

FIXED INCOME BANKING





Morgan Keegan was founded in 1969 to provide sound investments for institutional and individual investors and to raise capital for and provide financial services to corporations, municipal entities and other issuers of debt and equity securities. Our goal is to be the South's premier investment firm

Morgan Keegan is a wholly owned subsidiary of Regions Financial Corporation, one of the nation's largest financial services holding companies with over \$45 billion in assets.

Morgan Keegan has over 140 offices in 16 states and approximately 2,400 employees, including 1,000 financial advisors serving individual investors located primarily in the South and institutional investors nationwide.

Morgan Keegan provides a full range of services including:

- corporate, municipal, and mortgage investment banking
- fixed income underwriting, trading, institutional sales and research
- investment brokerage services in stocks, bonds, options and mutual funds for individual, institutional and international investors
- whole loan sales and trading
- market maker in over 180 OTC stocks
- investment management services



Morgan Keegan

Morgan Keegan & Company, Inc.
Members New York Stock Exchange, SIPC

Fixed Income Capital Markets

Morgan Keegan Fixed Income Capital Markets consists of the following areas: investment banking, research, trading and underwriting, and institutional sales. Each of these areas works closely with the others in order to achieve our mission to be recognized as a value-added, service oriented provider of fixed income products.

Morgan Keegan Fixed Income Capital Markets continues to expand. The division is staffed with more than 350 professionals encompassing the full spectrum of investment banking, trading, underwriting, institutional sales and research. The continued growth in this area of the firm clearly demonstrates Morgan Keegan's ongoing commitment to our fixed income clients.



Fixed Income Banking

Public finance clients utilize a comprehensive array of our services from initiation of the financing through closing and beyond. Scope of services includes:

- evaluating financing alternatives and the impact the financing will have on the issuer's debt structure
- sizing and structuring the bond issue to meet the issuer's financing goals
- evaluating the attractiveness of bond insurance and other credit enhancements
- soliciting bids and negotiating the lowest possible premium on behalf of the issuer, if credit enhancement is desired
- negotiating favorable covenants in the bond documents
- taking responsibility for preparation of the disclosure document
- developing a strategy for presenting the issuer's credit to the rating agencies
- working with underwriting and sales to implement an aggressive and pervasive preselling program
- insuring aggressive pricing and timely closing of the financing
- providing post-closing services such as fund reinvestments, swaps, etc.

Municipal Finance

Morgan Keegan has established itself as a leader in structuring and underwriting all types of municipal securities. Sound relationships with issuers play a key role in our success. By localizing our public finance efforts through strategically located offices, we provide our clients with the advantages of local knowledge and timely service. This results in transactions which offer maximum investor appeal at the lowest possible interest cost for the issuer. Our seasoned banking and technical professionals have the capability to structure and execute any type of new money or refunding issue.

Our public finance expertise includes:

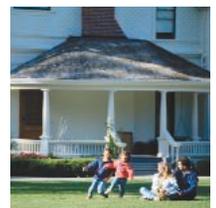
- ✓ transportation
- ✓ industrial development
- ✓ public power/utilities
- ✓ water and sewer
- ✓ secondary and higher education
- ✓ variable rate bonds
- ✓ general municipal improvements
- ✓ taxable debt

Housing Finance

The Housing Finance Group is a nationally recognized innovator and leader in housing finance. Through its efforts, Morgan Keegan has become one of the most active regional firms in underwriting single family and multifamily housing issues.

Single Family Excellence – The Housing Finance Group has worked with state and local housing issuers throughout the country to design and execute aggressively priced new money issues and innovative refundings. In addition, the Group purchases mortgage loans for housing issuers and financial institutions.

Leadership and Innovation in Multifamily Housing – Working with private developers, non-profit organizations, and governmental entities, Morgan Keegan has structured a wide range of issues to finance the construction, acquisition, permanent financing, rehabilitation and refinancing of multifamily properties.



Higher Education/ Student Housing

Morgan Keegan's Higher Education Finance Group has extensive experience in effecting bond financings for all types of institutions of higher learning, from small, non-rated colleges to top-tier universities.



Members of the group have managed virtually all types of issues for our higher education clients, including fixed and variable rate debt, new money and refunding, rated, credit enhanced and non-rated issues.

In addition, Morgan Keegan is one of the few firms in the country with extensive experience underwriting privatized student housing issues. Colleges and universities are realizing that privatization of student housing is an excellent tool that allows for allocation of scarce resources to needs that are more education related. This type of financing eliminates the university's liability for debt service on the bonds.

Health Care Finance

Morgan Keegan's Health Care Finance Group has financed projects for public (government owned), not-for-profit, and for profit hospitals and other health care facilities such as nursing homes and continuing care retirement communities. Regulations affecting health care are constantly changing. Morgan Keegan's health care bankers stay abreast of these regulations, particularly those that can affect the financial situation of a hospital.



Corporate Debt

Morgan Keegan has a complement of bankers and analysts dedicated to structuring taxable fixed income securities for corporate borrowers. Our corporate investment banking group focuses on underwriting and placement execution of medium and long term debt. Debt products include senior and subordinated notes offered in the public, 144A, and private placement markets. In addition to more familiar structures, the group also has expertise in areas such as asset securitization, lease-backed bonds, floating rate bonds, and bank preferred securities.

Financial Products

Morgan Keegan's Financial Products Group and other borrowers help municipal issuers maximize opportunities with:

- interest rate swaps and caps
- existing and new escrows
- debt service reserve funds
- permanent reserve funds
- optional redemption rights
- forward markets

Traditionally, issuers have not actively used these sectors as a source of benefits. Given the changing market faced by municipal issuers, there are tremendous opportunities to realize additional benefits from these previously overlooked assets and tools. Morgan Keegan assists its clients with the identification and evaluation of innovative opportunities that will best meet each client's specific long-term goals.

Alternative financial products may provide clients with a direct economic benefit. They may also be used to mitigate or eliminate risks associated with rising interest rates, a change in the issuer's credit quality, or a change in tax law.



Sales, Trading and Underwriting

Over 850 retail salespeople are located throughout our 13-state branch office system. The 140-person institutional sales force covers virtually all of the national institutional investors as well as the regional players in our primary market area.

Morgan Keegan's unique Dedicated Municipal Group concentrates its efforts on selling municipal and structured finance products to appropriate institutional purchasers.

Morgan Keegan also operates eight fixed income trading and underwriting desks located throughout the region. These desks constantly monitor their respective local credit markets, which translates into aggressive bidding and underwriting of municipal bond issues.

Secondary trading activity is also very active. Morgan Keegan makes a secondary market for every issue we underwrite. In addition, our average daily inventory is between \$400 and \$500 million. This level of activity insures that our traders are extremely knowledgeable of current market rates and changing investor appetites and trends.

Fixed Income Research

Morgan Keegan is one of the few regional firms in the country with a fully staffed, independent fixed income research department. The research department provides valuable information to both issuers of and investors in municipal debt. For issuers, the department analyzes macroeconomic events and trends that could affect the future movement of interest rates. Market timing is especially crucial for refunding issues. With the help of our research department, we identify windows of opportunity in the market in order to maximize debt service savings to issuers of refunding bonds. In addition, the department provides valuable analysis that is used in preparation for rating agency presentations. Analysts evaluate an issuer's financial statements, identifying strengths and anticipating areas that may raise questions for the rating agency.

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