

**LETTER OF TRANSMITTAL AND CONSENT**  
**RELATING TO THE**  
**OFFER TO PURCHASE OR EXCHANGE DATED SEPTEMBER 25, 2008**  
**BY**

**LEON HIGHER EDUCATION AUTHORITY, INC.**

(as the same may be amended or supplemented from time to time, including by each term sheet relating to the Existing Notes specified below, the "Statement")

**All capitalized terms used herein without definition have the meanings given them in the Statement.**

The Offer to Purchase described in the Statement will expire at 8:00 a.m., New York City time, on November 6, 2008, unless extended (such date and time, as the same may be extended, the "Expiration Date"). The Consent Solicitation described in the Statement will expire at 5:00 p.m., New York City time, on October 17, 2008, unless extended (such date and time, as the same may be extended, the "Consent Date"). Existing Notes must be tendered on or prior to the Consent Date for their holders to receive the total consideration described in the Statement (including the Consent Payment).

Tendered Existing Senior Notes and tendered Existing Subordinate Notes may be withdrawn and related consents may be revoked at any time on or prior to 5:00 p.m., New York City time, on October 17, 2008, unless extended (such date and time, as the same may be extended, the "Withdrawal Deadline"), but not thereafter.

*The Depository for the Offer to Purchase and the Consent Solicitation is:*

**Global Bondholder Services Corporation**

<i>By Facsimile:</i> (212) 430-3775 (212) 430-3779	Global Bondholder Services Corporation 65 Broadway–Suite 723 New York, New York 10006 Attn: Corporate Actions	<i>Confirm by Telephone:</i> (212) 430-3774
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**Delivery of this Letter of Transmittal and Consent to an address, or transmission via facsimile to a number, other than as set forth above will not constitute valid delivery.**

This Letter of Transmittal and Consent is to be completed by a holder desiring to tender Existing Notes unless such holder is executing the tender through DTC's Automated Tender Offer Program ("ATOP"). **A holder tendering through ATOP does not need to complete a Letter of Transmittal and Consent (but will be bound by the terms thereof).**

For a description of certain procedures to be followed in order to tender Existing Notes (through book-entry transfer at DTC or otherwise), see "Procedures for Tendering Existing Notes and Delivering Consents" in the Statement and the Instructions to this Letter of Transmittal and Consent.

The Offer is not being made to, and tenders will not be accepted from or on behalf of, holders in any jurisdiction in which the making or the acceptance of an Offer would not be in compliance with the laws of such jurisdiction. See "Offering Restrictions" in the Statement, and Schedule I thereto.

Tenders of Existing Notes held through DTC may be made by using the book-entry transfer procedures of DTC and by transmitting an agent's message to Global Bondholders Services Corporation as depository (the "Depository"). An agent's message is a message, transmitted by DTC to and received by the Depository and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant, stating that such participant has received and agrees to be bound by the Letter of Transmittal and Consent and that the Company (as defined below) may enforce the Letter of Transmittal and Consent against that participant.

In order for a book-entry transfer to constitute a valid tender of Existing Notes in the offer, the Depository must receive an agent's message and confirmation of book-entry transfer of Existing Notes into the Depository's account at DTC prior to the expiration date, or in the case of holders wishing to receive the Consent Payment, prior to the Consent Date. Holders tendering via DTC's ATOP system need not deliver a completed Letter of Transmittal and Consent (but will be deemed to have agreed to the terms contained in the Letter of Transmittal and Consent by tendering).

No agent's message need be delivered if the Depository receives a properly completed and duly executed Letter of Transmittal and Consent, or a copy thereof, at the Depository's address set forth above prior to the Expiration Date or, in the case of holders desiring to receive the Consent Payment, prior to the Consent Date.

Please list below the details and principal amount of Existing Notes being tendered pursuant to this Letter of Transmittal and Consent, and check the appropriate box or boxes, if any, below. If the space provided is inadequate, please provide the information called for below on a separately executed schedule and affix that schedule to this Letter of Transmittal and Consent. Tenders of Existing Notes will be accepted only in principal amounts that are permitted denominations under the terms of the Existing Notes. No alternative, conditional or contingent tenders will be accepted.

**DESCRIPTION OF EXISTING NOTES TENDERED**

**Name and Number of DTC Participant:** \_\_\_\_\_

**CUSIP Number:** \_\_\_\_\_

**Title of Security:** \_\_\_\_\_

**Principal Amount Tendered:** \_\_\_\_\_

**If you are tendering Existing Senior Notes and wish to be eligible to make a Citi Note Election, you must check the following box:**

If the undersigned is tendering Existing Senior Notes and wishes to be eligible to make a Citi Note Election (as described in the Statement), the undersigned must check the following box. By checking this box and subsequently making a Citi Note Election, the undersigned instructs the Depository to (a) forward to Citigroup Inc. such funds otherwise receivable by the undersigned in respect of the Existing Senior Notes tendered hereby, as are necessary to pay the Citi Note Cash Price for the Citi Notes the undersigned has elected to purchase and (b) receive in return from Citigroup Inc., and deliver to the undersigned, such Citi Notes.

**If you are tendering Existing Subordinate Notes, you must confirm your eligibility by checking the following box:**

To tender Existing Subordinate Notes, the undersigned must confirm, by checking the following box, that it has reviewed the eligibility requirements set forth in Schedule I to the Statement and is an Eligible Investor as defined in that schedule.

**If you are tendering Existing Subordinate Notes and you are a Benefit Plan Investor, you must check the following box:**

If the undersigned is tendering Existing Subordinate Notes, it must check the following box if it is a Benefit Plan Investor (as defined below).

The name and number of the DTC participant should be printed above exactly as such participant's name and number appear on a security position listing as the owner of the Existing Notes specified above.

**NOTE: SIGNATURES MUST BE PROVIDED BELOW  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY**

Ladies and Gentlemen:

The undersigned hereby tenders to Leon Higher Education Authority, Inc., a nonprofit corporation organized under the Texas Non-Profit Corporation Act (the “Company”), upon the terms and subject to the conditions set forth in the Statement, receipt of which is hereby acknowledged, and in accordance with this Letter of Transmittal and Consent, the principal amount of Existing Notes of the series indicated in the table above entitled “Description of Existing Notes Tendered” under the item “Principal Amount Tendered” and, with respect to each series represented by the Existing Notes tendered herewith, consents to the amendments (the “Proposed Amendments”), as set forth in the Statement, to the Existing Notes of such series and the indenture pursuant to which the Existing Notes of such series were issued. The undersigned has read the Statement and agrees to all of the terms and conditions of the tender offers and consent solicitations (the “Offer”) pursuant to which Existing Notes are tendered herewith. The undersigned acknowledges and agrees that the tender of Existing Notes made hereby may not be withdrawn (nor may the consent made hereby be revoked) except in accordance with the procedures set forth in the Statement and in the instructions included herein. The undersigned understands that the Company may extend the Withdrawal Deadline, Consent Date or Expiration Date applicable to each of the two types of Existing Notes (the Existing Senior Notes and the Existing Subordinate Notes) independently of each other and, as a result, different dates for those events may apply to the Existing Senior Notes and the Existing Subordinate Notes.

Subject to, and effective upon, the acceptance for purchase of, and payment for, the principal amount of the Existing Notes tendered with this Letter of Transmittal and Consent, the undersigned hereby irrevocably sells, assigns and transfers to, or upon the order of, the Company, all right, title and interest in and to the Existing Notes that are being tendered hereby and waives any and all other contractual rights with respect to such Existing Notes (including without limitation, any existing or past defaults and their consequences in respect of such Existing Notes and the indenture governing the Existing Notes).

**By tendering Existing Notes, holders release and discharge the Company, the Existing Note Issuer, the Master Servicer, the Trustee and all of their respective present or future directors, officers or employees, from any liability or claim existing on the Settlement Date that is based on or related to the Existing Indenture, the Existing Notes, the Proposed Amendments or the Underlying Assets, and waive any related claim. The release, discharge and waiver described in this paragraph are part of the consideration tendered by holders participating in the Offer and are subject to, and effective upon, the acceptance of and payment for the Existing Notes.**

The undersigned acknowledges that it has been informed that (a) insofar as the release, discharge and waiver applies to liabilities arising under federal securities laws, the Securities and Exchange Commission has expressed the view that such waivers and releases may be against public policy, and are, therefore, unenforceable and that (b) neither the dealer manager nor any of its affiliates is seeking any release, discharge or waiver in connection with this Offer.

The undersigned acknowledges that holders that are eligible to participate in the settlement offer by Citi that is described in the Statement under “Notice Regarding Settlements” are not eligible to participate in, and are excluded from, the Offer.

The undersigned hereby irrevocably constitutes and appoints the Depositary true and lawful agent and attorney-in-fact of the undersigned with respect to such Existing Notes (with full knowledge that the Depositary also acts as the agent of the Company), with full power of substitution and resubstitution (such power-of-attorney being deemed to be an irrevocable power coupled with an interest) to (i) present such Existing Notes and all evidences of transfer and authenticity of, or transfer ownership of, such Existing Notes on the account books maintained by DTC to, or upon the order of, the Company, (ii) present such Existing Notes for transfer on the security register for the Existing Notes, (iii) receive all benefits and otherwise exercise all rights of beneficial ownership of such Existing Notes and (iv) evidence the undersigned’s consent to the Proposed Amendments applicable to the Existing Notes tendered herewith, all in

accordance with the terms of and conditions to the Offer pursuant to which the Existing Notes are tendered herewith, as described in the Statement.

The undersigned acknowledges and agrees that, by the execution and delivery hereof, the undersigned is consenting to the Proposed Amendments applicable to the Existing Notes tendered herewith as permitted by the indenture or indentures relating to the Existing Notes tendered herewith and, with respect to each issue represented by the Existing Notes tendered herewith, hereby also consents to the execution of a supplemental indenture or supplemental indentures, as applicable, effecting such Proposed Amendments. The undersigned acknowledges and agrees that, with respect to each series represented by the Existing Notes tendered herewith, the consent provided hereby shall remain in full force and effect unless and until such consent is revoked in accordance with the procedures set forth in the Statement.

If the undersigned is not the registered holder of the Existing Notes listed in the table above labeled “Description of Existing Notes Tendered” under the item “Principal Amount Tendered” or such registered holder’s legal representative or attorney-in-fact, then in order to validly consent, the undersigned has obtained a properly completed irrevocable proxy that authorizes the undersigned (or the undersigned’s legal representative or attorney-in-fact) to deliver a Letter of Transmittal and Consent in respect of such Existing Notes on behalf of the holder thereof, and such proxy is being delivered with this Letter of Transmittal and Consent.

The undersigned understands that tenders of Existing Notes may not be withdrawn after the Withdrawal Deadline.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Existing Notes tendered hereby, and that when such Existing Notes are accepted for purchase and payment by the Company, the Company will acquire good title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim or right. The undersigned will, upon request, execute and deliver any additional documents deemed by the Depository or the Company to be necessary or desirable to complete the sale, assignment and transfer of the Existing Notes tendered hereby.

If the undersigned is tendering Existing Subordinate Notes, the undersigned hereby represents and warrants that it has reviewed the eligibility requirements set forth in Schedule I to the Statement and is an Eligible Investor as defined in that schedule. Any holder of Existing Subordinate Notes that is not eligible to participate in the Offer should contact Citigroup Global Markets Inc. (the “Dealer Manager”).

If the undersigned is tendering Existing Subordinate Notes, the undersigned hereby represents and warrants that it is not a Benefit Plan Investor unless the undersigned has affirmatively indicated otherwise by checking the appropriate box above under “Description of Existing Notes Tendered.” A “Benefit Plan Investor” is any (a) employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) (including without limitation, pension plans), (b) plan to which Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”), applies (including without limitation, individual retirement accounts and Keogh plans) or (c) entity whose underlying assets include plan assets by reason of investment in such entity by any plan described in clause (a) or (b) (including without limitation, bank collective investment funds and insurance company general accounts). This indication is required in order to allow the Company to gather information needed for compliance purposes, and, in particular, to determine the aggregate principal amount of Existing Subordinate Notes tendered by Benefit Plan Investors. If the undersigned is tendering Existing Subordinate Notes and is a Benefit Plan Investor, it also hereby represents and warrants that the Company’s acceptance of its tender will not result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code.

If the undersigned is tendering Existing Senior Notes and has indicated an interest in making a Citi Note Election (as described in the Statement) by checking the appropriate box above under “Description of Existing Notes Tendered” and the undersigned subsequently makes a Citi Note Election, by doing so the undersigned instructs the Depository to (a) forward to Citigroup Inc. such funds otherwise receivable by the undersigned in respect of the Existing Senior Notes tendered hereby, as are necessary to pay the Citi Note Cash Price for the Citi Notes the undersigned has elected to purchase and (b) receive in return from Citigroup Inc., and deliver to the undersigned, such Citi Notes.

The undersigned understands that tenders of Existing Notes pursuant to any of the procedures described in the Statement and in the instructions hereto and acceptance thereof by the Company will constitute a binding agreement between the undersigned and the Company, upon the terms and subject to the conditions set forth in the Statement. For purposes of the Statement, the undersigned understands that the Company will be deemed to have accepted for purchase validly tendered Existing Notes if, as and when the Company gives oral or written notice thereof to the Depositary.

Notwithstanding any other provision of the Offer, the undersigned understands that the Company's obligation to accept for purchase, and to pay for, the Existing Notes validly tendered and not validly withdrawn pursuant to the Offer is subject to, and conditioned upon, the satisfaction of, or, where applicable, its waiver of the conditions set forth in the Statement.

All authority conferred or agreed to be conferred by this Letter of Transmittal and Consent shall survive the death or incapacity of the undersigned and every obligation of the undersigned under this Letter of Transmittal and Consent shall be binding upon the undersigned's heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives.

All questions as to the form of all documents and the validity (including time of receipt) and acceptance of tenders and withdrawals of Existing Notes will be determined by the Company, in its sole discretion, and such determination shall be final and binding.

**PLEASE COMPLETE AND SIGN BELOW**

(This page is to be completed and signed by all tendering holders except holders executing the tender through DTC's ATOP)

By completing, executing and delivering this Letter of Transmittal and Consent, the undersigned hereby tenders, and consents to the Proposed Amendments applicable to the series represented by the Existing Notes tendered herewith (and to the execution of the supplemental indenture or supplemental indentures, as applicable, effecting the Proposed Amendments) with respect to the principal amount of Existing Notes of the series listed in the table above labeled "Description of Existing Notes Tendered" under the item "Principal Amount Tendered."

Signature(s): \_\_\_\_\_

\_\_\_\_\_  
(Must be signed by the registered holder(s) exactly as the name(s) appear(s) on certificate(s) representing the tendered Existing Notes or if tendered by a participant in DTC, exactly as such participant's name appears on a security position listing as the owner of the Existing Notes. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, please set forth the full title and see Instruction 1.)

Dated: \_\_\_\_\_

Name(s): \_\_\_\_\_  
(Please Print)

Capacity: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_  
(Including Zip Code)

Area Code and Telephone Number: \_\_\_\_\_

Tax Identification or Social Security Number: \_\_\_\_\_

## INSTRUCTIONS

### Forming Part of the Terms and Conditions of the Offer

1. *Signatures on Letter of Transmittal and Consent, Instruments of Transfer and Endorsements.* If this Letter of Transmittal and Consent is signed by the registered holder(s) of the Existing Notes tendered hereby, the signatures must correspond with the name(s) as written on the face of the certificate(s) representing such Existing Notes without alteration, enlargement or any change whatsoever.

If any of the Existing Notes tendered hereby are registered in the name of two or more holders, all such holders must sign this Letter of Transmittal and Consent. If any of the Existing Notes tendered hereby are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal and Consent as there are different registrations of certificates.

If this Letter of Transmittal and Consent or any of the Existing Notes (or endorsements thereon) or instrument of transfer is signed by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Company of such person's authority to so act must be submitted.

**If this Letter of Transmittal and Consent is NOT signed by the registered holder(s) of the Existing Notes tendered hereby, such Existing Notes must be endorsed or accompanied by appropriate instruments of transfer and each endorsement or instrument of transfer must be signed exactly as the name or names of the registered holder(s) appear on the face of the certificate(s) representing such Existing Notes or if tendered by a participant in DTC, exactly as such participant's name appears on a security position listing as the owner of the Existing Notes.**

2. *Signatures.* Signatures on this Letter of Transmittal and Consent must be (a) by a registered holder, or (b) for a firm that is an Eligible Institution.

3. *Delivery of Letter of Transmittal and Consent and Certificates Representing the Existing Notes.* This Letter of Transmittal and Consent is to be used if certificates representing the tendered Existing Notes are to be forwarded herewith. Certificates representing the tendered Existing Notes, together with this Letter of Transmittal and Consent (or a facsimile hereof), properly completed and duly executed, and any other documents requested by this Letter of Transmittal and Consent must be received by the Depositary at its address set forth on the front cover of this Letter of Transmittal and Consent prior to the Expiration Date for the Offer pursuant to which Existing Notes are tendered herewith. If certificates representing tendered Existing Notes are forwarded to the Depositary in multiple deliveries, a properly completed and duly executed Letter of Transmittal and Consent must accompany each such delivery.

4. *Transfer Taxes.* Except as set forth in this Instruction 4, the Company will pay or cause to be paid any transfer taxes with respect to the transfer and sale of Existing Notes to it, or to its order, pursuant to the Offer. If payment is to be made to, or if Existing Notes not tendered or purchased are to be registered in the name of, any persons other than the registered owners, or if tendered Existing Notes are registered in the name of any persons other than the persons signing this Letter of Transmittal and Consent, the amount of any transfer taxes (whether imposed on the registered holder or such other person) payable on account of the transfer to such other person will be deducted from the payment unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

5. *Backup Withholding.* Under current U.S. federal income tax law, a holder may be subject to backup withholding on the purchase price for the Existing Notes, including amounts treated as accrued interest, unless such holder (i) is a corporation or comes within certain other exempt categories and demonstrates this fact, or (ii) provides the applicable withholding agent with a correct taxpayer identification number and a certification as to such holder's exemption from backup withholding by providing a fully completed and duly executed IRS Form W-9 (which may be obtained at the IRS website at [www.irs.gov](http://www.irs.gov)) and otherwise complies with applicable requirements of the backup withholding rules. To satisfy the applicable withholding agent that a foreign person qualifies as an

exempt recipient, such person should submit an IRS Form W-8BEN or other appropriate Form W-8 (signed under penalties of perjury) attesting to that person's exempt status. The amount of any backup withholding from a payment to a holder will be allowed as a credit against such holder's United States federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

6. *Withdrawal of Tenders.* A tender of Existing Notes pursuant to the Offer may be withdrawn at any time before the Withdrawal Deadline, but no consideration shall be payable in respect of Existing Notes so withdrawn. Tendered Existing Notes may not be withdrawn after the Withdrawal Deadline. The Depositary will promptly return Existing Notes, the tender of which has been properly withdrawn, to the tendering holder.

Holders can accomplish withdrawals of Existing Notes and revocation of consents only in accordance with the procedures set forth under the heading "Withdrawal of Tenders; Revocation of Consents" in the Statement. Holders may not rescind their withdrawal of tenders of Existing Notes, and any Existing Notes properly withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Properly withdrawn Existing Notes may, however, be retendered by following one of the procedures described in the Statement under the heading "Withdrawal of Tenders; Revocation of Consents" at any time prior to the Expiration Date.

7. *Irregularities.* The Company, in its sole discretion, will determine all questions as to the form of documents and validity, eligibility, including time of receipt, acceptance for payment and withdrawal of tendered Existing Notes, and such determinations will be final and binding. The Company reserves the absolute right to reject any and all tenders of Existing Notes that it determines are not in proper form or the acceptance for payment of or payment for which may, in the opinion of its counsel, be unlawful. The Company also reserves the absolute right in its sole discretion to waive any of the conditions of the Offer or any defect or irregularity in the tender of Existing Notes of any particular holder, whether or not similar conditions, defects or irregularities are waived in the case of other holders. The Company's interpretation of the terms and conditions of the Offer (including these instructions) will be final and binding. None of the Company, the Dealer Manager, the Depositary, Global Bondholders Services Corporation as information agent (the "Information Agent"), the trustee for any issue or any other person will be under any duty to give notification of any defects or irregularities in tenders or any notices of withdrawal or will incur any liability for failure to give any such notification.

8. *Requests for Assistance or Additional Copies.* A holder of Existing Notes should direct questions about the Offer or procedures for accepting the Offer to the Dealer Manager or the Information Agent at one of their telephone numbers set forth on the back cover of the Statement. A holder should call the Information Agent at its telephone number set forth on the back cover of the Statement to obtain additional copies of the Statement or this Letter of Transmittal and Consent.