

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM S-3  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

USA EDUCATION, INC.  
(Formerly known as SLM Holding Corporation)  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

52-2013874  
(I.R.S. employer  
identification no.)

11600 SALLIE MAE DRIVE  
RESTON, VA 20193  
(703) 810-3000  
(Address, including zip code, and telephone number, including area code, of  
registrant's principal executive offices)

MARIANNE M. KELER, ESQ.  
SENIOR VICE PRESIDENT AND GENERAL COUNSEL  
USA EDUCATION, INC.  
11600 SALLIE MAE DRIVE  
RESTON, VA 20193  
(703) 810-3000  
(Address, including zip code, and telephone number, including area code, of  
agent for service)

COPIES TO:

DIANA DE BRITO, ESQ.  
CADWALADER, WICKERSHAM & TAFT  
1201 F STREET, N.W.  
WASHINGTON D.C. 20004  
(202) 862-2400

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: FROM TIME  
TO TIME AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

If the only securities being registered on this Form are being offered  
pursuant to dividend or interest reinvestment plans, please check the following  
box. / /

If any of the securities being registered on this Form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act,  
other than securities offered only in connection with dividend or interest  
reinvestment plans, check the following box. /X/

If this Form is filed to register additional securities for an offering  
pursuant to Rule 462(b) under the Securities Act, check the following box and  
list the Securities Act registration number of the earlier effective  
registration statement for the same offering: / / \_\_\_\_\_

If this Form is a post-effective amendment filed pursuant to Rule 462(c)  
under the Securities Act, check the following box and list the Securities Act  
registration number of the earlier effective registration statement  
for the same offering: / / \_\_\_\_\_

If the delivery of the prospectus is expected to be made pursuant to Rule  
434, please check the following box. /X/ \_\_\_\_\_

-----  
CALCULATION OF REGISTRATION FEE(1)

TITLE OF EACH CLASS OF SECURITIES PROPOSED TO BE REGISTERED(2)	PROPOSED MAXIMUM OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Debt Securities (3), Common Stock, \$0.20 par value per share (4), Preferred Stock, no par value, and Warrants.....	\$435,000,000(5)(6)(7)(8)	\$120,930

(1) Pursuant to Rule 429 under the Securities Act of 1933, of the \$600 million  
of securities previously registered on Form S-3 (File No. 333-83941),  
\$435,000,000 of such securities are being carried forward to this  
registration statement. The registrant previously paid the Commission a  
filing fee (at the rate of \$2.78 per \$1,000,000 of securities registered) in  
the amount of \$166,800 in connection with the filing of such Form S-3 of  
which \$120,930 is attributable to the \$435,000,000 of securities being

carried forward.

- (2) Any securities registered hereunder may be sold separately or as units with other securities registered hereunder.
- (3) The Debt Securities to be offered hereunder will consist of one or more series of senior debt securities or subordinated debt securities or any combination thereof, as more fully described herein.
- (4) Common Stock is registered primarily for the purpose of allowing flexibility to make sales of Common Stock in connection with the settlement of privately negotiated equity forward contracts. Common Stock may also be issued upon conversion, exercise or exchange of any Debt Securities, Preferred Stock or Warrants.
- (5) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o).
- (6) No separate consideration will be received for Debt Securities, Common Stock or Preferred Stock that are issued upon the conversion of Debt Securities or Preferred Stock.
- (7) In U.S. Dollars or the equivalent thereof in one or more foreign currencies or composite currencies.
- (8) Also includes such additional principal amount as may be necessary such that, if Debt Securities are issued with an original issue discount, the aggregate initial offering price of all Debt Securities will equal \$435,000,000 less the dollar amount of other securities previously issued.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

Pursuant to Rule 429 under the Securities Act of 1933, the prospectus that is a part of this registration statement relates to the securities to be registered hereby as well as the securities that were originally registered but not issued under the registrant's Registration Statement on Form S-3 (File No. 333-83941) and that are being carried forward to this registration statement.

- - - - -  
- - - - -

INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE IN WHICH AN OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION

PROSPECTUS

SEPTEMBER 18, 2000

USA EDUCATION, INC.  
(FORMERLY KNOWN AS SLM HOLDING CORPORATION)

\$435,000,000  
DEBT SECURITIES  
PREFERRED STOCK  
WARRANTS

- - This prospectus provides you with a general description of the securities we may offer. We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and the applicable supplement carefully before you invest.
- - We are registering shares of our common stock primarily to preserve our flexibility to deliver or sell shares of our common stock in connection with the settlement of privately negotiated equity forward purchase contracts. We also may issue common stock upon conversion, exercise or exchange of any debt securities, preferred stock or warrants.
- - We are required to include the following legend:

OBLIGATIONS OF USA EDUCATION, INC. AND ANY SUBSIDIARY OF USA EDUCATION, INC. ARE NOT GUARANTEED BY THE FULL FAITH AND CREDIT OF THE UNITED STATES OF AMERICA, AND NEITHER USA EDUCATION, INC. NOR ANY SUBSIDIARY OF USA EDUCATION, INC. IS A GOVERNMENT-SPONSORED ENTERPRISE (OTHER THAN STUDENT LOAN MARKETING ASSOCIATION) OR AN INSTRUMENTALITY OF THE UNITED STATES OF AMERICA.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This prospectus is dated September , 2000

TABLE OF CONTENTS

	PAGE
	-----
About this Prospectus.....	2
Where You Can Find More Information.....	2
Forward-Looking Statements.....	3
USA Education, Inc.....	4
Use of Proceeds.....	4
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.....	4
Securities We May Offer.....	5
Additional Information.....	5
Description of Debt Securities.....	5
Description of Capital Stock.....	13
Description of Warrants.....	14
Plan of Distribution.....	16
Legal Matters.....	17
Experts.....	17

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement we filed with the SEC using a "shelf" registration process. Under this shelf process, we may sell debt securities, preferred stock and warrants in one or more offerings up to a total dollar amount of \$435,000,000. We may sell these securities either separately or in units. We may also issue common stock upon conversion, exchange or exercise of any of the securities mentioned above, and we may sell or deliver our common stock in connection with the settlement of privately negotiated equity forward or equity option transactions we have entered into or may enter into from time to time.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus and the applicable prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

The registration statement that contains this prospectus, including the exhibits to the registration statement, contains additional information about us and the securities we may offer under this prospectus. You can read that registration statement at the SEC's web site or at the SEC's offices mentioned under the heading "Where You Can Find More Information."

### WHERE YOU CAN FIND MORE INFORMATION

We file periodic reports, proxy statements and other information with the SEC. You may inspect and copy these reports and other information at the SEC's public reference facilities in Washington, D.C. (located at 450 Fifth Street, N.W., Washington, D.C. 20549), Chicago (located at Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661) and New York (located at Seven World Trade Center, 13th Floor, New York, New York 10048). You can also obtain copies of these materials from the SEC's public reference section (located at 450 Fifth Street, N.W., Washington, D.C. 20549) at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information about the public reference rooms. The SEC also maintains a site on the World Wide Web at <http://www.sec.gov>. This site contains reports, proxy and information statements and other information about registrants that file electronically with the SEC. You can also inspect reports and other information we file at the office of the New York Stock Exchange, Inc. (located at 20 Broad Street, New York, New York 10005), or at our web site at <http://www.salliemae.com>.

We have filed a registration statement and related exhibits with the SEC under the Securities Act of 1933. This registration statement contains additional information about us and our securities. You can inspect the registration statement and exhibits without charge at the SEC's office in Washington, D.C. (located at 450 Fifth Street, N.W.), and you may obtain copies from the SEC at prescribed rates.

The SEC permits us to "incorporate by reference" the information and reports we file with it. This means that we can disclose important information to you by referring to another document. The information that we incorporate by reference is considered to be part of this prospectus, and later information that we file with the SEC automatically updates and supersedes this information. Specifically, we incorporate by reference:

- our annual report on Form 10-K for the fiscal year ended December 31, 1999, which we filed on March 29, 2000 (File Number 1-13251), including Amendment No. 1 as filed on Form 10-K/A on June 14, 2000;
- our quarterly report on Form 10-Q for the quarterly period ended March 31, 2000, which we filed on May 15, 2000 (File Number 1-13251);

- our quarterly report on Form 10-Q for the quarterly period ended June 30, 2000, which we filed on August 14, 2000 (File Number 1-13251);
- our current reports on Form 8-K, which we filed on January 6, 2000, June 19, 2000 and June 22, 2000 (File No. 1-13251);
- the description of our common stock in our Form 8-A, which we filed on August 7, 1997 and amended on July 27, 1999 (File Number 1-13251), and any amendments or reports filed for the purpose of updating this description;
- the description of our currently outstanding preferred stock in our form 8-A, which we filed on November 10, 1999 (File Number 1-13251); and
- all documents we file with the SEC under Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 after the date of this prospectus and before we sell all of the securities offered by this prospectus.

You may request a copy of these filings at no cost by writing or telephoning us at the following address:

Corporate Secretary  
USA Education, Inc.  
11600 Sallie Mae Drive  
Reston, VA 20193  
(703) 810-3000

You should rely only on the information incorporated by reference or provided in this prospectus and any supplement. We have not authorized anyone else to provide you with different information. You should not assume that the information in this prospectus or any supplement is accurate as of any date other than the date on the front of these documents.

#### FORWARD-LOOKING STATEMENTS

This prospectus and the information incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include information concerning our possible or assumed future results of operations and statements preceded by, followed by or that include the words "believes," "expects," "anticipates," "intends," "plans," "estimates" or similar expressions.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we distribute this prospectus.

You should understand that the following important factors could cause our results to differ materially from those expressed in forward-looking statements:

- changes in the terms of student loans and the educational credit marketplace arising from the implementation of applicable laws and regulations and from changes in these laws and regulations that may reduce the volume, average term, costs and yields on education loans under the Federal Family Education Loan Program or result in loans being originated or refinanced under non-FFELP programs or affect the terms upon which banks and others agree to sell FFELP loans to us;

- changes in the demand for educational financing or in financing preferences of educational institutions, students and their families, which could reduce demand for our products and services or increase our costs; and
- changes in the general interest rate environment and in the securitization markets for education loans, which could increase the costs or limit the availability of financings necessary to originate, purchase or carry education loans.

USA EDUCATION, INC.

We were formed in 1997 in connection with the reorganization of the Student Loan Marketing Association under the Student Loan Marketing Association Reorganization Act of 1996. Our principal business is financing and servicing education loans. We presently conduct a majority of this business through two wholly owned subsidiaries: Student Loan Marketing Association, a government-sponsored enterprise chartered by an act of Congress, and Sallie Mae Servicing Corporation, a Delaware corporation. We are the largest non-governmental source of financing and servicing for education loans in the United States.

On July 31, 2000, under a purchase agreement with USA Group, Inc., USA Group Loan Services, Inc. and USA Group Guarantee Services, Inc., we purchased substantially all of the business of USA Group, including its guarantee servicing, student loan servicing and secondary market operations. As part of the transaction, we changed our name from SLM Holding Corporation to USA Education, Inc.

Our principal executive offices are located at 11600 Sallie Mae Drive, Reston, VA 20193, and our telephone number is (703) 810-3000.

USE OF PROCEEDS

Unless the applicable prospectus supplement states otherwise, we will use the net proceeds from the sale of the offered securities for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table sets forth our ratio of earnings to fixed charges and preferred stock dividends for the five years ended December 31, 1999 and the six months ended June 30, 1999 and June 30, 2000.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1995	1996	1997	1998	1999	1999	2000
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends (1).....	1.16	1.22	1.29	1.37	1.34	1.36	1.30
Ratio of Earnings to Fixed Charges (1).....	1.16	1.23	1.29	1.38	1.34	1.36	1.30

(1) For purposes of computing these ratios, earnings represent income before income tax expense plus fixed charges less preferred stock dividends. Fixed charges represent interest expense plus the estimated interest component of net rental expense.

SECURITIES WE MAY OFFER

TYPES OF SECURITIES

The types of securities that we may offer and sell from time to time by this prospectus are:

- debt securities, which we may issue in one or more series;
- preferred stock, which we may issue in one or more series;
- common stock;
- warrants entitling the holders to purchase common stock, preferred stock or debt securities;
- warrants or other rights relating to foreign currency exchange rates; or
- warrants for the purchase or sale of debt securities of, or guaranteed by, the United States government or its agencies, units of a stock index or a stock basket or a commodity or a unit of a commodity index.

The aggregate initial offering price of all securities we sell will not exceed \$435,000,000. We will determine when we sell securities, the amounts of securities we will sell and the prices and other terms on which we will sell them. We may sell securities to or through underwriters, through agents or directly to purchasers.

#### ADDITIONAL INFORMATION

We will describe in a prospectus supplement, which we will deliver with this prospectus, the terms of particular securities that we may offer in the future. Each prospectus supplement will include the following information:

- the type and amount of securities that we propose to sell;
- the initial public offering price of the securities;
- the names of the underwriters or agents, if any, through or to which we will sell the securities;
- the compensation, if any, of those underwriters or agents;
- information about securities exchanges or automated quotation systems on which the securities will be listed or traded;
- any material United States federal income tax considerations that apply to the securities; and
- any other material information about the offering and sale of the securities.

#### DESCRIPTION OF DEBT SECURITIES

This section discusses debt securities we may offer under this prospectus.

We may issue debt securities under one or more indentures, entered into between us and The Chase Manhattan Bank, New York, New York, as trustee, or another trustee we choose that is qualified to act as trustee under the Trust Indenture Act of 1939. The indentures will be governed by the Trust Indenture Act.

The following is a summary of the indentures. It does not restate the indentures entirely. We urge you to read the indentures. The indentures will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may inspect them at the office of the trustee, or as described under the heading "Where You Can Find More Information." References below to an "indenture" are references to the applicable indenture under which we issue a particular series of debt securities.

## TERMS OF THE DEBT SECURITIES

Our debt securities will be unsecured obligations of USA Education, Inc. We may issue them in one or more series. Authorizing resolutions or a supplemental indenture will set forth the specific terms of each series of debt securities. We will provide a prospectus supplement for each series of debt securities that will describe:

- the title of the debt securities and their CUSIP numbers;
- any limit upon the aggregate principal amount of the series of debt securities;
- the date or dates on which principal and premium, if any, of the debt securities will be payable;
- if the debt securities will bear interest:
  - the interest rate on the debt securities or the method by which the interest rate may be determined;
  - the date from which interest will accrue;
  - the record and interest payment dates for the debt securities; and
  - any circumstances under which we may defer interest payments;
- the place or places where:
  - we can make payments on the debt securities;
  - the debt securities can be surrendered for registration of transfer or exchange; and
  - notices and demands can be given to us relating to the debt securities and under the applicable indenture, and where notices to holders pursuant to the applicable indenture will be published;
- any optional redemption provisions that would permit us or the holders of debt securities to elect to redeem the debt securities before their final maturity;
- any sinking fund provisions that would obligate us to redeem the debt securities;
- whether any of the debt securities are to be issuable as registered securities, bearer securities or both, whether debt securities are to be issuable with or without coupons or both and, if issuable as bearer securities, the date as of which the bearer securities will be dated (if other than the date of original issuance of the first debt security of that series of like tenor and term to be issued);
- whether all or part of the debt securities will be issued in whole or in part as temporary or permanent global securities and, if so, the depository for those global securities and a description of any book-entry procedures relating to the global securities;
- if we issue temporary global securities, any special provisions dealing with the payment of interest and any terms relating to the ability to exchange interests in a temporary global security for interests in a permanent global security or for definitive debt securities;
- the denominations in which the debt securities will be issued, if other than \$1,000 or an integral multiple of \$1,000 in the case of registered securities or \$5,000 in the case of bearer securities;
- the portion of the principal amount of debt securities payable upon a declaration of acceleration of maturity, if other than the full principal amount;
- the currency or currencies in which the debt securities will be denominated and payable and, if a composite currency, any related special provisions;

- any circumstances under which the debt securities may be paid in a currency other than the currency in which the debt securities are denominated and any related provisions;
- the manner in which principal, premium and interest on debt securities will be determined if they are determined with reference to an index based upon a currency or currencies other than that in which the debt securities are denominated or payable;
- any events of default that will apply to the debt securities in addition to those contained in the applicable indenture;
- any additions or changes to the covenants contained in the applicable indenture and the ability, if any, of the holders to waive our compliance with those additional or changed covenants;
- whether the provisions described below under the heading "--Defeasance" apply to the debt securities;
- the identity of the security registrar and paying agent for the debt securities if other than the applicable trustee and
- any other terms of the debt securities.

#### COVENANTS CONTAINED IN INDENTURES

In the indenture, we promise not to create or guarantee any debt for borrowed money that is secured by a lien on the capital stock of our wholly owned subsidiary, Student Loan Marketing Association, unless we also secure the debt securities on an equal or priority basis with the other secured debt. Our promise, however, is subject to an important exception: we may secure debt for borrowed money with liens on that stock without securing the debt securities if our board of directors determines that the liens do not materially detract from or interfere with the then-present value or control of that stock.

Except as noted above, the indenture does not restrict our ability to put liens on our interests in our subsidiaries other than Student Loan Marketing Association, and it does not restrict our ability to sell or otherwise dispose of our interests in any of our subsidiaries, including Student Loan Marketing Association.

#### CONSOLIDATION, MERGER OR SALE

The indenture generally permits a consolidation or merger between us and another entity. It also permits the sale or transfer by us of all or substantially all of our property and assets. These transactions are permitted if:

- the resulting or acquiring entity, if other than us, is organized and existing under the laws of a domestic jurisdiction and assumes all of our responsibilities and liabilities under the applicable indenture, including the payment of all amounts due on the debt securities and performance of the covenants in the indenture; and
- immediately after the transaction, and giving effect to the transaction, no event of default under the indenture exists; and
- we deliver to the trustee an officers' certificate and an opinion of counsel stating that the transactions comply with these conditions.

If we consolidate or merge with or into any other entity or sell or lease all or substantially all of our assets according to the terms and conditions of the indenture, the resulting or acquiring entity will be substituted for us in the indenture with the same effect as if it had been an original party to the indenture. As a result, the successor entity may exercise our rights and powers under the indenture, in

our name and, except in the case of a lease of all or substantially all of our properties, we will be released from all our liabilities and obligations under the indenture and under the debt securities.

#### EVENTS OF DEFAULT AND REMEDIES

An event of default with respect to any series of debt securities will be defined in the indenture or applicable supplemental indenture as being:

- default for 30 days in payment of any installment of interest on any debt security of that series beyond any applicable grace period;
- default in payment of the principal of or premium, if any, on any of the debt securities of that series when due;
- default for 60 days after notice in the observance or performance of any other covenants in the indenture or applicable supplemental indenture relating to that series;
- our bankruptcy, insolvency or reorganization; and
- any other event of default provided with respect to debt securities of any series.

The indenture will provide that the trustee may withhold notice to the holders of any series of debt securities of any default, except a default in payment of principal, premium, if any, or interest, if any, with respect to a series of debt securities, if the trustee considers it in the interest of the holders of that series of debt securities to do so.

The indenture will provide that if any event of default (other than our bankruptcy, insolvency or reorganization) has occurred and is continuing with respect to any series of debt securities, the trustee or the holders of not less than 25% in principal amount of all series of debt securities then outstanding affected by any such event of default, acting together as a single class, may declare the principal amount of and all accrued but unpaid interest on all the debt securities of those series to be due and payable immediately. If our bankruptcy, insolvency or reorganization causes an event of default, the principal amount of and all accrued but unpaid interest on all series of debt securities that are affected by the event of default will be immediately due and payable without any declaration or action by the trustee or the holders. The holders of a majority in principal amount of the debt securities of all series then outstanding that are affected by an event of default, acting as a single class, by written notice to the trustee and to us, may waive any past default, other than any event of default in payment of principal or interest or in respect of an indenture provision that may be amended only with the consent of the holder of each affected debt security. Holders of a majority in principal amount of debt securities of any series affected by an event of default that were entitled to declare the event of default may rescind and annul the declaration and its consequences if the rescission will not conflict with any judgment or decree for payment of money due that has been obtained by the trustee.

The holders of a majority of the outstanding principal amount of the debt securities of any series will have the right to direct the time, method and place of conducting any proceedings for any remedy available to the trustee with respect to that series, subject to limitations specified in the indenture.

#### DEFERANCE

DEFERANCE AND DISCHARGE. At the time that we establish a series of debt securities under the indenture, we can provide that the debt securities of that series are subject to the deferance and discharge provisions of that indenture. If we so provide, we will be discharged from our obligations on the debt securities of that series if:

- we deposit with the trustee, in trust, sufficient money or, if the debt securities of that series are denominated and payable in U.S. dollars only, eligible instruments, to pay the principal, any

interest, any premium and any other sums due on the debt securities of that series, such as sinking fund payments, on the dates the payments are due under the indenture and the terms of the debt securities;

- we deliver to the trustee an opinion of counsel that states that the holders of the debt securities of that series will not recognize income, gain or loss for federal income tax purposes as a result of the deposit and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if no deposit had been made; and
- if the debt securities of that series are listed on any domestic or foreign securities exchange, the debt securities will not be delisted as a result of the deposit.

When we use the term "eligible instruments" in this section, we mean monetary assets, money market instruments and securities that are payable in dollars only and are essentially risk free as to collection of principal and interest, including:

- direct obligations of the United States backed by the full faith and credit of the United States; or
- any obligation of a person controlled or supervised by and acting as an agency or instrumentality of the United States if the timely payment of the obligation is unconditionally guaranteed as a full faith and credit obligation by the United States.

In the event that we deposit money and/or eligible instruments in trust and discharge our obligations under a series of debt securities as described above, then:

- the indenture will no longer apply to the debt securities of that series; but certain obligations to compensate, reimburse and indemnify the trustee, to register the transfer and exchange of debt securities, to replace lost, stolen or mutilated debt securities, to maintain paying agencies and the trust funds and to pay additional amounts, if any, required as a result of U.S. withholding taxes imposed on payments to non-U.S. persons will continue to apply; and
- holders of debt securities of that series can only look to the trust fund for payment of principal, any premium and any interest on the debt securities of that series.

**DEFEASANCE OF COVENANTS AND EVENTS OF DEFAULT.** At the time that we establish a series of debt securities under the applicable indenture, we can provide that the debt securities of that series are subject to the covenant defeasance provisions of that indenture. If we so provide and we make the deposit and deliver the opinion of counsel described above in this section under the heading "--Defeasance and Discharge" we will not have to comply with any covenant we designate when we establish the series of debt securities.

In the event of a covenant defeasance, our obligations under the applicable indenture and the debt securities, other than with respect to the covenants specifically referred to above, will remain in effect.

If we exercise our option not to comply with any covenant and the debt securities of the series become immediately due and payable because an event of default has occurred, other than as a result of an event of default related to a covenant that is subject to defeasance, the amount of money and/or eligible instruments on deposit with the applicable trustee will be sufficient to pay the principal, any interest, any premium and any other sums, due on the debt securities of that series, such as sinking fund payments, on the date the payments are due under the applicable indenture and the terms of the debt securities, but may not be sufficient to pay amounts due at the time of acceleration. We would remain liable, however, for the balance of the payments.

## REGISTRATION AND TRANSFER

Unless we indicate otherwise in the applicable prospectus supplement, we will issue debt securities only as registered securities without coupons. Debt securities that we issue as bearer securities will have interest coupons attached, unless we indicate otherwise in the applicable prospectus supplement.

With respect to registered securities, we will keep or cause to be kept a register in which we will provide for the registration of registered securities and the registration of transfers of registered securities. We will appoint a "security registrar," and we may appoint any "co-security registrar," to keep the security register.

Upon surrender for registration of transfer of any registered security of any series at our office or agency maintained for that purpose in a place of payment for that series, we will execute one or more new registered securities of that series in any authorized denominations, with the same aggregate principal amount and terms. At the option of the holder, a holder may exchange registered securities of any series for other registered securities of that series, or bearer securities (along with all necessary related coupons) of any series for registered securities of the same series. Registered securities will not be exchangeable for bearer securities in any event.

We will agree in the indenture that we will maintain in each place of payment for any series of debt securities an office or agency where:

- any debt securities of each series may be presented or surrendered for payment;
- any registered securities of that series may be surrendered for registration of transfer;
- debt securities of that series may be surrendered for exchange or conversion; and
- notices and demands to or upon us in respect of the debt securities of that series and the indenture may be served.

We will not charge holders for any registration of transfer or exchange of debt securities. We may require holders to pay for any tax or other governmental charge that may be imposed in connection with any such registration of transfer or exchange, other than exchanges expressly provided in the indenture to be made at our own expense or without expense or without charge to the holders.

## GLOBAL SECURITIES

We may issue debt securities of a series, in whole or in part, in the form of one or more global securities, registered in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York, unless the prospectus supplement describes another depository or states that no global securities will be issued. Unless and until it is exchanged in whole or in part for the individual debt securities it represents, a global security may not be transferred except as a whole by:

- DTC to its nominee;
- DTC's nominee to the depository or another nominee of the depository; or
- DTC or any nominee to a successor depository or any nominee of that successor.

Upon the issuance of a global security, DTC will credit, on its book-entry registration and transfer system, the principal amount of the securities represented by the global security to accounts of institutions that have accounts with DTC. Institutions that have accounts with DTC are referred to as "participants." The accounts to be credited will be designated by the agents, or by us if we sell the securities directly. Owners of beneficial interests in a global security that are not participants or persons that may hold through participants but desire to purchase, sell or otherwise transfer ownership of the securities by book-entry on the records of DTC may do so only through participants and persons that may hold through participants. Because DTC can only act on behalf of participants and persons that

may hold through participants, the ability of an owner of a beneficial interest in a global security to pledge securities to persons or entities that do not participate in the book-entry and transfer system of DTC, or otherwise take actions in respect of the securities, may be limited. In addition, the laws of some states require that some purchasers of securities take physical delivery of such securities in definitive form. These limits and laws may impair a purchaser's ability to transfer beneficial interests in a global security.

So long as DTC, or its nominee, is the registered owner of a global security, DTC or its nominee will be considered the sole owner or holder of the securities represented by the global security for all purposes under the indenture. Generally, owners of beneficial interest in a global security will not be entitled to have securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of securities in definitive form and will not be considered the owners or holders of the securities under the applicable indenture.

Principal and interest payments on securities registered in the name of DTC or its nominee will be made to DTC or its nominee as the registered owner of a global security. Neither we, the trustee, any paying agent nor the security registrar will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in a global security or for maintaining, supervising or reviewing any records relating to the beneficial ownership interests.

We expect that DTC, upon receipt of any payment of principal or interest, will credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of a global security as shown on the records of DTC. We also expect that payments by participants to owners of beneficial interests in a global security held through the participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers and registered in "street name," and will be the responsibility of such participants. Owners of beneficial interests in a global security that hold through DTC under a book-entry format (as opposed to holding certificates directly) may experience some delay in the receipt of interest payments since DTC will forward payments to its participants, which in turn will forward them to persons that hold through participants.

If DTC is at any time unwilling or unable to continue as depository and a successor depository is not appointed by us or DTC within ninety days, we will issue securities in definitive registered form in exchange for a global security. In addition, either we or DTC may at any time, in our sole discretion, determine not to have the securities represented by a global security and, in that event, we will issue securities in definitive registered form in exchange for the global security. In either instance, an owner of a beneficial interest in a global security will be entitled to have securities equal in principal amount to the beneficial interest registered in its name and will be entitled to physical delivery of the securities in definitive form.

DTC has advised us as follows: DTC is a limited-purpose trust company organized under the laws of the State of New York, 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 Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in those securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, some of whom own DTC. Access to DTC's book-entry system is also available to others, including banks, brokers, dealers and trust companies, that clear through or maintain a custodian relationship with a participant, whether directly or indirectly.

## PAYMENT AND PAYING AGENTS

Unless we indicate otherwise in a prospectus supplement:

- we will maintain an office or agency in each place of payment for any series of debt securities where debt securities of that series may be presented or surrendered for payment; we may also from time to time designate one or more other offices or agencies where debt securities of one or more series may be presented or surrendered for payment and may appoint one or more paying agents for the payment of debt securities, in one or more other cities, and may from time to time rescind these designations and appointments;
- at our option, we may pay any interest by check mailed to the address of the person entitled to payment as that address appears in the applicable security register kept by us or by wire transfer; and
- we will pay any installment of interest on registered securities to the person in whose name the debt security is registered at the close of business on the regular record date for that payment.

The holder of any coupon relating to a bearer security will be entitled to receive the interest payable on that coupon upon presentation and surrender of the coupon on or after the interest payment date of the coupon. We will not make payment with respect to any bearer security at any of our offices or agencies in the United States, by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States.

## MODIFICATION AND AMENDMENT

Some of our rights and obligations and some of the rights of holders of the debt securities may be modified or amended with the consent of the holders of at least a majority of the aggregate principal amount of the outstanding debt securities of all series of debt securities affected by the modification or amendment, acting as one class. The following modifications and amendments, however, will not be effective against any holder without its consent:

- a change in the stated maturity date of any payment of principal or interest;
- a reduction in payments due on the debt securities;
- a change in the place of payment or currency in which any payment on the debt securities is payable;
- a limitation of a holder's right to sue us for the enforcement of payments due on the debt securities;
- a change in the ranking or priority of any debt securities;
- a reduction in the percentage of outstanding debt securities required to consent to a modification or amendment of the applicable indenture or required to consent to a waiver of compliance with certain provisions of the applicable indenture or past defaults under the applicable indenture;
- a reduction in the requirements contained in the applicable indenture for quorum or voting;
- a limitation of a holder's right, if any, to repayment of debt securities at the holder's option; and
- a modification of any of the foregoing requirements contained in the applicable indenture.

## CONCERNING THE TRUSTEE

The Chase Manhattan Bank, the trustee, provides and may continue to provide various services to us in the ordinary course of its business. The indenture will contain limitations on the rights of the

trustee, should it become our creditor, to obtain payment of claims in specified cases or to realize on property received in respect of any claim as security or otherwise. The indenture will permit the trustee to engage in other transactions; but if it acquires any conflicting interest, it must eliminate the conflict or resign.

The indenture will provide that in case an event of default occurs and is not cured, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in similar circumstances in the conduct of its own affairs. The trustee may refuse to perform any duty or exercise any right or power under the indenture, unless it receives indemnity satisfactory to it against any loss, liability or expense.

#### GOVERNING LAW

The laws of the State of New York will govern the indenture and the debt securities.

#### DESCRIPTION OF CAPITAL STOCK

Our authorized capital stock is 250,000,000 shares of common stock, \$.20 par value, and 20,000,000 shares of preferred stock, \$.20 par value. As of June 30, 2000, 155,203,848 shares of our common stock and 3,300,000 shares of our preferred stock were outstanding.

#### COMMON STOCK

We are registering shares of our common stock primarily to preserve our flexibility to deliver or sell shares of our common stock in connection with the settlement of privately negotiated equity forward purchase contracts. We may also issue common stock upon conversion, exercise or exchange of any debt securities, preferred stock or warrants.

Our common stock is described in our registration statement on Form 8-A, which we filed with the SEC on August 7, 1997, as amended by our Form 8-A/A, which we filed with the SEC on July 27, 1999. These documents are incorporated by reference into this prospectus.

We will distribute a prospectus supplement with regard to each issue of common stock. Each prospectus supplement will describe the specific terms of the common stock offered through that prospectus supplement and any general terms outlined in our Form 8-A, as amended, that will not apply to that common stock.

#### PREFERRED STOCK

We may issue preferred stock in one or more series with any rights and preferences that may be authorized by our board of directors. Our currently outstanding preferred stock is described in our registration statement on Form 8-A, which we filed with the SEC on November 10, 1999 and which is incorporated by reference into this prospectus.

We will distribute a prospectus supplement with regard to each particular series of preferred stock. Each prospectus supplement will describe, as to the series of preferred stock to which it relates:

- the title of the series of preferred stock;
- any limit upon the number of shares of the series of preferred stock that may be issued;
- the preference, if any, to which holders of the series of preferred stock will be entitled upon our liquidation;
- the date or dates, if any, on which we will be required or permitted to redeem the preferred stock;

- the terms, if any, on which we or holders of the preferred stock will have the option to cause the preferred stock to be redeemed or purchased;
- the voting rights, if any, of the holders of the preferred stock;
- the dividends, if any, that will be payable with regard to the series of preferred stock, which may be fixed dividends or participating dividends, and may be cumulative or non-cumulative;
- the right, if any, of holders of the preferred stock to convert it into another class of our stock or securities, including provisions intended to prevent dilution of those conversion rights;
- any provisions by which we will be required or permitted to make payments to a sinking fund to be used to redeem preferred stock, or a purchase fund to be used to purchase preferred stock; and
- any other material terms of the preferred stock.

Any or all of these rights may be greater than the rights of the holders of common stock.

Our board of directors, without shareholder approval, may issue preferred stock with voting, conversion or other rights that could adversely affect the voting power and other rights of the holders of our common stock. The terms of the preferred stock that might be issued could conceivably prohibit us from:

- consummating a merger;
- reorganizing;
- selling substantially all of our assets;
- liquidating; or
- engaging in other extraordinary corporate transactions without shareholder approval.

Preferred stock could therefore be issued with terms calculated to delay, defer or prevent a change in our control or to make it more difficult to remove our management. Our issuance of preferred stock may have the effect of decreasing the market price of the common stock.

#### DESCRIPTION OF WARRANTS

We may issue:

- warrants for the purchase of debt securities, preferred stock, common stock or units of two or more of these types of securities;
- currency warrants, which are warrants or other rights relating to foreign currency exchange rates; or
- index warrants, which are warrants for the purchase or sale of debt securities of, or guaranteed by, the United States government or its agencies, units of a stock index or a stock basket or a commodity or a unit of a commodity index.

Warrants may be issued independently or together with debt securities, preferred stock or common stock, and may be attached to or separate from any offered securities. Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a bank or trust company, as warrant agent. The warrant agent will act solely as our agent in connection with the warrants and will not assume any obligation or relationship of agency or trust for or with any registered holders of warrants or beneficial owners of warrants.

We will distribute a prospectus supplement with regard to each issue of warrants. Each prospectus supplement will describe:

- in the case of warrants to purchase debt securities, the designation, aggregate principal amount, currencies, denominations and terms of the series of debt securities purchasable upon exercise of the warrants, and the price at which you may purchase the debt securities upon exercise;
- in the case of warrants to purchase preferred stock, the designation, number of shares, stated value and terms, such as liquidation, dividend, conversion and voting rights, of the series of preferred stock purchasable upon exercise of the warrants, and the price at which you may purchase shares of preferred stock of that series upon exercise;
- in the case of warrants to purchase common stock, the number of shares of common stock purchasable upon the exercise of the warrants and the price at which you may purchase shares of common stock upon exercise;
- in the case of currency warrants, the designation, aggregate principal amount, whether the currency warrants are put or call currency warrants or both, the formula for determining any cash settlement value, exercise procedures and conditions, the date on which your right to exercise the currency warrants commences and the date on which your right expires, and any other terms of the currency warrants;
- in the case of index warrants, the designation, aggregate principal amount, the procedures and conditions relating to the exercise of the index warrants, the date on which your right to exercise the index warrants commences and the date on which your right expires, the national securities exchange on which the index warrants will be listed, if any, and any other material terms of the index warrants;
- in the case of warrants to purchase units of two or more securities, the type, number and terms of the units purchasable upon exercise of the warrants and the price at which you may purchase units upon exercise;
- the period during which you may exercise the warrants;
- any provision adjusting the securities that may be purchased on exercise of the warrants, and the exercise price of the warrants, to prevent dilution or otherwise;
- the place or places where warrants can be presented for exercise or for registration of transfer or exchange; and
- any other material terms of the warrants.

Unless we provide otherwise in the applicable prospectus supplement, warrants for the purchase of preferred stock and common stock will be offered and exercisable for U.S. dollars only, and will be issued in registered form only. The exercise price for warrants will be subject to adjustment as described in the applicable prospectus supplement.

Prior to the exercise of any warrants to purchase debt securities, preferred stock or common stock, holders of the warrants will not have any of the rights of holders of the securities purchasable upon exercise, including:

- in the case of warrants for the purchase of debt securities, the right to receive payments of principal of or any premium or interest on the debt securities purchasable upon exercise, or to enforce covenants in the applicable indenture; or
- in the case of warrants for the purchase of preferred stock or common stock, the right to vote or to receive any payments of dividends on the preferred stock or common stock purchasable upon exercise.

## PLAN OF DISTRIBUTION

We may sell any of the securities being offered by this prospectus separately or together:

- through agents;
- to or through underwriters;
- through dealers;
- through a block trade in which the broker or dealer engaged to handle the block trade will attempt to sell the securities as agent, but may position and resell a portion of the block as principal to facilitate the transaction;
- in exchange for our outstanding indebtedness;
- directly to purchasers, through a specific bidding, auction or other process; or
- through a combination of any of these methods of sale.

If the securities offered under this prospectus are issued in exchange for our outstanding securities, the applicable prospectus supplement will describe the terms of the exchange, and the identity and the terms of sale of the securities offered under this prospectus by the selling security holders.

The distribution of securities may be effected from time to time in one or more transactions at a fixed price or prices that may be changed, at market prices prevailing at the time of sale or prices related to prevailing market prices or at negotiated prices.

Agents designated by us from time to time may solicit offers to purchase the securities. We will name any agent involved in the offer or sale of the securities and set forth any commissions payable by us to an agent in the prospectus supplement. Unless otherwise indicated in the prospectus supplement, any agent will be acting on a best efforts basis for the period of its appointment. Any agent may be deemed to be an "underwriter" of the securities as that term is defined in the Securities Act.

If we utilize an underwriter or underwriters in the sale of securities, we will execute an underwriting agreement with the underwriter or underwriters at the time we reach an agreement for sale. We will set forth in the prospectus supplement the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers. This compensation may be in the form of discounts, concessions or commissions. Underwriters and others participating in any offering of securities may engage in transactions that stabilize, maintain or otherwise affect the price of securities. We will describe any of these activities in the prospectus supplement.

If a dealer is utilized in the sale of the securities, we or an underwriter will sell securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by the dealer at the time of resale. The prospectus supplement will set forth the name of the dealer and the terms of the transactions.

We may directly solicit offers to purchase the securities, and we may sell directly to institutional investors or others. These persons may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of the securities. The prospectus supplement will describe the terms of any direct sales, including the terms of any bidding or auction process, if utilized.

Agreements we enter into with agents, underwriters and dealers may entitle them to indemnification by us against specified liabilities, including liabilities under the Securities Act, or to contribution by us to payments they may be required to make in respect of these liabilities. The prospectus supplement will describe the terms and conditions of indemnification or contribution. Some

of the agents, underwriters or dealers, or their affiliates, may be our customers, or engage in transactions with or perform services for us and our subsidiaries in the ordinary course of business.

No securities may be sold under this prospectus without delivery (in paper format, in electronic format on the Internet, or both) of the applicable prospectus supplement describing the method and terms of the offering.

#### LEGAL MATTERS

Marianne M. Keler, Esq., who is our Senior Vice President and General Counsel, or another of our lawyers, will issue an opinion about the legality of the securities offered by this prospectus. Ms. Keler owns shares of our common stock and holds stock options and stock-based awards under our compensation and management incentive plans. She may receive additional awards under these plans in the future. Certain legal matters will be passed upon for any underwriters or agents by Cadwalader, Wickersham & Taft, Washington, DC. Cadwalader, Wickersham & Taft represents us in other legal matters.

#### EXPERTS

The audited financial statements and schedules included in our annual report on Form 10-K for the fiscal year ended December 31, 1999 and incorporated by reference in this prospectus and registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated by reference herein in reliance upon the authority of said firm as experts in accounting and auditing in giving said report.

PART II  
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth all expenses payable by us in connection with the offering of the securities being registered, other than discounts and commissions.

Registration Fee.....	\$ 120,930
Printing Expenses.....	\$ 150,000*
Legal Fees and Expenses.....	\$ 150,000*
Accounting Fees and Expenses.....	\$ 60,000*
Blue Sky Fees and Expenses.....	\$ 10,000*
Trustee, Transfer Agent and Registrar Fees and Expenses.....	\$ 30,000*
Rating Agency Fees and Expenses.....	\$ 600,000*
Miscellaneous.....	\$ 4,070*
	-----
Total.....	\$1,125,000 =====

-----  
\* estimated

ITEM 15. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Article VIII of USA Education, Inc.'s By-Laws provides for indemnification of the officers and directors of USA Education, Inc. to the fullest extent permitted by applicable law. Section 145 of the Delaware General Corporation Law provides, in relevant part, that a corporation organized under the laws of Delaware shall have the power, and in certain cases the obligation, to indemnify any person who was or is a party or is threatened to be made a party to any suit or proceeding because such person is or was a director, officer, employee or agent of the corporation or is or was serving, at the request of the corporation, as a director, officer, employee or agent of another corporation, against all costs actually and reasonably incurred by him in connection with such suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal proceeding, he had no reason to believe his conduct was unlawful. Similar indemnity is permitted to be provided to such persons in connection with an action or suit by or in right of the corporation, provided such person acted in good faith and in a manner he believed to be in or not opposed to the best interests of the corporation, and provided further (unless a court of competent jurisdiction otherwise determines) that such person shall not have been adjudged liable to the corporation.

The directors and officers of USA Education, Inc. and its subsidiaries are covered by a policy of insurance under which they are insured, within limits and subject to certain limitations, against certain expenses in connection with the defense of actions, suits or proceedings, and certain liabilities that might be imposed as a result of such actions, suits or proceedings in which they are parties by reason of being or having been directors or officers.

ITEM 16. EXHIBITS

The following exhibits are filed herewith or incorporated by reference:

EXHIBIT NO.	DESCRIPTION OF DOCUMENT
**1.1	Standard Underwriting Provisions (Debt Securities)
1.2	Standard Underwriting Provisions (Preferred Stock) (incorporated by reference to the registrant's current report on Form 8-K filed November 12, 1999 (File No. 1-13251))
**1.3	Standard Underwriting Provisions (Warrants)
*4.1	Form of Indenture
**4.2	Form of Warrant Agreement
4.3	Amended and Restated Certificate of Incorporation of USA Education, Inc. (incorporated by reference to the registrant's registration statement of Form S-1 (File No. 333-21217))
4.4	Bylaws of USA Education, Inc. (incorporated by reference to the registrant's quarterly report on Form 10-Q for the period ended June 30, 2000) (File No. 1-13251)
**5.1	Opinion of Marianne M. Keler, Esq.
*12.1	Statement of Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividends.
*23.1	Consent of Arthur Andersen LLP
*24.1	Power of Attorney (included in the signature page)
*25.1	Statement of Eligibility of Trustee on Form T-1

\* Filed herewith.

\*\* To be filed pursuant to an amendment or incorporated by reference.

ITEM 17. UNDERTAKINGS

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in the post-effective amendment by those paragraphs is contained in periodic reports filed by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) For purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(5) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

(6) That, for purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(7) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

(8) The undersigned registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Act.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, USA Education, Inc. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Reston, Virginia on September 18, 2000.

USA EDUCATION, INC.

/S/ EDWARD A. FOX

-----  
 By: Edward A. Fox  
 Its: CHAIRMAN OF THE BOARD OF DIRECTORS

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints each of Marianne M. Keler and Mary F. Eure as his or her true and lawful attorney-in-fact and agent, with full power of substitution and re-substitution, for such person and in his or her name, place and stead, in any and all capacities, to sign any or all further amendments (including post-effective amendments) to this Registration Statement (and any additional Registration Statement related hereto permitted by Rule 462(b) promulgated under the Securities Act of 1933 (and all further amendments, including post-effective amendments, thereto)), and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto each said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agent, or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE -----	TITLE -----	DATE -----
/s/ EDWARD A. FOX ----- Edward A. Fox	Chairman of the Board of Directors	September 18, 2000
/s/ ALBERT L. LORD ----- Albert L. Lord	Chief Executive Officer (principal executive officer)	September 18, 2000
/s/ JOHN F. REMONDI ----- John F. Remondi	Senior Vice President and Treasurer (principal financial and accounting officer)	September 18, 2000
----- Charles L. Daley	Director	
/s/ WILLIAM M. DIEFENDERFER ----- William M. Diefenderfer	Director	September 18, 2000
----- Thomas J. Fitzpatrick	Director	

## SIGNATURE

## TITLE

## DATE

SIGNATURE	TITLE	DATE
----- Diane S. Gilleland	Director	
----- Earl A. Goode	Director	
----- /s/ ANN TORRE GRANT Ann Torre Grant	Director	September 18, 2000
----- /s/ RONALD F. HUNT Ronald F. Hunt	Director	September 14, 2000
----- /s/ BENJAMIN J. LAMBERT, III Benjamin J. Lambert, III	Director	September 14, 2000
----- /s/ JAMES C. LINTZENICH James C. Lintzenich	Director	September 18, 2000
----- /s/ BARRY A. MUNITZ Barry A. Munitz	Director	September 18, 2000
----- /s/ A. ALEXANDER PORTER A. Alexander Porter	Director	September 18, 2000
----- /s/ WOLFGANG SCHOELLKOPF Wolfgang Schoellkopf	Director	September 14, 2000
----- /s/ STEVEN L. SHAPIRO Steven L. Shapiro	Director	September 18, 2000
----- /s/ BARRY L. WILLIAMS Barry L. Williams	Director	September 18, 2000

USA EDUCATION, INC.  
Issuer

and

THE CHASE MANHATTAN BANK  
Trustee

FORM OF INDENTURE

DATED AS OF

Providing for the Issuance of Debt Securities in Series

TIE-SHEET

Reconciliation and tie between Indenture dated as of and the Trust Indenture Act of 1939. This reconciliation section does not constitute part of the Indenture.

TRUST INDENTURE ACT OF 1939 Section	INDENTURE SECTION
310(a)(1).....	7.10
(a)(2).....	7.10
(a)(3).....	Inapplicable
(a).....	Inapplicable
(b).....	7.08, 7.10
(c).....	Inapplicable
311(a).....	7.11
(b).....	7.11
(c).....	Inapplicable
312(a).....	2.07
(b).....	10.03
(c).....	10.03
313(a).....	7.06
(b)(1).....	Inapplicable
(b)(2).....	7.06
(c).....	4.02, 11.02
(d).....	7.06
314(a).....	4.02, 11.02
(b).....	Inapplicable
(c)(1).....	11.04
(c)(2).....	11.04
(c)(3).....	Inapplicable
(d).....	Inapplicable
(e).....	11.05
(f).....	Inapplicable
315(a).....	7.01(b)
(b).....	7.05, 11.02
(c).....	7.01(a)
(d).....	6.05,
316(a) (last sentence).....	2.11
(a)(1)(A).....	6.05
(a)(1)(B).....	6.04
(a)(2).....	Inapplicable
(b).....	6.07
(c).....	9.04
317(a)(1).....	6.01, 6.08
(a)(2).....	6.09
(b).....	2.06
318(a).....	11.01

TABLE OF CONTENTS\*

ARTICLE 1  
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 DEFINITIONS.....1  
Section 1.02 INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT.....4  
Section 1.03 RULES OF CONSTRUCTION.....4

ARTICLE 2  
THE SECURITIES

Section 2.01 ISSUABLE IN SERIES.....5  
Section 2.02 ESTABLISHMENT OF TERMS AND FORM OF SERIES OF SECURITIES.....5  
Section 2.03 EXECUTION, AUTHENTICATION, AND DELIVERY.....7  
Section 2.04 REGISTRAR AND PAYING AGENT.....9  
Section 2.05 PAYMENT ON SECURITIES.....9  
Section 2.06 PAYING AGENT TO HOLD MONEY IN TRUST.....10  
Section 2.07 SECURITYHOLDER LISTS; OWNERSHIP OF SECURITIES.....11  
Section 2.08 TRANSFER AND EXCHANGE.....11  
Section 2.09 REPLACEMENT SECURITIES.....12  
Section 2.10 OUTSTANDING SECURITIES.....13  
Section 2.11 TREASURY SECURITIES.....14  
Section 2.12 TEMPORARY SECURITIES.....14  
Section 2.13 CANCELLATION.....15  
Section 2.14 DEFAULTED INTEREST.....15  
Section 2.15 GLOBAL SECURITIES.....15

ARTICLE 3  
REDEMPTION

Section 3.01 NOTICE TO THE TRUSTEE.....16  
Section 3.02 SELECTION OF SECURITIES TO BE REDEEMED.....16  
Section 3.03 NOTICE OF REDEMPTION.....17  
Section 3.04 EFFECT OF NOTICE OF REDEMPTION.....18  
Section 3.05 DEPOSIT OF REDEMPTION PRICE.....18  
Section 3.06 SECURITIES REDEEMED IN PART.....18

ARTICLE 4  
COVENANTS

Section 4.01 PAYMENT OF SECURITIES.....18  
Section 4.02 REPORTS BY THE COMPANY; COMPLIANCE CERTIFICATE.....18  
Section 4.03 LIEN ON ASSETS.....19

ARTICLE 5  
SUCCESSOR CORPORATION

Section 5.01 WHEN THE COMPANY MAY MERGE, ETC.....20

ARTICLE 6  
DEFAULTS AND REMEDIES

Section 6.01 EVENTS OF DEFAULT.....20  
Section 6.02 ACCELERATION.....21  
Section 6.03 OTHER REMEDIES AVAILABLE TO TRUSTEE.....22  
Section 6.04 WAIVER OF EXISTING DEFAULTS.....22  
Section 6.05 CONTROL BY MAJORITY.....22  
Section 6.06 LIMITATION ON SUITS BY SECURITYHOLDERS.....22  
Section 6.07 RIGHTS OF HOLDERS TO RECEIVE PAYMENT.....23  
Section 6.08 COLLECTION SUITS BY TRUSTEE.....23  
Section 6.09 TRUSTEE MAY FILE PROOFS OF CLAIM.....23  
Section 6.10 PRIORITIES.....23  
Section 6.11 UNDERTAKING FOR COSTS.....24

ARTICLE 7  
TRUSTEE

Section 7.01 DUTIES OF TRUSTEE.....24  
Section 7.02 RIGHTS OF TRUSTEE.....25  
Section 7.03 INDIVIDUAL RIGHTS OF TRUSTEE.....25  
Section 7.04 TRUSTEE'S DISCLAIMER.....26  
Section 7.05 NOTICE OF DEFAULTS.....26  
Section 7.06 REPORTS BY TRUSTEE TO HOLDERS.....26  
Section 7.07 COMPENSATION AND INDEMNITY.....26  
Section 7.08 REPLACEMENT OF TRUSTEE.....27  
Section 7.09 SUCCESSOR TRUSTEE, AGENTS BY MERGER, ETC.....29  
Section 7.10 ELIGIBILITY; DISQUALIFICATION.....29  
Section 7.11 PREFERENTIAL COLLECTION OF CLAIMS AGAINST THE COMPANY.....29

ARTICLE 8  
DISCHARGE OF INDENTURE

Section 8.01 TERMINATION OF THE COMPANY'S OBLIGATIONS.....29  
Section 8.02 APPLICATION OF TRUST MONEY.....30  
Section 8.03 REPAYMENT TO THE COMPANY.....30  
Section 8.04 INDEMNITY FOR ELIGIBLE INSTRUMENTS.....31

ARTICLE 9  
AMENDMENTS AND WAIVERS

Section 9.01	WITHOUT CONSENT OF HOLDERS.....	31
Section 9.02	WITH CONSENT OF HOLDERS.....	32
Section 9.03	COMPLIANCE WITH TRUST INDENTURE ACT.....	33
Section 9.04	REVOCATION AND EFFECT OF CONSENTS.....	33
Section 9.05	NOTATION ON OR EXCHANGE OF SECURITIES.....	33
Section 9.06	TRUSTEE PROTECTED.....	33

ARTICLE 10  
SINKING FUNDS

Section 10.01	APPLICABILITY OF ARTICLE.....	33
Section 10.02	SATISFACTION OF SINKING FUND PAYMENTS WITH SECURITIES.....	34
Section 10.03	REDEMPTION OF SECURITIES FOR SINKING FUND.....	34

ARTICLE 11  
MISCELLANEOUS

Section 11.01	TRUST INDENTURE ACT CONTROLS.....	35
Section 11.02	NOTICES.....	35
Section 11.03	COMMUNICATION BY HOLDERS WITH OTHER HOLDERS.....	36
Section 11.04	CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.....	36
Section 11.05	STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.....	36
Section 11.06	RULES BY TRUSTEE AND AGENTS.....	36
Section 11.07	LEGAL HOLIDAYS.....	37
Section 11.08	GOVERNING LAW.....	37
Section 11.09	NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.....	37
Section 11.10	NO RECOURSE AGAINST OTHERS.....	37
Section 11.11	EXECUTION IN COUNTERPARTS.....	37
Section 11.12	CURRENCIES.....	37

ARTICLE 12  
REPAYMENT AT THE OPTION OF HOLDERS

Section 12.01	APPLICABILITY OF ARTICLE.....	38
---------------	-------------------------------	----

- - - - -  
\*This Table of Contents does not constitute part of the Indenture.

INDENTURE dated as of \_\_\_\_\_ between USA EDUCATION, INC., a Delaware corporation (the "COMPANY"), and THE CHASE MANHATTAN BANK, not in its individual capacity, but solely as trustee (the "TRUSTEE").

#### RECITALS

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured and unsubordinated debentures, notes or other evidences of indebtedness ("SECURITIES").

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

In consideration of the premises and the purchase of the Securities by the holders of the Securities, it is mutually covenanted and agreed as follows for the equal and ratable benefit of the holders of the Securities:

#### ARTICLE 1

##### DEFINITIONS AND INCORPORATION BY REFERENCE

###### Section 1.01 DEFINITIONS.

"AFFILIATE" means any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Company.

"AGENT" means any Paying Agent, Registrar or transfer agent as may be appointed by the Company from time to time.

"AUTHORIZED NEWSPAPER" means a newspaper of general circulation, in the official language of the country of publication or in the English language, customarily published on each business day. Whenever successive weekly publications in an Authorized Newspaper are required hereunder, they may be made (unless otherwise expressly provided) on the same or different days of the week and in the same or different Authorized Newspapers.

"BANKRUPTCY LAW" means Title 11, U.S. Code, or any similar federal or state law for the relief of debtors.

"BOARD OF DIRECTORS" mean the Board of Directors of the Company or any duly authorized committee thereof.

"BOARD RESOLUTION" means a copy of a resolution of the Board of Directors, certified by the Secretary or an Assistant Secretary of the Company to have been adopted by the Board of Directors and to be in full force and effect on the date of the certificate.

"COMPANY" means the party named as such in this Indenture until a successor replaces it, and thereafter means the successor.

"COMPANY ORDER" means an order signed by two Officers of the Company.

"CUSTODIAN" means any receiver, trustee, assignee, liquidator, or similar official under any Bankruptcy Law.

"DEFAULT" means any event which is, or after notice or passage of time would be, an Event of Default.

"DEPOSITARY" means, with respect to Securities of any Series for which the Company shall determine that such Securities will be issued as a Global Security, The Depository Trust Company, New York, New York, another clearing agency or any successor registered as a clearing agency under the Exchange Act, or other applicable statute or regulation, which, in each case, shall be designated by the Company pursuant to either Section 2.02 or 2.15.

"ELIGIBLE INSTRUMENTS" is defined in Section 8.01.

"EVENT OF DEFAULT" is defined in Section 6.01.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"GLOBAL SECURITY" means, with respect to any Series of Securities, a Security executed by the Company and delivered by the Trustee to the Depository or pursuant to the Depository's instruction, all in accordance with the Indenture, which shall be registered in the name of the Depository or its nominee.

"HOLDER" or "SECURITYHOLDER" means a bearer of an Unregistered Security or of a coupon appertaining thereto or a person in whose name a Registered Security is registered on the Registrar's books.

"INDENTURE" means this Indenture as amended or supplemented from time to time and shall include the forms and terms of particular Series of Securities established as contemplated hereunder.

"INTEREST" when used with respect to an Original Issue Discount Security which by its terms bears interest only after maturity, means interest payable after maturity.

"LEGAL HOLIDAY" is defined in Section 11.07.

"OFFICER" means the President, any Executive Vice-President, Vice President, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary or the Comptroller or any Assistant Comptroller of the Company.

"OFFICERS' CERTIFICATE" means a certificate signed by two Officers of the Company.

"OPINION OF COUNSEL" means a written opinion of legal counsel who is acceptable to the Company and the Trustee. The counsel may be an employee of or counsel to the Company or the Trustee.

"ORIGINAL ISSUE DISCOUNT SECURITY" means any Security which provides for an amount less than the stated Principal amount thereof to be due and payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.02.

"PAYING AGENT" is defined in Section 2.04.

"PRINCIPAL" of a Security means the principal amount of the Security plus, when appropriate, the premium, if any, on the Security.

"REGISTERED SECURITY" means any Security issued hereunder and registered as to Principal and interest by the Registrar.

"REGISTRAR" is defined in Section 2.04.

"RESPONSIBLE OFFICER" when used with respect to the Trustee, means the chairman or any vice-chairman of the board of directors or trustees, the chairman or any vice-chairman of the executive committee of the board of directors or trustees, the president, any executive vice-president, any senior vice-president, any vice-president, any assistant vice-president, the treasurer, the secretary, any trust officer, any second or assistant vice-president, or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of his knowledge of and familiarity with a particular subject.

"SEC" means the Securities and Exchange Commission.

"SERIES" or "SERIES OF SECURITIES" means a series of Securities.

"SECURITIES" means the debentures, notes or other obligations of the Company issued, authenticated and delivered under this Indenture.

"SUBSIDIARY" means any corporation more than 50% of the outstanding voting stock of which is owned, directly or indirectly, by the Company and/or by one or more other Subsidiaries. For purposes of such definition, "voting stock" means stock ordinarily having voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbb) as in effect on the date of this Indenture, except as provided in Section 9.03.

"TRUSTEE" means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor and if, at any time, there is more than one Trustee, "Trustee" as used with respect to the Securities of any Series shall mean the Trustee with respect to that Series.

"U.S. PERSON" means a citizen, national or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United

States or any political subdivision thereof, or an estate or trust which is subject to United States federal income taxation regardless of its source of income.

"UNREGISTERED SECURITY" means any Security issued hereunder which is not a Registered Security.

"YIELD TO MATURITY" means the yield to maturity, calculated by the Company at the time of issuance of a Series of Securities or, if applicable, at the most recent determination of interest on such Series in accordance with accepted financial practice.

Section 1.02 INCORPORATION BY REFERENCE OF TRUST INDENTURE ACT.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture. The following TIA terms used in this Indenture have the following meanings:

"Commission" means the SEC.

"indenture securities" means the Securities.

"indenture security holder" means a Holder or a Securityholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings assigned to them therein.

Section 1.03 RULES OF CONSTRUCTION.

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with generally accepted accounting principles;
- (3) "or" is not exclusive; and
- (4) words in the singular include the plural, and words in the plural include the singular.

ARTICLE 2

THE SECURITIES

Section 2.01 ISSUABLE IN SERIES.

The aggregate Principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. The Securities may be issued in one or more Series. There may be Registered Securities and Unregistered Securities within a Series and the Unregistered Securities may be subject to such restrictions, and contain such legends, as may be required by United States laws and regulations. All Series of Securities shall be equally and ratably entitled to the benefits of this Indenture.

Section 2.02 ESTABLISHMENT OF TERMS AND FORM OF SERIES OF SECURITIES.

(a) At or prior to the issuance of any Series of Securities, the following shall be established by a Company Board Resolution, by one or more Officers of the Company pursuant to a Company Board Resolution or by an indenture supplemental to this Indenture:

(1) the title of the Securities of the Series (which title shall distinguish the Securities of the Series from the Securities of any other Series and from any other securities issued by the Company);

(2) any limit upon the aggregate Principal amount of the Securities of the Series which may be authenticated and delivered under this Indenture (which limit shall not pertain to Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the Series pursuant to Section 2.08, 2.09, 2.12, 3.06 or 9.05);

(3) the date or dates on which the Principal of the Securities of the Series is payable;

(4) the rate or rates at which the Securities of the Series shall bear interest, if any, or the manner of determining such rate or rates of interest, the date or dates from which such interest shall accrue, the dates on which such interest shall be payable, and, with respect to Registered Securities, the record date for the interest payable on any interest payment date, and the basis upon which interest shall be calculated if other than on the basis of a 360-day year of twelve 30-day months;

(5) the place or places where; the Principal of and interest on Registered and Unregistered, if any, Securities of the Series shall be payable;

(6) the period or periods within which, the price or prices at which, and the terms and conditions upon which, Securities of the Series may be redeemed, in whole or in part, at the option of the Company;

(7) the obligation, if any, of the Company to redeem or purchase Securities of the Series pursuant to any sinking fund or analogous provisions or upon the happening of a specified event or at the option of a Holder thereof and the period or periods within which, the price or prices at which, and the terms and conditions upon which, Securities of the Series shall be redeemed or purchased, in whole or in part, pursuant to such obligation;

(8) if in other than denominations of \$1,000 and any integral multiple thereof, the denominations in which Securities of the Series shall be issuable;

(9) if other than the Principal amount thereof, the portion of the Principal amount of Securities of the Series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.02;

(10) whether Securities of the Series shall be issuable as Registered Securities or Unregistered Securities (with or without interest coupons), or both, and any restrictions applicable to the offering, sale or delivery of Unregistered Securities and whether, and the terms upon which, Unregistered Securities of a Series may be exchanged for Registered Securities of the same Series and vice versa;

(11) whether and under what terms and circumstances the Company will pay additional amounts on the Securities of that Series held by a person who is not a U.S. Person in respect of taxes or similar charges withheld or deducted and, if so, whether the Company will have the option to redeem such Securities rather than pay such additional amounts;

(12) the form or forms of the Securities (or forms thereof if Unregistered and Registered Securities shall be issuable in such Series), including such legends as may be required by United States laws or regulations, the form of any coupons or temporary Global Security which may be issued and the forms of any certificates, opinions or other documents which may be required hereunder or under United States laws or regulations in connection with the offering, sale, delivery or exchange of Unregistered Securities;

(13) whether the Securities of the Series are issuable as a Global Security and, in such case, the identity of the Depositary for such Series;

(14) if other than such coin or currency of the United States of America as at the time of payment is legal tender for payment of public or private debts, the coin or currency, including composite currency, in which payment of the Principal of or interest on the Securities of the Series shall be payable;

(15) if the Principal of or interest on the Securities of the Series are to be payable, at the election of the Company or a Holder thereof, in a coin or currency other than that in which the Securities are stated to be payable, the coin or currency, including composite currency, in which payment of the Principal of or interest on the Securities of such Series as to which such election is made shall be payable, the period

or periods within which, and the terms and conditions upon which, such election may be made;

(16) if the amount of payments of the Principal of or interest on the Securities of the Series may be determined with reference to an index based on any coin or currency other than that in which the Securities are stated to be payable, the manner in which such amounts shall be determined; and

(17) any other terms of the Series (which terms shall not be inconsistent with the provisions of this Indenture), including any terms which may be required by or advisable under United States laws or regulations or advisable in connection with the marketing of Securities of that Series.

(b) All Securities of any one Series shall be substantially identical except as to denomination and the rate or rates of interest, if any, and maturity and currency and, except as may otherwise be provided in or pursuant to a Company Board Resolution or a certificate delivered pursuant to Section 2.02(c) or in an indenture supplemental to this Indenture. All Securities of any one Series need not be issued at the same time, and, unless otherwise provided, a Series may be reopened for issuances of additional Securities of such Series.

(c) If the terms and form or forms of any Series of Securities are established by or pursuant to a Company Board Resolution, the Company shall deliver a copy of such Board Resolution to the Trustee at or prior to the issuance of such Series with (i) the form or forms of the Securities which have been approved attached thereto; or (ii) if such Board Resolution authorizes a specific Officer or Officers to establish the terms and form or forms of the Securities, a certificate of such Officer or Officers establishing or providing for the establishment of the terms and form or forms of the Securities, with such form or forms of the Securities attached to the certificate establishing such form or forms.

(d) Unregistered Securities and their coupons must have the following statement on their face: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Section 165(j) and 1287 of the Internal Revenue Code of 1986, as amended."

#### Section 2.03 EXECUTION, AUTHENTICATION, AND DELIVERY.

(a) The Securities shall be executed on behalf of the Company by its President, an Executive Vice President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary. Signatures shall be manual or facsimile. The Company's seal shall be reproduced on the Securities and may, but need not, be attested. The coupons of Unregistered Securities shall bear the facsimile signature of the Treasurer or an Assistant Treasurer of the Company.

(b) If an Officer whose signature is on a Security or coupon no longer holds that office at the time the Security is authenticated, the Security or coupon shall be valid nevertheless.

(c) A Security shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent, and no coupon shall be valid until the Security to which it appertains has been so authenticated. Such signature shall be conclusive evidence that the Security has been authenticated under this Indenture. Each Unregistered Security shall be dated the date of its authentication.

(d) The Trustee (or an authenticating agent appointed pursuant to Section 2.03(f)) shall at any time, and from time to time, authenticate and deliver Securities of any Series executed and delivered by the Company for original issue in an unlimited aggregate Principal amount, upon receipt by the Trustee (or an authentication agent) of (i) a Company Order or directions pursuant to such a Company Order for the authentication and delivery of such Securities; (ii) if the terms and form or forms of the Securities of such Series have been established by or pursuant to a Board Resolution as permitted pursuant to Section 2.02, a copy of such Board Resolution and any certificate that may be required pursuant to Section 2.02(c); and (iii) an Opinion of Counsel stating:

(1) if the form of such Securities has been established by or pursuant to a Board Resolution as permitted by Section 2.02, that such form has been established in conformity with the provisions of this Indenture;

(2) if the terms of such Securities have been established by or pursuant to a Board Resolution as permitted by Section 2.02, that such terms have been established, or provision has been made for their establishment, in conformity with the provisions of this Indenture; and

(3) that such Securities, when authenticated and delivered by the Trustee (or an authenticating agent) and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles.

If the terms and form or forms of such Securities have been established by or pursuant to a Board Resolution as permitted by Section 2.02, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will materially and adversely affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Notwithstanding the foregoing, until the Company has notified the Trustee and the Registrar that, as a result of the action described, the Company would not suffer adverse consequences under the provisions of United States law or regulations in effect at the time of the delivery of Unregistered Securities, (i) delivery of Unregistered Securities will be made only outside the United States and its possessions, and (ii) Unregistered Securities will be

released in definitive form to the person entitled to physical delivery thereof only upon presentation of a certificate in the form prescribed by the Company.

(e) The aggregate Principal amount of Securities of any Series outstanding at any time may not exceed any limit upon the maximum Principal amount for such Series set forth in the Board Resolution (or certificate of an Officer or Officers) or supplemental indenture pursuant to Section 2.02 or in any additional Board Resolution or supplemental indenture which shall reopen a Series of Securities pursuant to Section 2.02.

(f) The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Securities. An authenticating agent may authenticate Securities whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or an Affiliate.

#### Section 2.04 REGISTRAR AND PAYING AGENT.

The Company shall maintain for each Series of Securities an office or agency where Registered Securities may be presented for registration of transfer or for exchange ("REGISTRAR") and an office or agency where (subject to Sections 2.05 and 2.08) Securities may be presented for payment ("PAYING AGENT"). With respect to any Series of Securities issued in whole or in part as Unregistered Securities, the Company shall maintain one or more Paying Agents located outside the United States and its possessions and shall maintain such Paying Agents for a period of two years after the Principal of such Unregistered Securities has become due and payable. During any period thereafter for which it is necessary in order to conform to United States tax law or regulations, the Company will maintain a Paying Agent outside the United States and its possessions to which the Unregistered Securities or coupons appertaining thereto may be presented for payment and will provide the necessary funds therefor to such Paying Agent upon reasonable notice. The Registrar shall keep a register with respect to each Series of Securities issued in whole or in part as Registered Securities and as to their transfer and exchange. The Company may appoint one or more co-Registrars and one or more additional Paying Agents for each Series of Securities and the Company may terminate the appointment of any co-Registrar. The term "Paying Agent" includes any additional Paying Agent. The Company shall notify the Trustee of the name and address of any Agent not a party to this Indenture. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such.

#### Section 2.05 PAYMENT ON SECURITIES.

(a) Subject to the following provisions, the Company will pay to the Trustee or the Paying Agent the amounts, in such coin or currency as is at the time legal tender for the payment of public or private debt, at the times and for the purposes set forth herein and in the text of the Securities Series, and the Company hereby authorizes and directs the Trustee or the Paying Agent, from funds so paid to it, to make or cause to be made payment of the Principal of, interest, at least 3 business days prior to the relevant interest payment date on the Securities and coupons of each Series as set forth herein and in the text of such Securities and

coupons. The Trustee will arrange directly with any Paying Agent for the payment, or the Trustee will make payment, from funds furnished by the Company, of the Principal of and interest on the Securities and coupons of each Series by check drawn upon a bank specified by the Company and acceptable to the Trustee.

(b) Interest, if any, on Registered Securities of a Series shall be paid on each interest payment date for such Series to the Holder thereof at the close of business on the relevant record dates specified in the Securities of such Series. The Company may pay such interest by check mailed to such Holder's address as it appears on the register for Securities of such Series. Principal of Registered Securities shall be payable only against presentation and surrender thereof at the office of the Paying Agent in The City of New York, unless the Company shall have otherwise instructed the Trustee in writing.

(c) Anything in Section 2.05(a) or 2.05(b) to the contrary notwithstanding, a Holder of Securities of any Series with an aggregate Principal amount of \$5 million or more may request in writing, at least 3 business days prior to the relevant interest payment date, that interest be wired to an account specified by such Holder.

(d) To the extent provided in the Securities of a Series, (i) interest, if any, on Unregistered Securities shall be paid only against presentation and surrender of the coupons for such interest installments as are evidenced thereby as they mature; and (ii) original issue discount (as defined in Section 1273 of the Internal Revenue Code of 1986, as amended), if any, on Unregistered Securities shall be paid only against presentation and surrender of such Securities; in either case at the office of a Paying Agent located outside of the United States and its possessions, unless the Company shall have otherwise instructed the Trustee in writing. Principal of Unregistered Securities shall be paid only against presentation and surrender thereof as provided in the Securities of a Series. If at the time a payment of Principal of or interest, if any, or original issue discount, if any, on an Unregistered Security or coupon shall become due, the payment of the full amount so payable at the office or offices of all the Paying Agents outside the United States and its possessions is illegal or effectively precluded because of the imposition of exchange controls or other similar restrictions on the payment of such amount in United States currency, then the Company will instruct the Trustee in writing as to how and when such payment will be made and may instruct the Trustee to make such payments at the office of a Paying Agent located in the United States, provided that the Company has determined that provision for such payment in the United States would not cause such Unregistered Security to be treated as a "registration-required obligation" under United States law and regulations. Unless otherwise instructed in writing by the Company, no payments of interest, original issue discounts, or Principal with respect to Unregistered Securities shall be made by a Paying Agent (i) by transfer of funds into an account maintained by the payee in the United States, (ii) mailed to an address in the United States, or (iii) paid to a financial institution with a United States address by electronic funds transfer.

#### Section 2.06 PAYING AGENT TO HOLD MONEY IN TRUST.

The Company shall require each Paying Agent, other than the Trustee, to agree in writing that the Paying Agent will hold in trust, for the benefit of Securityholders of any or

all Series of Securities, or the Trustee, all money held by the Paying Agent for the payment of Principal of or interest on such Series of Securities, and that the Paying Agent will notify the Trustee of any default by the Company (or any other obligor on the Securities) in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. If the Company or a Subsidiary acts as Paying Agent, it shall segregate the money held by it for the payment of Principal or interest on any Series of Securities and hold such money as a separate trust fund. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon so doing, the Paying Agent shall have no further liability for the money so paid. The Trustee or the Paying Agent may allow and credit to the Company (or any other obligor on the Securities) interest on any monies received by it hereunder at such rate as may be agreed upon with the Company (or any other obligor on the Securities) from time to time and as may be permitted by law.

Section 2.07 SECURITYHOLDER LISTS; OWNERSHIP OF SECURITIES.

(a) The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of each Series of Securities. If the Trustee is not the Registrar, the Company shall furnish to the Trustee semiannually on or before the last day of June and December in each year, and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require, containing all the information in the possession or control of the Registrar, the Company or any of the Paying Agents other than the Trustee as to the names and addresses of Holders of each such Series of Securities.

(b) Ownership of Registered Security of a Series shall be proved by the register for such Series kept by the Registrar. Ownership of Unregistered Securities may be proved by the production of such Unregistered Securities, or by a certificate or affidavit executed by the person holding such Unregistered Securities, or by a depository with whom such Unregistered Securities were deposited if the certificate or affidavit is satisfactory to the Trustee. The Company, the Trustee and any agent of the Company may treat the bearer or any Unregistered Security or coupon and the person in whose name a Registered Security is registered as the absolute owner thereof for all purposes.

Section 2.08 TRANSFER AND EXCHANGE.

(a) Where Registered Securities of a Series are presented to the Registrar with a request to register their transfer or to exchange them for an equal Principal amount of Registered Securities of the same Series containing identical terms and provisions and date of maturity of other authorized denominations, the Registrar shall register the transfer or make the exchange if its requirements for such transactions are met.

(b) If both Registered and Unregistered Securities are authorized for a Series of Securities and the terms of such Securities permit, (i) Unregistered Securities may be exchanged for an equal Principal amount of Registered or Unregistered Securities containing identical terms and provisions of the same Series and date of maturity in any authorized denominations upon delivery to the Registrar (or a Paying Agent, if the exchange is for

Unregistered Securities) of the Unregistered Security with all unmatured coupons and all matured coupons in default appertaining thereto and if all other requirements of the Registrar (or such Paying Agent) and such Securities for such exchange are met, and (ii) Registered Securities may be exchanged for an equal Principal amount of Unregistered Securities of the same Series and date of maturity in any authorized denominations (except that any coupons appertaining to such Unregistered Securities which have matured and have been paid shall be detached) upon delivery to the Registrar of the Registered Securities and if all other requirements of the Registrar (or such Paying Agent) and such Securities for such exchange are met.

Notwithstanding the foregoing, the exchange of Unregistered Securities for Registered Securities or Registered Securities for Unregistered Securities will be subject to the satisfaction of the provisions of United States law and regulations in effect at the time of such exchange, and no exchange of Registered Securities for Unregistered Securities will be made until the Company has notified the Trustee and the Registrar that, as a result of such exchange, the Company would not suffer adverse consequences under the provisions of United States law or regulations.

(c) To permit registrations of transfers and exchanges the Trustee (or an authenticating agent) shall authenticate Securities upon instructions of the Registrar or, if applicable, a Paying Agent upon surrender of Securities for registration of transfer or for exchange as provided in this Section. The Company will not make any charge for any registration of transfer or exchange but may require the payment by the party requesting such registration of transfer or exchange of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

(d) Neither the Company nor the Registrar shall be required (i) to issue, register the transfer of or exchange Securities of any Series for the period of 15 days immediately preceding the selection of any such Securities to be redeemed, or (ii) to register the transfer of or exchange Securities of any Series selected, called or being called for redemption as a whole, or the portion being redeemed of any such Securities selected, called or being called for redemption in part.

(e) Unregistered Securities or any coupons appertaining thereto shall be transferable by delivery.

#### Section 2.09 REPLACEMENT SECURITIES.

(a) If a mutilated Security or a Security with a mutilated coupon appertaining to it is surrendered to the Trustee (or an authenticating agent), the Company shall issue and the Trustee (or an authenticating agent) shall authenticate a replacement Registered Security, if such surrendered security was a Registered Security, or a replacement Unregistered Security with coupons corresponding to the coupons appertaining to the surrendered Security, if such surrendered Security was an Unregistered Security of the same Series and containing identical terms and provisions, if the Trustee's (or authenticating agent's) requirements are met.

(b) If the Holder of a Security claims that the Security or any coupon appertaining thereto has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee (or an authenticating agent) shall authenticate a replacement Registered Security, if such Holder's claim pertains to a Registered Security, or a replacement Unregistered Security with coupons corresponding to the coupons appertaining to the lost, destroyed or wrongfully taken Unregistered Security or the Unregistered Security to which such lost, destroyed or wrongfully taken coupon appertains, if such Holder's claim pertains to an Unregistered Security, of the same Series and containing identical terms and provisions, if the Trustee's requirements are met; provided, however, that the Trustee (or an authenticating agent) or the Company may require any such Holder to provide to the Trustee and the Company security or indemnity sufficient in the judgment of the Company and the Trustee (or an authenticating agent) to protect the Company, the Trustee (or an authenticating agent) and any Agent from any loss which any of them may suffer if a Security is replaced. The Company and the Trustee (or an authenticating agent) may charge the party requesting a replacement Security for its expenses in replacing a Security.

(c) Every replacement Security is an additional obligation of the Company.

(d) Notwithstanding anything to the contrary contained herein, replacement Securities need not be issued in any of the circumstances described in Section 2.09 if the Company or the Trustee (or an authenticating agent) have notice that the mutilated, lost, destroyed or wrongfully taken Security has been acquired by a bona fide purchaser.

#### Section 2.10 OUTSTANDING SECURITIES.

(a) Securities outstanding at any time are all Securities authenticated by the Trustee (or an authenticating agent), except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding.

(b) If a Security is replaced pursuant to Section 2.09, it ceases to be outstanding until the Trustee (or an authenticating agent) receives proof satisfactory to it that the replaced Security is held by a bona fide purchaser.

(c) If the Paying Agent holds on a redemption date or maturity date money or Eligible Instruments sufficient to pay all amounts due on Securities of any Series on that date, then, on and after that date, all Securities of such Series cease to be outstanding and interest on them ceases to accrue.

(d) A Security does not cease to be outstanding because the Company or an Affiliate of the Company holds the Security.

(e) In determining whether the Holders of the requisite Principal amount of outstanding Securities of any Series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, or whether sufficient funds are available for redemption or for any other purpose, (i) the Principal amount of an Original Issue Discount Security that shall be deemed to be outstanding for such purpose shall be the amount of the Principal thereof that would be due and payable as of the date of such determination upon a declaration of

acceleration of the maturity thereof pursuant to Section 6.02; and (ii) the Principal amount of any security denominated in a currency other than United States dollars that shall be deemed to be outstanding for such purposes shall be that amount of United States dollars that could be obtained for such amount on such reasonable basis of exchange and as of the record date for such determination or action (or, if there shall be no applicable record date, such other date reasonably proximate to the date of such determination or action), in each case, as the Company shall specify in a written notice to the Trustee.

#### Section 2.11 TREASURY SECURITIES.

In determining whether the Holders of the requisite Principal amount of Securities of any Series have concurred in any direction, waiver or consent, Securities of such Series owned by the Company or an Affiliate of the Company shall be disregarded, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Securities of such Series which the Trustee knows are so owned shall be so disregarded.

#### Section 2.12 TEMPORARY SECURITIES.

(a) Until definitive Registered Securities of any Series are ready for delivery, the Company may prepare and execute and the Trustee shall authenticate temporary Registered Securities of such Series. Temporary Registered Securities of any Series shall be substantially in the form of definitive Registered Securities of such Series but may have variations that the Company considers appropriate for temporary Securities. Every temporary Registered Security shall be executed by the Company, authenticated by the Trustee and registered by the Registrar, upon the same conditions, and with like effect, as a definitive Registered Security. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Registered Securities of the same Series and containing identical terms and provisions in exchange for temporary Registered Securities.

(b) Until definitive Unregistered Securities of any Series are ready for delivery, the Company may prepare and execute and the Trustee shall authenticate one or more temporary Unregistered Securities, which may have coupons attached or which may be in the form of a single temporary global Unregistered Security of that Series. The temporary Unregistered Security or Securities of any Series shall be substantially in the form approved by or pursuant to a Board Resolution and shall be delivered to one of the Paying Agents located outside the United States and its possessions or to such other person or persons as the Company shall direct against such certification as the Company may from time to time prescribe by or pursuant to a Board Resolution. The temporary Unregistered Security or Securities of a Series shall be executed by the Company and authenticated by the Trustee, upon the same conditions, and with like effect, as a definitive Unregistered Security of such Series, except as provided herein or therein. A temporary Unregistered Security or Securities shall be exchangeable for definitive Unregistered Securities containing identical terms and provisions at the time and on the conditions, if any, specified in the temporary Security.

Upon any exchange of a part of a temporary Unregistered Security of a Series for definitive Unregistered Securities of such Series, the temporary Unregistered Security shall be endorsed by the Trustee or Paying Agent to reflect the reduction of its Principal amount by an amount equal to the aggregate Principal amount of definitive Unregistered Securities of such Series so exchanged and endorsed.

Section 2.13 CANCELLATION.

The Company at any time may deliver Securities and coupons to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Securities and coupons surrendered to them for registration of transfer or for exchange or for payment. Except as otherwise required by this Indenture, the Trustee shall cancel all Securities and coupons surrendered for registration of transfer, or for exchange, payment or cancellation, and will dispose of canceled Securities and coupons as the Company directs; provided, however, that any Unregistered Securities of a Series delivered to the Trustee for exchange prior to maturity shall be retained by the Trustee for reissue as provided herein or in the Securities of such Series. The Company may not issue new Securities to replace Securities that it has paid or delivered to the Trustee for cancellation.

Section 2.14 DEFAULTED INTEREST.

If the Company defaults on a payment of interest on a Series of Securities, it shall pay the defaulted interest as provided in such Securities or in any lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed.

Section 2.15 GLOBAL SECURITIES.

(a) If the Company shall establish pursuant to Section 2.01 that the Securities of a particular Series are to be issued as a Global Security, then the Company shall execute and the Trustee shall, in accordance with Section 2.03, authenticate and deliver, a Global Security that (i) shall represent, and shall be denominated in an amount equal to the aggregate Principal amount of, all of the outstanding Securities of such Series, (ii) shall be registered in the name of the Depositary or its nominee, (iii) shall be delivered by the Trustee to the Depositary or pursuant to the Depositary's instruction and (iv) shall bear a legend substantially to the following effect: "Except as otherwise provided in Section 2.15 of the Indenture, this Security may be transferred, in whole but not in part, only to another nominee of the Depositary or to a successor Depositary or to a nominee of such successor Depositary."

(b) Notwithstanding the provisions of Section 2.08, the Global Security of a Series may be transferred, in whole but not in part and in the manner provided in Section 2.08, only to another nominee of the Depositary for such Series, or to a successor Depositary for such Series selected or approved by the Company or to a nominee of such successor Depositary.

(c) If at any time the Depositary for a Series of the Securities notifies the Company that it is unwilling or unable to continue as Depositary for such Series or if at any

time the Depository for such Series shall no longer be registered or in good standing under the Exchange Act or other applicable statute or regulation, and a successor Depository for such Series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such condition, as the case may be, this Section 2.15 shall no longer be applicable to the Securities of such Series and the Company will execute, and, subject to Section 2.08, the Trustee will authenticate and deliver the Securities of such Series, in authorized denominations, and in an aggregate Principal amount equal to the Principal amount of the Global Security of such Series in exchange for such Global Security. In addition, the Company may at any time determine that the Securities of any Series shall no longer be represented by a Global Security and that the provisions of this Section 2.15 shall no longer apply to the Securities of such Series. In such event the Company will execute and, subject to Section 2.08, the Trustee, upon receipt of an Officers' Certificate evidencing such determination by the Company, will authenticate and deliver the Securities of such Series, in authorized denominations, and in an aggregate Principal amount equal to the Principal amount of the Global Security of such Series in exchange for such Global Security. Upon the exchange of the Global Security for such Securities in authorized denominations, the Global Security shall be canceled by the Trustee. Such Securities issued in exchange for the Global Security pursuant to this Section 2.15(c) shall be registered in such names and in such authorized denominations as the Depository, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Securities to the Depository for delivery to the Persons in whose names such Securities are so registered.

### ARTICLE 3

#### REDEMPTION

##### Section 3.01 NOTICE TO THE TRUSTEE.

The Company may, with respect to any Series of Securities, reserve the right to redeem and pay the Series of Securities or any part thereof, or may covenant to redeem and pay the Series of Securities or any part thereof, before maturity at such time and on such terms as provided for in such Securities. The election of the Company to redeem any Securities shall be evidenced by a Company Order. In case of any redemption at the election of the Company of all or less than all of the Securities of any Series with the same issue date, interest rate and stated maturity, the Company shall, at least 60 days prior to the redemption date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such redemption date and of the Principal amount and redemption price of Securities of such Series to be redeemed.

##### Section 3.02 SELECTION OF SECURITIES TO BE REDEEMED.

If less than all the Securities of any Series with the same issue date, interest rate and stated maturity are to be redeemed, the particular Securities to be redeemed shall be selected, not more than 60 days prior to the redemption date, by the Trustee from the outstanding Securities of such Series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for

redemption of portions of the Principal amount of Securities of such Series; provided, however, that no such partial redemption shall reduce the portion of the Principal amount of a Security of such Series not redeemed to less than the minimum denomination for a Security of that Series established pursuant to Section 2.02. The Trustee shall promptly notify the Company in writing of the Securities selected for redemption by it and, in the case of any Securities selected for partial redemption, the amount thereof to be redeemed.

Section 3.03 NOTICE OF REDEMPTION.

(a) At least 30 days but not more than 90 days before a redemption date, unless a shorter period is specified in the Securities to be redeemed, the Company shall mail a notice of redemption by first-class mail to each Holder of Registered Securities that are to be redeemed.

(b) If Unregistered Securities are to be redeemed, notice of redemption shall be published in an Authorized Newspaper in each of The City of New York, and London, once in each of four successive calendar weeks, the first publication to be not less than 30 nor more than 90 days before the redemption date.

(c) All notices shall identify the Series of Securities to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price;

(3) if less than all the outstanding Securities of a Series are to be redeemed, the identification (and, in the case of partial redemption, the Principal amounts) of the particular Securities to be redeemed;

(4) the name and address of the Paying Agent;

(5) that Securities of the Series called for redemption and all unmatured coupons, if any, appertaining thereto must be surrendered to the Paying Agent to collect the redemption price; and

(6) that interest on Securities of the Series called for redemption ceases to accrue on and after the redemption date.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense.

If the Company gives the notice of redemption, the Company shall promptly provide the Trustee with evidence satisfactory to the Trustee of its compliance with the notice requirements of this section.

Section 3.04 EFFECT OF NOTICE OF REDEMPTION.

Once notice of redemption is mailed or published, Securities of a Series called for redemption become due and payable on the redemption date and from and after such date (unless the Company shall default in the payment of the redemption price) such Securities shall cease to bear interest. Upon surrender to the Paying Agent of such Securities together with all unmatured coupons, if any, appertaining thereto, such Securities shall be paid at the redemption price plus accrued interest to the redemption date, but installments of interest due on or prior to the redemption date will be payable, in the case of Unregistered Securities, to the bearers of the coupons for such interest upon surrender thereof, and, in the case of Registered Securities, to the Holders of such Securities of record at the close of business on the relevant record dates.

Section 3.05 DEPOSIT OF REDEMPTION PRICE.

One business day prior to the redemption date, the Company shall deposit with the Trustee or the Paying Agent money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) interest accrued to the redemption date on all Securities to be redeemed on that date.

Section 3.06 SECURITIES REDEEMED IN PART.

Upon surrender of a Security that is redeemed in part, the Company shall issue and the Trustee or the authenticating agent shall authenticate for the Holder of that Security a new Security or Securities of the same Series, the same form, and the same maturity in authorized denominations equal in aggregate Principal amount to the unredeemed portion of the Security surrendered.

ARTICLE 4

COVENANTS

Section 4.01 PAYMENT OF SECURITIES.

(a) The Company shall pay the Principal of and interest on the Securities on the dates and in the manner provided herein and in the Securities. An installment of Principal or interest shall be considered paid on the date it is due if the Trustee or Paying Agent holds on that date money designated for and sufficient to pay the installment.

(b) The Company shall pay interest on overdue Principal of a Security of any Series at the rate of interest (or Yield to Maturity in the case of Original Issue Discount Securities) borne by such Security of that Series; to the extent lawful, it shall pay interest on overdue installments of interest at the same rate.

Section 4.02 REPORTS BY THE COMPANY; COMPLIANCE CERTIFICATE.

The Company covenants:

(a) to deliver to the Trustee, within 20 days after the Company has filed the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may from time to time by rules and regulations prescribe) which the Company may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Exchange Act, or, if the Company is not required to file information, documents or reports pursuant to either of such sections, to deliver to the Trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act, in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(b) to deliver to the Trustee and the SEC, in accordance with the TIA or the rules and regulations prescribed from time to time by the SEC, such additional information, documents and reports with respect to compliance by it with the conditions and covenants provided for in this Indenture as may be required from time to time by the TIA or such rules and regulations; and

(c) to transmit by mail to all Holders of Registered Securities, as the names and addresses of such Holders appear on the register for each Series of Securities, and to such Holders of Unregistered Securities as have, within the two years preceding such transmission, filed their names and addresses with the Trustee for that purpose, within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be delivered to the Trustee pursuant to subsections (a) and (b) of this Section 4.02 as may be required by rules and regulations prescribed from time to time by the SEC.

(d) to deliver to the Trustee, within 105 days after the end of each fiscal year of the Company, a brief certificate, signed by the Company's principal executive officer, principal financial officer or principal accounting officer, as to such officer's knowledge of the Company's compliance with the conditions and covenants contained in this Indenture (determined without regard to any period of grace or requirement of notice provided herein).

(e) to deliver to the Trustee as soon as possible, and in any event within 10 days after the Company becomes aware of the occurrence of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

#### Section 4.03 LIEN ON ASSETS.

If at any time the Company mortgages, pledges or otherwise subjects to any lien the whole or any part of the capital stock of the Student Loan Marketing Association, except as provided in this Section 4.03, the Company shall secure the outstanding Securities, and any other obligations of the Company which may then be outstanding and entitled to the benefit of a covenant similar in effect to this covenant, either on a priority basis or equally and ratably with the indebtedness or obligations secured by such mortgage, pledge or lien, for as long as any such indebtedness or obligation is so secured. The foregoing covenant does not apply in

the event the Board of Directors determines, in its sole discretion, that such mortgage, pledge or lien on the capital stock of the Student Loan Marketing Association could not reasonably be expected to detract or interfere in any material respect from the fair market value of such capital stock or the control of such capital stock by the Company. Notwithstanding the foregoing, nothing contained in this Indenture is intended to prevent the Company from mortgaging, pledging or subjecting to any lien any of the other properties or assets of the Company, or from selling or otherwise disposing of any of the properties or assets of the Company, including the capital stock of the Student Loan Marketing Association.

#### ARTICLE 5

##### SUCCESSOR CORPORATION

###### Section 5.01 WHEN THE COMPANY MAY MERGE, ETC.

The Company may consolidate with, or merge into, or be merged into, or transfer or lease its properties and assets substantially as an entirety to, any person provided (i) that the person is a corporation which assumes by supplemental indenture all the obligations of the Company under the Securities and any coupons appertaining thereto and under this Indenture; and (ii) that after giving effect thereto, no Default or Event of Default shall have occurred and be continuing. Thereafter, all such obligations of the Company shall terminate.

#### ARTICLE 6

##### DEFAULTS AND REMEDIES

###### Section 6.01 EVENTS OF DEFAULT.

An "Event of Default" occurs with respect to the Securities of any Series if:

(1) the Company defaults in the payment of interest on any Security of that Series when the same becomes due and payable and the Default continues for a period of 30 days;

(2) the Company defaults in the payment of the Principal of any Security of that Series when the same becomes due and payable at maturity, upon redemption or otherwise;

(3) the Company fails to comply with any of its other agreements in the Securities of that Series, in this Indenture or in any supplemental indenture under which the Securities of that Series may have been issued, and the Default continues for the period and after the notice specified below;

(4) the Company, pursuant to or within the meaning of any Bankruptcy Law:

(a) commence a voluntary case,

(b) consent to the entry of an order for relief against it in an involuntary case,

(c) consent to the appointment of a Custodian of it or for all or substantially all of its property, or

(d) make a general assignment for the benefit of its creditors; or

(5) a court of competent jurisdiction enters an order under any Bankruptcy Law that:

(a) is for relief against the Company in an involuntary case,

(b) appoints a Custodian of the Company or for all or substantially all of its property, or

(c) orders the liquidation of the Company and the order or decree remains unstayed and in effect for 90 days.

A Default under clause (3) is not an Event of Default until the Trustee or the Holders of at least 25% in Principal amount of all the outstanding Securities of that Series notify the Company (and the Trustee in the case of notification by such Holders) of the Default and the Company does not cure the Default or such Default is not waived within 60 days after receipt of the notice. The notice must specify the Default, demand that it be remedied, and state that the notice is a "Notice of Default."

#### Section 6.02 ACCELERATION.

If an Event of Default occurs with respect to the Securities of any Series and is continuing, the Trustee, by notice to the Company, or the Holders of at least 25% in Principal amount of all of the outstanding Securities of that Series, by notice to the Company and the Trustee, may declare the Principal (or, if the Securities of that Series are Original Issue Discount Securities, such portion of the Principal amount as may be specified in the terms of that Series) of all the Securities of that Series to be due and payable. Upon such declaration, such Principal (or, in the case of Original Issue Discount Securities, such specified amount) shall be due and payable immediately. The Holders of a majority in Principal amount of all of the Securities of that Series, by notice to the Trustee, may rescind such a declaration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of Principal or interest that has become due solely because of the acceleration. Notwithstanding the foregoing, an Event of Default under clause 6.01 (4) or (5) shall cause the principal (or, if the Securities of that Series are Original Issue Discount Securities, such portion of the Principal

amount as may be specified in the terms of that Series) of all the Securities of that Series to be due and payable without declaration or other action by the Trustee or Holders of outstanding Securities of that Series.

Section 6.03 OTHER REMEDIES AVAILABLE TO TRUSTEE.

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of Principal of or interest on the Securities of the Series that is in default or to enforce the performance of any provision of the Securities of that Series or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Securities or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Securityholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative.

Section 6.04 WAIVER OF EXISTING DEFAULTS.

The Holders of a majority in Principal amount of any Series of Securities by notice to the Trustee may waive an existing Default with respect to that Series and its consequences, except a Default in the payment of the Principal of or interest on any Security.

Section 6.05 CONTROL BY MAJORITY.

The Holders of a majority in Principal amount of the Securities of each Series affected (with each such Series voting as a class) may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or that would involve the Trustee in personal liability.

Section 6.06 LIMITATION ON SUITS BY SECURITYHOLDERS.

A Securityholder may pursue a remedy with respect to this Indenture or the Securities of any Series only if:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in Principal amount of the Securities of that Series make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer to the Trustee indemnity satisfactory to the Trustee against any loss, liability, or expense to be, or which may be, incurred by the Trustee in pursuing the remedy;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60 day period, the Holders of a majority in Principal amount of the Securities of that Series do not give the Trustee a direction inconsistent with the request.

A Securityholder of any Series may not use this Indenture to prejudice the rights of another Securityholder of that Series or any other Series or to obtain a preference or priority over another Securityholder of that Series or any other Series.

Section 6.07 RIGHTS OF HOLDERS TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Security to receive payment of the Principal of and interest on the Security, on or after the respective due dates expressed in the Security, and the right of any Holder of a coupon to receive payment of interest due as provided in such coupon, or to bring suit for the enforcement of any such payment, on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08 COLLECTION SUITS BY TRUSTEE.

If a Default specified in Section 6.01(1) or (2) occurs and continues for the period specified therein, if any, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of such Principal and interest then in default.

Section 6.09 TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Securityholders allowed in any judicial proceedings relating to the Company or its creditors or property.

Section 6.10 PRIORITIES.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

FIRST: to the Trustee for amounts due it under Section 7.07;

SECOND: to Holders of Securities in respect of which or for the benefit of which such money has been collected for amounts due and unpaid on such Securities for Principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for Principal and interest, respectively; and

THIRD: to the person or persons lawfully entitled thereto, or as a court of competent jurisdiction may direct.

The Trustee may fix a record date (with respect to Registered Securities) and payment date for any such payment to Holders of Securities.

Any such record date shall not be less than 10 days nor more than 60 days prior to the applicable payment date.

Section 6.11 UNDERTAKING FOR COSTS.

If any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable attorneys' fees against any party litigant in this suit having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in Principal amount of the Securities of any Series.

ARTICLE 7

TRUSTEE

Section 7.01 DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights, duties and powers under this Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(1) The Trustee need perform only those duties that are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) In the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon notices, certificates, opinions or other documents furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the notices, certificates, opinions or other documents to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this Section;

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Sections 6.04 and 6.05.

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to paragraph (a), (b), and (c) of this Section.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense (including reasonable attorneys' fees) that might be incurred by it.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

#### Section 7.02 RIGHTS OF TRUSTEE.

(a) The Trustee may conclusively rely on and shall be fully protected in acting or refraining from acting any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may consult with counsel or require an Officers' Certificate or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on a Board Resolution, the written advice of counsel acceptable to the Company or the Trustee, a certificate of an Officer or Officers delivered pursuant to Section 2.02(b), an Officers' Certificate, or an Opinion of Counsel.

(c) The Trustee may act through agents or any of its affiliates and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(e) Except as otherwise provided in Section 7.01, the Trustee shall not be liable for any action or omission of any Agent which is not the Trustee.

The duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall take such action with respect to this Indenture as it shall be directed, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and as specifically directed by the Company, and no implied covenants or obligations shall be read into this Indenture against the Trustee;

In the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee which conform to the requirements of this Indenture;

The Trustee shall not be liable for any error of judgment made in good faith by an officer or officers of the Trustee, unless it shall be conclusively determined by a court of competent jurisdiction that the Trustee was grossly negligent in ascertaining the pertinent facts;

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction of the Company given under this Indenture.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

Whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a certificate signed by one of the Company's officers, as the case may be, and delivered to the Trustee and such certificate, in the absence of gross negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

The Trustee shall have no obligation to invest and reinvest any cash held by it in the absence of timely and specific written investment

direction from the Company. In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Company to provide timely written investment direction.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to the business of the Trustee shall be the successor of the Trustee hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

Neither the Trustee nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Indenture or in connection therewith except to the extent caused by the Trustee's gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review. The parties each (for itself and any person or entity claiming through it) hereby releases, waives, discharges, exculpates and covenants not to sue the Trustee for any action taken or omitted under this Indenture except to the extent caused by the Trustee's gross negligence or willful misconduct. Anything in this Indenture to the contrary notwithstanding, in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

#### Section 7.03 INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Securities and may otherwise deal with the Company, or one of its Affiliates with the same rights it would have if it were not Trustee, subject to Sections 7.10 and 7.11. Any Agent may do the same with like rights.

Section 7.04 TRUSTEE'S DISCLAIMER.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Securities. It shall not be accountable for the Company's use of the proceeds from the Securities or for monies paid over to the Company or by the Company to any Holders or to any Paying Agent pursuant to the Indenture, and it shall not be responsible for any statement in the Securities other than its certificate of authentication.

Section 7.05 NOTICE OF DEFAULTS.

If a Default occurs and is continuing with respect to the Securities of any Series and if it is known to the Trustee, the Trustee shall mail to each Holder of a Security of that Series entitled to receive reports pursuant to Section 4.02(c) (and, if Unregistered Securities of that Series are outstanding, shall cause to be published at least once in an Authorized Newspaper in each of The City of New York, and London) notice of the Default within 90 days after it occurs. Except in the case of a Default in payment on the Securities of any Series, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding such notice is in the interests of Securityholders of that Series.

Section 7.06 REPORTS BY TRUSTEE TO HOLDERS.

(a) Within 60 days after each anniversary date of the first issue of a Series of Securities, the Trustee shall mail to each Securityholder of that Series entitled to receive reports pursuant to Section 4.02(c) a brief report dated as of such date that complies with TIA Section 313(a). The Trustee also shall comply with TIA Section 313(b).

(b) At the time that it mails such a report to Securityholders of any Series, the Trustee shall file a copy of that report with the SEC and with each stock exchange on which the Securities of that Series are listed. The Company shall provide written notice to the Trustee when the Securities of any Series are listed on any stock exchange.

Section 7.07 COMPENSATION AND INDEMNITY.

(a) The Company shall pay to the Trustee from time to time compensation for its services. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable out-of-pocket expenses incurred by it in connection with the performance of its duties under this Indenture. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents and counsel.

(b) The Company shall indemnify the Trustee and its officers, directors, employees, representatives and agents from and against any loss, claims, expenses, obligations, charges, or liability incurred by it of whatever kind or nature, regardless of their merit, demanded, asserted or claimed against the Trustee directly or indirectly relating to or arising out of or in connection with its acceptance or administration of the trust or trusts hereunder and by reason of its participation in the transactions contemplated hereby. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. The Company shall defend the claim, and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the

reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent.

(c) The Company need not reimburse any expense or indemnify against any loss of liability incurred by the Trustee through negligence or bad faith.

(d) To secure the payment obligations of the Company pursuant to this Section, the Trustee shall have a lien prior to the Securities of any Series on all money or property held or collected by the Trustee, except that held in trust to pay Principal and interest on particular Securities of a Series.

(e) If the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(4) or (5) occurs, such expenses and the compensation for such services are intended to constitute expenses of administration under any Bankruptcy Law.

The provisions of this Section 7.07 shall survive the termination of the Indenture or the earlier resignation or removal of the Trustee.

#### Section 7.08 REPLACEMENT OF TRUSTEE.

(a) The resignation or removal of the Trustee and the appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

(b) The Trustee may resign with respect to the Securities of any Series by so notifying the Company. The Holders of a majority in Principal amount of the Securities of any Series may remove the Trustee with respect to that Series by so notifying the Trustee and the Company, and may appoint a successor Trustee for such Series with the Company's consent.

(c) The Company may remove the Trustee with respect to Securities of any Series if:

- (1) the Trustee fails to comply with Section 7.10;
- (2) the Trustee is adjudged a bankrupt or an insolvent;
- (3) a receiver or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

In addition, the Company may remove the Trustee with respect to Securities of any Series without cause if the Company gives written notice to the Trustee of such proposed removal at least six months in advance of the proposed effective date of such removal; provided, however, that such removal shall not become effective if a Default exists on the date of the giving of such notice or occurs prior to the date such removal is scheduled to become effective.

(d) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, with respect to Securities of any Series, the Company shall promptly appoint a successor Trustee for such Series.

(e) If a successor Trustee with respect to the Securities of any Series does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of a majority in Principal amount of the Securities of the applicable Series may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) If the Trustee with respect to the Securities of any Series fails to comply with Section 7.10, any Securityholder of the applicable Series may petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor Trustee.

(g) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and the Company. Thereupon, the resignation or removal of the retiring Trustee for any Series of Securities shall become effective, and the successor Trustee shall have all the rights, powers, and duties of the retiring Trustee with respect to all Series of Securities for which the successor Trustee is to be acting as Trustee under this Indenture. The retiring Trustee shall promptly transfer all property held by it as Trustee with respect to such Series of Securities to the successor Trustee subject to the lien provided for in Section 7.07. The Company shall give notice of each appointment of a successor Trustee for any Series of Securities by publishing notice of such event once in an Authorized Newspaper in each of The City of New York, and London, by mailing written notice of such event by first-class mail to the Holders of Securities of such Series entitled to receive reports pursuant to Section 4.02(c).

(h) All provisions of this Section 7.08 except subparagraphs (c)(1) and (d) and the words "subject to the lien provided for in Section 7.07" in subparagraph (g) shall apply also to any Paying Agent located outside the U.S. and its possessions and required by Section 2.04.

(i) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) Series, the Company, the retiring Trustee and such successor Trustee shall execute and deliver a supplemental indenture wherein such successor Trustee shall accept such appointment, and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, such successor Trustee all the rights, powers, trusts, and duties of the retiring Trustee with respect to the Securities of that or those Series to which the appointment of such successor Trustee relates; (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those Series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee; and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such

Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee.

Section 7.09 SUCCESSOR TRUSTEE, AGENTS BY MERGER, ETC.

If the Trustee or any Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business assets to, another corporation, the successor corporation, without any further act, shall be the successor Trustee or Agent, as the case may be.

Section 7.10 ELIGIBILITY; DISQUALIFICATION.

This Indenture shall always have a Trustee with respect to each Series of Securities who satisfies the requirements of TIA Section 310(a)(1).

The Trustee shall always have a combined capital and surplus of at least \$10,000,000 as set forth in its most recent published annual report of condition. The Trustee is subject to TIA Section 310(b), including the optional provision permitted by the second sentence of TIA Section 310(b)(9), except that there shall be excluded from the operation of TIA Section 310(b)(1) each Series of Securities and all indentures of the Company or any of its Affiliates now or hereafter existing which may be excluded under the proviso of TIA Section 310(b)(1).

Section 7.11 PREFERENTIAL COLLECTION OF CLAIMS AGAINST THE COMPANY.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated.

ARTICLE 8

DISCHARGE OF INDENTURE

Section 8.01 TERMINATION OF THE COMPANY'S OBLIGATIONS.

(a) The Company reserves the right to terminate all of its obligations under the Securities and this Indenture with respect to the Securities of any Series or any installment of Principal of or interest on that Series if the Company irrevocably deposits in trust with the Trustee money or Eligible Instruments sufficient to pay, when due, the Principal of and interest on the Securities of that Series to maturity or redemption or such installment of Principal or interest, as the case may be, and if all other conditions set forth in the Securities of that Series are met. The Company shall designate the installment or installments of Principal or interest to be so satisfied.

(b) However, the Company's obligations in Sections 2.04, 2.05, 2.06, 2.07, 2.08, 2.09, 4.01, 7.07, 7.08, 8.03 and 8.04 shall survive until the Securities are no longer

outstanding. Thereafter, the Company's obligations in Sections 7.07, 8.03 and 8.04 shall survive.

(c) Before or after a deposit, the Company may make arrangements satisfactory to the Trustee for the redemption of Securities at a future date in accordance with Article 3.

(d) After a deposit by the Company in accordance with this Section in respect of the Securities of a Series, the Trustee upon request shall acknowledge in writing the discharge of the Company's obligations under the Securities of the Series in respect of which the deposit has been made and under this Indenture with respect to the Securities of that Series except for those surviving obligations specified above.

(e) In order to have money available on a payment date to pay the Principal of or interest on the Securities of any Series, the Eligible Instruments shall be payable as to the Principal of or interest on or before such payment date in such amounts as will provide the necessary money. Eligible Instruments shall not be callable at the issuer's option.

(f) "Eligible Instruments" means:

(i) direct obligations of the United States of America for the payment of which the full faith and credit of the United States of America is pledged; or

(ii) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America.

#### Section 8.02 APPLICATION OF TRUST MONEY.

The Trustee shall hold money or Eligible Instruments deposited with it pursuant to Section 8.01. It shall apply the deposited money and the money from Eligible Instruments through the Paying Agent and in accordance with this Indenture to the payment of the Principal of and interest on the Securities of each Series in respect of which the deposit shall have been made.

#### Section 8.03 REPAYMENT TO THE COMPANY.

(a) Subject to the provisions of Section 7.07(d), the Trustee and the Paying Agent shall promptly pay to the Company, upon request, any money or securities held by them at any time in excess of that required for the payment of Principal or interest on the Securities.

(b) The Trustee and the Paying Agent shall promptly pay to the Company, upon request, any money held by them for the payment of Principal or interest that remains unclaimed for two years. After that, Securityholders entitled to the money must look to the Company for payment as general creditors unless an abandoned property law designates

another person. Upon payment to the Company, the Trustee and Paying Agent are released of any further obligation or liability with respect to the utilization of such moneys.

Section 8.04 INDEMNITY FOR ELIGIBLE INSTRUMENTS.

The Company shall pay and shall indemnify the Trustee and each Securityholder of each Series in respect of which the deposit shall have been made against any tax, fee, or other charge imposed on or assessed against deposited Eligible Instruments or the Principal and interest received on such instruments.

ARTICLE 9

AMENDMENTS AND WAIVERS

Section 9.01 WITHOUT CONSENT OF HOLDERS.

The Company and the Trustee may enter into one or more supplemental indentures without consent of any Securityholder for any of the following purposes:

- (1) to cure any ambiguity, defect, or inconsistency herein, in the Securities of any Series;
- (2) to comply with Article 5;
- (3) to provide for uncertificated Securities in addition to or in place of certificated Securities;
- (4) to add to the covenants of the Company for the benefit of the Holders of all or any Series of Securities (and if such covenants are to be for the benefit of less than all Series of Securities, stating that such covenants are expressly being included solely for the benefit of such Series) or to surrender any right or power herein conferred upon the Company;
- (5) to add to, delete from, or revise the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of issue, authentication, and delivery of Securities, as herein set forth;
- (6) to secure the Securities pursuant to Section 4.03.
- (7) to make any change that does not adversely affect the rights of any Securityholder in any material respect; or
- (8) to provide for the issuance of and establish the form and terms and conditions of Securities of any Series as provided in Section 2.02, to establish the form of any certifications required to be furnished pursuant to the terms of this Indenture or any Series of Securities, or to add to the rights of the Holders of any Series of Securities.

Section 9.02 WITH CONSENT OF HOLDERS.

(a) With the written consent of the Holders of a majority in Principal amount of the outstanding Securities of each Series affected by such supplemental indenture (with each Series voting as a class), the Company and the Trustee may enter into a supplemental indenture to add any provisions to or to change or eliminate any provisions of this Indenture or of any supplemental indenture or to modify, in each case in any manner not covered by Section 9.01, the rights of the Securityholders of each such Series. The Holders of a majority in Principal amount of the outstanding Securities of each Series affected by such waiver (with each Series voting as a class), by notice to the Trustee, may waive compliance by the Company with any provision of this Indenture, any supplemental indenture, or the Securities of any such Series, except a Default in the payment of the Principal of or interest on any Security. However, without the consent of each Securityholder affected, an amendment or waiver may not:

(1) reduce the amount of Securities whose Holders must consent to an amendment or waiver;

(2) change the rate of or change the time for payment of interest on any Security;

(3) change the Principal of or change the fixed maturity of any Security;

(4) waive a Default in the payment of the Principal of or interest on any Security;

(5) make any Security payable in money other than that stated in the Security; or

(6) make any change in Section 6.04 (Waiver of Existing Defaults), 6.07 (Rights of Holders to Receive Payment), or this Section 9.02(a) (third sentence).

(b) It is not necessary under this Section 9.02 for the Securityholders to consent to the particular form of any proposed supplemental indenture, but it is sufficient if they consent to the substance thereof.

(c) Promptly after the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section 9.02, the Company shall transmit by mail a notice, setting forth in general terms the substance of such supplemental indenture, to all Holders of Registered Securities, as the names and addresses of such Holders appear on the register for each Series of Securities, and to such Holders of Unregistered Securities as are entitled to receive reports pursuant to Section 4.02(c). Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.03 COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment to this Indenture or the Securities of one or more Series shall be set forth in a supplemental indenture that complies with the TIA as then in effect.

Section 9.04 REVOCATION AND EFFECT OF CONSENTS.

Until an amendment or waiver becomes effective, a consent to it by a Holder of a Security is a continuing consent by the Holder and every subsequent Holder of a Security or portion of a Security that evidences the same debt as the consenting Holder's Security even if a notation of the consent is not made on any Security. However, any such Holder or subsequent Holder may revoke the consent as to his Security or portion of his Security if the Trustee receives a written notice of revocation before the date the amendment or waiver becomes effective. After an amendment or waiver becomes effective, it shall bind every Securityholder of each Series affected by such amendment or waiver.

Section 9.05 NOTATION ON OR EXCHANGE OF SECURITIES.

The Trustee shall place an appropriate notation about an amendment or waiver on any Security of any Series thereafter authenticated. The Company, in exchange for Securities of that Series, may issue and the Trustee shall authenticate new Securities of that Series that reflect the amendment or waiver.

Section 9.06 TRUSTEE PROTECTED.

The Trustee need not sign any supplemental indenture that adversely affects its rights or obligations. The Company shall provide to the Trustee an Opinion of Counsel that any supplemental indenture is authorized or permitted hereunder and that all conditions precedent to such execution and delivery have been satisfied.

ARTICLE 10

SINKING FUNDS

Section 10.01 APPLICABILITY OF ARTICLE.

The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a Series, except as otherwise permitted or required by any form of Security of such Series issued pursuant to this Indenture.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any Series is herein referred to as "mandatory sinking fund payment," and any payment in excess of such minimum amount provided for by the terms of Securities of such Series is herein referred to as an "optional sinking fund payment." If provided for by the terms of Securities of any Series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 10.02. Each sinking fund payment shall be applied to the redemption of Securities of any Series as provided for by the terms of Securities of such Series.

Section 10.02 SATISFACTION OF SINKING FUND PAYMENTS WITH SECURITIES.

The Company may, in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such Series to be made pursuant to the terms of such Securities as provided for by the terms of such Series, (1) deliver outstanding Securities of such Series (other than any of such Securities previously called for redemption or any of such Securities in respect of which cash shall have been released to the Company) to the Trustee for cancellation pursuant to Section 2.13, or (2) apply as a credit Securities of such Series which have been previously cancelled pursuant to Section 2.13 or redeemed either at the election of the Company pursuant to the terms of such Series of Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, provided that such Series of Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the redemption price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly. If as a result of the delivery or credit of Securities of any Series in lieu of cash payments pursuant to this Section 10.02, the Principal amount of Securities of such Series to be redeemed in order to exhaust the aforesaid cash payment shall be less than \$500,000, the Trustee shall not call Securities of such Series for redemption, except upon Company Order, and such cash payment shall be held by the Trustee or a Paying Agent and applied to the next succeeding sinking fund payment; provided, however, that the Trustee or such Paying Agent shall at the request of the Company from time to time pay over and deliver to the Company any cash payment so being held by the Trustee or such Paying Agent upon delivery by the Company to the Trustee of Securities of that Series for cancellation pursuant to Section 2.13 having an unpaid Principal amount equal to the cash payment required to be released to the Company. Funds held by the Trustee under this Section may be invested, pursuant to a Company Order, in Eligible Instruments for the benefit of the Company.

Section 10.03 REDEMPTION OF SECURITIES FOR SINKING FUND.

Not less than 60 days prior to each sinking fund payment date for any Series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing mandatory sinking fund payment for that Series pursuant to the terms of that Series, the portion thereof, if any, which is to be satisfied by payment of cash, and the portion thereof, if any, which is to be satisfied by delivering and crediting of Securities of that Series pursuant to Section 10.02, and the optional amount, if any, to be added in cash to the next ensuing mandatory sinking fund payment, and will also deliver to the Trustee any Securities to be so credited and not theretofore delivered. If such Officers' Certificate shall specify an optional amount to be added in cash to the next ensuing mandatory sinking fund payment, the Company shall thereupon be obligated to pay the amount therein specified. Not less than 30 days before each such sinking fund payment date, the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 3.02 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 3.03. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 3.04, 3.05 and 3.06.

ARTICLE 11

MISCELLANEOUS

Section 11.01 TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with a provision which is required to be included in this Indenture by the TIA, the required provision shall control.

Section 11.02 NOTICES.

(a) Any notice or communication by the Company or the Trustee is duly given if in writing and delivered in person or mailed by certified mail:

if to the Company to:

USA Education, Inc.  
11600 Sallie Mae Drive  
Reston, Virginia 20193  
Attention: Treasurer

if to the Trustee to:

The Chase Manhattan Bank  
450 West 33rd Street, 10th Floor  
New York, New York 10001  
Attention: [Trust Services]

(b) The Company or the Trustee by notice to the others may designate additional or different addresses for subsequent notices or communications.

(c) Any notice or communication to Holders of Securities entitled to receive reports pursuant to Section 4.02(c) shall be mailed by first-class mail to the addresses for Holders of Registered Securities shown on the register kept by the Registrar and to addresses filed with the Trustee for other Holders. Failure to so mail a notice or communication or any defect in such notice or communication shall not affect its sufficiency with respect to other Holders of Securities of that or any other Series entitled to receive notice.

(d) If a notice of communication is mailed in the manner provided above within the time prescribed, it is conclusively presumed to have been duly given, whether or not the addressee receives it.

(e) If the Company mails a notice or communication to Securityholders, it shall mail a copy to the Trustee and to each Agent at the same time.

(f) If it shall be impractical in the opinion of the Trustee or the Company to make any publication of any notice required hereby in an Authorized Newspaper, any

publication or other notice in lieu thereof which is made or given with the approval of the Trustee shall constitute a sufficient publication of such notice.

Section 11.03 COMMUNICATION BY HOLDERS WITH OTHER HOLDERS.

Securityholders of any Series may communicate pursuant to TIA Section 312(b) with other Securityholders of that Series or of all Series with respect to their rights under this Indenture or under the Securities of that Series or of all Series. The Company the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

Section 11.04 CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 11.05 STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(1) a statement that the person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

Section 11.06 RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or a meeting of Securityholders of one or more Series. The Paying Agent or Registrar may make reasonable rules and set reasonable requirements for its functions.

Section 11.07 LEGAL HOLIDAYS.

Except as may otherwise be provided in the form of Securities of any particular Series pursuant to the provisions of this Indenture, a "Legal Holiday" is a Saturday, Sunday, or a day on which banking institutions are not required to be open. If a payment date is a Legal Holiday at a place of payment, payment may be made at such place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

Section 11.08 GOVERNING LAW.

The laws of the State of New York shall govern this Indenture, the Securities and any coupons appertaining thereto.

Section 11.09 NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret another indenture, loan, or debt agreement of the Company or an Affiliate. No such indenture, loan, or debt agreement may be used to interpret this Indenture.

Section 11.10 NO RECOURSE AGAINST OTHERS.

No director, officer, employee or stockholder, as such, of the Company shall have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Securityholder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

Section 11.11 EXECUTION IN COUNTERPARTS.

This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one instrument.

Section 11.12 CURRENCIES.

Except as may otherwise be provided in the form of Securities of any particular Series pursuant to the provisions of this Indenture, all references in this Indenture or in the Securities to "dollars," "\$," or any similar reference shall be to the currency of the United States of America.

ARTICLE 12

REPAYMENT AT THE OPTION OF HOLDERS

Section 12.01 APPLICABILITY OF ARTICLE.

Securities of any Series which are repayable at the option of the Holders thereof before their stated maturity shall be repaid in accordance with the terms of the Securities of such Series.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

USA EDUCATION, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(SEAL)  
Attest: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

THE CHASE MANHATTAN BANK, not in its individual capacity, but solely as Trustee  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

(SEAL)  
Attest: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## USA EDUCATION, INC.

## RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

(DOLLARS IN THOUSANDS)

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1995	1996	1997	1998	1999	1999	2000
Pre-tax income from continuing operations before adjustment for minority interests in consolidated subsidiaries.....	\$ 504,897	\$ 600,327	\$ 759,748	\$ 750,131	\$ 751,652	\$ 355,285	\$ 415,795
Add: Fixed charges.....	3,039,522	2,600,048	2,544,584	1,948,995	2,140,588	954,888	1,324,488
Less: Other adjustments.....	(2,421)	(711)	--	--	--	--	--
Less: Preferred dividends.....	(16,452)	(16,452)	(18,428)	(23,998)	(25,803)	(11,654)	(21,234)
<b>Total earnings.....</b>	<b>\$3,525,546</b>	<b>\$3,183,212</b>	<b>\$3,285,904</b>	<b>\$2,675,128</b>	<b>\$2,866,437</b>	<b>\$1,298,519</b>	<b>\$1,719,049</b>
Fixed charges							
Interest expenses.....	\$3,020,649	\$2,582,885	\$2,526,156	\$1,924,997	\$2,114,785	\$ 943,234	\$1,303,254
Preferred dividends.....	16,452	16,452	18,428	23,998	25,803	11,654	21,234
Other adjustments.....	2,421	711	--	--	--	--	--
<b>Total fixed charges.....</b>	<b>\$3,039,522</b>	<b>\$2,600,048</b>	<b>\$2,544,584</b>	<b>\$1,948,995</b>	<b>\$2,140,588</b>	<b>\$ 954,888</b>	<b>\$1,324,488</b>
Ratio of earnings to fixed charges and preferred stock dividends.....	1.16	1.22	1.29	1.37	1.34	1.36	1.30
Ratio of earnings to fixed charges.....	1.16	1.23	1.29	1.38	1.34	1.36	1.30

-----  
For purposes of the "earnings" computation, "other adjustments" includes  
capitalized interest cost.

For purposes of the "fixed charges" computation, "other adjustments" includes  
capitalized interest cost.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this registration statement (File No. 333-\_\_\_\_\_) of our report dated January 13, 2000 included in SLM Holding Corporation's Form 10-K for the year ended December 31, 1999 and to all reference to our Firm included in this registration statement.

/s/ ARTHUR ANDERSEN LLP

Vienna, VA  
September 18, 2000

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

-----  
FORM T-1

STATEMENT OF ELIGIBILITY  
UNDER THE TRUST INDENTURE ACT OF 1939 OF  
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

-----  
CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF  
A TRUSTEE PURSUANT TO SECTION 305(b)(2)

-----  
THE CHASE MANHATTAN BANK  
(Exact name of trustee as specified in its charter)

NEW YORK  
(State of incorporation  
if not a national bank)

13-4994650  
(I.R.S. employer  
identification No.)

270 PARK AVENUE  
NEW YORK, NEW YORK  
(Address of principal executive offices)

10017  
(Zip Code)

William H. McDavid  
General Counsel  
270 Park Avenue  
New York, New York 10017  
Tel: (212) 270-2611  
(Name, address and telephone number of agent for service)

-----  
USA EDUCATION INC.  
(Exact name of obligor as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

APPLIED FOR  
(I.R.S. employer  
identification No.)

(Address of principal executive offices)

(Zip Code)

-----  
% Senior Notes Due  
(Title of the indenture securities)  
-----

GENERAL

Item 1. General Information.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

New York State Banking Department, State House, Albany,  
New York 12110.

Board of Governors of the Federal Reserve System, Washington,  
D.C., 20551

Federal Reserve Bank of New York, District No. 2, 33 Liberty  
Street, New York, N.Y.

Federal Deposit Insurance Corporation, Washington, D.C., 20429.

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with the Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

Item 16. List of Exhibits

List below all exhibits filed as a part of this Statement of Eligibility.

1. A copy of the Articles of Association of the Trustee as now in effect, including the Organization Certificate and the Certificates of Amendment dated February 17, 1969, August 31, 1977, December 31, 1980, September 9, 1982, February 28, 1985, December 2, 1991 and July 10, 1996 (see Exhibit 1 to Form T-1 filed in connection with Registration Statement No. 333-06249, which is incorporated by reference).

2. A copy of the Certificate of Authority of the Trustee to Commence Business (see Exhibit 2 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference. On July 14, 1996, in connection with the merger of Chemical Bank and The Chase Manhattan Bank (National Association), Chemical Bank, the surviving corporation, was renamed The Chase Manhattan Bank).

3. None, authorization to exercise corporate trust powers being contained in the documents identified above as Exhibits 1 and 2.

4. A copy of the existing By-Laws of the Trustee (see Exhibit 4 to Form T-1 filed in connection with Registration Statement No. 333-06249, which is incorporated by reference).

5. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Act (see Exhibit 6 to Form T-1 filed in connection with Registration Statement No. 33-50010, which is incorporated by reference. On July 14, 1996, in connection with the merger of Chemical Bank and The Chase Manhattan Bank (National Association), Chemical Bank, the surviving corporation, was renamed The Chase Manhattan Bank).

7. A copy of the latest report of condition of the Trustee, published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, The Chase Manhattan Bank, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York and State of New York, on the 15TH day of SEPTEMBER 2000.

THE CHASE MANHATTAN BANK

BY /s/ PATRICIA M.F. RUSSO

-----  
/s/ PATRICIA M.F. RUSSO  
VICE PRESIDENT