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April 4, 2007

Dr. Steven B. Sample, President
Office of the President
University of Southern California
Los Angeles, California 90089

Re: The University of Southern California Financial Aid Office and Ms. Catherine Thomas

Dear Dr. Sample:

As you may know, the New York State Attorney General's Office has been actively investigating potential conflicts of interest and illegal conduct in the student loan industry. One aspect of that investigation concerns improper payments given to financial aid officers by lenders in exchange for the lender being made the University's preferred lender.

In the course of our investigation, we have learned that Ms. Catherine Thomas, the Associate Dean and Director of Financial Aid at the University of Southern California, may have improperly received significant amounts of stock from Student Loan Xpress Inc., one of USC's preferred lenders. Because our investigation of this matter is ongoing, we ask that USC retain and arrange to provide all documents related to our investigation of Ms. Thomas and USC's financial aid practices. In addition, we ask that USC undertake to determine whether any other financial aid officers received any payments, stock, or other benefits from any other lending institutions. Also, we ask that USC provide us with documentation as to how USC has selected its preferred lenders for the past 6 years.

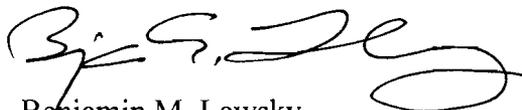
In order to guide you as you proceed to retain and produce the relevant documents, it may be useful for you to know that we are investigating, among other things, whether Ms. Thomas engaged in deceptive practices or other illegal conduct in connection with her dealings with Student Loan Xpress Inc. Student Loan Xpress appears as a preferred lender on several of USC's lender lists.

In September 2003, Ms. Thomas, along with several other shareholders including other financial aid directors, offered 1,500 of her formerly restricted shares of Education Lending Group, Inc. for public sale pursuant to a prospectus filed with the Securities and Exchange Commission. Education Lending Group was the parent company of Student Loan Xpress at the time. Education Lending Group's shares were then trading at approximately \$9.50.

We have reason to believe that Ms. Thomas received her shares of Education Lending Group directly from the company, either as shares outright or as subsequently exercised options to purchase shares. According to the same prospectus in which Ms. Thomas offered her shares, "[t]he focus of Student Loan Xpress, Inc. is to market to the financial aid offices of schools in order to be included on that school's preferred lender list." We are deeply concerned that Ms. Thomas may have received these shares in exchange for placing Student Loan Xpress on USC's various preferred lender lists, or that she may have recommended Student Loan Xpress for inclusion on the lists while she held the shares. Students may therefore have been left with the false impression that the company was preferred because it was best for students when in reality the company was selected because of its stock grants to Ms. Thomas.

We look forward to your expeditious cooperation in this matter.

Very truly yours,



Benjamin M. Lawsky
Deputy Counselor and
Special Assistant to the Attorney General

cc: Todd R. Dickey, Esq.
Senior Vice President for Administration and General Counsel
University of Southern California
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