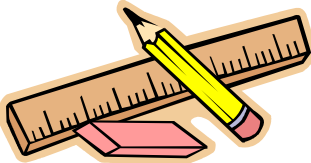

San Diego Unified School District

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
 - ✓ \$170 million 1st issuance in May 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

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 – (1.3)%
 - ✓ 2010/11 – 0.0%
 - ✓ 2011/12 – 2.0%
 - ✓ 2012/13 – 2.0%
 - ✓ 2013/14 – 3.0%
 - ✓ 2014/15 – 4.0%
 - ✓ 2015/16 (and thereafter) – 5.0%

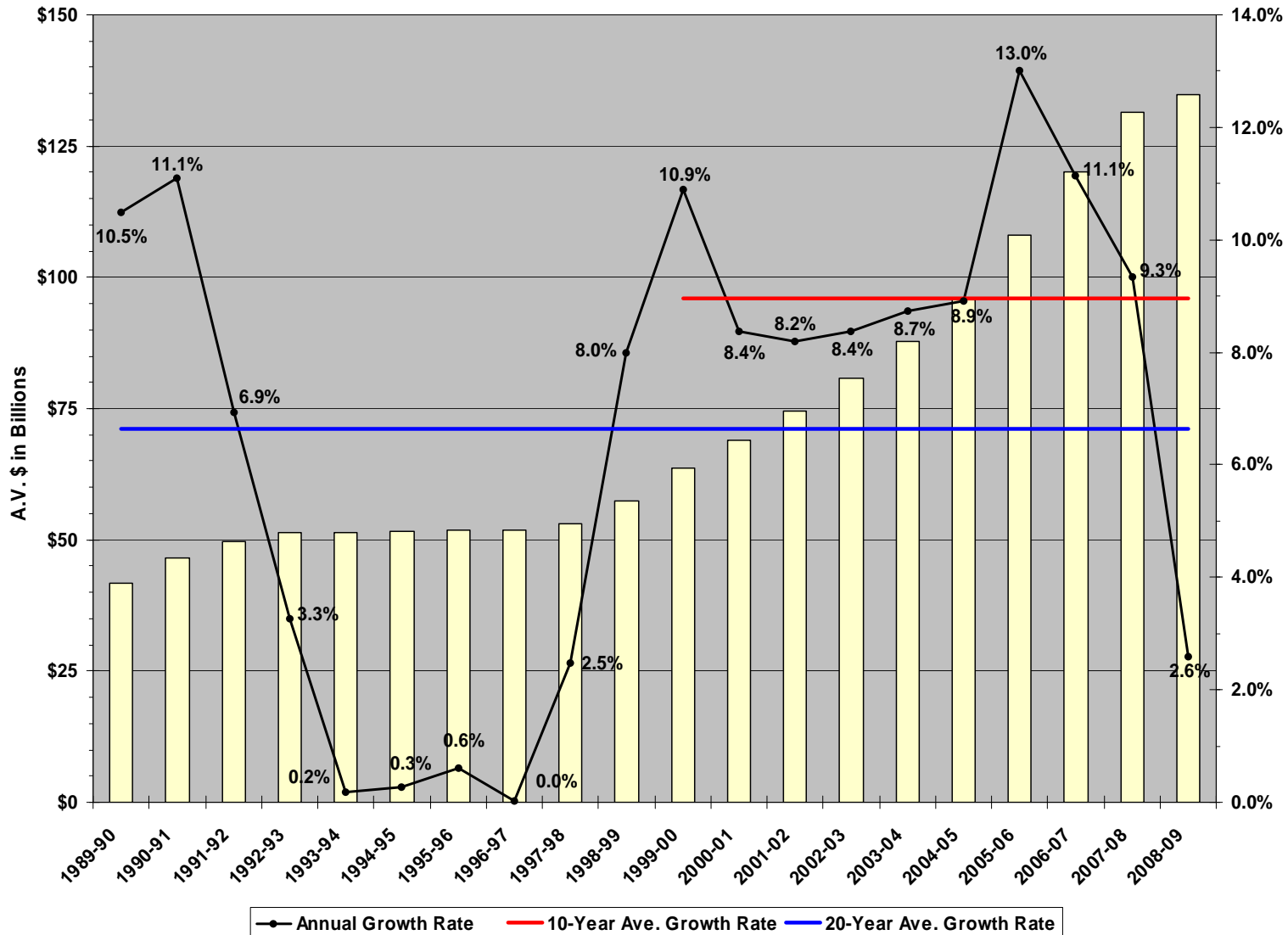




Historic District A.V. Growth

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

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

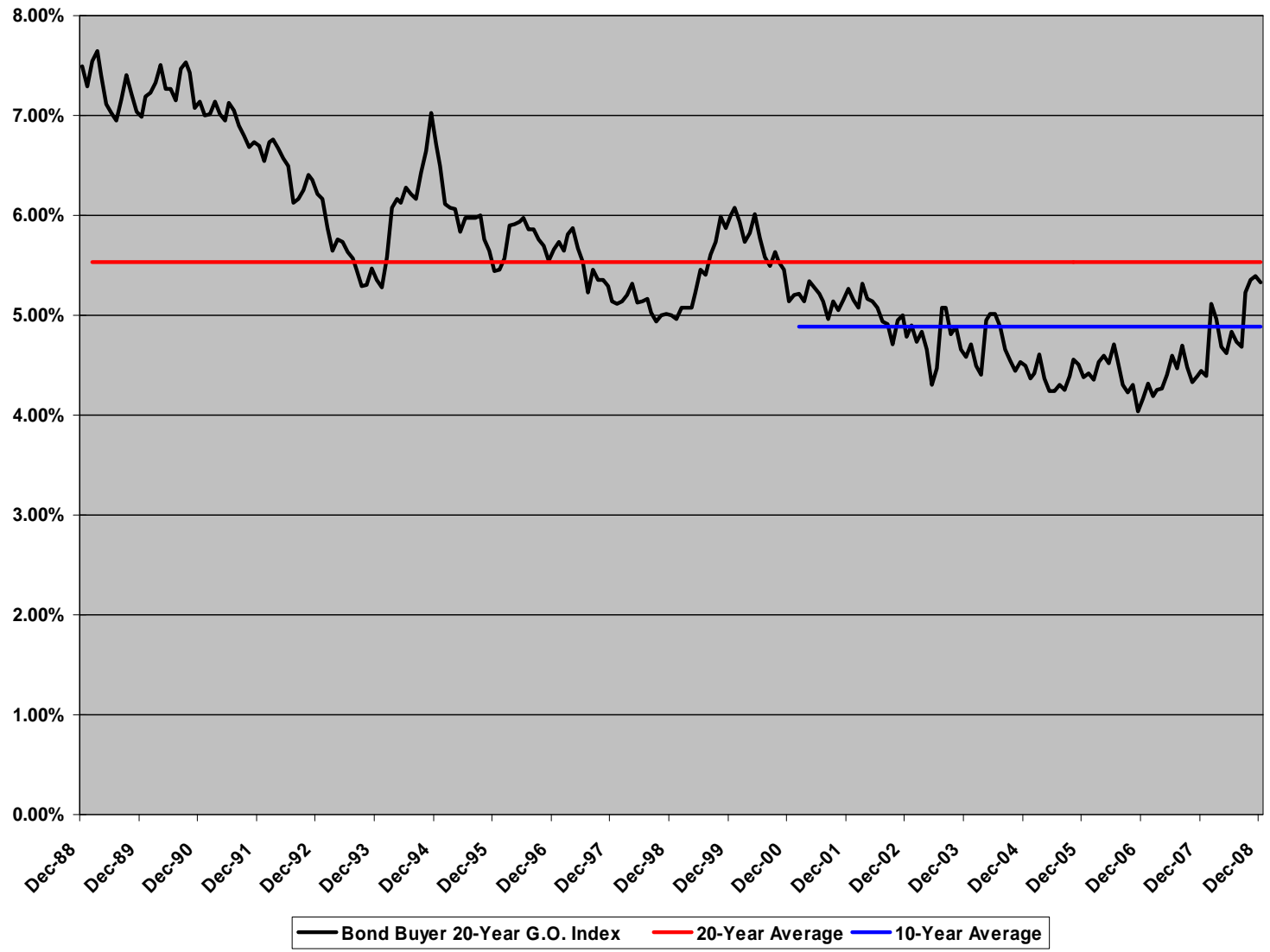




Historic Borrowing Rates

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

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





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	\$100 mm	July 1, 2035 (25 years)
Series C	August 2011	\$75 mm	July 1, 2036 (25 years)
Series D	August 2012	\$80 mm	July 1, 2037 (25 years)
Series E	August 2013	\$80 mm	July 1, 2038 (25 years)
Series F	August 2014	\$80 mm	July 1, 2039 (25 years)
Series G	August 2015	\$85 mm	July 1, 2040 (25 years)
Series H	August 2016	\$85 mm	July 1, 2041 (25 years)
Series I	August 2017	\$95 mm	July 1, 2042 (25 years)
Series J	August 2018	\$110 mm	July 1, 2043 (25 years)
Series K	August 2019	\$130 mm	July 1, 2044 (25 years)
Series L	August 2020	\$150 mm	July 1, 2045 (25 years)
Series M	August 2021	\$175 mm	July 1, 2046 (25 years)
Series N	August 2022	\$210 mm	July 1, 2047 (25 years)
Series O	August 2023	\$475 mm	July 1, 2053 (30 years)