

ARKANSAS STUDENT LOAN AUTHORITY

QUARTERLY SUPPLEMENTAL CONTINUING DISCLOSURE REPORT

Report Dated: June 30, 2006

Base CUSIP Number: 041150

This Quarterly Supplemental Continuing Disclosure Report (the "Quarterly Supplemental Report") is provided by the Arkansas Student Loan Authority (the "Authority"), a body corporate and politic and an instrumentality of the State of Arkansas, pursuant to Continuing Disclosure Agreements dated as of May 1, 1996, September 1, 1997, September 1, 2000, February 1, 2002, and January 1, 2004 (collectively, the "Agreements"), between the Authority and Regions Bank, as trustee for the Authority's Student Loan Revenue Bonds, Series 1996 (the "Series 1996 Bonds"), Student Loan Revenue and Refunding Bonds, Series 1997 (the "Series 1997 Bonds"), Student Loan Revenue and Revenue Refunding Bonds, Series 2000 (the "Series 2000 Bonds"), Student Loan Revenue and Revenue Refunding Bonds, Series 2002 (the "Series 2002 Bonds"), Student Loan Revenue and Refunding Bonds, Series 2004 (the "Series 2004 Bonds"), Student Loan Revenue and Refunding Bonds, Series 2005 (the "Series 2005 Bonds") and Student Loan Revenue Bonds, Series 2006 (the "Series 2006 Bonds"). Under the Agreements, the Authority undertook to provide or cause to be provided at least annually to each Nationally Recognized Municipal Securities Information Repository (as defined in the Agreements) and the state information depository located in the State of Arkansas, if any, financial information and operating data, as of the end of the most recently-completed fiscal year of the Authority, regarding the Authority and each Series of its outstanding Bonds (the "Annual Report"). (As of the date of this Quarterly Supplemental Report, there is no state information depository located in the State of Arkansas.) Pursuant to the Agreements, the Authority is also required to make disclosure of certain Material Events, as defined in the Agreements, which definitions track the definition of "material events" contained in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule").

The Authority is voluntarily making this Quarterly Supplemental Report in an effort to improve its public disclosure to the secondary market.

I. MATERIAL EVENT

Restatement of Audited Financial Statements

The Authority's independent auditors, Moore Stephens Frost, PLC, were informed of special allowance payment billing errors, the net liability, and the steps to correct the over-billing to the Department of Education. After examining the issue, Moore Stephens Frost, PLC, determined that there should be a prior period adjustment to the Authority's audited financial statements for the years ended June 30, 2005, and June 30, 2004. The prior period adjustment restated revenues of the prior period downward and added current liabilities for the years ended June 30, 2005, and June 30, 2004. The result of the prior period adjustment was that (i) for the year ended June 30, 2005, the

Authority's net assets were reduced by \$5,189,609 to \$26,465,030, and its operating revenues were decreased by \$3,219,967 to a restated amount of \$21,488,413, and (ii) for the year ended June 30, 2004, the Authority's net assets were reduced by \$1,969,642 to \$23,497,145, and its operating revenues were decreased by \$734,893 to \$15,166,735. Other than the restatement of the June 30, 2005, and June 30, 2004, financial statements, the Authority is aware of no other occurrence that would constitute a Material Event.

II. INFORMATION RELATED TO THE AUTHORITY'S BOND ISSUES

A. *Outstanding Bonds of the Authority*

As of June 30, 2006, the Authority had the following bonds outstanding:

<u>Bond Issue</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding</u>
Senior Series 1994A	\$ 53,400,000	\$ 23,500,000
Subordinate Series 1994B	6,600,000	6,600,000
Senior Series 1996A	42,900,000	42,900,000
Subordinate Series 1996B	14,000,000	-----
Senior Series 1997A	31,150,000	31,150,000
Subordinate Series 1997B	17,400,000	10,980,000
Senior Series 2000A-1	55,000,000	50,000,000
Senior (Taxable) Series 2000A-2	20,000,000	20,000,000
Senior Series 2002A-1	56,000,000	48,850,000
Senior Series 2002A-2	5,800,000	2,800,000
Senior Series 2004 A-1	60,000,000	51,050,000
Senior Series 2004 A-2	59,500,000	59,500,000
Senior (Taxable) Series 2004 A-3	15,500,000	15,500,000
Senior Series 2005 A-1	70,000,000	70,000,000
Senior Series 2005 A-2	58,700,000	58,700,000
Senior Series 2005 A-3	58,650,000	58,650,000
Senior Series 2006 A-1	44,000,000	44,000,000
Senior Series 2006 A-2	58,500,000	58,500,000
Senior Series 2006 A-3	61,100,000	61,100,000
Senior (Taxable) Series 2006 A-4	25,000,000	25,000,000
Subordinate Series 2006 B-1	<u>15,000,000</u>	<u>15,000,000</u>
	<u>828,200,000</u>	<u>753,780,000</u>

B. *Recent Issuance of Bonds Under the 2000 Amended and Restated Indenture*

The Authority currently funds its program of originating and acquiring student loans through the proceeds of bonds issued pursuant to an Indenture of Trust dated as of November 15, 1994, as amended, and as amended and restated by its Amended and Restated Indenture of Trust, dated as of September 1, 2000, as further supplemented and amended by the First Supplemental Indenture of Trust dated as of September 1, 2000, the Second Supplemental Indenture of Trust dated as of

February 1, 2002 and the Third Supplemental Indenture of Trust dated as of January 1, 2004, each between the Authority and Regions Bank, as trustee (the "2000 Amended and Restated Indenture"). On June 23, 2006, the Authority issued, pursuant to the 2000 Amended and Restated Indenture, its \$44,000,000 Student Loan Revenue and Revenue Refunding Bonds, Senior Series 2006A-1; its \$58,500,000 Student Loan Revenue Bonds, Senior Series 2006A-2; its \$61,100,000 Student Loan Revenue Bonds, Senior Series 2006A-3; its \$25,000,000 Taxable Student Loan Revenue Bonds, Senior Series 2006A-4; and its \$15,000,000 Student Loan Revenue Bonds, Subordinate Series 2000B-1 (collectively, the "Series 2006 Bonds"). The Authority has previously issued bonds under an Indenture of Trust, dated as of October 1, 1992, as supplemented and amended, between the Authority and Regions Bank, as trustee (the "1992 Indenture"). There are no bonds or other obligations currently outstanding under the 1992 Indenture.

C. *Redemption History; Bonds Under 2000 Amended and Restated Indenture*

<u>Series</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Principal Matured</u>	<u>Principal Redemptions</u>	<u>Principal Outstanding</u>
1994A	June 1, 2009	Variable	\$53,400,000	\$ 0	29,900,000	\$23,500,000
1994B	June 1, 2009	7.25%	6,600,000	0	0	6,600,000
1996A	June 1, 2010	Variable	42,900,000	0	0	42,900,000
1996B	June 1, 2010	6.25%	14,000,000	0	14,000,000	0
1997A	June 1, 2014	Variable	31,150,000	0	0	31,150,000
1997B	June 1, 2006	5.10%	6,420,000	6,420,000	0	0
1997B	June 1, 2009	5.35%	7,130,000	0	0	7,130,000
1997B	June 1, 2014	5.60%	3,850,000	0	0	3,850,000
2000A-1	June 1, 2030	Variable	55,000,000	5,000,000	0	50,000,000
2000A-2	June 1, 2030	Variable	20,000,000	0	0	20,000,000
2002A-1	June 1, 2036	Variable	56,000,000	7,150,000	0	48,850,000
2002A-2	Dec. 1, 2009	Variable	5,800,000	3,000,000	0	2,800,000
2004A-1	Dec. 1, 2038	Variable	60,000,000	8,950,000	0	51,050,000
2004A-2	Dec. 1, 2038	Variable	59,500,000	0	0	59,500,000
2004A-3	Dec. 1, 2038	Variable	15,500,000	0	0	15,500,000
2005A-1	Dec. 1, 2039	Variable	70,000,000	0	0	70,000,000
2005A-2	Dec. 1, 2039	Variable	58,700,000	0	0	58,700,000
2005A-3	Dec. 1, 2039	Variable	58,650,000	0	0	58,650,000
2006A-1	Dec. 1, 2040	Variable	44,000,000	0	0	44,000,000
2006A-2	Dec. 1, 2040	Variable	58,500,000	0	0	58,500,000
2006A-3	Dec. 1, 2040	Variable	61,100,000	0	0	61,100,000
2006A-4	Dec. 1, 2040	Variable	25,000,000	0	0	25,000,000
	Total		<u>\$828,200,000</u>	<u>\$ 0</u>	<u>\$43,900,000</u>	<u>\$753,780,000</u>

III. INFORMATION RELATED TO THE AUTHORITY'S STUDENT LOAN FINANCE PROGRAM

The presentation of financial information and operating data in this Part III of this Quarterly Supplemental Report is intended to show recent historical information and is not intended to indicate future or continuing trends with respect to the Authority's education loan portfolios.

The information provided herein is subject to change without notice, and the delivery hereof shall not, under any circumstances, create any implication that there has been no change in the matters addressed herein after December 31, 2005. In addition, the delivery hereof shall not, under any circumstances, create any implication that there have been no other changes in the affairs of the Authority after June 30, 2006.

A. *Fund and Account Balances Related to Acquisition of Student Loans*

The Authority is currently utilizing only the funds and accounts under the 2000 Amended and Restated Indenture to operate its program. Fund and account balances related to the origination and acquisitions of student loans, as of June 30, 2006, were as follows:

Series 1994 Student Loan Recycling Account	\$15,803,753
Series 1996 Student Loan Recycling Account	15,481,233
Series 1997 Student Loan Recycling Account	8,521,776
Series 2000 Student Loan Recycling Account	22,714,576
Series 2002 Student Loan Recycling Account	11,400,968
Series 2004 Student Loan Recycling Account	25,199,600
Series 2005 Student Loan Acquisition Account	5,199,576
Series 2006 Student Loan Acquisition Account	\$202,376,386

End of Recycling Period: December 1, 2006

B. *Loan Volume for Twelve Months Ending June 30, 2006*

Loan financing by the Authority during the twelve months ended June 30, 2006 was approximately as shown in the following table:

	<u>Authority Total Amount</u>	<u>Percent</u>
Origination of Basic Loans	\$80,411,145	45%
Origination of Consolidation Loans	63,036,893	35%
Acquisition of Basic Loans	<u>36,781,787</u>	<u>20%</u>
Total Loans Financed	<u>\$180,229,825</u>	<u>100%</u>

C. *Loan Portfolio Data as of June 30, 2006*

1. General

At June 30, 2006, the current principal balance of the Authority's education loan principal receivable from borrowers and average borrower indebtedness was approximately as shown in the following table:

<u>Holder</u>	<u>Eligible Loan Principal</u>	<u>Average Borrower Indebtedness</u>
Authority Total	\$434,836,589	\$10,641
Series 1994-2006	\$435,749,171	\$10,673

2. Loan Guarantee or Insurance

At June 30, 2006, the percentages of current principal balance of the Authority's education loans was guaranteed approximately as shown in the following table:

<u>Guarantor</u>	<u>Principal Location</u>	<u>Percent of Total Portfolio</u>	<u>Percent of 1994-2006 Trust Estate</u>
SLGFA	Little Rock, AR	97%	97%
USA Funds	Indianapolis, IN	3%	3%
TSAC	Nashville, TN	<u>0%</u>	<u>0%</u>
		<u>100%</u>	<u>100%</u>

3. Loan Type

At June 30, 2006, the percentages of current principal balance of the Authority's education loans by loan type was approximately as shown in the following table:

<u>Loan Type</u>	<u>Percent of Total Portfolio</u>	<u>Percent of 1994-2006 Trust Estate</u>
Federal Stafford - Subsidized	35%	35%
Federal Stafford - Unsubsidized	<u>24%</u>	<u>24</u>
Total Federal Stafford	59%	59%
Federal SLS	0%	0%
Federal PLUS	4%	4%
Federal Consolidation	<u>37%</u>	<u>37%</u>
Total Loans	100%	100%

4. Loan Status

At June 30, 2006, the percentages of current principal balance of the Authority's education loans by loan status were approximately as shown in the following table:

<u>Loan Status</u>	<u>Percent of Total Portfolio</u>	<u>Percent of 1994-2006 Trust Estate*</u>
Interim Loans:		
In-School	24%	24%
Grace	7%	7%
Deferment	<u>12%</u>	<u>12%</u>
Total Interim	<u>43%</u>	<u>43%</u>
Repayment Loans:		
Current	37%	37%
Delinquent 30-270 days	7%	7%
Forbearance	12%	12%
In-Claims	<u>1%</u>	<u>1%</u>
Total Repayment	<u>56%</u>	<u>56%</u>
TOTAL LOANS	<u>100%</u>	<u>100%</u>

*(Amounts rounded to nearest whole percent)

5. School Type

At June 30, 2006, the percentages of current principal balance of the Authority's education loans by school type were approximately as shown in the following table:

<u>School Type</u>	<u>Percent of Total Portfolio</u>	<u>Percent of 1994 - 2004 Trust Estate</u>
4-Year Schools	82%	82%
2-Year Schools	10%	10%
Technical/Proprietary Schools	2%	2%
Unknown/Consol.	6%	6%
Total	<u>100%</u>	<u>100%</u>

6. Loan Servicing

At June 30, 2006, the servicing of the current principal balance of the Authority's education loans, on a percentage basis, was approximately as shown in the following table:

<u>Servicer</u>	<u>Principal Location</u>	<u>Percent of Total Portfolio</u>	<u>Percent of 1994-2006 Trust Estate</u>
NELNET Service Corporation	Denver, CO	13%	13%
Edamerica Servicing	Knoxville, TN	<u>87%</u>	<u>87%</u>
TOTAL		<u>100%</u>	<u>100%</u>

IV. DESCRIPTION OF ATTACHMENTS

Attached to this Continuing Disclosure Report is the following:

Attachment A: Official Statement dated June 12, 2006

Attachment B: Financial Statements and Supplementary Information with Independent Auditor's Report: June 30, 2006 and 2005