

Swap Financial Group

Swap Financial Group, LLC
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June 9, 2009

Pennsylvania Intergovernmental Cooperation Authority
1500 Walnut Street, Suite 1600
Philadelphia, PA 19102
Attn: Uri Monson, Executive Director

Re: Fairness Opinion on the Pricing of the Termination of an Interest Rate Swap
Between the Pennsylvania Intergovernmental Cooperation Authority and
JP Morgan Chase Bank, NA.

Dear Uri:

As per your request, in conjunction with the termination of an interest rate swap agreement (the "Swap") which the Pennsylvania Intergovernmental Cooperation Authority (the "Authority") previously entered into with JP Morgan Chase Bank, NA ("JPM"), Swap Financial Group, LLC, performed a market-based valuation of a market-standard interest rate swap of the same format and structure as the Swap using market prices in effect at the time of the termination pricing on June 9, 2009 (the "Termination Pricing Date").

The Swap was originally structured as an interest rate swap option which the Authority sold to JPM on April 9, 2002 to effect the synthetic refunding of the Authority's Series 1999 bonds. For this option, JPM paid the Authority \$9,700,000. On May 15, 2009, JPM exercised their right to enter into the Swap, which had an effective date of June 15, 2009 and a scheduled termination date of June 15, 2023. Under the Swap, the Authority would have made fixed payments to JPM at rates ranging from 5.1221% to 4.7500% in return for floating rate payments equal to 62% of one-month USD LIBOR. The notional amount of the Swap on the Termination Pricing Date was \$326,865,000. The Authority elected to terminate the swap and issue fixed rate bonds due in large part to the increased cost, limited availability and renewal uncertainty of bank facilities in the current market, which are necessary to issue variable rate bonds. The Authority will make a payment to JPM for terminating the Swap of \$52,750,000 on June 15, 2009.

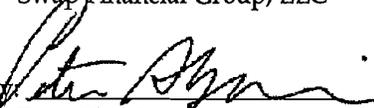
It is our opinion that the Authority is paying a fair termination value for the Swap, and that a different counterparty, in an arms-length market transaction committed to at the time of the termination, would have been willing to receive the same amount in return for terminating a swap of the same structure. Our pricing valuation was based on the terms contained within the ISDA confirmation for the Swap. Based on those terms and the prevailing level of U.S. Treasury securities and relevant LIBOR swap spreads, we determined the termination value for the Swap, after taking into account a fair dealer spread for JPM, inclusive of their costs for unwinding related hedging transactions.

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SFG served as financial and swap advisor to the Authority on this transaction. We have performed no due diligence on the financial condition of JPM and can make no representation as to that counterparty's financial soundness.

Swap Financial Group, LLC, is an established financial advisor and arranger of swaps within the industry for municipal-indexed interest rate swaps, options, and derivatives and is professionally knowledgeable of the transaction types represented in this valuation. As an arranger of interest rate swaps, please be aware that Swap Financial Group continually conducts transactions among participants in these markets, including both dealers and end-users, during our normal course of business operations.

Swap Financial Group, LLC

By: 
Peter Shapiro
Managing Director