



January 10, 2008

A Statement from EDFUND President Sam Kipp

EDFUND lives by its core values – *Excellence, Commitment, Integrity and Teamwork*. We have built our reputation on these values and our commitment to providing exceptional service to students and the colleges they attend.

I wanted to take an opportunity to update you on what you may be reading about EDFUND. Last year, Governor Schwarzenegger proposed the privatization of EDFUND through a sale or other arrangement without adversely affecting student access to postsecondary education.

In early January 2008, the Department of Finance engaged Bear Stearns as their sale-side-advisor to explore options for EDFUND. In addition to a conventional sale option, the Department of Finance, in consultation with the State Treasurer, may also explore an alternative arrangement to a traditional sale. EDFUND management has been involved in discussions with the Department of Finance since the proposal was first announced. We are also having discussions with Bear Stearns and Department of Finance officials and will continue to do so to help assure an outcome that serves the best interests of all parties, especially the students and colleges we serve.

Our commitment to students, schools and the industry is the cornerstone of our company. I remain confident about the future of EDFUND and convinced that the spirit of our people, the strength of our reputation for providing superior service and our unique service model will continue to benefit schools and borrowers. I also remain committed to keeping you informed as significant milestones are reached during this process.

A handwritten signature in black ink that reads "Samuel Kipp" with a stylized flourish at the end.

President