Pledged Loans, Pledged Receipts, and Pledged Loan Notes pursuant to Section 707 in the Indenture.

II.

All Funds and Accounts (except any Credit Enhancement Fund) and moneys and investments therein including, but not limited to, undisbursed proceeds of Bonds and amounts held under the Custodian/Depositary/Servicing Agreement;

III.

Any and all service or support agreements by and between the Corporation and either the Alaska Commission on Postsecondary Education or the Student Financial Aid Committee of said Commission, including without limitation the agreement governing the administration of the Education Loan Trust Fund established in the Corporation by the Act; provided, however, that notwithstanding other provisions of the Indenture the security interest created in Clause III of the Indenture, is second to, and subject to the prior lien of, the Corporation's Indenture dated as of May 1, 1988;

IV.

All moneys and securities from time to time held by the Trustee under the terms of the Indenture (except moneys and securities in any Credit Enhancement Fund) and any and all other real or personal property of every name and nature concurrently with the execution of the Indenture or from time to time thereafter by delivery or by writing of any nature conveyed, mortgaged, pledged, assigned or transferred as and for additional security under the Indenture for the Bonds, to the extent so conveyed, mortgaged, pledged, assigned or transferred by the Corporation or by anyone in its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture; and

V.

Any and all proceeds of the foregoing, subject, in all cases, to the terms and provisions of the Indenture governing the use and application of all such property and rights in property including the Corporation's right to withdraw, free and clear of the lien of the Indenture, Pledged Loans, cash and other property held under the Indenture or credited to the Indenture subject to the requirements of the Indenture.

Authorization, Obligation and Issuance of Bonds

Obligation of Bonds. The Indenture creates an issue of bonds of the Corporation and creates a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of and interest on such bonds, and any Sinking Fund Installments for the retirement thereof. The Bonds will be special, limited obligations of the Corporation, and the principal or Redemption Price, if any, thereof and the interest thereon will be payable solely from the Trust Estate, subject to the provisions of Section 510(D) of the Indenture authorizing the Corporation to create an equal security interest in the Trust Estate in favor of Credit Enhancement Agencies and counterparties to Interest Rate Exchange Agreements. The Bonds will contain on their face a statement that neither the faith and credit nor the taxing power of the State or of any political subdivision of the State is pledged to the payment of the principal thereof or the interest thereon.

Authorization of Bonds. In order to provide sufficient funds for the Corporation's program of financing or purchasing Education Loans pursuant to the Act (the "Education Loan Program"), bonds of the Corporation are authorized by the Indenture to be issued from time to time without limitation as to amount except as provided in the Indenture or as may be limited by law, and such bonds will be issued subject to the terms, conditions and limitations established in the Indenture and in one or more Series and in such Classes as provided in the Indenture.

Classes of Obligations. The Corporation may designate Classes of Bonds and may also include Credit Enhancement facilities and Interest Rate Exchange Agreements in such Classes. Unless otherwise designated, any Bond will be presumed to be of the highest Class, and such highest Class will be referred to as "Class I." Lower Classes will be designated by successive roman numerals. Except as otherwise provided in a Supplemental Indenture relating to any Series or Class of Bonds, the Trustee and the Corporation are obligated to apply the Trust Estate to the payment of amounts due with respect to any Class before applying the Trust Estate to the payment of amounts due with respect to any lower Class.

Parity Obligations; Subordinate Obligations. (A) The Corporation may issue Parity Obligations under instruments other than the Indenture for any lawful purpose of the Corporation, provided that the requirements of the Indenture for the issuance of Additional Bonds would be met if the term "Parity Obligation" were substituted for the term "Additional Bonds" appearing therein and in the defined terms thereto (other than any requirement with respect to funding the Capital Reserve Fund) and as if the Parity Obligations were being issued under the Indenture, and subject to any additional limitations that may be set forth in a Supplemental Indenture authorizing a Series of Bonds. Parity Obligations will equally and ratably rank with all Bonds, Credit Enhancement facilities, and Interest Rate Exchange Agreements of the same Class as the Parity Obligations except as to the Capital Reserve Fund, in which they will have no rights whatsoever. Parity Obligations will be subject to the following additional conditions:

(1) The Trustee will act as trustee under any Parity Obligation Instrument.

(2) The Parity Obligations must be secured by a lien on any property financed with the proceeds of the Parity Obligations.

(3) If any Parity Obligations are to be secured by any lien, mortgage or security interest on property that is not part of the Trust Estate, the Corporation will grant a lien, mortgage or security interest on such property (other than any capital reserve fund comparable to the Capital Reserve Fund) to the Trustee as security for the Bonds on a parity with the lien, mortgage or security interest which will secure such Parity Obligations; the Bonds will share in such security interest by Class.

(4) Any default under or with respect to any Parity Obligation Instrument will be a default under the Indenture only if and to the extent that a similar event with respect to a Bond of the same Class as such Parity Obligation would be an Event of Default, and there will be included in any Parity Obligation Instrument a provision that any Event of Default under the Indenture will automatically be a default under such Parity Obligation Instrument.

(5) According to the terms of any Parity Obligation or Parity Obligation Instrument, the Trustee will have substantially the same duties, obligations, rights and remedies in connection with events of default and security for or with respect to the Parity Obligations as it has in connection with Events of Default and the Trust Estate under the Indenture.

(6) Any Parity Obligation Instrument will include such other provisions, reasonably satisfactory to the Trustee, as will be necessary to permit the Trustee to perform any duties and obligations and exercise its rights and remedies under the Indenture and any Parity Obligation Instrument.

If there occurs an Event of Default under the Indenture, including an Event of Default based upon an event of default with respect to a Parity Obligation, and the Trustee applies the Trust Estate to the payment of the Bonds, all collateral held as security by the Trustee for the payment of the Bonds (other than the Capital Reserve Fund), and all collateral held as security for the Parity

Obligations (other than any capital reserve fund comparable to the Capital Reserve Fund) will be applied equally and ratably to the payment of the Bonds and Parity Obligations of the same Class.

(B) The Corporation may issue Subordinate Obligations from time to time under instruments other than the Indenture subject to the conditions set forth in the following sentence and subject to any additional conditions that may be set forth in a Supplemental Indenture authorizing a Series of Bonds. Subordinate Obligations may be secured by such assets as may be described in the instrument authorizing the issuance of the Subordinate Obligations, but Subordinate Obligations will have no security in or pledge or lien on or rights of any kind whatsoever with respect to the Trust Estate that is greater than the security, pledge, lien, or rights of the Bonds of the lowest Class Outstanding.

APPLICATION OF BOND PROCEEDS, PLEDGED RECEIPTS, AND OTHER AMOUNTS

Application of Bond Proceeds, Accrued Interest and Premium. (A) The proceeds of sale of the Bonds of each Series will, except to the extent that such Bonds are Refunding Bonds, as soon as practicable upon the delivery of such Bonds by the Trustee pursuant to Section 206 of the Indenture, be applied as follows:

(1) The amount, if any, necessary to cause the amount on deposit in the Capital Reserve Fund to equal the Capital Reserve Requirement immediately after such delivery will be deposited in the Capital Reserve Fund;

(2) The amount, if any, to be deposited therein pursuant to the Supplemental Indenture authorizing the issuance of such Series will be deposited in the Interest Account;

(3) The balance remaining after all other deposits required in (1) and (2) above have been made will be deposited in the Series Account within the Education Loan Fund established for such Series.

(B) The proceeds of sale of the Bonds of a Series of Refunding Bonds or the proceeds of the Refunding Bonds of any Series which includes Refunding Bonds, will be deposited in the Redemption Account or will be applied as otherwise provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds; provided, however, that if the amount in the Capital Reserve Fund is, or will be at the time of issuance of such Refunding Bonds, less than the Capital Reserve Requirement then the Corporation must deposit in the Capital Reserve Fund the amount necessary to cure such deficiency or, if the Corporation fails to make such deposit on the date of issuance of such Refunding Bonds, such amount must be so deposited from proceeds of such Refunding Bonds.

Application of Pledged Receipts and Other Amounts. (A) Pledged Receipts will, promptly upon their receipt, be deposited with a Depositary (who will hold the same in a custodial account as agent for the Trustee subject to the provisions of Section 511 of the Indenture) and transmitted to the Trustee at least monthly; such Pledged Receipts, together with all Pledged Receipts collected by the Trustee, will be credited to the Revenue Fund. Upon receipt by the Trustee or any Depositary of any Pledged Receipts, such Pledged Receipts will be deemed to be credited to the Revenue Fund.

(B) The Corporation may make a deposit of money or any other assets to any Fund or Account, and the Trustee will accept such deposit for such Fund or Account. When such deposit is made, such money or other assets will be held for the purpose or purposes of such Fund or Account and otherwise subject to all of the terms and conditions of the Indenture.

FUNDS AND ACCOUNTS

Establishment of Funds and Accounts. (A) The Corporation establishes and creates the Master Education Loan Revenue Bond Account as a special account within the Education Loan Trust Fund to be held by the Trustee in trust under the Indenture. Within the Master Education Loan Revenue Bond Account, the Corporation also establishes and creates the following special trust funds and within such funds the following accounts (all to be held by the Trustee in trust under the Indenture) to the extent fixed under the Indenture:

(1) Education Loan Fund;
- (a) Series Accounts;
- (b) Unallocated Accounts;

(2) Revenue Fund;
- (a) Interest Account;
- (b) Principal Account;
- (c) Redemption Account;

(3) Capital Reserve Fund.

(B) Any amounts held by a Depositary as agent for the Trustee and all amounts held under the Custodian/Depositary Agreement will be deemed to be held by the Trustee in the appropriate Fund or Account under the Indenture. All moneys or securities deposited with the Trustee or any Depositary pursuant to the Indenture will be held in trust and applied only in accordance with the provisions of the Indenture and will be considered trust funds for the purposes of the Indenture.

(C) At any time the Corporation may direct the Trustee to withdraw Pledged Loans or other property from any Series Account or any Unallocated Account, and the Trustee will so withdraw such Pledged Loans or other property and deliver such Pledged Loans or other property to the Corporation free and clear of the lien and pledge of the Indenture; provided that

(i) the Trustee receives a Rating Confirmation;

(ii) the Trustee receives from the Corporation a Certificate that no Event of Default and no payment default with respect to any Bonds exists or remains uncured, and no Event of Default or payment default with respect to any Bonds as to which the Trustee has knowledge exists and remains uncured (unless the withdrawal will cure the Event of Default or payment default);

(iii) the Capital Reserve Fund will be funded to at least the Capital Reserve Requirement after giving effect to the withdrawal;

(iv) any additional requirements imposed by a Supplemental Indenture are satisfied; and

(v) the Corporation shall certify to the Trustee that all conditions precedent to the withdrawal of Pledged Loans and other property pursuant to the Indenture or any Supplemental Indenture will have been satisfied.

The Corporation may expend any amounts paid to it or transfer or use any Pledged Loans or other property transferred to it for any lawful purpose including, without limitation, the acquisition of additional Education Loans for transfer to any Fund.

Education Loan Fund. (A) A separate Series Account will be established within the Education Loan Fund for each Series of Bonds. Each such Series Account will be identified by inserting in the designation therefor the year, letter, or other designation of the Bonds of such Series. In addition, the Corporation may direct the Trustee to create additional Unallocated Accounts within the Education Loan Fund for the purpose of holding Pledged Loans that are not allocated to a Series of Bonds or for any other purpose designated by the Corporation. The Corporation may deposit Education Loans and other assets in an Unallocated Account at any time. Amounts specified in Section 401 of the Indenture will be deposited in each Series Account.

(B) Until the payment or redemption of all Outstanding Bonds of any Series, amounts in the Series Account for such Series will be expended only (i) to pay the cost of acquiring or financing Education Loans (ii) to pay reasonable and necessary Costs of Issuance of Bonds, subject to any limitation on such use that may be established in any Supplemental Indenture, (iii) to pay the principal or Redemption Price, if any, of and interest on the Bonds when due by transfer to the appropriate account of the Revenue Fund, as applicable, (iv) to pay any costs associated with any of the foregoing, or (v) for such other purposes as the Corporation may direct in writing, including, but not limited to, the payment of Program Expenses. Education Loans or Investment Securities acquired with amounts in a Series Account will be credited to that Series Account. Amounts deposited in an Unallocated Account may be used for such purposes as the Corporation may direct in writing, including, but not limited to, the payment of Program Expenses.

(C) The Trustee will pay out and permit the withdrawal of amounts on deposit in any Series Account at any time for the purpose of making payments and deposits as described in Paragraph (B) above, but only upon receipt of a Certificate of an Authorized Officer setting forth (i) the amount to be paid, (ii) the person or persons to whom such payment is to be made (which may be or include the Corporation or, pursuant to the Custodian/Depositary/Servicing Agreement, the State), and (iii) in reasonable detail the terms of the Education Loans, if any, to be financed by such withdrawal and the purpose or purposes of such withdrawal and stating that such withdrawal from the Series Account is a proper charge thereon.

Revenue Fund. (A) Pledged Receipts, together with all other funds received under the Indenture and not otherwise directed under the Indenture, will be credited to the Revenue Fund as required by Section 402 of the Indenture.

(B) Amounts in the Revenue Fund will be applied only for the purpose of making the payments or transfers as described in Paragraph (C) below.

(C) The Trustee will make payments from the Revenue Fund in the order and amounts prescribed below:

First: To the Corporation, the amount certified in writing by the Corporation as necessary to make any rebate payments or yield reduction payments to the United States required to comply with its covenant not to knowingly take or cause to be taken any action which would cause interest on any Bonds to become taxable for federal income tax purposes.

Second: To the Corporation, as directed in writing, for the payment of Program Expenses, or the establishment of reserves therefor, the amount needed and required to pay a portion of the reasonable and necessary Program Expenses and, in addition, any amount needed to pay fees and expenses with respect to any Credit Enhancement, any Interest Rate Exchange Agreement, or any Auction Agent or broker dealer; provided that the amount so paid to the Corporation or set aside in reserve during any Fiscal Year for the payment of Program Expenses may not exceed 1.25% of the average principal amount of Pledged Loans outstanding during the preceding Fiscal Year or such greater or lesser amount as may be set forth in a Supplemental Indenture, provided that the Corporation must provide the Trustee with a Rating Confirmation before establishing any such greater amount in a Supplemental Indenture.

Third: To the Interest Account, the amount necessary to increase the amount in such Account so that it at least equals unpaid interest on the Outstanding Bonds of the highest Class coming due within the next Business Day (or to honor any reimbursement or payment obligation under any Credit Enhancement or Interest Rate Exchange Agreement corresponding to the payment of such interest), unless otherwise specified with respect to any Series of Bonds in the Supplemental Indenture authorizing the Series of Bonds.

Fourth: To the Principal Account, the amount necessary to increase the amount in such Account so that it at least equals the amount of unpaid Principal Installments which will become due on the Outstanding Bonds of the highest Class within the next Business Day (or to honor any reimbursement or payment obligation under any Credit Enhancement or Interest Rate Exchange Agreement corresponding to the payment of such principal), unless otherwise specified with respect to any Series of Bonds in the Supplemental Indenture authorizing such Series of Bonds.

Fifth: To the Interest Account first and the Principal Account second the amounts necessary to make the payments described in the Third and Fourth paragraphs above By Class in Descending Order of Priority with respect to any Outstanding Bonds other than Class I Bonds; provided, however, that in each case described in this Fifth paragraph if any such principal or interest amount has been paid through a Credit Enhancement facility or Interest Rate Exchange Agreement, then to that extent any Pledged Receipts which would otherwise have been applied to such payments will, instead, be applied to honor any reimbursement or payment obligation under any such instrument corresponding to any such payment.

Sixth: To the Capital Reserve Fund, the amount, if any, necessary to cause the amount in such fund to equal the Capital Reserve Requirement.

Seventh: To the Education Loan Fund in such amount or amounts as may be directed in writing by the Corporation for deposit in any Series Account or Unallocated Account as the Corporation may indicate for the purposes of such Accounts.

Eighth: Any remaining amounts will be held in the Revenue Fund and applied as provided in the foregoing paragraphs or applied to payments described in Section 502(D), Section 506(A), or Section 508 of the Indenture (which generally relate to satisfying insufficiencies or to releasing surplus revenues).

Interest Account and Principal Account. The Trustee will pay out of the Interest Account to the respective Paying Agents for the Bonds (i) on or before each Interest Payment Date, the amounts required for the payment of interest due on the Outstanding Bonds on such date and (ii) on or before the redemption date or date of purchase, the amounts required for the payment of accrued interest on the Bonds redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for. In each such case, such amounts will be applied by such Paying Agents to such payments; provided, however, that each payment will be made By Class in Descending Order of Priority, unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series or Class of Bonds; and provided, further, that, unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series or Class of Bonds, interest payments with respect to any lower Class of Bonds will be made only if and to the extent that principal amounts due with respect to any higher Class of Bonds have been set aside in accordance with the requirements of paragraph Fourth of Section 503(C) of the Indenture (see Paragraph (C) herein under the heading "FUNDS AND ACCOUNTS – Revenue Fund").

From the amount accumulated in the Principal Account for each Principal Installment with respect to Bonds the Trustee will pay to the respective Paying Agents on or before each Principal Installment Date the amount, if any, required for the payment of principal due on such date, and such amount will be applied by the Paying Agents to such payments; provided, however, that, unless otherwise provided in the Supplemental Indenture authorizing the issuance of a Series or Class of Bonds, each payment will be made By Class in Descending Order of Priority.

Insufficient Revenues; Capital Reserve Fund. (A) If one Business Day prior to any Interest Payment Date the amount in the Principal Account or the Interest Account (taking into account amounts scheduled to be received from Investment Securities at any time before such Interest Payment Date) is less than the amount required for the payment of all Principal Installments and interest on Outstanding Bonds of a Class due on such Interest Payment Date, the Trustee will apply all Surplus Revenues and then amounts in the related Series Accounts and then from any other Series Accounts to satisfy such insufficiency and, if an insufficiency remains thereafter, will immediately notify the Corporation of such event and will apply amounts from the Capital Reserve Fund to the extent necessary to make good the deficiency. Amounts so applied will be applied By Class in Descending Order of Priority. If on any Redemption Date (or any date for the purchase of Bonds under Section 505(B) of the Indenture), the amount in the Redemption Account and the Interest Account is less than the amount required for the payment of the Redemption Price (or purchase price) and interest accrued on such Bonds to be redeemed (or purchased) on such date the Trustee will apply all Surplus Revenues and then amounts in the Unallocated Accounts and then amounts in Series Accounts to satisfy such insufficiency and, if an insufficiency remains thereafter, will immediately notify the Corporation of such event and will apply amounts from the Capital Reserve Fund to the extent necessary to make good the deficiency. Amounts so applied will be applied By Class in Descending Order of Priority. If, on any date specified in this paragraph for the application of amounts in the Capital Reserve Fund, there are insufficient amounts for such application, or if, at any time, the amount in the Capital Reserve Fund is less than the Capital Reserve Requirement, the Trustee will immediately notify the Corporation of such event and, upon the written direction of the Corporation, will immediately transfer to the Capital Reserve Fund from assets of the Corporation made available for such purpose by the Corporation or from any other Fund or Account (provided that the Trustee will make any such transfer from a Series Account only after transferring any available assets of the Corporation and any amounts in all other Funds and Accounts, excluding any Credit Enhancement Fund, and then on a pro rata basis among the amounts available in all the Series Accounts unless a different allocation is required for federal tax reasons as set forth in a Letter of Instructions, or to pay principal or interest on any Bonds) amounts necessary to increase the amount in the Capital Reserve Fund to the amount needed for the intended application or to the Capital Reserve Requirement, as the case may be. In determining whether the amount in the Capital Reserve Fund is at least equal to the Capital Reserve Requirement, the Trustee will include the amount of cash and the principal amount of Investment Securities held in the Capital Reserve Fund, together with the amount of interest earned or accrued thereon as of the date of valuation, and will also include, but only if any other requirement therefor specified in a Supplemental Indenture has been satisfied, the principal component of any Credit Enhancement then on deposit in the Capital Reserve Fund.

(B) All income earned or gains realized as a result of the investment of amounts on deposit in the Capital Reserve Fund will be deposited therein and constitute a part thereof. Except as provided in Paragraph (C) below, if, concurrently with any allocation from the Revenue Fund pursuant to subsection (C) under the subheading "Revenue Fund" above, the amount on deposit in the Capital Reserve Fund is in excess of the Capital Reserve Requirement, the Trustee will transfer the amount of such excess to the Revenue Fund.

(C) Whenever the Corporation delivers instructions to the Trustee to redeem Bonds of a particular Series or the redemption of Bonds of a particular Series is required by a Supplemental Indenture (other than by application of Sinking Fund Payments) and such redemption is to be made from amounts then on deposit in any Fund or Account other than the Capital Reserve Fund, the Trustee will calculate the amount by which the amount on deposit in the Capital Reserve Fund will exceed the Capital Reserve Requirement immediately following the redemption of the Bonds specified in such instructions (and to be redeemed from such amounts) and such excess amount will on the redemption date specified in such instructions, be transferred into the Revenue Fund. In making the aforesaid calculation, the Trustee will also take into account, as nearly as practicable, the additional amount by which the amount on deposit in the Capital Reserve Fund will exceed the Capital Reserve Requirement as a result of the redemption of Bonds from the amounts to be so withdrawn. The Trustee will give notice of the redemption of such Bonds and will select the particular Bonds to be so redeemed in such manner as the Corporation will specify in written instructions (subject to the terms of the Indenture and any Supplemental Indenture) or, failing such instructions, as the Trustee, in its sole discretion, deems advisable.

(D) Whenever the amount in the Capital Reserve Fund, together with the amount in the Interest Account and Principal Account, is sufficient to fully pay the principal of and interest on all Outstanding Bonds of a Series in accordance with their terms (including the Sinking Fund Payments for the retirement thereof), and immediately thereafter the amount on deposit in the Capital Reserve Fund will at least equal the Capital Reserve Requirement, such amount will, at the written direction of the Corporation, be transferred from the Capital Reserve Fund to the Revenue Fund. Prior to any such transfer, investments held in the Capital Reserve Fund in an amount necessary to make said transfer will be liquidated.

(E) The Trustee will sell or redeem Investment Securities to the extent necessary to provide money to make any required payment (described under this subheading "Insufficient Revenues; Capital Reserve Fund) pursuant to Section 506 of the Indenture and, at the written direction of the Corporation, will sell or redeem Investment Securities to make any permitted deposit, purchase, payment or redemption as described under this subheading "Insufficient Revenues; Capital Reserve Fund."

Excess Coverage. At any time, but no more frequently than once every month, the Corporation may deliver to the Trustee a Certificate, evidencing the fact that there is then Excess Coverage on deposit under the Indenture and specifying the amount thereof and stating that no Event of Default or payment default exists under the Indenture. Promptly upon the Trustee's receipt of that

Certificate with a Rating Confirmation, the Trustee will release such Excess Coverage to the Corporation from the Education Loan Fund (other than proceeds of Bonds) or from the Revenue Fund for any of its corporate purposes, including, without limitation, the deposit of said amounts in any Fund or Account or the acquisition of additional Education Loans for transfer to any Fund. The Trustee may conclusively rely upon such Certificate without further duty to examine or investigate the accuracy thereof.

Obtaining Credit Enhancements and Interest Rate Exchange Agreements. Except as otherwise provided in a Supplemental Indenture authorizing the issuance of a Series or Class of Bonds, the Corporation may obtain Credit Enhancement or an Interest Rate Exchange Agreement with respect to such Bonds either at the time of issuance of the Bonds or any time thereafter. The Class ranking of such Credit Enhancement or Interest Rate Exchange Agreement will be determined by the Corporation, and such Class ranking may be equal to or greater or lesser than the Class ranking of any Bonds, including the Bonds secured by the Credit Enhancement or Interest Rate Exchange Agreement.

Subrogation of Rights of Bondholders. The Corporation may agree to permit a Credit Enhancement Agency to be subrogated to the rights of any Bondholder whose Bonds are secured by the Credit Enhancement Agency provided such Credit Enhancement Agency is not in default under such Credit Enhancement and provided such Credit Enhancement, if it has been assigned a Class, is in a Class at least as high as the Class of bonds it secures.

Use of Funds in Event of Default. If an Event of Default described in Section 1002(1) or (2) occurs (that is, default by the Corporation in payment of the principal or Redemption Price of any Bond of the highest Class Outstanding when and as the same shall become due, whether at maturity or upon call for redemption or otherwise; or payment of any installment of interest on any Bonds of the highest Class Outstanding shall not be made when the same shall become due) and is continuing, the Trustee may use moneys from any Fund or Account created under the Indenture to make payments required under the Indenture.

Deposits and Investments. All amounts in any Fund or Account held under the Indenture (including amounts described in the Custodian/Depositary/Servicing Agreement and any other amounts held in any fund or account created by or on behalf of any such fiduciary or Depositary for the receipt of amounts held under the Indenture) by any Fiduciary or Depositary will be held in trust for the benefit of the Trustee if not held by the Trustee and will be continuously and fully secured for the benefit of the Corporation and the holders of the Bonds either (i) by lodging Investment Securities as collateral with the Trustee as custodian, having a market value (exclusive of accrued interest) not less than the amount of such moneys or (ii) in such other manner as may then be required by applicable federal or state laws and regulations and applicable state laws and regulations of the state in which such Fiduciary or Depositary (as the case may be) is located, regarding security for, or granting a preference in the case of, the deposit of trust funds; except that it will not be necessary for a Fiduciary or Depositary to give security for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for any Fiduciary or Depositary to give security for any moneys which is represented by obligations or certificates of deposit purchased as an investment of such moneys. All amounts deposited with the Trustee and each Depositary (including amounts received by the State of Alaska under the Custodian/Depositary/Servicing Agreement) will immediately be credited to the particular Fund or Account to which such amounts belong. Until such time as such amounts are expended for the purposes authorized by the Indenture or any Supplemental Indenture or are transferred to another Fund or Account as provided in the Indenture or any Supplemental Indenture, the Trustee or Depositary will invest such amounts as provided in the Indenture. Neither the Trustee nor any Depositary will be responsible for any losses resulting from the investment of moneys in the funds and accounts created under the Indenture, so long as such investments are made in accordance with the Indenture and the written direction of the Corporation or, in the case of the State acting under the Custodian/Depositary/Servicing Agreement, in accordance with the Custodian/Depositary/Servicing Agreement.

PARTICULAR COVENANTS

In the Indenture the Corporation covenants and agrees with the Trustee and the holders of the Bonds as follows:

Payment of Bonds. The Corporation will duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof and will duly and punctually pay or cause to be paid all Sinking Fund Payments, if any, becoming payable with respect to any Series of Bonds.

Extension of Payment of Bonds. The Corporation will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest is extended, such Bonds or claims for interest is not entitled, in case of any default under the Indenture, to the benefit of the Indenture or to any payment out of the Funds or Accounts established pursuant to the Indenture, including the investments, if any, thereof, or out of any assets or revenues pledged under the Indenture (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to the Indenture) prior to benefits accorded to or the payment of the principal of all Bonds Outstanding the maturity

of which has not been extended and of such portion of the accrued interest on the Bonds as will not be represented by such extended claims for interest. Nothing in the Indenture will be deemed to limit the right of the Corporation to issue Refunding Bonds and such issuance will not be deemed to constitute an extension of maturity of Bonds.

Office for Servicing Bonds. The Corporation will at all times maintain an office or agency where Bonds may be presented for transfer or exchange, and where notices, presentations and demands upon the Corporation in respect of the Bonds or of the Indenture may be served. Under the Indenture the Corporation appoints the Trustee as its agent to maintain such office or agency for the transfer or exchange of Bonds and for the service of such notices, presentations and demands upon the Corporation and may appoint one or more co-registrars for such purposes. Under the Indenture the Corporation appoints the Trustee as Paying Agent and appoints the Paying Agent as its agent to maintain such offices or agencies for the payment of Bonds.

Further Assurance. At any and all times the Corporation will, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, assets, revenues and other moneys, securities, funds and property pledged or assigned under the Indenture, or intended so to be, or which the Corporation may become bound to pledge or assign.

The Capital Reserve Fund. (A) The Corporation will at all times maintain the Capital Reserve Fund created and established by the Indenture and do and perform or cause to be done and performed each and every act and thing with respect to the Capital Reserve Fund provided to be done or performed by or on behalf of the Corporation or the Trustee or the Paying Agents under the terms and provisions of the Indenture.

(B) In order to better secure the Bonds and to make them more marketable and to maintain in the Capital Reserve Fund an amount equal to the Capital Reserve Requirement, the Corporation will, in compliance with the provisions of the Act, cause the Chairman of the Board of Directors of the Corporation annually, on or before January 15 of each year, to certify in writing to the Governor of the State and the Chairmen of the House and Senate Finance Committees the amount, if any, required to restore the Capital Reserve Fund to the Capital Reserve Requirement. A copy of such Certificate will be promptly delivered to the Trustee. All moneys received by the Corporation from the State in accordance with the provisions of the Act pursuant to any such certification will be paid to the Trustee for deposit and credit to the Capital Reserve Fund. In addition, if 15 days prior to the end of each calendar quarter during which the Bonds are outstanding, the amount in the Capital Reserve Fund is not equal to the Capital Reserve Requirement or there is not sufficient money otherwise available in all Funds and Accounts established under the Indenture to pay Principal Installments and interest coming due on the next Interest Payment Date, the Chairman of the Board will certify in writing to the Governor the amount, if any, required to restore the Capital Reserve Fund to the Capital Reserve Requirement or to pay such Principal Installment and interest coming due, as the case may be.

(C) Notwithstanding any other provision of the Indenture, the Trustee will not permit amounts to be withdrawn from the Capital Reserve Fund other than pursuant to Section 506 of the Indenture (see above under the heading "FUNDS AND ACCOUNTS – Insufficient Revenues; Capital Reserve Fund").

Tax Covenants. (A) The Corporation will not knowingly take or cause any action to be taken which would cause interest on any Bonds to become taxable for federal income tax purposes. The Corporation will at all times do and perform all acts and things necessary or desirable, including, but not limited to, complying with the rebate provisions of Section 148 of the Code, as applicable, and complying with the provisions of any letter of instructions from Bond Counsel, in order to assure that interest paid on Bonds will, for purposes of federal income taxation, be excludable from the gross income of the recipients thereof and exempt from taxation. The Corporation will not permit at any time or times any proceeds of any Bonds or any amounts held under the Indenture to be used, directly or indirectly, in a manner which would result in the exclusion of any Bond from the treatment afforded by subsection (a) of Section 103 of the Code.

(B) The above paragraph will not apply to any Bonds the interest on which is intended by the Corporation not to be excluded from gross income for federal income tax purposes under Section 103 of the Code; provided, that no such Bonds will be issued unless a Bond Counsel's opinion is filed with the Trustee stating that the issuance of such Bonds will not adversely affect the exclusion from gross income for federal income tax purposes of the interest on any previously issued Bond.

SUPPLEMENTAL INDENTURES

Supplemental Indentures Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be entered into by and between the Corporation and the Trustee:

(1) To close the Indenture against, or provide limitations and restrictions in addition to the limitations and restrictions contained in the Indenture on, the authentication and delivery of Bonds or the issuance of other evidences of indebtedness;

(2) To add to the covenants and agreements of the Corporation in the Indenture other covenants and agreements to be observed by the Corporation which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(3) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Corporation which are not contrary to or inconsistent with the Indenture as theretofore in effect;

(4) To surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of the Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in the Indenture;

(5) To authorize Bonds of a Series and, in connection therewith, (A) to specify and determine the matters and things referred to in, or otherwise take the actions described in the provisions of the Indenture allowing such matters, things, and actions to be specified, determined, and taken pursuant to a Supplemental Indenture, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Indenture as theretofore in effect, (B) to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Bonds or (C) to add such provisions to the Indenture and, if necessary, amend the provisions of the Indenture as may be necessary to permit and provide for the issuance of such Bonds as bearer Bonds;

(6) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, the Indenture, of the Trust Estate;

(7) To modify any of the provisions of the Indenture in any respect whatsoever, provided that (i) such modification will be, and be expressed to be, effective only after all Bonds of any Series Outstanding at the date of the adoption of such Supplemental Indenture will cease to be Outstanding, and (ii) such Supplemental Indenture will be specifically referred to in the text of all Bonds of any Series authenticated and delivered after the date of the adoption of such Supplemental Indenture and of Bonds issued in exchange therefor or in place thereof; and

(8) To make such additions, deletions, or modifications as may be necessary to assure compliance with Section 148(d)(3) of the Code or Section 148(f) of the Code or the Higher Education Act or to obtain a satisfactory rating on a Series or Class of Bonds from a Rating Agency, provided, that no such additions, deletions or modifications intended to obtain a satisfactory rating will cause reduction in any ratings assigned by a Rating Agency to Bonds then Outstanding.

Supplemental Indentures Effective Upon Consent of Trustee. (A) For any one or more of the following purposes and at any time or from time to time, a Supplemental Indenture may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer, and (ii) the filing with the Trustee and the Corporation of an instrument in writing made by the Trustee consenting thereto, will be fully effective in accordance with its terms:

(1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or

(2) To insert such provisions clarifying matters or questions arising under the Indenture as are necessary or desirable and are not contrary to or inconsistent with the Indenture as theretofore in effect; or

(3) To provide for additional duties of the Trustee in connection with the Pledged Loans; or

(4) To make any change that is accompanied by a Rating Confirmation or any change approved by a Credit Enhancement Agency if the change will only affect Bonds served by Credit Enhancement issued by such Credit Enhancement Agency.

(B) Any such Supplemental Indenture may also contain one or more of the purposes specified in Section 801 of the Indenture (see "SUPPLEMENTAL INDENTURES – Supplemental Indentures Effective Upon Filing With the Trustee"), and in that event, the consent of the Trustee required by Section 802 of the Indenture (see "SUPPLEMENTAL INDENTURES – Supplemental Indentures Effective Upon Consent of Trustee") will be applicable only to those provisions of such Supplemental Indenture as will contain one or more of the purposes set forth in subsection (A) thereof.

DEFAULTS AND REMEDIES

Trustee to Exercise Powers of Statutory Trustee. The Trustee will be and, by the terms of the Indenture, is vested with all of the rights, powers and duties of a trustee permitted to be appointed by the Corporation pursuant to Section 14.42.230 of the Act.

Events of Default. Each of the following events is an "Event of Default", that is to say if:

(1) the Corporation defaults in the payment of the principal or Redemption Price, if any, of any Bond of the highest Class Outstanding when and as the same becomes due, whether at maturity or upon call for redemption or otherwise;

(2) payment of any installment of interest on any of the Bonds of the highest Class Outstanding is not made when the same becomes due;

(3) the Corporation fails or refuses to comply with the provisions of the Indenture, or defaults in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Indenture or in any Supplemental Indenture or the Bonds, and such failure, refusal or default continues for a period of forty-five days after written notice thereof by the Trustee or the holders of not less than twenty-five percent (25%) in principal amount of the Bonds of the highest Class Outstanding;

(4) the Corporation commences a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law in effect on the date of the Indenture or any time thereafter or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or consents to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or takes any corporate action to authorize any of the foregoing;

(5) an involuntary case or other proceeding is commenced against the Corporation seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law in effect on the date of the Indenture or any time thereafter or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed or unstayed for a period of 60 days; or an order for relief is entered against the Corporation under the Federal bankruptcy laws as in effect on the date of the Indenture or any time thereafter;

(6) any event of default has occurred and remains uncured under any Parity Obligation Instrument if there then is issued and outstanding thereunder Parity Obligations and if such Parity Obligations are of a Class at least equal to the highest Class of any Outstanding Bonds; and

(7) any event designated an Event of Default by a Supplemental Indenture has occurred and remains uncured.

Remedies. (A) Upon the happening and continuance of any Event of Default specified in paragraph (1), (2) or (3) of the preceding section as to which the Trustee has knowledge, the Trustee will proceed, or upon the happening and continuance of any Event of Default specified in paragraph (4), (5), (6) or (7) of the preceding Section as to which the Trustee has knowledge, the Trustee may proceed, and upon the written request of the registered holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of the highest Class, will proceed, in its own name, subject to the provisions of setting forth certain limitations on the obligations and duties of the Trustee to act, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, deems most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all of the Bondholders' rights, including the right of the Trustee on behalf of the Bondholders to receive and collect all Pledged Receipts and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds and then take such action with respect to the Pledged Loans and related documents as the Trustee deems necessary or appropriate and in the best interest of the Bondholders, subject to the terms of the Pledged Loans and related documents, including the sale of part or all of the Pledged Loans;

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds;

(5) by declaring all Bonds due and payable, and if all defaults are made good, then, with the written consent of the holders of not less than twenty-five percent (25%) in principal amount of the Outstanding Bonds of the highest Class Outstanding, by annulling such declaration and its consequences; or

(6) by pursuing any rights or privileges it may have with respect to security for the Bonds under any Parity Obligation Instrument.

(B) In the enforcement of any rights and remedies under the Indenture, the Trustee will be entitled to sue for, enforce payment on and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, Program Expenses, interest or otherwise, under any provision of the Indenture or a Supplemental Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings thereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Priority of Payments After Default. (A) If upon the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents are insufficient for the payment of principal or Redemption Price, if any, of and interest then due on the Bonds, such funds and any other moneys received or collected by the Trustee acting pursuant to the Act and remedies provisions of the Indenture or with respect to Parity Obligations or Parity Obligation Instruments, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under the Indenture, will be applied as follows:

(1) Unless the principal of all of the Bonds has come or have been declared due and payable, the Trustee will make the following payments within the highest Class of Bonds Outstanding and, only after making all such payments within such Class, will then make such payments within the next lower Class and, thereafter, will make such payments within each succeeding lower Class:

FIRST: To the payment to person entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available is not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except with respect to Classes as described above; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which has become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available is not sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference except with respect to Classes as described above.

(2) If the principal of all of the Bonds has become or has been declared due and payable, the Trustee will make the following payments within the highest Class of Bonds Outstanding and, only after making all such payments, will then make such payments within the next lower Class and, thereafter, will make such payments within each succeeding lower Class: to the payment of the principal and interest then due and unpaid upon the Bonds of a Class without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond of such Class over any other Bond of such Class, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds and coupons (if any).

(B) Whenever moneys are to be applied by the Trustee pursuant to the provisions of Section 1004 of the Indenture, such moneys will be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion determines, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, will constitute proper application by the Trustee; and the Trustee will incur no liability whatsoever to the Corporation, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of the Indenture

as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such moneys, it will fix the date (which will be an Interest Payment Date unless the Trustee deems another date more Suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date will cease to accrue. The Trustee will give such notice as it may deem appropriate for the fixing of any such date. The Trustee will not be required to make payment to the holder of any unpaid coupon or any Bond unless such coupon or Bond is presented to the Trustee for appropriate endorsement or cancellation.

Termination of Proceedings. In case of any proceedings taken by the Trustee on account of any Event of Default has been discontinued or abandoned for any reason, then in every such case the Corporation, the Trustee and the Bondholders will be restored to their former positions and rights under the Indenture, respectively, and all rights, remedies, powers and duties of the Trustee will continue as though no such proceeding had been taken.

Bondholders' Direction of Proceedings. The holders of the majority in principal amount of the Bonds of the highest Class then Outstanding will have the right by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings to be taken by the Trustee under the Indenture, provided that such direction will not be otherwise than in accordance with law or the provisions of the Indenture, and that the Trustee will have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction or would adversely affect the Trustee. The Trustee may rely on an Opinion of Counsel that such direction would adversely affect Bondholders.

Limitation on Rights of Bondholders. (A) No holder of any Bond will have any right to institute any suit, action, mandamus or other proceeding in equity or at law, or for the protection or enforcement of any right under the Indenture or any right under law unless such holder gives to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, and unless the holder of not less than twenty-five percent (25%) in principal amount of the Bonds of the highest Class then Outstanding has made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, has occurred, and has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Indenture or granted under the law or to institute such action, suit or proceeding in its name and unless, also, there has been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be insured therein or thereby, and the Trustee has refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under the Indenture or for any other remedy under the Indenture or under law. It is understood and intended that no one or more holder of the Bonds secured by the Indenture will have any right in any manner whatsoever by their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture or under law with respect to the Bonds of the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity will be instituted, had and maintained in the manner in provided in the Indenture and for the benefit of all holders of the Outstanding Bonds. Nothing in Article X of the Indenture will affect or impair the right of any Bondholder to enforce the payment of the principal or Redemption Price, if any, of and interest on such Bondholder's Bonds, or the obligation of the Corporation to pay the principal or Redemption Price, if any, of and interest on each Bond issued under the Indenture to the registered holder thereof at the time and place in said Bond expressed.

(B) Notwithstanding anything to the contrary described in this subheading "LIMITATION OR Risk of Bondholders", or any other provision of the Indenture, each holder of any Bond by such holder's acceptance thereof will be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under the Indenture or any Supplemental Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions described in this paragraph will not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five percent (25%) in principal amount of the Bonds of the highest Class Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

MISCELLANEOUS

Defeasance. (A) If the Corporation pays or causes to be paid to the holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, and also pays or causes to be paid all other sums payable under the Indenture by the Corporation, including any amounts payable to the United States, then the pledge of any revenues and assets pledged under the Indenture and all other rights granted by the Indenture will, at the election of the Corporation (evidenced by a certificate of an Authorized Officer filed with the Trustee, signifying the intention of the Corporation to discharge all such indebtedness and the Indenture and any Supplemental Indenture), and notwithstanding that any Bonds will not have been surrendered for payment, be discharged and satisfied. In such event, the Trustee will, upon the request of the Corporation,

execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction and the Fiduciaries will pay over or deliver to the Corporation all moneys or securities held by them pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) If funds have been set aside and are being held in trust by Fiduciaries for the payment of principal, interest and Redemption Price (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or upon the date upon which such Bonds have been duly called for redemption thereof, such Bonds will be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) above. All Outstanding Bonds will, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in paragraph (A) above if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation will give to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article VI of the Indenture notice of redemption on said date of such Bonds, (ii) there will have been deposited with the Trustee either funds in an amount which will be sufficient, or Investment Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds defeased and the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient in the opinion of an Accountant delivered to the Trustee, to pay when due the principal or Redemption Price, if any, and interest due and to become due on said Bonds on any date prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the Corporation will have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the holders that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid as described under this subheading "Defeasance" and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of said Bonds and (iv) a Counsel's Opinion stating that all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, the defeasance complies with the terms of the Indenture, and the defeasance will not adversely affect the tax status of the Bonds. Neither Investment Securities or moneys deposited with the Trustee as described under this subheading "Defeasance" nor principal or interest payments on any such Investment Securities will be withdrawn or used for any purpose other than, and will be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such principal or interest payments on such Investment Securities deposited with the Trustee, if not then needed for such purpose, will, to the extent practicable, be reinvested in Investment Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments will be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

(C) If, through the deposit of moneys by the Corporation or otherwise, the Fiduciaries will hold, pursuant to the Indenture, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds or to pay, in the case of Bonds in respect of which the Corporation will have taken all action necessary to redeem prior to maturity, the Redemption Price and interest to such redemption date, then at the written request of the Corporation all moneys held by any Paying Agent will be paid over to the Trustee and, together with other moneys held by it under the Indenture, will be held by the Trustee for the payment or redemption of Outstanding Bonds.

(D) Anything in the Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for six years after the date when all of the Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for six years after the date of deposit of such moneys if deposited with the Fiduciary after the said date when all of the Bonds became due and payable, will be repaid by the Fiduciary to the Corporation, as its absolute property and free from trust, and the Fiduciary will thereupon be released and discharged.

No Recourse Under Indenture or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Corporation contained in the Indenture will be deemed to be the covenants, stipulation, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation in his individual capacity, and no recourse will be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on the Indenture against any member, officer or employee of the Corporation or any natural person executing the Bonds.

Governing Law. The Indenture and the Bonds will be construed in accordance with, and governed by, the laws of the State of Alaska.

[RESERVED]

Reset Auction Mode Securities and Auction Procedures

The following description has been provided by the Underwriter, and the Corporations assume no responsibility for the accuracy of the information contained herein. No assurance can be given that the procedures described herein will not change subsequent to the date hereof. The Auction Procedures for the RAMS are as set forth below. All of the terms used in this Exhibit IV are defined herein or in other parts of this Official Statement.

Definitions

"'AA' Composite Commercial Paper Rate", on any date of determination, means (i) the Bond Equivalent Yield of the 30-day rate on commercial paper placed on behalf of issuers whose corporate bonds are rated "AA" by Standard & Poor's Ratings Group, or the equivalent of such rating by Standard & Poor's Ratings Group, as made available on a discount basis or otherwise by the Federal Reserve Bank of New York for the Business Day immediately preceding such date of determination; or (ii) if the Federal Reserve Bank of New York does not make available any such rate, then the arithmetic average of the Bond Equivalent Yield of the 30-day rate on commercial paper placed on behalf of such issuers, as quoted to the Auction Agent on a discount basis or otherwise, by at least three dealers of commercial paper, or such fewer entities as may then be dealers of commercial paper, as of the close of business on the Business Day immediately preceding such date of determination.

"Adjustable Rate" means an Auction Rate or any other rate of interest which may change from time to time.

"After-Tax Equivalent Rate," on any date of determination, means the interest rate per annum equal to the product of:

(a) the "AA" Composite Commercial Paper Rate on such date; and

(b) 1.00 minus the lower of the Statutory Corporate Tax Rate and the Statutory Personal Tax Rate on such date.

For purposes of this definition, the term *"Statutory Corporate Tax Rate"* means, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 11 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date hereof is 35%, and *"Statutory Personal Tax Rate"* means, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable income of a natural person as set forth in Section 1 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date hereof is 39.6%.

"All-Hold Rate" on any date of determination, means the interest rate per annum equal to 90% (as such percentage may be adjusted pursuant to the Indenture) of the lesser of:

(a) the After-Tax Equivalent Rate on such date; and

(b) the Kenny Index on such date;

rounded to the nearest one thousandth of 1% (.001); provided that in no event shall the All-Hold Rate be more than the Interest Rate Limitation or less than zero. See the caption "RESET AUCTION MODE SECURITIES (2004A-1 Bonds and 2004A-2 Bonds) – Adjustment in Percentages for RAMS" in the body of the Official Statement.

"Applicable Number of Business Days" means the greater of two Business Days or one Business Day plus the number of Business Days by which the Auction Date precedes the first day of the next succeeding Interest Period.

"Applicable Percentage", on any date of determination, means the percentage determined (as such percentage may be adjusted pursuant to the Indenture) based on the lower of the prevailing credit ratings on the RAMS in effect at the close of business on the Business Day immediately preceding such date, as set forth below:

Credit Rating		
Moody's Investors Service	**Standard & Poor's/ Fitch Ratings**	**Applicable Percentage**
"Aaa"	"AAA"	150%
"Aa" to "Aa1"	"AA-" to "AA+"	150%
"A" to "A1"	"A-" to "A+"	150%
"Baa" to "Baa1"	"BBB-" to "BBB+"	175%
Below to "Baa"	Below "BBB-"	200%

provided, that, in the event that the RAMS are not rated by any Rating Agency, the Applicable Percentage shall be 200%, and provided further, that if a Payment Default shall have occurred and be continuing, the Applicable Percentage shall be 200%. For purposes of this definition, Standard & Poor's and Fitch Ratings' rating categories of "AAA," "AA," "A" and "BBB," and Moody's Investors Service's rating categories of "Aaa," "Aa," "A" and "Baa," refer to and include the respective rating categories correlative thereto if any such rating agency has changed, or modified their generic rating categories or if Standard & Poor's or Fitch Ratings no longer rate the RAMS or has been replaced.

"Applicable Spread" means, on any date of determination, the following percentages to be used in the computation of the T-Bill Cap and the CP Cap, as applicable, based on the lowest rating assigned to 2004A-1 Bonds or 2004A-2 Bonds bearing interest at an Auction Rate as of such date:

Credit Rating			
Moody's Investors Service	**Standard & Poor's/ Fitch Ratings**	**Applicable T-Bill Spread**	**Applicable CP Spread**
"Aaa"	"AAA"	1.25%	0.75%
"Aa"	"AA"	1.25%	0.75%
"A"	"A"	1.25%	0.75%
"Baa"	"BBB"	1.50%	1.00%
Below "Baa"	Below "BBB"	2.00%	1.50%

"Auction" means each periodic implementation of the Auction Procedures as described herein.

"Auction Agency Agreement" means the Auction Agency Agreement between the Trustee and the Auction Agent and any similar agreement with a successor Auction Agent, in each case as from time to time amended or supplemented.

"Auction Bond Interest Rate" means each rate of interest per annum borne by any Bonds for each Interest Period and determined in accordance with the provisions of Article III of the Multi-Mode Annex; provided, however, that in the event of a Payment Default, the Auction Bond Interest Rate shall equal the Overdue Rate; and provided further that such Auction Bond Interest Rate shall in no event exceed the Maximum Auction Rate.

"Auction Date" means initially the date specified in the Indenture, and thereafter, the Business Day immediately preceding the first day of each Interest Period, other than;

(a) an Interest Period which commences on a Conversion Date;

(b) each Interest Period commencing after the ownership of the RAMS is no longer maintained in book-entry form by the Depository;

(c) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or

(d) any Interest Period commencing less than the Applicable Number of Business Days after the cure or waiver of a Payment Default.

Notwithstanding the foregoing, the Auction Date for one or more Interest Periods may be changed pursuant to the Indenture.

"Auction Procedures" means the procedures for determining the rate of interest that a series of RAMS will bear for an Interest Period as set forth in Sections 3.01 and 3.02 of the Multi Mode Annex and described herein under the captions "Reset Auction Mode Securities -- Interest."

"Auction Rate Period" means, for any 2004 Bonds, any period during which such 2004 Bonds bear interest at an Auction Rate, which period shall commence on the date of issuance of such 2004 Bonds or on the effective date of Conversion to an Auction Rate, as the case may be, and shall extend through the day immediately preceding the earlier of (a) the effective date of a Conversion to another Rate Period or (b) the Stated Maturity Date of such Bonds.

"Bond Equivalent Yield" means, with respect to any security with a maturity of six months or less the rate for which is quoted in *The Wall Street Journal* on a bank discount basis, the yield calculated in accordance with the following formula and rounded up to the nearest one one-hundredth of one percent:

$$\frac{R \times N}{360 - (R \times D)} \times 100$$

where "R" refers to the interest rate per annum for the security quoted on a bank discount basis expressed as a decimal, "N" refers to 365 or 366 days, as applicable, and "D" refers to the number of days to maturity.

"Broker-Dealer" means, initially, RBC Dain Rauscher Inc. and Goldman, Sachs & Co. for the 2004A-1 Bonds, and RBC Dain Rauscher for the 2004A-2 Bonds, and any other broker or dealer (as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that is a Participant (or an affiliate of a Participant), has been selected by the Corporation pursuant to the Indenture and has entered into a Broker-Dealer Agreement that remains effective.

"Broker-Dealer Agreement" means each agreement between the Auction Agent and a Broker-Dealer pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented. Each Broker-Dealer Agreement shall be substantially in the form of the Broker-Dealer Agreement between The Wilmington Trust Company, as Auction Agent, and RBC Dain Rauscher Inc., as the sole initial Broker-Dealer for the 2004A-2 Bonds.

"Business Day" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange, the Trustee or the Auction Agent or banks are authorized or obligated by law or executive order to close in New York, New York, or in the city in which is located the principal office of the Auction Agent as provided in the Auction Agency Agreement, or, as notified to the Auction Agent in writing, in any city in which is located the principal corporate trust office of the Trustee, the Credit Provider or the Liquidity Provider, if any, at which demands for a draw on, or borrowing or payment under the Credit Enhancement or Liquidity Facility will be made; provided that with respect to Auction Dates such term shall exclude December 30 and 31 and April 14 and 15.

"Calculation Period" means for the 2004 Bonds any daily, weekly, monthly, flexible, term or other period for which an Adjustable Rate (other than an Auction Rate) or a Fixed Rate is determined while such 2004 Bonds bears interest at such Adjustable Rate or Fixed Rate.

"Change of Preference Law" means, with respect to any RAMS Holder, any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury after the date of RAMS issuance which (i) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (ii) imposes or would impose or reduces or would reduce or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any holder of RAMS.

"Changes in the Interest Rate Mode" means any change in the Calculation Period for the Adjustable Rate borne by the Bonds pursuant to the Indenture.

"Conversion" means any conversion of any 2004 Bonds (from time to time in accordance with the terms of the Multi-Mode Annex) from one Rate Period to another Rate Period.

"Conversion Date" means the effective date of any Change in the Interest Rate Mode or the Fixed Rate Conversion Date.

"Conversion Supplement" means any Supplemental Indenture providing for the conversion of the interest rate on the 2004 Bonds to a different Adjustable Rate or a Fixed Rate.

"CP Cap" means, for any Auction Date, the rate (for the then current Auction) at which the Quarterly Average Auction Rate equals the Quarterly Average CP Rate plus the Applicable CP Spread, such rate to be determined by the formula:

$$N \times (C + S) - R,$$

where N is the number of Auction Dates which precede the current Auction Date by 91 days or less, including the current Auction Date; C is the Quarterly Average CP Rate; S is the Applicable Spread; and R is the sum of the Auction Rates for Auction Dates preceding the current Auction Date by 91 days or less, excluding the current Auction.

"Determination Date" means, (a) so long as RAMS bear interest at an Auction Rate, each Auction Date, (b) for any Calculation Period, the first Business Day before such Calculation Period, and (c) for the Fixed Rate Period, any date within fifteen days before the Fixed Rate Conversion Date; or, in the case of (b) or (c), any other date specified in a Conversion Supplement.

"Existing Holder" means a person who has signed a Master Purchaser's Letter and is listed as the owner of RAMS in the records of the Auction Agent.

"Fixed Rate" means for the 2004 Bonds a Term Rate for a period ending on the Stated Maturity Date of the 2004 Bonds bearing interest at such Rate.

"Fixed Rate Conversion Date" means the date on which the Fixed Rate takes effect as provided in the Indenture.

"Fixed Rate Period" means the period, if any, during which all or a portion of a series of Bonds bear interest at a Fixed Rate, which period shall commence on the Fixed Rate Conversion Date and extend through the final maturity date of a series of Bonds.

"Holder" means the beneficial owner of any 2004 Bonds.

"Initial Interest Period" means any period commencing on the date of issuance of 2004 Bonds designated as RAMS or the date of Conversion of 2004 Bonds to an Auction Rate and ending on the day after the first Auction Date following such issuance or Conversion.

"Interest Payment Period" means for a series of 2004 Bonds, the period of time during which interest accrues, but is not due to be paid, on such 2004 Bonds at one or more Adjustable Rates or at a Fixed Rate commencing either on the date of issuance of such 2004 Bonds or on the date of conversion of such 2004 Bonds from one Interest Period to a different Interest Period through and including the day immediately preceding the next succeeding Interest Payment Date.

"Interest Period" means for RAMS each period for which an Auction Bond Interest Rate is determined pursuant to the Auction Procedures, which Period initially shall consist generally of 35 days as the same may be adjusted pursuant to the procedures described in the Official Statement under "RESET AUCTION MODE SECURITIES – Interest – Interest Payments – Changes in Interest Periods or Auction Date."

"Interest Rate Limitation", on any date of determination, means the interest rate per annum equal to the lesser of:

(i) 14% per annum, or

(ii) the maximum rate of interest permitted under State law.

"Kenny Index" means the index most recently made available by Kenny S&P Evaluation Services (*"Kenny"*) or any successor thereto (the *"Indexing Agent"*) based upon 30-day yield evaluations at par of securities, the interest on which is excluded from gross income for federal income tax purposes under the Code, of not less than five "Intermediate Grade" component issuers selected by the Indexing Agent which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Indexing Agent in its discretion. The securities on which the Kenny Index is based shall not include any securities the interest on which is subject to a "minimum tax" or similar tax under the Code, unless all such securities are subject to such tax. In the event that Kenny no longer publishes an index satisfying the above definition of the Kenny Index or the Market Agent reasonably concludes that the Kenny Index will not be announced in a timely manner, then the Market Agent shall announce a rate based upon the same criteria used by Kenny to determine the Kenny Index and the rate announced by the Market Agent for each Auction Date thereafter shall be used in lieu of the Kenny Index for each Auction Date.

"Market Agent Agreement" means the Market Agent Agreement between the Trustee and the Market Agent, and any similar agreement with a successor Market Agent, in each case as from time to time amended or supplemented.

"Maximum Auction Rate" on any date means the lesser of:

(i) the Applicable Percentage of the greater of (1) the After-Tax Equivalent Rate on such date or (2) the Kenny Index on such date; or

(ii) for Auctions after the Initial Auction Date, the T-Bill Cap; or

(iii) for Auctions after the Initial Auction Date, the CP Cap; or

(iv) the Interest Rate Limitation; rounded to the nearest one thousandth of 1% (.001).

"Multi-Mode Annex" means Exhibit A attached to the Third Supplemental Indenture, dated as of April 1, 2004, between the Corporation and the Trustee.

"90-Day Financial Commercial Paper" means the 90-Day AA Financial Commercial Paper rate posted on the Federal Reserve Release entitled "Commercial Paper Rates and Outstandings", which rate may be available on the Internet at www.federalreserve.gov/releases/cp.[2]

"Overdue Rate" on any date of determination, means the interest rate per annum equal to the lesser of: (i) 200% of the greater of the Applicable Percentage of the greater of (A) the Kenny Index and (B) the After-Tax Equivalent Rate, or (ii) the Interest Rate Limitation.

"Participant" means a member of, or participant in, the Securities Depository.

"Payment Default" means failure by the Corporation to make payment of interest on, premium, if any, and principal of RAMS when due, by the Corporation.

"Potential Owner" means any person, including any Existing Holder, (i) who shall have executed a master purchaser's letter in the form required by the Broker-Dealer and (ii) who may be interested in acquiring 2004 Bonds bearing interest at an Auction Rate (or, in the case of an Existing Holder thereof, an additional principal amount of 2004 Bonds bearing interest at an Auction Rate).

"Quarterly Average Auction Rate" means the simple average of the Auction Rates for the 2004 Bonds for Auction Dates preceding the current Auction Date by 91 days or less, including the current Auction Date.

"Quarterly Average CP Rate" means the simple average of the Bond Equivalent Yield of 90-Day Financial Commercial Paper rates for the 91 days preceding (but not including) the current Auction Date.

"Quarterly Average T-Bill Rate" means the simple average of the Bond Equivalent Yield of 91-day Treasury Bills auctioned in the 91 days preceding (but not including) the current Auction Date.

"RAMS" means the 2004 Bonds outstanding as Reset Auction Mode Securities or RAMS,™ prior to their conversion to bear interest at a Fixed Rate or a Variable Rate.

"Rate Period" means any Auction Rate Period, Daily Rate Period, Flexible Rate Period, Monthly Rate Period, Term Rate Period or Weekly Rate Period.

"Record Date" means, with respect to Bonds outstanding as RAMS, the Business Day prior to each Interest Payment Date.

"Remarketing Agent" means RBC Dain Rauscher Inc., or such other remarketing agent appointed by the Corporation pursuant to the Indenture.

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[2] This Internet address is contained herein as a matter of convenience for purchasers of the 2004 Bonds in order to assist such purchasers in ascertaining the 90-Day Financial Commercial Paper rate. The Corporation does not adopt any information that may be provided at such address and disclaims any responsibility for any such information. The information at such address is not to be construed as part of this Official Statement.

"Securities Depository" means The Depository Trust Company and its successors and assigns, or if (i) the then Securities Depository resigns from its functions as depository of RAMS or (ii) the Corporation discontinues use of the Securities Depository, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with RAMS and which is selected by such Corporation with the consent of the Trustee, the Auction Agent and the Market Agent.

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

"T-Bill Cap" means, for any Auction Date, the rate (for the then current Auction Date) at which the Quarterly Average Auction Rate equals the Quarterly Average T-Bill Rate plus the Applicable Spread, such rate to be determined by the formula:

$$N \times (T + S) - R,$$

where N is the number of Auction Dates which precede the current Auction Date by 91 days or less, including the current Auction Date; T is the Quarterly Average T-Bill Rate; S is the Applicable Spread; and R is the sum of the Auction Rates for Auction Dates preceding the current Auction Date by 91 days or less, excluding the current Auction.

"United States Treasury Security Rate" means that rate of interest per annum equal to the Bond Equivalent Yield on the applicable United States Treasury securities sold at the last auction thereof that immediately precedes the Determination Date to which the T-Bill Cap applies.

"Winning Bid Rate" shall have the meaning set forth below in subparagraph (c)(1)(C).

Auction Generally

Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding (i) each Interest Period commencing after the ownership of the RAMS is no longer maintained in book-entry form; (ii) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or (iii) any Interest Period commencing less than two business days after the cure of a Payment Default). If there is an Auction Agent on such Auction Date, Auctions shall be conducted in the following manner.

(a) *Orders By Existing Holders and Potential Holders.*

(i) Prior to the Submission Deadline on each Auction Date:

(A) each Existing Holder of RAMS may submit to a Broker-Dealer information as to: (1) the principal amount of Outstanding RAMS, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Interest Period; (2) the principal amount of Outstanding RAMS, if any, which such Existing Holder offers to sell if the Auction Rate for the next succeeding Interest Period shall be less than the rate per annum specified by such Existing Holder; and/or (3) the principal amount of Outstanding RAMS, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Interest Period; and

(B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of RAMS which each such Potential Holder offers to purchase if the Auction Rate for the next succeeding Interest Period shall not be less than the rate per annum specified by the such Potential Holder.

The communication of an Existing Holder or a Potential Holder to a Broker-Dealer of information referred to in clause (A)(1), (A)(2), (A)(3) or (B) of this subsection (a)(i) is hereinafter referred to as an *"Order"* and collectively as *"Orders."* Each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a *"Bidder"* and collectively as *"Bidders."* An Order containing the information referred to in clause (A)(1) of this subsection (a)(i) is hereinafter referred to as a *"Hold Order"* and collectively as *"Hold Orders."* An Order containing the information referred to in clause (A)(2) or (B) of this subsection (a)(i) is hereinafter referred to as a *"Bid"* and collectively as *"Bids."* An order containing the information referred to in clause (A)(3) of this subsection (a)(i) is hereinafter referred to as a *"Sell Order"* and collectively as *"Sell Orders."*

(ii) (A) Subject to the provisions of subsection (b) below, a Bid by an Existing Holder shall constitute an irrevocable offer to sell: (1) the principal amount of Outstanding RAMS specified in such Bid if the Auction Rate determined shall be less than the rate specified in such Bid; or (2) such principal amount or a lesser principal amount of Outstanding RAMS to be determined as set forth in clause (D) of paragraph (i) of subsection (d) below, if the Auction Rate determined shall be equal to the rate specified in such Bid; or (3) such principal amount or a lesser principal amount of Outstanding RAMS to be determined as set forth

in clause (C) of paragraph (ii) of subsection (d) below if the rate specified shall be higher than the Auction Rate and Sufficient Clearing Bids have not been made.

(B) Subject to the provisions of subsection (b) below, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell: (1) the principal amount of Outstanding RAMS specified in such Sell Order; or (2) such principal amount or a lesser principal amount of Outstanding RAMS as set forth in clause (C) of paragraph (ii) of subsection (d) below if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of the subsection (b) below, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase: (1) the principal amount of Outstanding RAMS specified in such Bid if the Auction Rate determined shall be higher than the rate specified in such Bid; or (2) such principal amount or a lesser principal amount of Outstanding RAMS as set forth in clause (E) of paragraph (i) of subsection (d) below if the Auction Rate determined shall be equal to the rate specified in such Bid.

(b) *Submission by Broker-Dealers to the Auction Agent.*

(i) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

(A) the name of the Bidder placing such Order,

(B) the aggregate principal amount of RAMS that are the subject of such Order,

(C) to the extent that such Bidder is an Existing Holder: (1) the principal amount of RAMS, if any, subject to any Hold Order placed by such Existing Holder; (2) the principal amount of RAMS, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and (3) the principal amount of RAMS, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate and amount specified in such Potential Holder's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next higher one-thousandth of 1% (.001).

(iii) If an Order or Orders covering all Outstanding RAMS held by an Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Outstanding RAMS held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) Neither the Corporation, the Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding RAMS held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including the aggregate principal amount of RAMS held by such Existing Holder, and if the aggregate principal amount of RAMS subject to such Holder Order exceeds the aggregate principal amount of RAMS held by such Existing Holder, the aggregate principal amount of RAMS subject to each such Holder Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding RAMS held by such Existing Holder.

(B) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding RAMS held by such Existing Holder over the aggregate principal amount of RAMS subject to any Holder Orders referred to in clause (A) of this paragraph (v); (2) subject to subclause (1) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Holder, and the aggregate principal amount of Outstanding RAMS subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess, and the stated amount of RAMS subject to each Bid with the same rate shall be reduced pro rata to cover the stated amount of RAMS equal to such excess; (3) subject to subclauses (1)

and (2) of this clause (B), if more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and (4) in any such event, the aggregate principal amount of Outstanding RAMS, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding RAMS held by such Existing Holder over the aggregate principal amount of RAMS subject to valid Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for RAMS is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) An Existing Holder that offers to purchase additional RAMS is, for purposes of such offer, treated as a Potential Holder.

(viii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of RAMS not equal to its authorized denomination or any multiple thereof shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of RAMS not equal to its authorized denomination or any multiple thereof shall be rejected.

(ix) Any Bid specifying a rate higher than the Maximum Auction Rate will (A) be treated as a Sell Order if submitted by an Existing Holder and (B) not be accepted if submitted by a Potential Holder.

(x) Any Bid submitted by an Existing Holder or a Potential Holder specifying a rate lower than the All-Hold Rate shall be treated as a bid specifying the All-Hold Rate and any such bid shall be considered as valid and shall be selected in the ascending order of their respective rates in the submitted Bids.

(xi) Any Order submitted in an Auction by a Broker-Dealer to the Auction Agent before the Submission Deadline on any Auction Date shall be irrevocable.

(c) *Determination of Sufficient Clearing Bids, Auction Rate and Winning Bid Rate.*

(i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a *"Submitted Hold Order,"* a *"Submitted Bid"* or *"Submitted Sell Order,"* as the case may be, or as a *"Submitted Order"* and a collectively as *"Submitted Hold Orders," "Submitted Bids"* or *"Submitted Sell Orders,"* as the case may be, or as *"Submitted Orders"*) and shall determine:

(A) the excess of the total principal amount of Outstanding RAMS over the sum of the aggregate principal amount of Outstanding RAMS subject to Submitted Hold Orders (such excess being hereinafter referred to as the *"Available RAMS"*); and

(B) from such Submitted Orders whether (1) the aggregate principal amount of Outstanding RAMS subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Auction Rate; exceeds or is equal to the sum of: (2) the aggregate principal amount of Outstanding RAMS subject to the Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Auction Rate; and (3) the aggregate principal amount of Outstanding RAMS subject to Submitted Sell Orders; (in the event such excess or such equality exists, other than because the sum of the principal amounts of RAMS in subclause (1) and (3) is zero because all of the Outstanding RAMS are subject to Submitted Hold Orders, such Submitted Bids in subclause (1) above being hereinafter referred to collectively as *"Sufficient Clearing Bids"*); and

(C) if Sufficient Clearing Bids have been made, the lowest rate specified in such Submitted Bids (which shall be the *"Winning Bid Rate"*) such that if: (1)(aa) each such Submitted Bid from Existing Holders specifying such lowest rate and (bb) all other Submitted Bids from Existing Holders specifying lower rates, were rejected, thus entitling such Existing Holders to continue to hold the principal amount of RAMS subject to such Submitted Bids; and (2)(aa) each such Submitted Bid from Potential Holders specifying such lowest rate and (bb) all other Submitted Bids from Potential Holders specifying lower rates were accepted,

the result would be that such Existing Holders described in subclause (1) above would continue to hold an aggregate principal amount of Outstanding RAMS which, when added to the aggregate principal amount of Outstanding RAMS to be purchased by such Potential Holders described in subclause (2) above, would equal not less than the Available RAMS.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall advise the Trustee of the Maximum Auction Rate, the Interest Rate Limitation and the All-Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Interest Period (the *"Auction Rate"*) as follows:

(A) if Sufficient Clearing Bids have been made, that the Auction Rate for the next succeeding Interest Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids have not been made (other than because all of the Outstanding RAMS are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Interest Period shall be equal to the Maximum Auction Rate; or

(C) if all Outstanding RAMS are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Interest Period shall be equal to the All-Hold Rate.

(d) *Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of RAMS.* Existing Holders shall continue to hold the principal amount of RAMS that are subject to Submitted Holder Orders and based on the determination made pursuant to subparagraph (i) of this subsection (d), submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below in paragraph (ii):

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraphs (iv) and (v) of this subsection (d), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of RAMS subject to such Submitted Bids;

(B) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of RAMS subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Holder to purchase the aggregate principal amount of RAMS subject to such Submitted Bids;

(D) each Existing Holders' Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of RAMS subject to such Submitted Bid, unless the aggregate principal amount of Outstanding RAMS subject to all such Submitted Bids shall be greater than the principal amount of RAMS (the *"remaining principal amount"*) equal to the excess of the Available RAMS over the aggregate principal amount of RAMS subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hölder the principal amount of RAMS subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of RAMS obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding RAMS held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding RAMS subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of RAMS obtained by multiplying the excess of the aggregate principal amount of Available RAMS over the aggregate principal amount of RAMS subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding RAMS subject to such Submitted Bid and the denominator of

which shall be the sum of the principal amounts of Outstanding RAMS subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding RAMS are subject to Submitted Hold Orders), subject to the provisions of paragraphs (iv) and (v) of this subsection (d), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of RAMS subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Auction Rate shall be accepted, thus requiring each Potential Holder to purchase the aggregate principal amount of RAMS subject to such Submitted Bids; and

(C) Each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Auction Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the RAMS subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of RAMS obtained by multiplying the aggregate principal amount of RAMS subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding RAMS held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding RAMS subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding RAMS are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraph (i) or (ii) of this subsection (d), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of RAMS that is not equal to the authorized denomination or any multiple thereof, the Auction Agent shall, in such manner as it shall, in its sole discretion, determine, round up or down the principal amount of RAMS to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of RAMS purchased or sold by each Existing Holder or Potential Holder shall be equal to the authorized denomination or any multiple thereof.

(v) If, as a result of the procedures described in paragraph (i) or (ii) of this subsection (d), any Potential Holder would be entitled or required to purchase, a principal amount of RAMS that is less than the authorized denomination or any multiple thereof, the Auction Agent shall, in such manner as it shall, in its sole discretion, determine, allocate the principal amount of RAMS for purchase among Potential Holders so that the principal amount of RAMS purchased by each Potential Holder shall be equal to the authorized denomination or any multiple thereof, even if such allocation results in one or more of such Potential Holders not purchasing any RAMS.

(e) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of RAMS to be purchased and the aggregate principal amount of RAMS to be sold by Potential Holders and Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of RAMS to be sold differs from such aggregate principal amount of RAMS to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, RAMS.

(f) Any calculation by the Auction Agent or the Trustee, as applicable, of the Auction Bond Interest Rate, Maximum Auction Rate, All-Hold Rate and Overdue Rate shall, in the absence of manifest error, be binding on all other parties.

(g) Notwithstanding anything herein to the contrary, no Auction will be held on any Auction Date on which there are insufficient moneys in the Revenue Account to pay, or otherwise held by the Trustee under the Indenture and available to pay, the principal of and interest due on the RAMS on the Interest Payment Date immediately following such Auction Date.

(h) Notwithstanding anything to the contrary, if any RAMS or portion thereof have been selected for redemption during the next succeeding Interest Period, such RAMS or portion thereof will not be included in the Auction preceding such redemption date, and will continue to bear interest until the redemption date at the rate established for the Interest Period prior to said Auction.

Disruption in Auction Procedures

Notwithstanding any provision in the Indenture to the contrary, (i) if as of the commencement of an Interest Period, an Auction is scheduled to occur for such Interest Period on a Business Day (a "Scheduled Auction Date"), but such Auction does not occur because it was not foreseeable that the Scheduled Auction Date would not be a Business Day, or (ii) if the Scheduled Auction Date was a Business Day but, as a result of an event generally affecting the securities markets in the United States, auctions for securities such as the Bonds were generally not conducted during such Business Day and in fact an Auction for the Bonds was not conducted on such Business Date, the following shall apply:

(a) An Auction shall be deemed to have occurred on the Scheduled Auction Date as if such day were a Business Day;

(b) The Auction Rate for such deemed Auction to be in effect for the succeeding Interest Period (i) shall be equal to the Auction Rate for the preceding Interest Period if such preceding Interest Period was 35 days or less; and (ii) otherwise shall be the rate of interest determined by the Market Agent on equivalently rated auction securities with a comparable length of Interest Period; and

(c) The succeeding Interest Period shall begin on the calendar day following the Scheduled Auction Date.

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SETTLEMENT PROCEDURES

Unless defined herein, capitalized terms used herein shall have the respective meanings specified in Exhibit V of this Official Statement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate or other Rate fixed as the Auction Bond Interest Rate for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a *"Seller's Broker-Dealer"*) submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of RAMS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a *"Buyer's Broker-Dealer"*) submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of RAMS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of RAMS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders if different from the aggregate principal amount of RAMS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of RAMS and the principal amount of RAMS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealers acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted;

(vi) if the principal amount of RAMS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of RAMS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Participant, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of RAMS and the principal amount of RAMS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf of each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Auction Bond Interest Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through the Securities Depository the amount necessary, including accrued interest, if any, to purchase the principal amount of RAMS to be purchased pursuant to such Bid against receipt of such principal amount of RAMS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole

or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through the Securities Depository the principal amount of RAMS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Bond Interest Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any RAMS received by it pursuant paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to (A) pay through the Securities Depository to the Participant of the Existing Holder delivering RAMS to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such RAMS against receipt of such RAMS, and (B) deliver such RAMS through the Securities Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in the Securities Depository shall instruct its Participant to (A) pay through the Securities Depository to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the RAMS to be purchased pursuant to (b)(ii) above against receipt of such RAMS, and (B) deliver such RAMS through the Securities Depository to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(ii) above for such Auction, and the Securities Depository shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct the Securities Depository to execute the transactions described in (d)(iii) above for such Auction, and the Securities Depository shall execute such transactions.

(f) If an Existing Holder selling RAMS in an Auction fails to deliver such RAMS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of RAMS that is less than the principal amount of RAMS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of RAMS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of RAMS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or non-delivery of RAMS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

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May 19, 2004

Members of the Board of Directors of
the Alaska Student Loan Corporation
Juneau, Alaska 99811

Dear Members:

We have examined the Constitution and laws of the State of Alaska and a record of proceedings relating to the issuance of $45,500,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-1 (the "2004A-1 Bonds"), $47,600,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-2 (the "2004A-2 Bonds"), and $22,015,000 aggregate principal amount of Education Loan Revenue Bonds, Senior Series 2004A-3 (the "2004A-3 Bonds" and, together with the 2004A-1 Bonds and the 2004A-2 Bonds, the "Bonds") of the Alaska Student Loan Corporation (the "Corporation"), a public corporation and government instrumentality of the State of Alaska created by and existing under Alaska Statutes 14.42.100-14.42.990, as amended (the "Act").

The Bonds are dated the date hereof. The 2004A-1 Bonds and the 2004A-2 Bonds will mature on April 1, 2044. The 2004A-3 Bonds will mature as set forth in the table below:

Series 2004A-3 Bonds

Maturity June 1	Principal Amount	Interest Rate
2011	$6,285,000	5.25%
2012	7,020,000	5.25
2013	2,400,000	5.25
2014	3,865,000	5.25
2016	1,950,000	5.25
2017	495,000	5.00

The Bonds are being issued in fully registered form only. Interest on the Bonds is payable on December 1, 2004, and semiannually thereafter on June 1 and December 1 in each year. The Bonds

are subject to redemption prior to their scheduled maturity as provided in the Indenture (as hereinafter defined).

In connection with the issuance of the Bonds, we have reviewed the Indenture; the tax certificate of the Corporation dated the date hereof (the "Tax Certificate"); certificates of the Corporation, the Trustee and others; and such other documents, opinions and matters as we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) by any parties other than the Corporation and the due and legal execution and delivery thereof by any parties other than the Corporation. We have not undertaken to verify independently, and have assumed, accuracy of the factual matters represented, warranted or certified in the documents referred to in the preceding paragraph. Furthermore, we have assumed compliance with the covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture (as hereinafter defined) and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we express no opinion as to the Official Statement or other offering material relating to the Bonds.

The Bonds are authorized and issued pursuant to the Act and a resolution of the Corporation adopted on March 18, 2004, (the "Resolution") and are issued pursuant to an indenture between the Corporation and Zions First National Bank, as trustee, (the "Trustee") dated as of June 1, 2002 (the "Master Indenture") and a supplemental indenture by and between the Corporation and the Trustee, dated as of April 1, 2004 (the "Supplemental Indenture" and, together with the Master Indenture, the "Indenture").

Based on the foregoing, we are of the opinion that:

1. Under the Constitution and laws of the State, the Corporation has been duly created and organized and validly exists as a public corporation and government instrumentality in good standing under the laws of the State of Alaska, performing an essential public function with full corporate power and authority, among other things, to carry out the student loan program to be financed in part by the issuance of the Bonds, to provide funds therefor by the execution of the Indenture and the issuance and sale of the Bonds, and to perform its obligations under the terms and conditions of the Indenture.

2. The Indenture has been duly authorized, executed, and delivered and constitutes a legal, valid, and binding instrument enforceable against the Corporation in accordance with its terms.

3. The Bonds are legal, valid, and binding special, limited obligations of the Corporation for the payment of which, in accordance with their terms, the Trust Estate (as defined in the Indenture) has been legally and validly pledged, and the Bonds are entitled to the equal benefit, protection, and security of the provisions, covenants, and agreements of the Indenture on a parity with other bonds of the same Class (as such term is defined in the Indenture) issued and to be issued under the Indenture, to the extent provided therein.

4. Interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code under existing statutes and court decisions. It should be noted, however, that such interest is a specific preference item for purposes of the federal alternative minimum taxes imposed on individuals and corporations by the Code. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Corporation comply with certain arbitrage and rebate requirements set forth in Section 148 of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Corporation has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Interest on the Bonds is exempt from taxation by or under the authority of the State, except for inheritance and estate taxes and taxes on transfers by or in contemplation of death.

Sincerely,

WOHLFORTH, VASSAR,
JOHNSON & BRECHT

Kenneth E. Vassar

THE DEPOSITORY TRUST COMPANY

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC - bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of [any] issue and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's 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 or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will he governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities

may wish to ascertain that the nominee holding the Securities 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.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC [nor its nominee], Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.