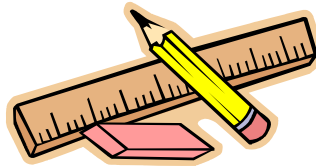

San Diego Unified School District

Proposition S Bond Finance Overview



Proposition S Authorization

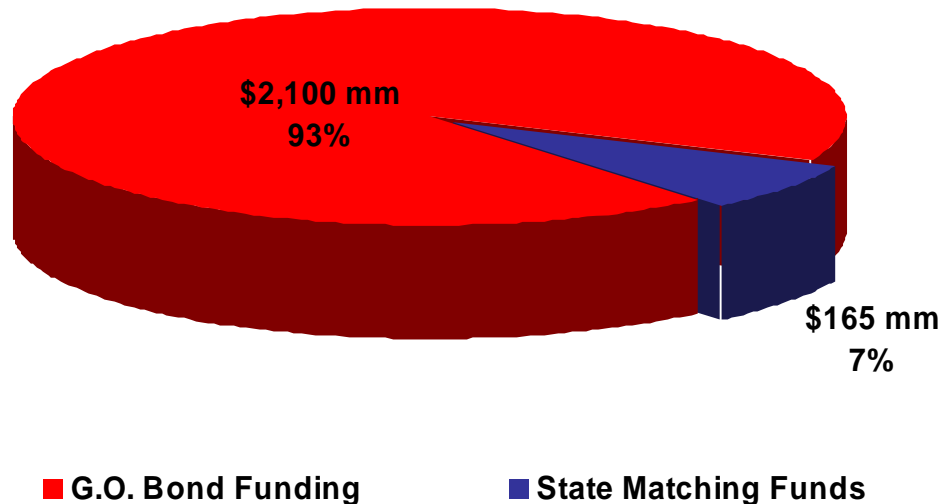
- \$2.1 billion of bonds authorized by voters
- 68.71% voter approval on November 4, 2008
- Secured by general obligation (“G.O.”) property tax
- Extends current Prop. MM tax rate of \$66.70 / \$100,000 of assessed property value
- Prop. S bond program assumptions:
 - ✓ Expected phased issuances
 - ✓ Up to \$170 million 1st issuance in April 2009
 - ✓ At least \$100 mm expected to be available annually thereafter
 - ✓ Bonds issued with 25 year maturities (option for longer term)
 - ✓ Bonds expected to be issued over 15 years or less

Proposition S Facilities Financing Plan

Total Facilities Plan:

- \$2.1 billion of bond proceeds
- \$165 million of State matching funds
- School facility modernization
- 21st century technology and equipment
- New permanent classrooms to replace trailers

Total Funding Sources



Borrowing Constraints

- District assessed valuation (“A.V.”)
 - ✓ Slowing A.V. growth delays ability to borrow
 - ✓ Program originally anticipated 5% annual A.V. growth rate
- Interest rates / market environment
 - ✓ Higher rates and turmoil in financial markets reduce ability to borrow
 - ✓ Model assumes following interest rates:
 - Current market rates for first issuance
 - 5.5% rate for current interest bonds
 - 6.0% rate for capital appreciation bonds
- Legal restrictions
 - ✓ Education Code (25 year maturities w/ ascending payments)
 - ✓ Government Code (40 year maturities w/ substantially level payments)
- Approved combined maximum tax rate of \$66.70 / \$100,000 of A.V. for Prop. MM and Prop. S Authorizations

Assessed Valuation Growth

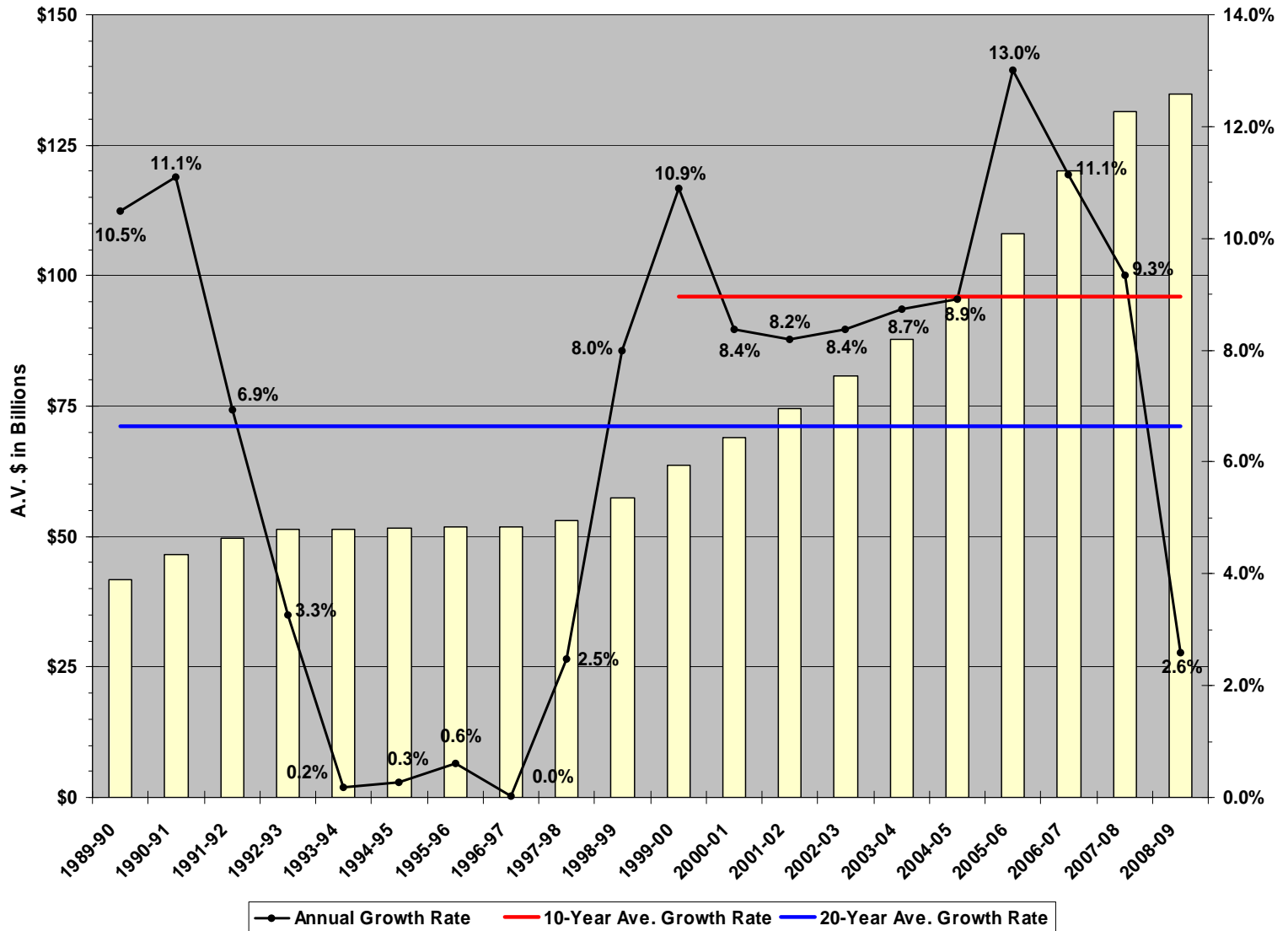
- A.V. growth key component of ability to borrow
- FY 2009/10 legal debt capacity of approximately \$3.4 billion
- Current real estate turmoil directly impacts Proposition S
- Fortunately Prop. 13 limitations now reduce downside potential
- A.V. grew by 2.6% in 2008/09
- Future A.V. growth rate assumptions:
 - ✓ 2009/10 – 2.0%
 - ✓ 2010/11 – 2.0%
 - ✓ 2011/12 – 3.0%
 - ✓ 2012/13 – 4.0%
 - ✓ 2013/14 (and thereafter) – 5.0%



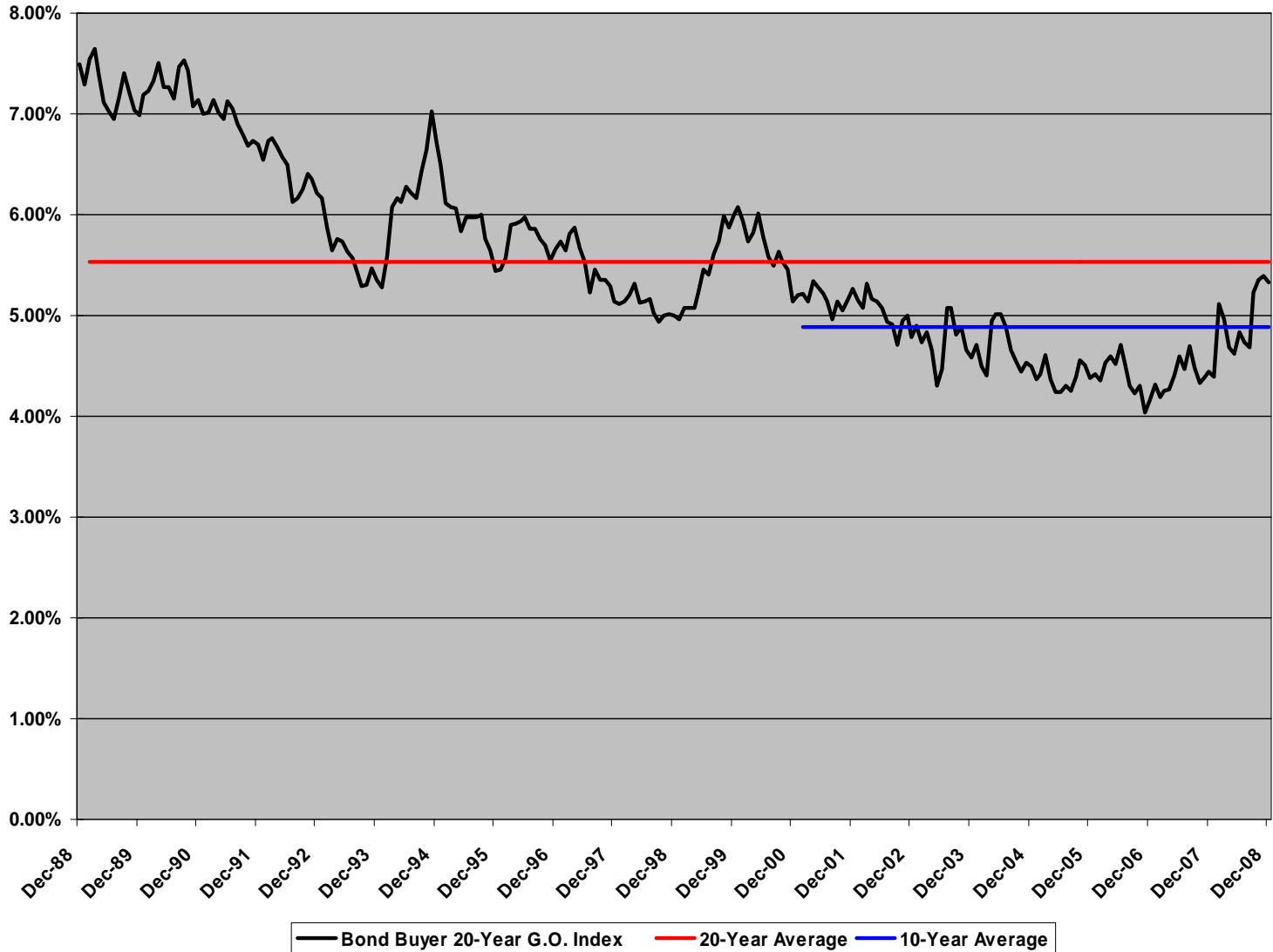
Historic District A.V. Growth

10-Year average SDUSD A.V. growth rate is equal to **9.0%**

20-Year average SDUSD A.V. growth rate is equal to **6.6%**



Historic Borrowing Rates



20-Year Average
of the Bond
Buyer 20-Year
G.O. Index is
Equal to **5.53%**

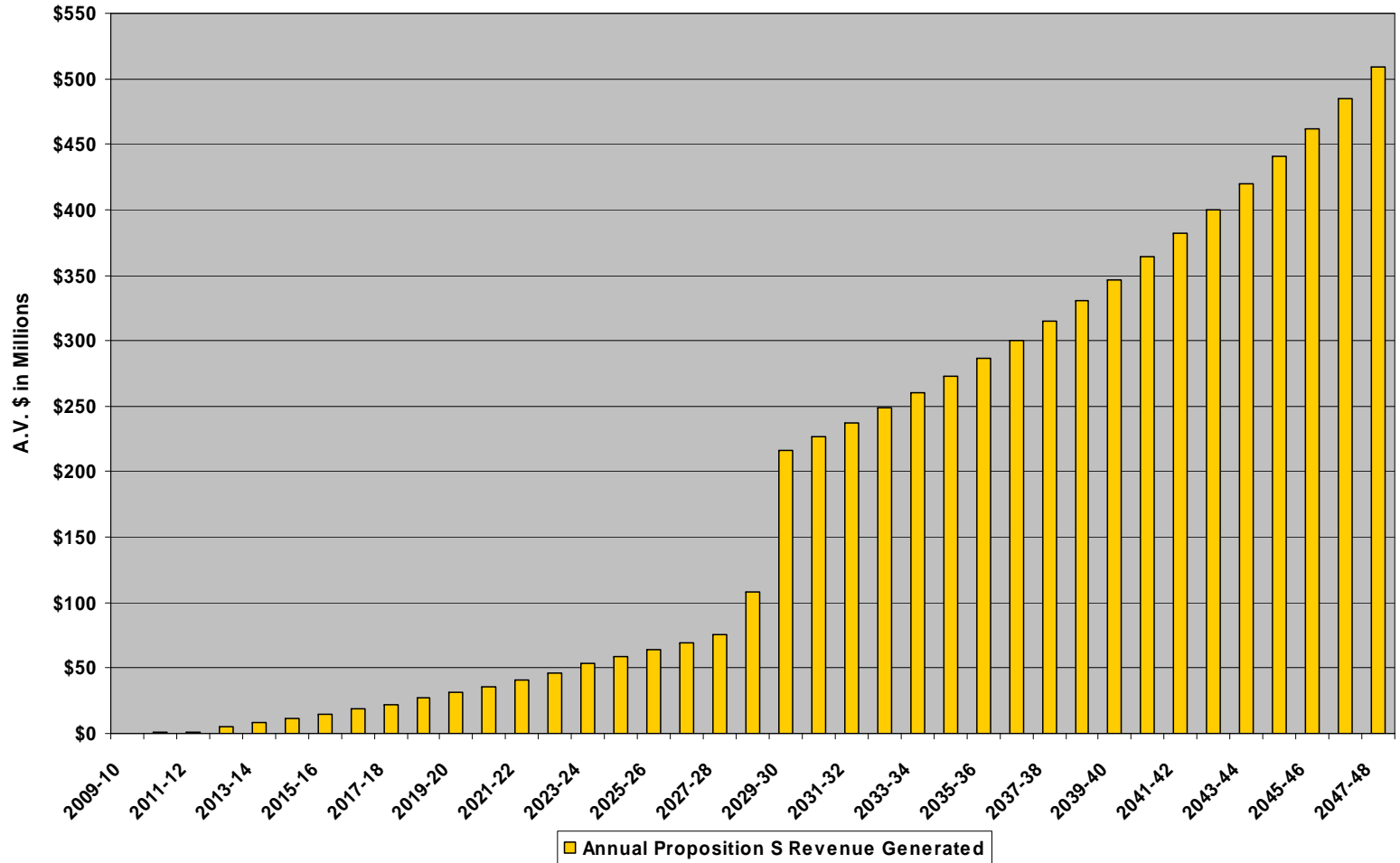
10-Year Average
of the Bond
Buyer 20-Year
G.O. Index is
Equal to **4.89%**

Estimated Prop. S Tax Revenues



FISCAL YEAR ENDING	A.V. FOR RATE SETTING ⁽³⁾	A.V. PERCENTAGE INCREASE	TAX RATE	TOTAL TAXES	CASH BALANCE	TOTAL FUNDS AVAILABLE	EXISTING PROP MM DEBT SERVICE	CAPACITY FOR NEW ISSUANCE
2010	\$138,638,507,525	2.00%	0.0667%	\$92,471,885	\$7,500,000	\$99,971,885	\$99,484,785	\$487,099
2011	141,411,277,675	2.00%	0.0667%	94,321,322	7,500,000	101,821,322	101,250,416	570,906
2012	145,653,379,674	3.00%	0.0667%	97,150,804	7,500,000	104,650,804	103,402,479	1,248,325
2013	151,479,032,746	4.00%	0.0667%	101,036,515	7,500,000	108,536,515	103,535,659	5,000,856
2014	159,052,246,746	5.00%	0.0667%	106,087,849	7,500,000	113,587,849	105,042,709	8,545,140
2015	167,004,106,694	5.00%	0.0667%	111,391,739	7,500,000	118,891,739	107,031,975	11,859,764
2016	175,353,544,592	5.00%	0.0667%	116,960,814	7,500,000	124,460,814	110,197,505	14,263,309
2017	184,120,439,035	5.00%	0.0667%	122,808,333	7,500,000	130,308,333	111,748,370	18,559,963
2018	193,325,662,546	5.00%	0.0667%	128,948,217	7,500,000	136,448,217	114,065,270	22,382,947
2019	202,991,131,262	5.00%	0.0667%	135,395,085	7,500,000	142,895,085	115,933,143	26,961,942
2020	213,139,857,127	5.00%	0.0667%	142,164,285	7,500,000	149,664,285	118,167,436	31,496,848
2021	223,796,002,670	5.00%	0.0667%	149,271,934	7,500,000	156,771,934	120,778,606	35,993,328
2022	234,984,938,545	5.00%	0.0667%	156,734,954	7,500,000	164,234,954	123,453,869	40,781,085
2023	246,733,303,928	5.00%	0.0667%	164,571,114	7,500,000	172,071,114	126,188,701	45,882,412
2024	259,069,069,949	5.00%	0.0667%	172,799,070	7,500,000	180,299,070	126,358,626	53,940,443
2025	272,021,606,288	5.00%	0.0667%	181,438,411	7,500,000	188,938,411	130,099,876	58,838,535
2026	285,621,751,101	5.00%	0.0667%	190,509,708	7,500,000	198,009,708	134,447,644	63,562,064
2027	299,901,884,444	5.00%	0.0667%	200,034,557	7,500,000	207,534,557	138,624,156	68,910,401
2028	314,896,005,371	5.00%	0.0667%	210,035,636	7,500,000	217,535,636	142,286,194	75,249,442
2029	330,639,812,877	5.00%	0.0667%	220,536,755	7,500,000	228,036,755	119,531,994	108,504,761
2030	347,170,790,904	5.00%	0.0600%	208,302,475	7,500,000	215,802,475	-	215,802,475
2031	364,528,297,580	5.00%	0.0600%	218,716,979	7,500,000	226,216,979	-	226,216,979
2032	382,753,658,932	5.00%	0.0600%	229,652,195	7,500,000	237,152,195	-	237,152,195
2033	401,890,267,281	5.00%	0.0600%	241,134,160	7,500,000	248,634,160	-	248,634,160
2034	421,983,684,556	5.00%	0.0600%	253,190,211	7,500,000	260,690,211	-	260,690,211
2035	443,081,750,772	5.00%	0.0600%	265,849,050	7,500,000	273,349,050	-	273,349,050
2036	465,234,697,940	5.00%	0.0600%	279,140,819	7,500,000	286,640,819	-	286,640,819
2037	488,495,269,658	5.00%	0.0600%	293,097,162	7,500,000	300,597,162	-	300,597,162
2038	512,918,846,698	5.00%	0.0600%	307,751,308	7,500,000	315,251,308	-	315,251,308
2039	538,563,578,862	5.00%	0.0600%	323,138,147	7,500,000	330,638,147	-	330,638,147
2040	565,490,523,431	5.00%	0.0600%	339,294,314	7,500,000	346,794,314	-	346,794,314
2041	593,763,790,540	5.00%	0.0600%	356,258,274	7,500,000	363,758,274	-	363,758,274
2042	623,450,695,824	5.00%	0.0600%	374,070,417	7,500,000	381,570,417	-	381,570,417
2043	654,621,920,687	5.00%	0.0600%	392,773,152	7,500,000	400,273,152	-	400,273,152
2044	687,351,680,594	5.00%	0.0600%	412,411,008	7,500,000	419,911,008	-	419,911,008
2045	721,717,901,775	5.00%	0.0600%	433,030,741	7,500,000	440,530,741	-	440,530,741
2046	757,802,406,757	5.00%	0.0600%	454,681,444	7,500,000	462,181,444	-	462,181,444
2047	795,691,109,187	5.00%	0.0600%	477,414,666	7,500,000	484,914,666	-	484,914,666
2048	835,474,218,379	5.00%	0.0600%	501,284,531	7,500,000	508,784,531	-	508,784,531

Projected Prop. S Tax Revenue



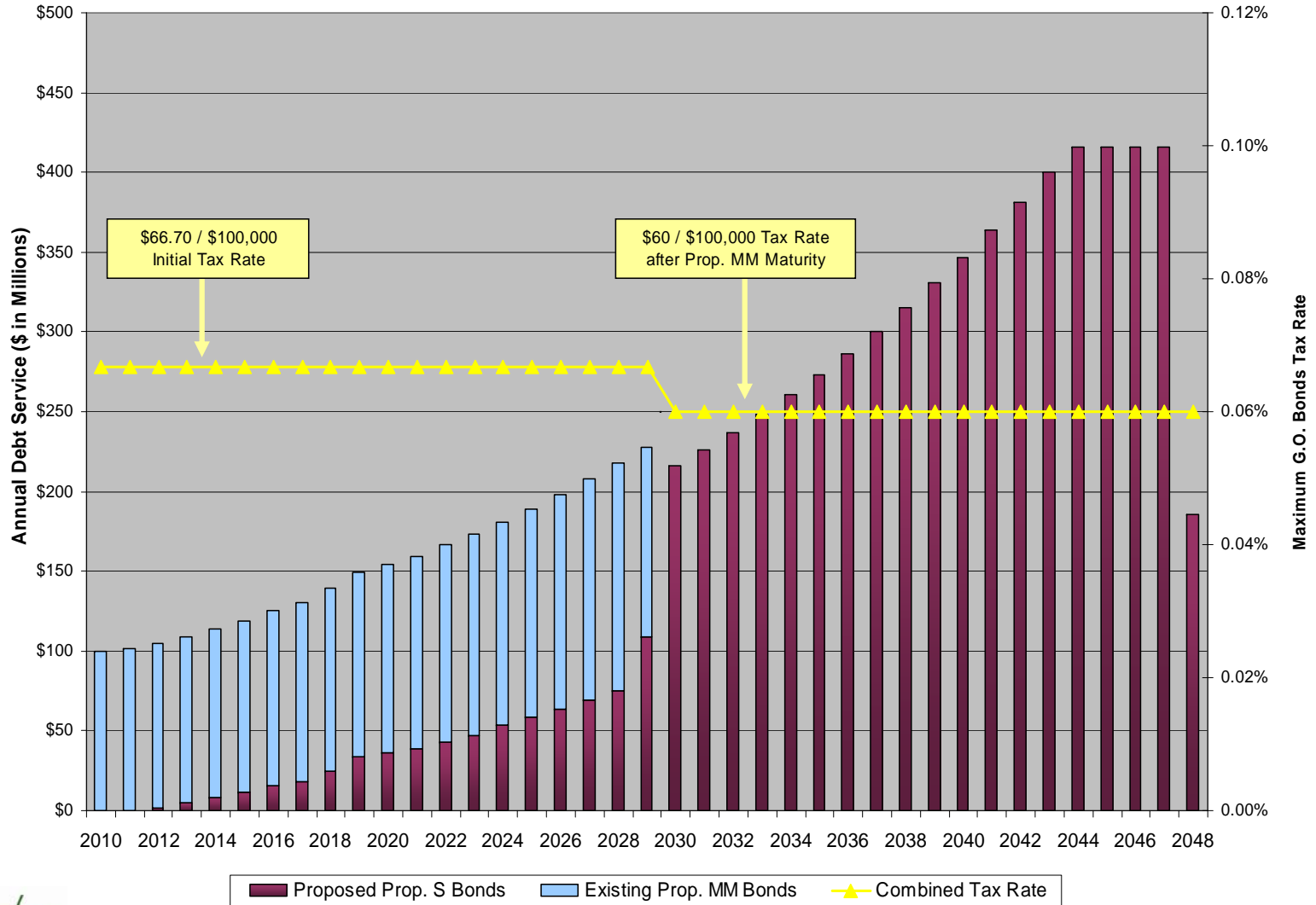
A.V. growth rates assumed in model:

- 2% FY 2009-10
- 2% FY 2010-11
- 3% FY 2011-12
- 4% FY 2012-13
- 5% FY Thereafter

Projected Debt Service



Annual G.O. Bonds Debt Service
(\$66.67 / \$100,000 to \$60.00 / \$100,000 Combined Tax Rate)



Estimated Issuance Schedule

Series	Issuance Date	Est. Amount	Est. Maturity
Series A	April 2009	\$170 mm	July 1, 2033 (24 years)
Series B	August 2010	\$120 mm	July 1, 2035 (25 years)
Series C	August 2011	\$100 mm	July 1, 2036 (25 years)
Series D	August 2012	\$100 mm	July 1, 2037 (25 years)
Series E	August 2013	\$100 mm	July 1, 2038 (25 years)
Series F	August 2014	\$105 mm	July 1, 2039 (25 years)
Series G	August 2015	\$110 mm	July 1, 2040 (25 years)
Series H	August 2016	\$110 mm	July 1, 2041 (25 years)
Series I	August 2017	\$115 mm	July 1, 2042 (25 years)
Series J	August 2018	\$120 mm	July 1, 2043 (25 years)
Series K	August 2019	\$130 mm	July 1, 2044 (25 years)
Series L	August 2020	\$140 mm	July 1, 2045 (25 years)
Series M	August 2021	\$165 mm	July 1, 2046 (25 years)
Series N	August 2022	\$195 mm	July 1, 2047 (25 years)
Series O	August 2023	\$320 mm	July 1, 2048 (25 years)

Estimated SDUSD Debt Capacity

FISCAL YEAR ENDING	2.50% OF A.V. DEBT LIMIT	CURRENT PROP. MM BOND BALANCE	ESTIMATED PROP. S DEBT CAPACITY	ESTIMATED PROP. S BOND BALANCE	ESTIMATED REMAINING DEBT CAPACITY
6/30/2009	\$3,398,002,635	\$1,308,940,640	\$2,089,061,996	\$0	\$2,089,061,996
6/30/2010	3,465,962,688	1,284,978,305	2,180,984,383	170,004,308	2,010,980,076
6/30/2011	3,535,281,942	1,260,789,948	2,274,491,993	289,467,674	1,985,024,320
6/30/2012	3,641,334,492	1,236,426,459	2,404,908,033	390,981,616	2,013,926,417
6/30/2013	3,786,975,819	1,208,119,381	2,578,856,438	492,729,750	2,086,126,687
6/30/2014	3,976,306,169	1,173,306,608	2,802,999,560	593,701,074	2,209,298,487
6/30/2015	4,175,102,667	1,136,622,657	3,038,480,011	697,922,664	2,340,557,347
6/30/2016	4,383,838,615	1,090,921,285	3,292,917,329	807,698,400	2,485,218,929
6/30/2017	4,603,010,976	1,042,588,381	3,560,422,595	917,952,460	2,642,470,135
6/30/2018	4,833,141,564	990,707,832	3,842,433,731	1,030,683,038	2,811,750,694
6/30/2019	5,074,778,282	935,416,919	4,139,361,362	1,145,171,928	2,994,189,434
6/30/2020	5,328,496,428	876,107,999	4,452,388,429	1,261,318,584	3,191,069,845
6/30/2021	5,594,900,067	812,317,269	4,782,582,798	1,384,123,909	3,398,458,889
6/30/2022	5,874,623,464	743,737,619	5,130,885,844	1,533,069,438	3,597,816,406
6/30/2023	6,168,332,598	670,125,000	5,498,207,598	1,707,574,646	3,790,632,952
6/30/2024	6,476,726,749	577,505,000	5,899,221,749	2,000,095,067	3,899,126,682
6/30/2025	6,800,540,157	476,355,000	6,324,185,157	1,981,413,097	4,342,772,060
6/30/2026	7,140,543,778	365,560,000	6,774,983,778	1,964,072,396	4,810,911,382
6/30/2027	7,497,547,111	244,920,000	7,252,627,111	1,945,577,818	5,307,049,294
6/30/2028	7,872,400,134	114,380,000	7,758,020,134	1,926,188,788	5,831,831,346
6/30/2029	8,265,995,322	0	8,265,995,322	1,905,411,111	6,360,584,211
6/30/2030	8,679,269,773	0	8,679,269,773	1,873,963,926	6,805,305,847
6/30/2031	9,113,207,439	0	9,113,207,439	1,805,465,429	7,307,742,010
6/30/2032	9,568,841,473	0	9,568,841,473	1,736,410,674	7,832,430,799
6/30/2033	10,047,256,682	0	10,047,256,682	1,667,626,829	8,379,629,853
6/30/2034	10,549,592,114	0	10,549,592,114	1,598,576,616	8,951,015,498
6/30/2035	11,077,043,769	0	11,077,043,769	1,523,917,115	9,553,126,654
6/30/2036	11,630,867,448	0	11,630,867,448	1,449,076,669	10,181,790,779
6/30/2037	12,212,381,741	0	12,212,381,741	1,370,555,900	10,841,825,842
6/30/2038	12,822,971,167	0	12,822,971,167	1,238,728,548	11,584,242,619
6/30/2039	13,464,089,472	0	13,464,089,472	1,101,860,117	12,362,229,355
6/30/2040	14,137,263,086	0	14,137,263,086	959,483,489	13,177,779,597
6/30/2041	14,844,094,764	0	14,844,094,764	862,249,034	13,981,845,729
6/30/2042	15,586,267,396	0	15,586,267,396	713,981,983	14,872,285,412
6/30/2043	16,365,548,017	0	16,365,548,017	561,438,505	15,804,109,512
6/30/2044	17,183,792,015	0	17,183,792,015	454,923,095	16,728,868,920
6/30/2045	18,042,947,544	0	18,042,947,544	347,306,625	17,695,640,919
6/30/2046	18,945,060,169	0	18,945,060,169	242,966,593	18,702,093,576
6/30/2047	19,892,277,730	0	19,892,277,730	141,761,760	19,750,515,969
6/30/2048	20,886,855,459	0	20,886,855,459	44,089,036	20,842,766,424

Financing Team

- District staff (finance, facilities, general counsel)
- San Diego County
- ICOC
- Financial advisor (Gardner, Underwood and Bacon LLC)
- Bond counsel (Orrick, Herrington & Sutcliffe LLP)
- Disclosure counsel (Fulbright & Jaworski L.L.P.)
- Underwriting team:
 - ✓ Goldman Sachs & Co. – Senior Managing Underwriter
 - ✓ Stone & Youngberg LLC – Co-Senior Managing Underwriter
 - ✓ De La Rosa & Co. – Co-Managing Underwriter
 - ✓ Citi – Co-Managing Underwriter
 - ✓ Loop Capital Markets – Co-Managing Underwriter

Timeline

- March 24th SDUSD Board approves financing
- March 25th Post POS
- March 30th County Board of Supervisors approves financing
- April 14th Retail order period
- April 15th Bonds priced
- April 30th Closing / bond proceeds delivered

