

General Description of the  
**OKLAHOMA STUDENT LOAN AUTHORITY**  
 As of June 30, 2004

CUSIP Base Number: 679110

*This General Description is subject to change without notice. The presentation of this information does not mean that there has been no change in this information or in the affairs of OSLA™ since June 30, 2004.*



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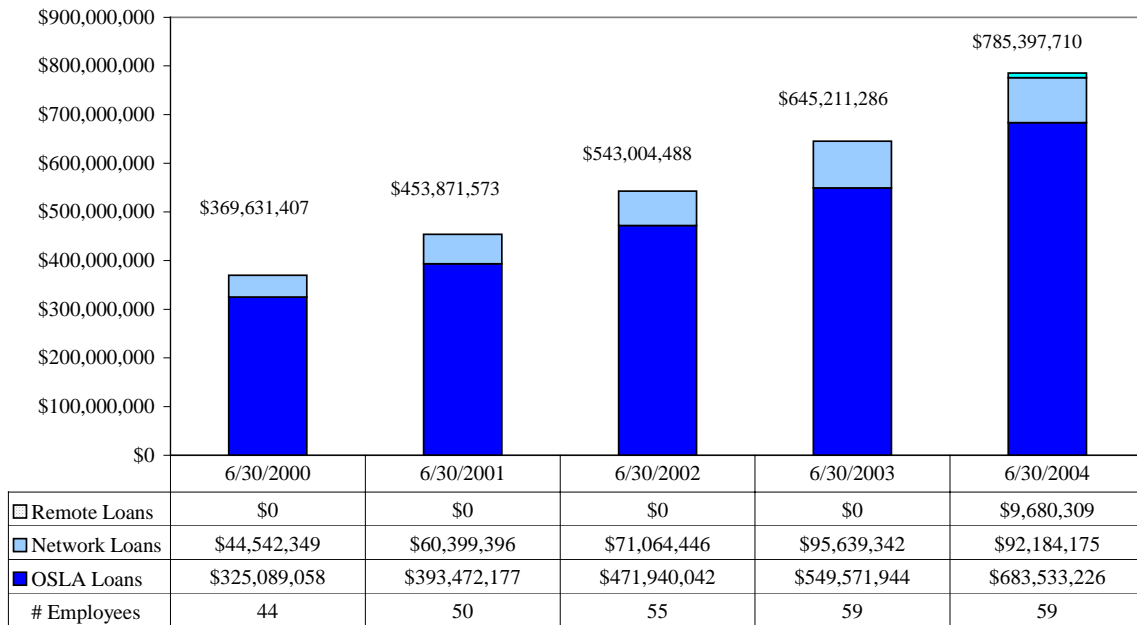
**OPERATING BUSINESS**

Oklahoma Student Loan Authority (*OSLA™*) is an express public trust created in 1972 for the benefit of the State of Oklahoma. We are a secondary market, loan servicer and eligible lender in the guaranteed Federal Family Education Loan (*FFEL*) Program under the Higher Education Act of 1965, as amended (the *Higher Education Act*). Loan origination and servicing functions are performed by us under the registered tradename “OSLA Student Loan Servicing™”.

We perform origination and pre-acquisition servicing for 33 other eligible lenders that are members of the OSLA Student Lending Network™ (the *OSLA Network*). In addition, the OSLA Network includes eligible lenders that are responsible for originating and interim servicing their own loans using our loan servicing system on a remote basis from their premises. Each OSLA Network lender is required to sell, and we are required to purchase, the loans that we service. We maintain a revolving warehouse line of credit to fund these purchases.

At the dates indicated in the Table below, we managed FFEL Program loans that we owned (including uninsured loans) plus loans serviced for other eligible lenders, with current principal balances as shown in the following Graph and Table:

**OSLA - FFEL PROGRAM LOANS MANAGED**  
**Current Principal Balance**



In our SHELF™ Program for private loans, we also originate and hold education loans that are not guaranteed under the Higher Education Act. SHELF loans are underwritten based on the borrower's credit to provide supplemental funds as determined by the financial aid staff at eligible schools.

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

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

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

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

Our offices are located at 525 Central Park Drive, Suite 600, Oklahoma City, OK 73105-1706. The administrative telephone number is (405) 556-9210; and the facsimile transmission

number is (405) 556-9255. Our general internet e-mail address is *info@osla.org*. Certain financial information about us is available on the internet at our separate *website* located at “OSLAfinancial.com”.

### ORGANIZATION AND POWERS

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

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

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

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>	<u>Principal Occupation</u>
Patrick T. Rooney	Chairman	April 6, 2005	Chairman, First Bancorp of Oklahoma, Inc. <sup>1</sup> ; Oklahoma City, OK
Tom McCasland, III	Vice Chairman	April 6, 2006	President, Mack Energy Company; Duncan, OK
Hilarie Blaney	Secretary	April 6, 2007	Senior Vice President, Arvest Bank <sup>2</sup> ; Oklahoma City, OK
Dr. T. Sterling Wetzel	Trustee	April 6, 2008	Associate Professor of Accounting, Oklahoma State University; Stillwater, OK
James O. Waites	Assistant Secretary	April 6, 2009	Assistant to the President for Institutional Advancement, Southwestern Oklahoma State University; Weatherford, OK

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<sup>1</sup>A wholly owned subsidiary, First National Bank of Oklahoma, Ponca City, OK is an eligible lender in the OSLA Network. First National Bank of Oklahoma participates on terms and conditions available to OSLA Network lenders similarly situated.

<sup>2</sup>Arvest Bank is an eligible lender in the OSLA Network. Arvest Bank participates on terms and conditions available to OSLA Network lenders similarly situated.

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

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

## ADMINISTRATION

### Executive Management

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

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

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

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

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

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

*Graden Perry, Vice President — Loan Management.* Mr. Perry has been employed by OSLA since July, 1991. Mr. Perry was employed by Continental Federal Savings & Loan

Association, Oklahoma City, Oklahoma, from 1976 to June, 1991. He was Retail Banking Division Manager, Senior Vice President from 1984 to 1991; Chief Loan Officer, Senior Vice President from 1983 to 1984; Personal Lending Division Manager, Senior Vice President 1980 to 1983; and Branch Manager, Vice President from 1976 to 1980. While at Continental Federal, Mr. Perry's responsibilities included developing and managing its guaranteed student loan activities.

From 1959 to 1976, Mr. Perry was employed by Transamerica Financial Corporation in Oklahoma City. Mr. Perry attended the University of Tulsa and the University of Central Oklahoma.

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

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

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

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

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

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

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

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

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

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

### **Employees**

At June 30, 2004, we had approximately 59 full time equivalent employees, including the individuals listed above. The statutory full time equivalent limit on OSLA employees presently is 68. We may hire additional employees in the Fiscal Year beginning July 1, 2004 because of the growth in our business.

### **Properties**

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

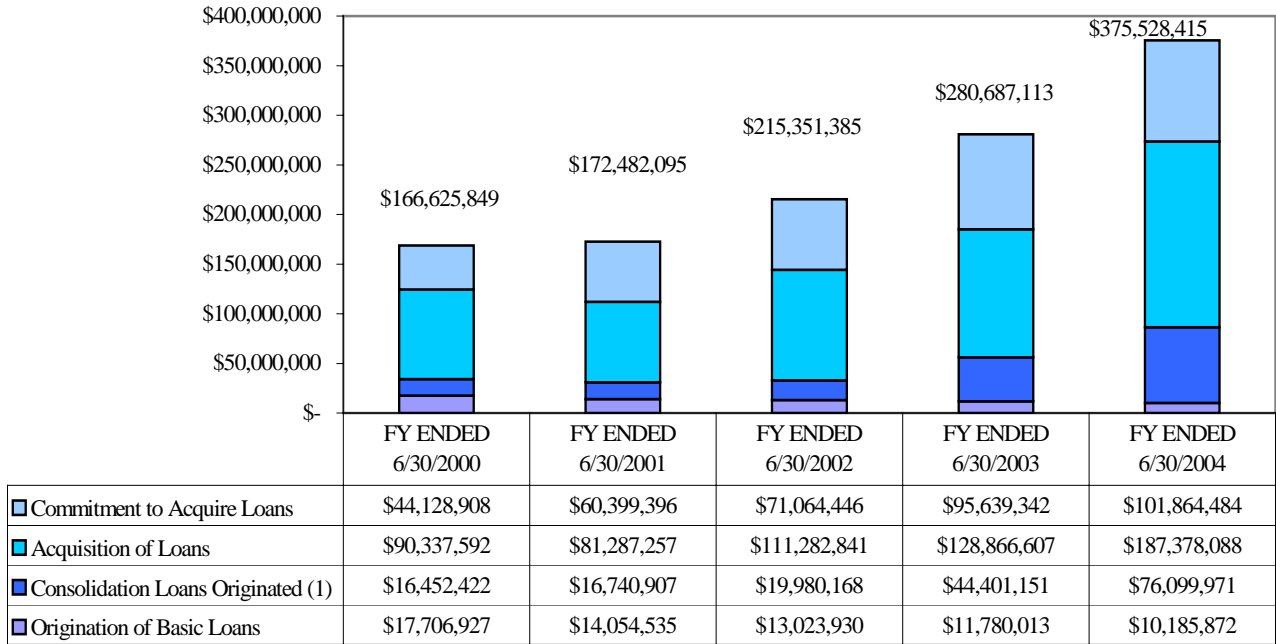
## **LOAN FINANCE PROGRAMS**

### **Program Activity Summary**

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

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**OSLA - FFEL PROGRAM FINANCING ACTIVITY**  
**Current Principal Balance of Student Loans**

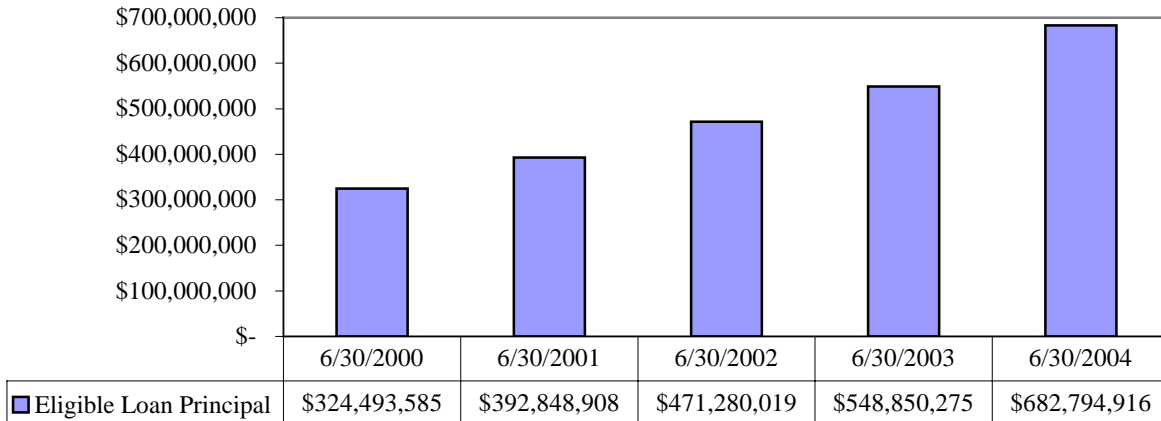


<sup>1</sup> In the Fiscal Year ended June 30, 2004, 85% (84% in 2003 and 71% in 2002) of Consolidation Loans that were originated paid off loans that were already owned by OSLA.

**Eligible Loan Principal Balances**

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

**OSLA - FFEL PROGRAM ELIGIBLE LOANS**  
**Current Principal Balance**



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

### Guarantee of Loans

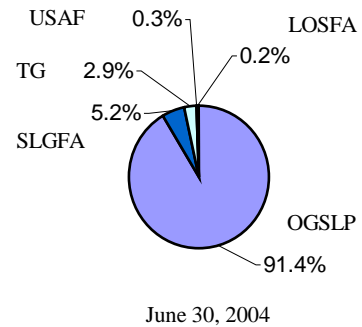
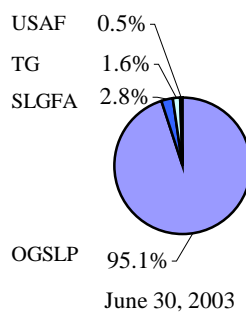
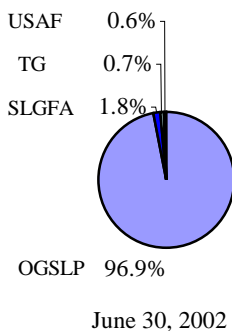
Under a contract of guarantee, a lender/holder of FFEL Program loans is entitled to a claim payment from the guarantee agency for 98% or 100% of any proven loss resulting from default, death, permanent and total disability, or discharge in bankruptcy of the borrower. As an eligible lender/holder, we are required to use due diligence in the origination, servicing and collection of loans in order to maintain the guarantee. The Guarantee Agencies are reinsured, subject to various terms and conditions, by the USDE for reimbursement from 75% to 100% of the amounts expended in payment of claims.

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

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

At June 30, 2004, substantially all of the current principal balance of our loans had loan guarantee eligibility (percentage of the principal amount of a claim) of 98%. At the dates indicated below, the Guarantor composition of our guaranteed loans was approximately as shown in the following Graphs:

OSLA - FFEL PROGRAM GUARANTEE COMPOSITION



OGSLP - Okla. State Regents Guaranteed Student Loan Program  
 SLGFA - Student Loan Guarantee Foundation of Arkansas, Inc.  
 TG - Texas Guaranteed Student Loan Corporation

USAF - USAF Incorporated  
 LOSFA - Louisiana Student Financial Assistance Commission



## **Secondary Market Loan Acquisition**

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

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

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

## **Lender of Last Resort**

In February 1994, we began offering loans to certain students, primarily those attending high default rate schools, under a Lender of Last Resort Loan Program with the State Guarantee Agency. At June 30, 2004, we held approximately \$203,241 principal amount of such loans.

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

## **SHELF<sup>TM</sup> Loan Program**

In April 2000, we started our Supplemental Higher Education Loan Finance<sup>TM</sup> Program (*SHELF<sup>TM</sup>*). SHELF is a private loan program that is self insured and is *not* guaranteed by the federal government or a third party. SHELF Program loans are originated and serviced by us.

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

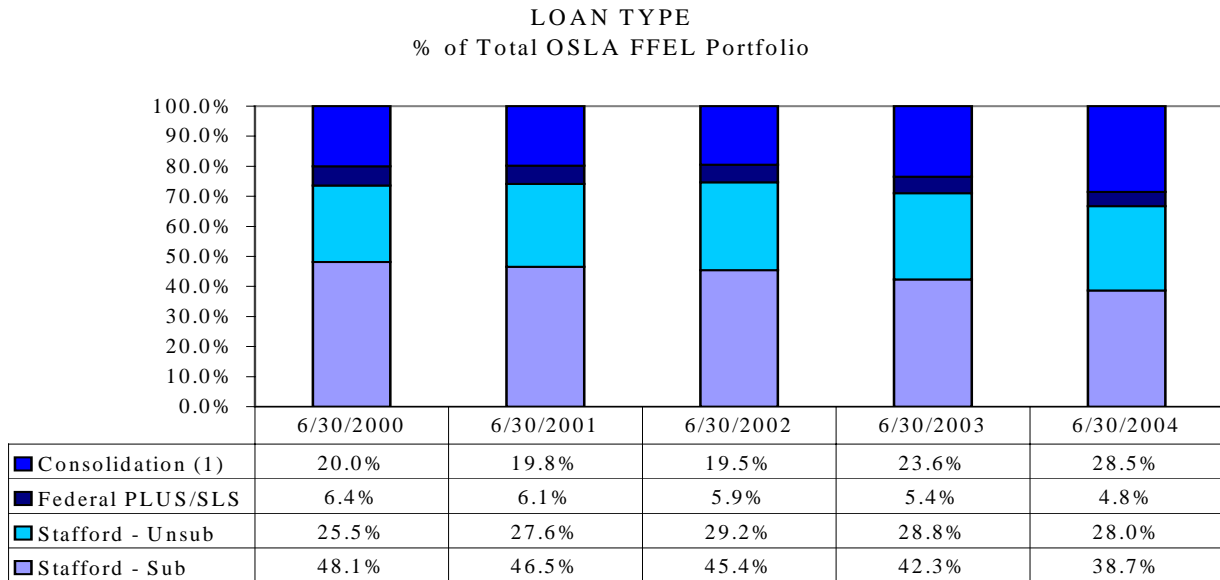
Guarantee fees are withheld from SHELF loan disbursements and placed in the Guarantee Reserve Fund of our General Student Loan Trust as a reserve against loan defaults. At June 30, 2004, the Guarantee Reserve Fund had a balance of approximately \$127,695.

The intent of the SHELF Program is to supplement loan funds available in the FFEL Program, as determined by the financial aid staff at eligible schools. Loan disbursements are made through eligible school financial aid offices. At June 30, 2004, we held approximately \$2,875,396 principal amount of SHELF Program loans.

## FFEL PORTFOLIO DATA

### Loan Type

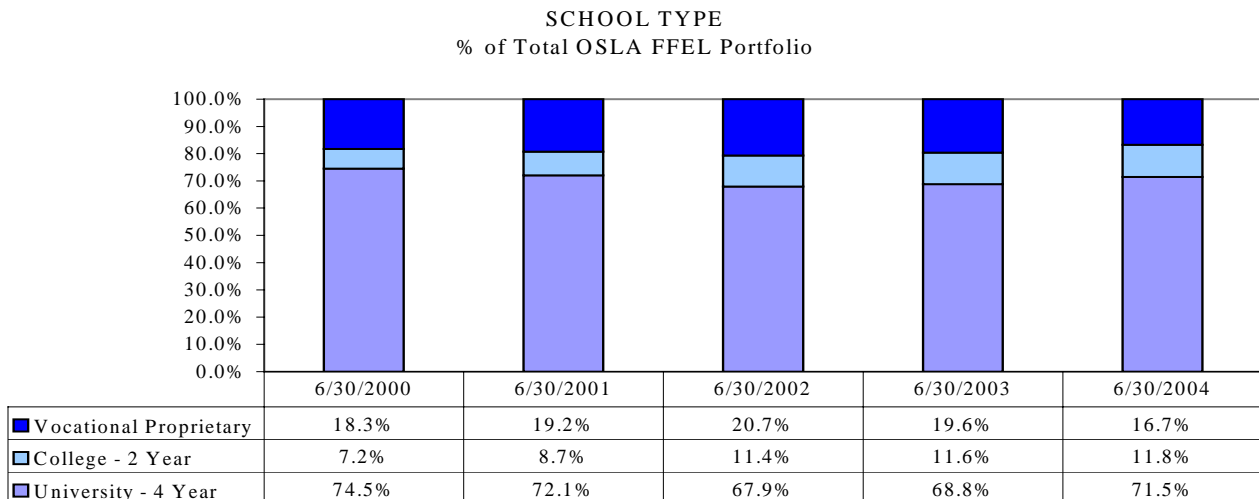
At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by loan type was approximately in the percentages shown in the following Graph and Table:



<sup>1</sup>Consolidation Loans require us to pay a rebate to USDE at an annual rate of 1.05% of principal and accrued borrower interest. At June 30, 2004, Consolidation Loans constituted approximately 43.5% of our Repayment status portfolio, including loans in Forbearance.

### School Type

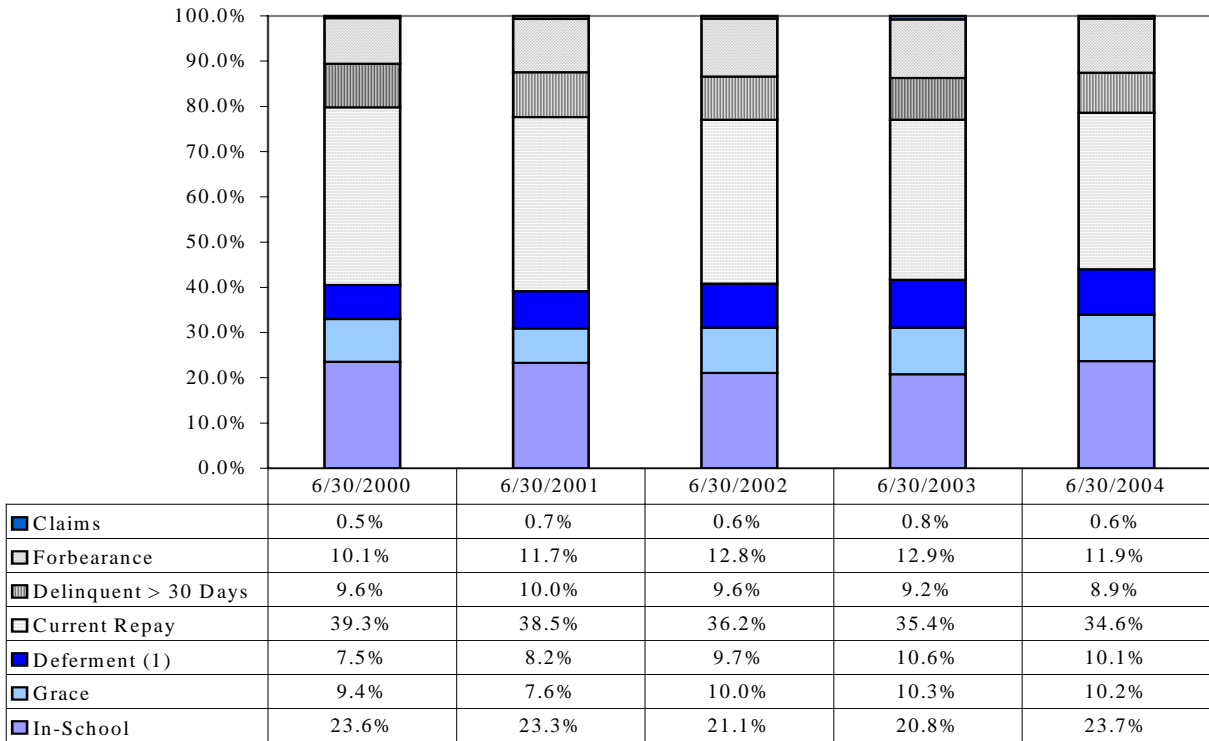
At June 30 of the Fiscal Years indicated below, the current principal balance of our Eligible Loans by school type, exclusive of Federal Consolidation Loans that are not generally reported by school type was approximately in the percentages shown in the following Graph and Table:



## Loan Status

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

**LOAN STATUS**  
% of Total OSLA FFEL Portfolio

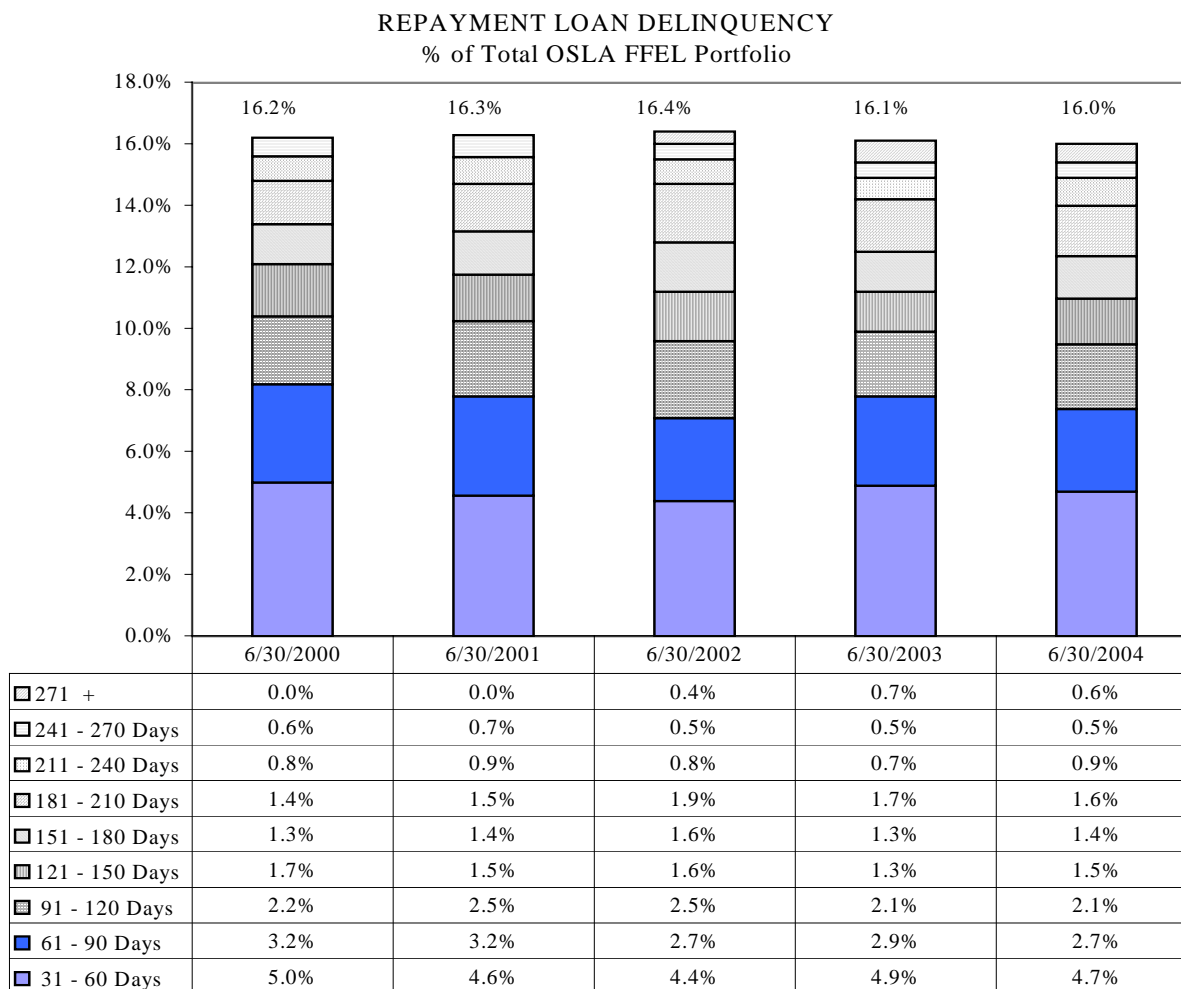


<sup>1</sup>At June 30, 2004, approximately 57% of this category (57% also at June 30, 2003) were Subsidized Stafford loans or certain Consolidation Loans on which the USDE pays interest during deferment.

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## Repayment Loan Delinquency

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



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

## LOAN SERVICING

### Standards and Activities

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

- Application processing and funds disbursement in originating loans;
- Customer service;
- Loan account maintenance, including production of notices and forms to borrowers and the resulting processing;

- Billings to USDE for Interest Benefit Payments and Special Allowance Payments;
- Reconciliation and payment of guarantee fee billings;
- Collection of principal and interest from borrowers;
- Filing claims to collect guarantee payments on defaulted loans; and
- Accounting.

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

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

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

### **OSLA Student Loan Servicing System**

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

- An IBM iSeries computer that we own and related operating and database software that we license from IBM;
- Personal computers and an NT based local area network;
- Aid Delivery System (*ADS*) software that we licensed on a perpetual basis from Idaho Financial Associates, Inc. (*IFA*), Boise, Idaho;
- Student Loan Servicing System (*SLSS*) software that we licensed also on a perpetual basis from IFA; and
- Ancillary software programs of proprietary software and database query reports that we developed.

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

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

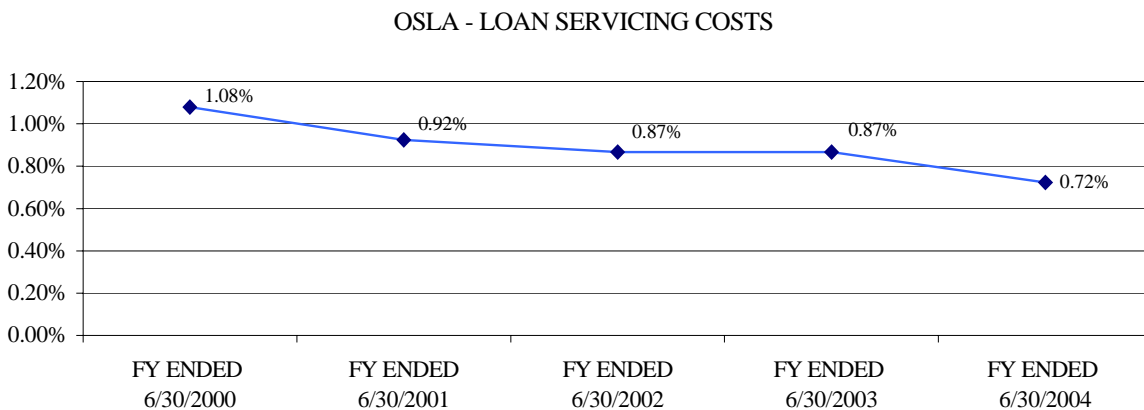
In operating the OSLA Student Loan Servicing System, also we are responsible for:

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

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

### Servicing Costs

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



Note: For Fiscal Years 2001-2004, the percentage is the Annual Operating Cost divided by the average outstanding Current Principal Balance of loans. Fiscal Year 2000 is based on the Current Principal Balance outstanding at year end.

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

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

<u>Fiscal Year</u>	<u>Claims Filed</u>	<u>Rejected<sup>1</sup></u>	<u>Rejection Rate</u>	<u>Cured<sup>1</sup></u>	<u>Un-Resolved<sup>2</sup></u>
2004	\$23,581,512	\$ 152,746	0.65%	\$ 70,581	\$ 82,165
2003	\$21,172,322	\$ 90,370	0.43%	\$ 37,436	\$ 52,934
2002	\$21,498,003	\$ 136,332	0.63%	\$ 21,423	\$114,909
2001	\$15,134,549	\$ 79,324	0.52%	\$ 43,664	\$ 35,660
2000	\$ 9,642,426	\$ 62,581	0.65%	\$ 81,490	\$ (18,909)

<sup>1</sup>Annual amounts are adjusted due to the reconciliation and capitalized interest from recovery.

<sup>2</sup>More than the original amount may be recovered because of capitalized interest during recovery.

### **PROGRAM REVIEWS**

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

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

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

In addition, the State Guarantee Agency routinely conducts site program reviews, or audits, of lenders, such as us, and our OLSA Network members, for compliance with various aspects of the Higher Education Act. We underwent a site program compliance review by the State Guarantee Agency and SLGFA, the Arkansas state guarantee agency, in June 2004 as part of a Common Review Initiative (*CRI*). No report on the CRI presenting any findings had been received as of June 30, 2004, but no items of material concern were indicated in the review's exit meeting.

## SUMMARY DEBT INFORMATION

We issued various debt obligations for our loan financing activities. The bonds and notes issued by us are not general obligations, but are limited revenue obligations secured by, and payable solely from, the assets of the Trust Estates created for particular financings by the various Bond Resolutions. At June 30, 2004, we had total outstanding debt of \$658,410,000 in our various financing systems, compared to \$550,085,000 at June 30, 2003.

At June 30, 2004, \$586,110,000 of our debt was publicly held and had long term credit ratings assigned by Moody's Investors Service Inc. (*Moody's*) and Standard and Poor's (*S&P*) based on the type of security as shown in the Table below. The credit ratings have been maintained and periodically the ratings have been confirmed in connection with new parity debt issues or extensions of recycling periods.

<u>Credit Rating(s)</u>	<u>Principal Amount</u>	<u>Type of Security</u>
Aaa Moody's/AAA S&P	\$ 510,725,000	Senior Lien or Insured
Aaa Moody's	\$ 32,200,000	Over Collateralized
A2 Moody's/A S&P	\$ 43,185,000	Subordinate Bonds

\$191,205,000 of the Authority debt listed above bears a Weekly Rate and, in addition to the long-term ratings, also has short-term ratings by Moody's (VMIG-1) and S&P (A-1+ or A-1).

We meet our temporary funding requirements through a revolving warehouse line of credit provided by commercial banks. The commitment amount of the line of credit is \$85,000,000, of which \$72,300,000 was outstanding at June 30, 2004. Advances on the commitment are available in multiple draws as needed by us. The commitment currently expires on November 30, 2005, subject to annual extensions with the approval of the credit providers. The line of credit is not rated by a credit rating agency.

We lease certain facilities and equipment under non-cancelable operating leases that expire at various dates through Calendar Year 2007. The future minimum rental payments under these leases for the next five Fiscal Years after June 30, 2004 totaled approximately \$896,800.

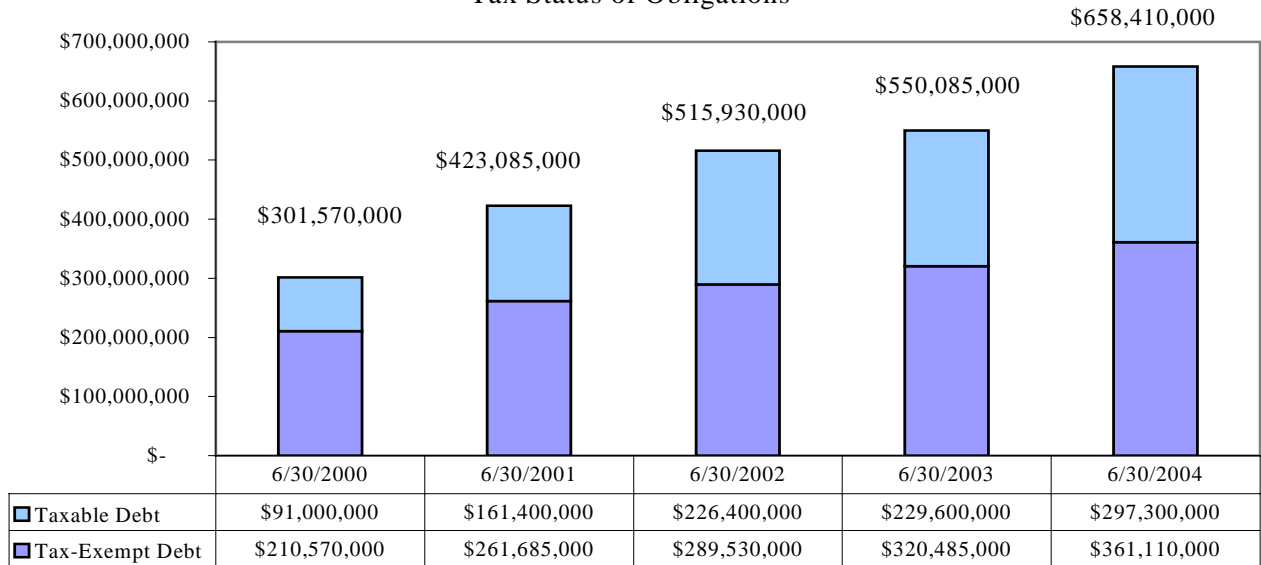
We have no capitalized lease obligations. In addition, we have no off-balance sheet financings.

The characteristics of the various outstanding taxable and tax-exempt debt obligations at June 30 of the Fiscal Years indicated below are itemized in the following Graphs and Tables:

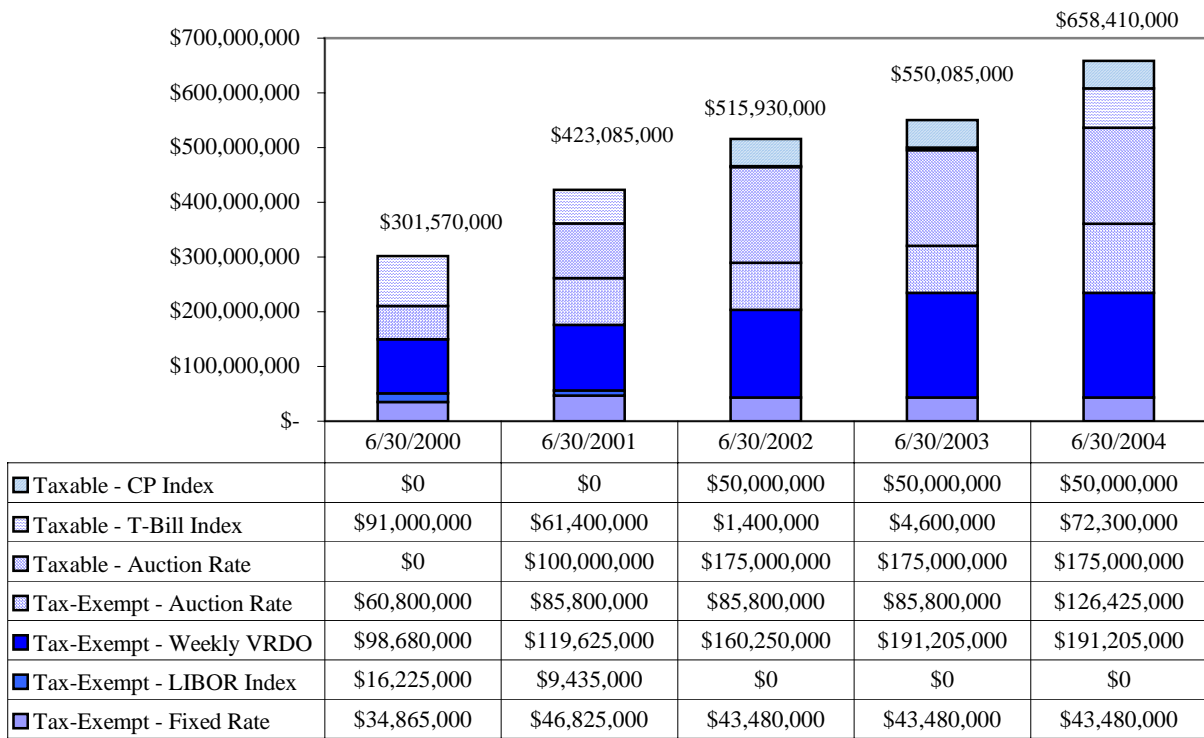
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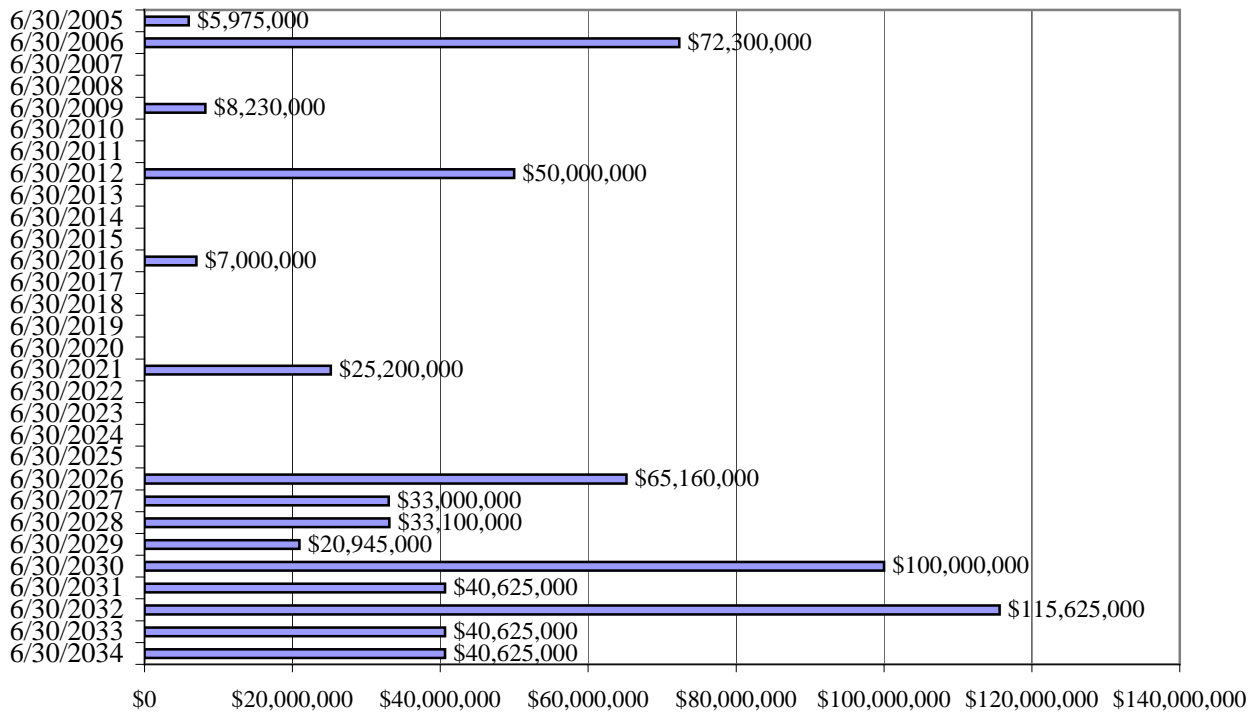
**OSLA - OUTSTANDING DEBT**  
Tax Status of Obligations



**OSLA - OUTSTANDING DEBT**  
Interest Basis Composition



**OSLA - SCHEDULED BOND MATURITIES AT JUNE 30, 2004**  
**Total Principal Amount Due \$658,410,000**



**FINANCIAL STATEMENTS**

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

The financial statements for the Fiscal Year ended June 30, 2003 were audited and reported on by Grant Thornton LLP, Oklahoma City, Oklahoma, independent certified public accountants. The audited financial statements speak only as of their date and Grant Thornton LLP has not been requested, nor has it undertaken, to conduct any post-audit review.

A copy of the comparative financial statements for June 30, 2003 and 2002 is available on the internet at the *website* address of “OSLAfinancial.com” and a copy was filed with the various Nationally Recognized Municipal Securities Information Repositories.

Our financial statements for the Fiscal Year ended June 30, 2004 are being audited by Grant Thornton LLP, Oklahoma City, Oklahoma. However, those financial statements, and the Auditors’ Report thereon, have not been released as of the date of this General Description.

