



Welcome to our 2004 annual report. We appreciate your interest in EdFUND. In fact, if you remember just one thing when you've finished reading this report, I hope it's this – your questions are encouraged! ■ EdFUND is a unique entity – a nonprofit public benefit corporation created to provide federal student loan guarantee services on behalf of the California Student Aid Commission. Established in 1997 during a time of accelerating competition and turmoil within the federal student loan programs, EdFUND has flourished by staying focused on its mission of premier customer service and maximizing benefits to borrowers. ■ Today, EdFUND is the nation's second-largest provider of student loan guarantee services, with over \$7.1 billion in federal student loans guaranteed last year. We've just completed three straight years of 25 percent-plus growth in new loan volume, and our success has translated into hundreds of millions of dollars in public benefits. Our zero guarantee fee policy alone has saved student loan borrowers more than \$208 million. ■ This kind of success doesn't come easily or overnight, though. The story of how EdFUND got here, and what made the difference for us, forms the essence of this year's annual report. ■ I hope you'll enjoy it, and I encourage you to contact me or any EdFUND staff member personally with any questions you may have about us. We are at your service.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Becky Stilling". The signature is fluid and cursive.

Becky Stilling
President



The best of the
purpose-driven
public sector and the
performance-driven
private sector

Beginnings

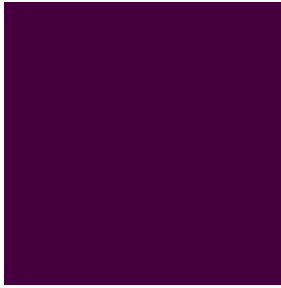
Eight years ago EdFUND was established, and a different kind of student loan service provider was born. The Federal Family Education Loan Program is a unique hybrid under which government benefits — federally guaranteed student loans — are funded by private lenders and administered through a network of state agency and non-profit guaranty agencies that compete for the business of colleges and their students. Founded as a non-profit public benefit corporation to provide guaranty agency services on behalf of the California Student Aid Commission, EdFUND combines the best aspects of the purpose-driven public sector and the performance-driven private sector.

- The results of this melding of philosophies speak for themselves. Since EdFUND was founded, loan volume has tripled. The default rate has been cut in half. We've introduced a variety of new, flexible student loan processing and debt management tools. We have more staff than ever in the field serving schools' needs on a daily basis. And we've accomplished it all while reducing annual operating expenses. ■



Benefits

service

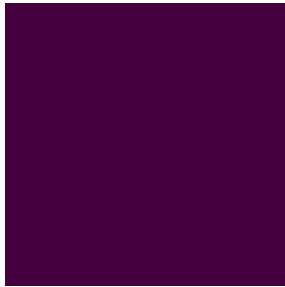


The people
of EdFund
believe in
the work
they do

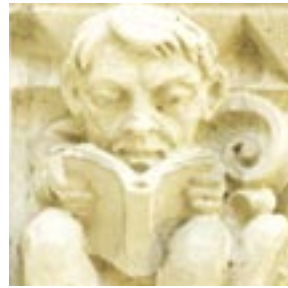
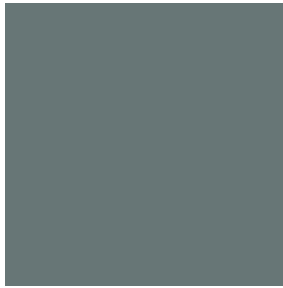


Commitment

As schools across the nation have learned about EdFUND, our products and services, and our business philosophy, more and more have entrusted us with the processing and guarantee of their students' loans. ■ A key factor in this growth is the reality that EdFUND's unique mission – to maximize benefits to borrowers by being the premier service provider in the student loan industry – attracts some of the most experienced and dedicated staff in the student loan industry. The people of EdFUND believe our work. ■ In addition to sharing EdFUND's core values of excellence, commitment, integrity and teamwork, our people share certain principles. ■ We believe embracing a public purpose makes us a more effective company. ■ We believe our job is to adapt to our customers' needs. . . not the other way around. ■ We believe the most important element of any relationship is trust. ■ These principles – practiced daily by our staff – are the foundation of EdFUND's commitment to delivering premier student loan services. ■



Change



**Embracing
a public
purpose
makes us
a more
effective
company**

outreach



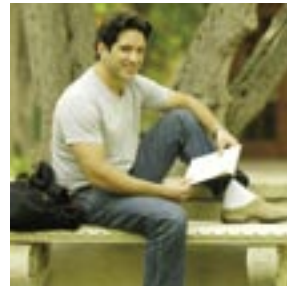
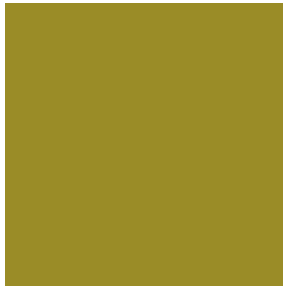
A Sense of Purpose

EdFUND staff come to work every day knowing that they are here for two reasons.

■ One is to earn a living operating a successful student loan enterprise. ■ The other is to change people's lives. ■ Either one is a worthy goal, but together they provide the impetus for a uniquely productive workforce. ■ Since its inception, EdFUND has devoted hundreds of millions of dollars to public service initiatives ranging from waiving the one percent loan guarantee fee to supporting early outreach to developing trend-setting borrower education tools like EdWise® (online financial planning guide); EdTe\$t® (online entrance and exit counseling tool); and the Student Loan Debt Summary. ■ Our public service philosophy drives our success by keeping our staff highly motivated. After all, we're fortunate to work in a profession where we can go home at night and say to ourselves, "I made a difference today." ■ We strive to be able to do that every day at EdFUND, and we're a better company for it. ■



Solutions



custom

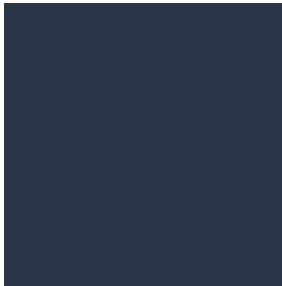


**We believe
our job is to
adapt to our
customers'
needs**

Personalized Service

For one reason or another, companies occasionally appear to forget why they exist — to serve their customers. They start to adopt the attitude that customers should make do with less and be satisfied with solutions that do more to meet their needs than the customer's. ■ It's the "one size fits all" mentality, and it's the opposite of EdFUND's customer service philosophy. ■ We build our tools to be customizable based on our customers' unique needs, whether it's electronic loan processing solutions like FAPS™ or default prevention tools like our Cohort Management System®. ■ We work directly with campus financial aid staff to understand the characteristics of their student population, so that we can help them craft effective strategies to reduce student loan delinquencies and defaults. ■ Delivering personalized service that meets the unique needs of our customers — it's why EdFUND was created, and one of the major reasons why we continue to be successful. ■

Futures



The most important part of any relationship is trust



integrity



Our most precious asset

Integrity is a basic component of EdFUND's business philosophy. ■ We say what we mean and we mean what we say. ■ When schools choose EdFUND to provide loan guarantee services for their students, they put their faith in our ability to live up to our commitments. ■ When high school counselors give out our financial aid publications, they are counting on us to gather the most accurate information possible and present it in an engaging, easy-to-read format that will give their students the information they need to succeed in college. ■ When lenders choose to partner with us, they are relying on our staff and systems to provide quick, smooth processing and responsive follow-up. ■ Students put their futures in our hands. Whether it's information about financial aid options, or timely application processing, or a helping hand sorting out their repayment options, thousands of people count on EdFUND every day. Their faith and trust is our most precious asset. ■



Leader



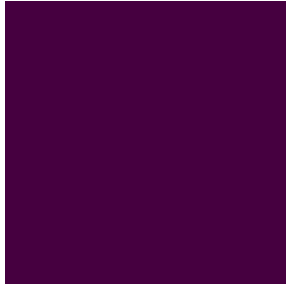
Half a billion dollars in public benefits

pride



Principles in action

Putting these principles in action has helped EdFUND become a leader in the national student loan guaranty services market. As we've grown, so have the benefits we've been able to offer to borrowers. ■ By waiving the one percent guarantee fee authorized in federal law, we've saved borrowers \$208 million. We've also dedicated more than \$10 million in grants to support campus-based default prevention, debt management and borrower education programs through the EdSHARE program. And every year we invest heavily in the production and distribution of our award-winning workbooks, guides and videos aimed at helping students understand and navigate the financial aid process. ■ In total, over the past eight years EdFUND's record of success has allowed us to fund well over \$500 million – that's half a billion dollars – in public service benefits. And that simple fact is a source of pride for every person who works at EdFUND. ■



Students



Leveraging success to maximize benefits to borrowers



first



Conclusion

Since our beginnings in January 1997, EdFund has grown from a small adjunct of a state agency into a national presence in the student loan industry. Our driving passion throughout this journey – how can we best serve students? – has never faltered. ■ Our success has allowed us to deliver ever-improving service and an ever-wider array of products to the schools and lenders we work with. We've earned a reputation for flexible loan processing solutions. And we've become valuable business partners with our responsive, personalized approach to customer service. ■ But the thing that matters most to EdFund staff at the end of each day is that we are delivering on the promise on which we were founded. We started out with a commitment, embodied in our mission statement, to become the premier service provider in the student loan industry, and to leverage that success to maximize benefits to borrowers. Eight years later, we continue striving to fulfill that commitment every day. ■

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EdFUND*

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EdFUND*

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President

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Credits

PROJECT DIRECTION, COPY – Jason Warburg
DESIGN – Heidi Tomlinson, The Dunlavy Studio
CREATIVE TEAM – Dana Callihan, Allison Fleming, Tim Ross
PHOTOGRAPHY – Rudy Meyers

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