

The Pennsylvania Sustainable Energy Financing (*PennSEF*) Program

Financing Diagram



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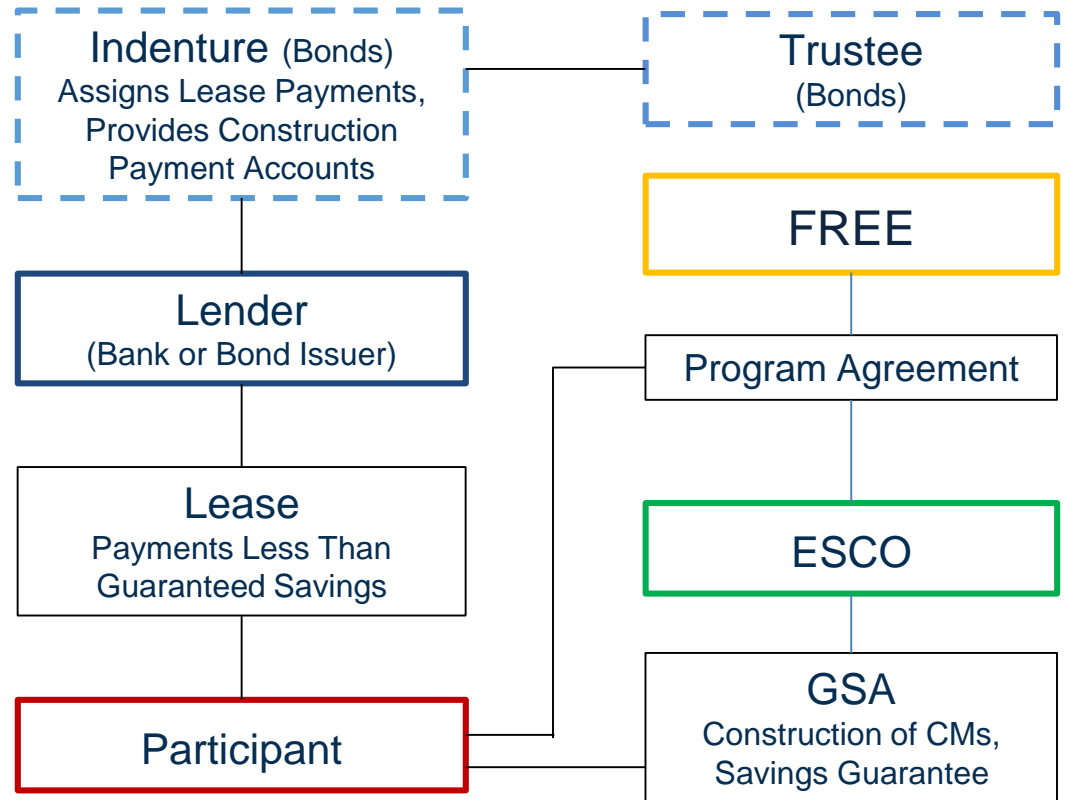


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PennSEF Financing Structure

1. Participant enters into Lease with the Issuer in which it agrees to make quarterly payments for installation of energy/water conservation measures (“CMs”).
2. Participant enters into a Guaranteed Savings Agreement (“GSA”) with an Energy Service Company (“ESCO”*), which constructs CMs and guarantees annual savings for the life of the agreement.
3. Participant and ESCO enter into Program Agreement and agree to report performance of the CMs and job creation.
4. Issuer issues bonds secured by payments under the Participants’ Leases.



* The term “ESCO” includes construction, engineering, energy service and other companies prepared to sign performance contracts in accordance with *PennSEF* Program requirements.



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