

**BOOK-ENTRY ONLY**

**NOT RATED**

**SUPPLEMENT**

Dated December 28, 2009

to

**PLACEMENT MEMORANDUM**

Dated July 27, 2000

Re: Berks County Industrial Development Authority  
Variable Rate Demand/Fixed Rate Revenue Bonds  
(KTB Real Estate Partnership Project),  
Series of 2000

CUSIP No. 084522 HB0

**Price of Bonds: 100%, plus accrued**

This is a Supplement to the Placement Memorandum dated as of July 27, 2000 (the "Placement Memorandum"), relating to the placement and remarketing, from time to time, of the Variable Rate Demand/Fixed Rate Revenue Bonds (KTB Real Estate Partnership Project), Series of 2000 (the "Bonds") of the Berks County Industrial Development Authority (the "Authority"). This Supplement is to be used only in conjunction with the Placement Memorandum and reference is made to the Placement Memorandum and to the Indenture (hereinafter defined) for a complete discussion of the terms and conditions of the Bonds, the security for the Bonds and the summaries of certain provisions of the Bonds, the Indenture and other documents. All summaries or descriptions of the provisions of the Bonds set forth in this Supplement and all other documents not purported to be quoted in full, are made subject to all the detailed provisions thereof, to which reference is hereby made for further information. Such summaries and descriptions are only brief outlines of certain of the provisions of such documents and materials, and do not purport to summarize or describe all of the provisions thereof.

Terms not otherwise defined in this Supplement shall have the meaning given to them in the Placement Memorandum and, if not defined therein, in that certain Trust Indenture, dated as of July 27, 2000 (the "Indenture") between the Authority and U.S. Bank National Association (successor trustee to First Union National Bank (the "Trustee"), as trustee.

A copy of the Indenture (and other documents related to the Bonds) may be obtained from the Remarketing Agent at Wachovia Bank, National Association, 301 South College Street, DC8, Charlotte, NC 28288-0600 (Telephone 704-383-6452), or from the Trustee at its corporate trust office at Two Liberty Place, 50 South 16th Street

- Suite 2000, Mail Station: EX-PA-WBSP, Philadelphia, Pennsylvania 19102 Attention: Corporate Trust Services.

**The Bonds.** The Bonds bear interest at the Floating Rate and shall continue to bear interest at the Floating Rate unless and until KTB Real Estate Partnership, a Pennsylvania limited partnership (the “Company”), exercises its option under the Indenture to convert the Bonds to the Fixed Rate.

**The Remarketing Agent.** Wachovia Bank, National Association (successor to First Union Securities, Inc.) (in such capacity, the “Remarketing Agent”), serves as the remarketing agent for the Bonds, and Wachovia Bank, National Association, in such capacity, has agreed to use its best efforts to remarket any Bonds tendered to the Trustee for purchase and otherwise carry out the duties of the Remarketing Agent under the Indenture.

**The Letter of Credit.** On January 4, 2010, the Company will cause a Substitute Letter of Credit to be delivered to the Trustee. Principal of and interest on the Bonds will be payable from funds drawn on an irrevocable Letter of Credit (the “Letter of Credit”) issued by

#### **MANUFACTURERS AND TRADERS TRUST COMPANY**

(in such capacity, the “Bank”).

As of its date of initial delivery, the Letter of Credit will be in the stated amount of \$1,691,380.82, and under its terms the Trustee is permitted to draw amounts sufficient to pay (a) up to an aggregate amount of \$1,660,000.00 to be used (i) to pay the principal of the Bonds when due upon maturity, redemption or acceleration of maturity, or (ii) to pay the portion of the purchase price allocable to the principal of the Bonds tendered to the Trustee for purchase in accordance with the optional and mandatory tender provisions of the Bonds and the Indenture, plus (b) an aggregate amount of \$31,380.82 to be used to pay up to 46 days’ accrued interest on the Bonds computed at the rate of 15% per annum, when due, or (ii) to pay the portion of the purchase price allocable to accrued interest on Bonds tendered to the Trustee for purchase in accordance with the optional and mandatory tender provisions of the Bonds and the Indenture. The Letter of Credit has an initial expiration date of August 2, 2012. The Letter of Credit may be replaced at a future date by a Substitute Letter of Credit, as more fully described in the Placement Memorandum and the Indenture.

The stated amount of the Letter of Credit will reduce automatically by the amount of any drawings. Reductions in the Stated Amount of the Letter of Credit will be automatically reinstated insofar as they relate to drawings for payment of interest on the Bonds or the portion of the purchase price representing interest on Bonds tendered or deemed tendered for purchase on an optional tender date or a mandatory tender date. Reductions in the Stated Amount of the Letter of Credit will be reinstated insofar as they relate to drawings for the portion of the purchase price representing the principal amount of Bonds tendered or deemed tendered for purchase on an optional tender date, so long as

no Event of Default, as defined in the Reimbursement Agreement (hereinafter defined), has occurred and is continuing, upon remarketing of such Bonds and reimbursement to the Bank from the proceeds of such remarketing.

If an event of default occurs under such Reimbursement Agreement, the Bank shall have the right to direct the Trustee to accelerate payment of the Bonds, in accordance with Section 8.02 of the Indenture.

For the complete terms of the Letter of Credit, see Appendix A – Form of Letter of Credit attached hereto.

**Loan Payments.** Principal of and interest on the Bonds will also be payable from and secured by payments to be made under the Loan Agreement by the Company, as described in the Placement Memorandum.

THE COMPANY IS OBLIGATED UNDER THE LOAN AGREEMENT TO MAKE PAYMENTS TO THE AUTHORITY OR THE TRUSTEE, AS ASSIGNEE OF THE AUTHORITY, IN RESPECT OF PRINCIPAL OF AND INTEREST ON THE BONDS. HOWEVER, THE BONDS ARE BEING REMARKETED ON THE BASIS OF THE FINANCIAL STRENGTH OF MANUFACTURERS AND TRADERS TRUST COMPANY, AS ISSUER OF THE LETTER OF CREDIT, AND NOT ON THE FINANCIAL STRENGTH OF THE AUTHORITY OR THE COMPANY OR ANY OTHER SECURITY. THIS SUPPLEMENT AND THE PLACEMENT MEMORANDUM DO NOT DESCRIBE THE FINANCIAL CONDITION OF THE AUTHORITY OR THE COMPANY AND NO REPRESENTATION IS MADE REGARDING THE SAME.

Information concerning Manufacturers and Traders Trust Company is included in Appendix B to this Supplement.

**Floating Rate Interest.** The Bonds bear interest at the Floating Rate, and will continue to bear interest at the Floating Rate until such time as the Company may exercise its option under the Indenture and the Loan Agreement to convert the interest rate on the Bonds to the Fixed Rate. As of the Remarketing Date, the Bonds will bear interest at the Floating Rate for the Weekly Period beginning on the preceding Thursday and ending on and including the following Wednesday. For each successive Weekly Period, the Remarketing Agent will establish the Floating Rate in accordance with the Indenture.

**The Reimbursement Agreement.** Under a Reimbursement Agreement, dated as of January 4, 2010, among the Company, Magnatech International, Inc. and Manufacturers and Traders Trust Company, as issuer of the Letter of Credit, the Company and Magnatech International, Inc. (collectively, the “Borrowers”) will agree to reimburse the Bank for amounts drawn under the Letter of Credit, plus interest, as applicable.

The Reimbursement Agreement establishes various representations, warranties and covenants of the Borrowers and establishes various events of default

thereunder, including, without limitation, the failure to comply with certain covenants, including but not limited to, the failure to comply with certain covenants relating to the facilities and the conduct of the Borrowers' business activities, the failure to pay to the Bank any sum due under the Reimbursement Agreement, or to comply with any other covenant thereunder, and certain events of bankruptcy or insolvency involving the Company.

The Reimbursement Agreement sets forth a number of events of default, including but not limited to the failure of the Borrowers to reimburse the Bank for any drawing under the Letter of Credit when due. The Bank may waive any event of default under the Reimbursement Agreement and the Borrowers and the Bank may alter or amend the events of default set forth in the Reimbursement Agreement without notice to or the consent of Holders of the Bonds.

Upon the occurrence and continuation of an event of default under the Reimbursement Agreement, the Bank may (a) declare all obligations of the Borrowers due under the Reimbursement Agreement to be immediately due and payable, and/or (b) exercise any and all other remedies it may have under the Reimbursement Agreement or the Indenture and any security or credit document delivered to the Bank or otherwise at law or in equity.

The terms of the Reimbursement Agreement and certain related documents may be modified, amended or supplemented by the Bank and the Company from time to time without giving notice to or obtaining the consent of the Bondholders. Any amendment, modification or supplement to the Reimbursement Agreement may contain amendments or modifications to the covenants of the Company or additional covenants of the Company and these amended or modified covenants may be more or less restrictive than those in effect at the date of issuance of the Bonds.

**The Trustee.** U.S. Bank National Association is the Trustee under the Indenture. The corporate trust office of the Trustee at which the Indenture is administered is located at Two Liberty Place, 50 South 16th Street - Suite 2000, Mail Station: EX-PA-WBSP, Philadelphia, Pennsylvania 19102 Attention: Corporate Trust Services. A successor trustee may be appointed in accordance with the terms of the Indenture. Subsequent to the date of remarketing of the Bonds, it is expected that Manufacturers and Traders Trust Company will be appointed as successor trustee under the terms of the Indenture. The corporate trust office of Manufacturers and Traders Trust Company at which the Indenture is expected to be administered is located at 213 Market Street, Harrisburg, Pennsylvania 17101 Attention: Corporate Trust Services.

## **PRIVATE PLACEMENT**

No dealer, broker, sales representative or other person has been authorized by the Authority, the Company, the Bank or the Remarketing Agent to give any information or to make any representation other than as contained in the Placement Memorandum as amended and supplemented by this Supplement, and, if given or made, such other information or representation must not be relied upon as having been

authorized by any of the foregoing. This Supplement to the Placement Memorandum does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Company or the Bank and other sources that are deemed to be reliable but is not guaranteed as to accuracy or completeness by the Remarketing Agent, and is not to be construed as a representation by the Remarketing Agent or, as to information from sources other than the Company, by the Company. The Authority has not furnished information for inclusion in this Supplement. The Bank has furnished the information contained in Appendix B.

The Placement Memorandum as amended and supplemented by this Supplement is not to be construed as a contract or agreement among the Authority and the purchasers or holders of any of the Bonds.

#### **No Involvement of the Authority**

**The Authority has not prepared or assisted in the preparation of this Supplement to the Placement Memorandum and is not responsible for any statements made herein, and will not participate in, or otherwise be responsible for, the remarketing of the Bonds described herein. Accordingly, the Authority disclaims responsibility for the disclosure set forth herein made in connection with the remarketing of the Bonds.**

#### **NO SECONDARY MARKET DISCLOSURE**

Neither the Authority, the Company nor the Bank has committed to provide ongoing disclosure concerning themselves, in reliance upon an exemption from the ongoing disclosure requirements contained in Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

#### **LEGAL MATTERS**

In connection with the delivery of the Letter of Credit of Manufacturers and Traders Trust Company, Stevens & Lee, a professional corporation, Reading, Pennsylvania, will render an opinion to the effect that (1) delivery of the Letter of Credit to the Trustee, as a Substitute Letter of Credit under the terms of the Indenture, is authorized under the terms of the Indenture and the Loan Agreement, and (2) the delivery of the Letter of Credit as a Substitute Letter of Credit will not adversely affect the exclusion of interest on the Bonds from gross income of the holders thereof for Federal income tax purposes. Such opinion will not constitute an opinion that the interest on the Bonds is excluded from gross income of the owners of the Bonds. See Appendix C to this Supplement for the substantial form of the opinion of Stevens & Lee, a professional corporation.

Reference is made to the heading “TAX EXEMPTION” in the Placement Memorandum for information regarding the opinion of bond counsel rendered by

Stevens & Lee, a professional corporation, Reading, Pennsylvania, at the time of original issuance of the Bonds.

No investigation has been undertaken by any person to determine whether any other action, or any failure to take action, on the part of the Authority, the Company or any other person, or any change in circumstances which may have occurred since the date of original issuance of the Bonds, has or may have adversely affected the exclusion of interest paid or payable on the Bonds from gross income of the owners of the Bonds for Federal income tax purposes.

Certain legal matters respecting the Letter of Credit and the Bank will be passed upon by Barley Snyder LLP, Lancaster, Pennsylvania. Certain legal matters respecting the Company will be passed upon by Stevens & Lee, a professional corporation, Reading, Pennsylvania, as counsel to the Company.

### **NO RATING**

Neither the Authority nor the Company has requested a rating for the Bonds.

### **MISCELLANEOUS**

This Supplement and the Placement Memorandum include only brief outlines of certain provisions of the Letter of Credit, the Indenture, the Loan Agreement, the Bonds and other materials. Such outlines do not purport to be complete and for full and complete statements of such provisions, reference is made to such instruments, documents and other materials, copies of which may be obtained from the Remarketing Agent or the Trustee. Terms used herein shall have the meanings specified within the Indenture unless the context otherwise requires.

Any statements made in this Supplement involving matters of opinion, whether or not expressly so stated, are set forth as such and not as representation of fact.

Use of the words “shall,” “will,” or “must” in summaries of documents in this Supplement or in the Placement Memorandum to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur, but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

The attached Appendices are an integral part of this Supplement and should be read in their entirety together with the foregoing information.

APPENDIX A

to

SUPPLEMENT

Dated December 28, 2009

to

PRIVATE PLACEMENT MEMORANDUM

Dated July 27, 2000

Re: Berks County Industrial Development Authority  
Variable Rate Demand/Fixed Rate Revenue Bonds  
(KTB Real Estate Partnership Project), Series of 2000

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FORM OF LETTER OF CREDIT

**IRREVOCABLE TRANSFERABLE LETTER OF CREDIT NO. SB-913270-0001**

**Beneficiary:**

U.S. Bank National Association  
Two Liberty Place  
50 South 16th Street, Suite 2000  
Mail Station: EX-PA-WBSP  
Philadelphia, PA 19102  
Attn: Ms. Stacy Mitchell

**Applicant:**

KTB Real Estate Partnership  
17 East Meadow Avenue  
Robeson, PA 19551

**Amount:** USD \$1,691,380.82

**Issue Date:** January 4, 2010

**Expiration Date:** August 2, 2012

Dear Sirs:

You, as Trustee under the Trust Indenture, dated as of July 27, 2000 (the "Bond Indenture" or the "Indenture"), by and between the Berks County Industrial Development Authority (the "Issuer") and U.S. Bank National Association, as successor to First Union National Bank, as Trustee (the "Trustee"), pursuant to which \$4,600,000 aggregate principal amount of Variable Rate Demand/Fixed Rate Revenue Bonds (KTB Real Estate Partnership Project) Series of 2000 (the "Bonds") have been issued by the Issuer, are hereby irrevocably authorized to draw on Manufacturers and Traders Trust Company pursuant to this Irrevocable Letter of Credit, for the account of the Issuer, available by one or more of your demands for payment upon the terms and conditions hereinafter set forth, an amount (subject to reinstatement as hereinafter set forth) not exceeding One Million Six Hundred Ninety-One Thousand Three Hundred Eighty and 82/100 Dollars (\$1,691,380.82) (such amount, as reduced and reinstated from time to time in accordance with the provisions hereof (the "Stated Amount"), of which (i) an amount not exceeding One Million Six Hundred Sixty Thousand and 00/100 Dollars (\$1,660,000.00) (as reduced and reinstated from time to time in accordance with the terms hereof, the "Principal Component"), may be drawn upon with respect to payment of the unpaid principal amount or the portion of Purchase Price corresponding to principal of the Bonds and (ii) an amount not exceeding Thirty-One Thousand Three Hundred Eighty and 82/100 Dollars (\$31,380.82) (representing 46 days of interest computed on the basis of a 365 or 366-day year, actual number of days elapsed and at the rate of 15% per annum as reduced and reinstated from time to time in accordance with the terms hereof, the "Interest Component") may be drawn with respect to payment of unpaid accrued interest, or the portion of the Purchase Price corresponding to interest, on the Bonds on or prior to their stated maturity date, effective immediately and expiring at 5:01 P.M. on August 2, 2012 (the "Expiration Date").



This Letter of Credit shall have an initial term (the “Initial Term”) beginning on the Issue Date hereof and ending on the Expiration Date.

Subject to the foregoing and the further provisions of this Letter of Credit, a demand for payment may be made by you under this Letter of Credit by presentation to us of an executed (A) written certificate in the form of Exhibit A attached hereto appropriately completed and signed by an Authorized Officer if the drawing is being made with respect to the payment of the portion of the Purchase Price of the Bonds delivered to the Tender Agent (as defined in the Indenture) pursuant to Section 5.01, 5.03 or 5.04 of the Indenture, corresponding to the principal thereof (an “A Drawing”); (B) written certificate in the form of Exhibit B attached hereto, appropriately completed and signed by an Authorized Officer, if the drawing is being made with respect to the payment of principal of the Bonds upon maturity or as a result of acceleration or redemption of the Bonds (a “B Drawing”); and (C) written certificate in the form of Exhibit C attached hereto, appropriately completed and signed by an Authorized Officer, if the drawing is being made with respect to the payment of interest, or the portion of Purchase Price corresponding to interest, on the Bonds (a “C Drawing”). Presentation of such certificate(s) shall be made in writing (including telecopier) at our office located at Manufacturers and Traders Trust Company, Attn: Letter of Credit Department, 25 South Charles Street, 11th Floor, Baltimore, MD 21201, telecopier number: 410-244-3986, or at any other office which may be designated by us by written notice delivered to you. All payments made by the Bank shall be made with its own funds.

Demand for payment may be made by you under this Letter of Credit on or prior to the Expiration Date at any time during our normal business hours of 9:00 A.M to 2:00 P.M. on a Business Day at the address at which your demand for payment(s) is (are) to be presented in accordance with the terms hereof. As used herein the term “Business Day” means any day other than (i) a Saturday or Sunday, (ii) a legal holiday on which banking institutions in the State of New York, the Commonwealth of Pennsylvania, the State of North Carolina, the City of New York, or the city in which the corporate trust office of the Trustee and the Tender Agent having responsibility for the administration of the Indenture or the principal office of the Bank (at its aforesaid counters in Baltimore, Maryland) are authorized or required by law to close or (iii) a day on which the New York Stock Exchange is closed. If your demand for payment conforming to the terms and conditions of this Letter of Credit is presented by you at or prior to 11:00 a.m. (Eastern Time) on a Business Day, such demand will be honored by us by 11:00 a.m. (Eastern Time) on the next succeeding Business Day. If your demand for payment conforming to the terms and conditions of this Letter of Credit is presented by you after 11:00 a.m. (Eastern Time) on a Business Day, such demand will be honored by us by 11:00 a.m. (Eastern Time) on the second succeeding Business Day. Payment of any demand indicating a payment date which is not a Business Day as defined herein will be effected the next succeeding Business Day. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice that the purported negotiation was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefore and that we are holding any documents at your disposal or are returning the same to you, as we may elect. Upon being notified that the purported negotiation was not

effected in conformity with this Letter of Credit, you may attempt to correct any such nonconforming demand for payment if, and to the extent that, you are entitled (without regard to the provisions of this sentence) and able to do so.

Demands for payment hereunder honored by us shall not, in the aggregate, exceed the Stated Amount, as the Stated Amount may have been reduced by us or reinstated by us as provided below. Subject to the reinstatement effected in accordance with the terms hereof, each "A Drawing" and each "B Drawing" honored by the Bank hereunder shall pro tanto reduce the Principal Component and each "C Drawing" honored by the Bank hereunder shall pro tanto reduce the Interest Component; any such reduction shall result in a corresponding reduction in the Stated Amount, it being understood that after the effectiveness of any such reduction you shall no longer have any right to make a drawing hereunder in respect of the amount of such principal and or interest on the Bonds or the payment of Purchase Price corresponding thereto.

Upon reimbursement to us from the proceeds of a remarketing of Bonds purchased with the proceeds of an "A Drawing" hereunder, or amounts paid by us pursuant to an "A Drawing" hereunder, the Principal Component shall be reinstated automatically by the amount of such reimbursement. Effective immediately upon any "C Drawing" which is honored by us, the amount drawn shall be automatically reinstated and restored to the Interest Component, provided that in no event shall the Interest Component be reinstated to an amount in excess of 46 days' interest (such amount computed as set forth in the third succeeding paragraph of this Letter of Credit) on the sum of the then applicable Principal Component plus the aggregate principal amount of any Pledged Bonds. The Principal Component and the Interest Component (and, accordingly, the Stated Amount) will be automatically and permanently reduced from time to time, in accordance with and as specified in an executed Certificate For "B Drawing" and Reduction of Stated Amount, appropriately completed, in the form attached hereto as Exhibit A and made a part hereof. The Interest Component (and, accordingly, the Stated Amount) will be automatically increased or decreased from time to time, upon delivery to you of an executed Certificate For Increase or Decrease Of Interest Component, appropriately completed, in the form attached hereto as Exhibit D and made a part hereof, by the amount specified by us in such Certificate. Any such increase or decrease in the Interest Component shall constitute an amendment to this Letter of Credit. Under no circumstances whatsoever shall we be obligated to increase the Stated Amount.

Only you as Trustee may make a drawing under this Letter of Credit. Upon the payment to you, to your designee or to your order of the amount specified in a demand for payment drawn, we shall not thereafter be obligated to make any further payments under this Letter of Credit with respect to such demand to you or any other person who may have made to you or makes to you a demand for payment of principal of, Purchase Price of, or interest on, any Bond. By paying to you an amount demanded in accordance therewith, we make no representation as to the correctness of the amount demanded.

Payments made by us hereunder will be made to you in immediately available funds and out of our funds.

This Letter of Credit applies only to the payment of principal or the portion of Purchase Price of the Bonds corresponding to the principal, provided, that any of the Bonds pledged to the Bank will not be entitled to the payment of principal with funds drawn hereunder until the principal amount of all other Bonds has been paid, and to pay up to \$31,380.82 which is 46 days' interest accruing on the Bonds (computed at a rate of 15% per annum on the basis of a 365-or 366-day year, actual days elapsed, notwithstanding the actual rate borne from time to time by the Bonds) and does not apply to any interest that may accrue thereon or any principal, or other amounts which may be payable with respect to the Bonds subsequent to the Expiration Date.

This Letter of Credit shall automatically terminate and be delivered to the Bank for cancellation, at 4:00 p.m. (Eastern Time) or as set forth below, on the date which is the earliest of (i) receipt of your certificate in the form of Exhibit E signed by an Authorized Officer and the honoring by us of the final drawing available to be made hereunder, (ii) two (2) Business Days after the date upon which we receive your certificate in the form of Exhibit E signed by an Authorized Officer with respect to receipt of a Substitute Letter of Credit or conversion of the Bonds to a fixed rate of interest, (iii) receipt of your certificate in the form of Exhibit E signed by an Authorized Officer to the effect that no Bonds remain outstanding under the Indenture, together with the Letter of Credit and (iv) 5:01 P.M., August 2, 2012, the stated Expiration Date. This Letter of Credit shall be promptly surrendered to us by you upon such termination.

Communications with respect to this Letter of Credit shall be in writing and shall be addressed to us at M&T Bank, Attn: Letter of Credit Dept., 25 South Charles Street, 11th Floor, Baltimore, MD 21201, specifically referring thereon to this Letter of Credit by number.

This Letter of Credit is transferable in its entirety (but not in part) to any transferee who has succeeded you as Trustee under the Indenture. We agree to issue a substitute Letter of Credit to any such successor trustee (and to successively replace any such substitute Letter of Credit) upon the return to us for cancellation of the original of the Letter of Credit to be replaced, accompanied by request relating to such Letter of Credit, which (i) shall be substantially in the form of Exhibit F attached hereto with the blanks appropriately completed, (ii) shall be signed by an Authorized Officer, (iii) shall specifically refer to the letter of credit numbers as the number of the letter of credit to be replaced and (iv) shall state the name and address of the successor trustee.

As used herein (a) "Authorized Officer" shall mean any person signing as one of your Vice Presidents, Assistant Vice Presidents, Trust Officers or Assistant Trust Officers and (b) "Purchase Price" shall mean the principal amount of, together with accrued interest on, any Bonds to be purchased in accordance with Section 5.01, 5.03 or 5.04 of the Indenture. Other capitalized terms used herein but not defined herein shall have the same meanings as in the Indenture or in the Reimbursement Agreement.

This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein (including, without limitation, the Bonds),

except only the certificate(s) referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as such certificate(s).

This Letter of Credit is subject to the International Standby Practices (ISP 98), International Chamber of Commerce Publication 590 (the "Uniform Customs"). This Letter of Credit shall be deemed to be made under the laws of the Commonwealth of Pennsylvania and shall, as to matters not governed by the Uniform Customs, be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

MANUFACTURERS AND TRADERS  
TRUST COMPANY

By: \_\_\_\_\_  
Name:  
Title:

EXHIBIT A

CERTIFICATE FOR "A DRAWING"

(Draws with respect to payment of Purchase Price of the Bonds  
pursuant to Mandatory and Option Tenders of the Bonds)

[Date]

Manufacturers and Traders Trust Company  
Attn: Letter of Credit Dept.  
25 South Charles Street, 11th Floor  
Baltimore, MD 21201

Re: Irrevocable Letter of Credit No. SB-913270-0001

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Trustee"), hereby certifies to Manufacturers and Traders Trust Company (the "Bank") with reference to the Bank's Irrevocable Letter of Credit No. SB-913270-0001 (the "Letter of Credit") (any capitalized terms used herein and not defined shall have its respective meaning as set forth in the Letter of Credit issued by the Bank in favor of the Trustee) that:

1. The Trustee is the Trustee under the Indenture for the holders of the Bonds.
2. The Trustee is making a drawing under the above-referenced Letter of Credit in the amount of \$\_\_\_\_\_ with respect to payment of the portion of the Purchase Price of Bonds corresponding to the principal amount thereof, which Bonds are to be purchased pursuant to Section 5.01, 5.03 or 5.04 of the Indenture.
3. The amount of the drawing under the above-referenced Letter of Credit does not exceed the Stated Amount or the amount available on the date hereof to be drawn under the above-referenced Letter of Credit in respect of the portion of the Purchase Price of Bonds corresponding to the principal amount thereof.
4. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will transfer such amount to the Tender Agent for the payment when due of the principal amount owing on account of the purchase of the Bonds pursuant to the Indenture, (b) no portion of said amount shall be applied by the undersigned for any other purpose and (c) no portion of said amount shall be commingled with other funds held by the undersigned.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate  
as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

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By:  
Title:

EXHIBIT B

CERTIFICATE FOR "B DRAWING" AND REDUCTION OF STATED AMOUNT

(Draws with respect to payment of principal at maturity, upon acceleration or upon partial redemption or redemption in whole)

[Date]

Manufacturers and Traders Trust Company  
Attn: Letter of Credit Dept.  
25 South Charles Street, 11th Floor  
Baltimore, MD 21201

Re: Irrevocable Transferable Letter of Credit No. SB-913270-0001

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Trustee"), hereby certifies to Manufacturers and Traders Trust Company (the "Bank") with reference to the Bank's Irrevocable Transferable Letter of Credit No. SB-913270-0001 (the "Letter of Credit") (any capitalized terms used herein and not defined shall have its respective meaning as set forth in the Letter of Credit issued by the Bank in favor of the Trustee) that:

1. The Trustee is the Trustee under the Indenture for the holders of the Bonds.
2. The Trustee is making a drawing under the above-referenced Letter of Credit in the amount of \$\_\_\_\_\_ with respect to payment of the principal of the Bonds, which amount has, or will, within five Business Days, become due and payable pursuant to the Indenture, upon maturity or as a result of acceleration or redemption of the Bonds.
3. The principal amount of the Bonds that is due and payable (whether at stated maturity or upon redemption) is \$\_\_\_\_\_.
4. The amount of the drawing under the above-referenced Letter of Credit does not exceed the Stated Amount or the amount available on the date hereof to be drawn under the above-referenced Letter of Credit in respect of the principal of the Bonds.
5. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will apply the same directly to the payment when due of the principal amount owing on account of the maturity, redemption or acceleration of the Bonds pursuant to the Indenture, (b) no portion of said amount shall be applied by the undersigned for any other purpose and (c) no portion of said amount shall be commingled with funds held by the undersigned.

6. 46 days' interest at the Maximum Rate (as defined in the Indenture) on the principal amount of the Bonds which has been redeemed as stated in paragraph 3 above is \$\_\_\_\_\_.
7. Accordingly, effective immediately upon your payment pursuant this Certificate, (i) the Principal Component is automatically and permanently reduced by the amount set forth in paragraph 2 above, and (ii) the Interest Component is automatically reduced by the amount set forth in paragraph 6 above.
8. Effective immediately, the Stated Amount of the Letter of Credit is \$\_\_\_\_\_, of which Stated Amount \$\_\_\_\_\_ represents the Principal Component and \$\_\_\_\_\_ represents the Interest Component.
9. No amendments have been made to any of the Bond Documents (as defined in the Reimbursement Agreement) without the Bank's prior written consent.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

\_\_\_\_\_  
By:  
Title:



EXHIBIT C

CERTIFICATE FOR "C DRAWING"

(Draws with respect to payment of accrued  
interest upon the Bonds)

[Date]

Manufacturers and Traders Trust Company  
Attn: Letter of Credit Dept.  
25 South Charles Street, 11th Floor  
Baltimore, MD 21201

Re: Irrevocable Transferable Letter of Credit No. SB-913270-0001

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Trustee"), hereby certifies to Manufacturers and Traders Trust Company (the "Bank") with reference to the Bank's Irrevocable Transferable Letter of Credit No. SB-913270-0001 (the "Letter of Credit") (any capitalized terms used herein and not defined shall have its respective meaning as set forth in the Letter of Credit issued by the Bank in favor of the Trustee) that:

1. The Trustee is the Trustee under the Indenture for the holders of the Bonds.
2. The Trustee is making a drawing under the above-referenced Letter of Credit in the amount of \$\_\_\_\_\_ with respect to payment of the [the portion of the Purchase Price of \$\_\_\_\_\_ in principal amount of the Bonds corresponding to the accrued interest thereon, which Bonds are to be purchased pursuant to Section 5.01, 5.03 or 5.04 of the Indenture] or [interest on the Bonds, which amount has accrued and become due and payable pursuant to the Indenture, upon a stated Interest Payment Date or as a result of acceleration or redemption of the Bonds].
3. The amount of the drawing under the above-referenced Letter of Credit does not exceed \$\_\_\_\_\_ (which represents no more than 46 days' interest accrued on the Bonds), the amount available on the date hereof to be drawn under the above-referenced Letter of Credit in respect of unpaid accrued interest on the Bonds or the portion of the Purchase Price corresponding to interest on the Bonds.
4. Upon receipt by the undersigned of the amount demanded hereby, (a) the undersigned will [apply the same directly to the payment when due of the interest owing on account of the Bonds pursuant to the Indenture] or [transfer such amount to the Tender Agent for the payment of the portion of the Purchase Price of Bonds pursuant to Section 5.01, 5.03 or 5.04 of

the Indenture corresponding to accrued interest thereon], (b) no portion of said amount shall be applied by the undersigned for any other purpose and (c) no portion of said amount shall be commingled with other funds held by the undersigned.

IN WITNESS WHEREOF, the Trustee has executed and delivered this Certificate as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

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By:  
Title:

EXHIBIT D

CERTIFICATE FOR [ ] INCREASE or [ ] DECREASE OF INTEREST  
COMPONENT

(Place an "X" in the appropriate space above)

Manufacturers and Traders Trust Company ("the Bank"), hereby certifies to U.S. Bank National Association, in its capacity as trustee (the "Trustee"), in connection with the Bank's Irrevocable Transferable Letter of Credit No. SB-913270-0001 (the "Letter of Credit") (any capitalized term used herein and not defined herein shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of the Trustee, that:

1. The Bank has approved [PLACE AN "X" IN THE APPROPRIATE SPACES]:

\_\_\_\_\_ An \_\_\_\_\_ increase or \_\_\_\_\_ decrease in the Maximum Rate (as defined in the Indenture).

\_\_\_\_\_ An \_\_\_\_\_ increase or \_\_\_\_\_ decrease in the number of days of accrued interest covered by the Letter of Credit.

2. The Maximum Rate in effect on the date of this Certificate is \_\_\_\_\_% per annum.
3. The number of days of accrued interest covered by the Letter of Credit on the day of this Certificate is \_\_\_\_\_ days.
4. \_\_\_\_\_ days' interest at the Maximum Rate set forth in paragraph 2 above on \$\_\_\_\_\_ which is the outstanding principal amount of the Bonds as of the date of this Certificate, is \$\_\_\_\_\_.
5. Accordingly, effective immediately, the Stated Amount of the Letter of Credit is \$\_\_\_\_\_, of which Stated Amount \$\_\_\_\_\_ represents the Principal Component and \$\_\_\_\_\_ represents the Interest Component.

Dated \_\_\_\_\_, 20\_\_

MANUFACTURERS AND TRADERS  
TRUST COMPANY

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By:  
Title:

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

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By:  
Title:

APPROVED:

KTB REAL ESTATE PARTNERSHIP

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By:  
Title:

EXHIBIT E  
TERMINATION CERTIFICATE

Manufacturers and Traders Trust Company  
Attn: Letter of Credit Dept.  
25 South Charles Street, 11th Floor  
Baltimore, MD 21201

Re: Irrevocable Transferable Letter of Credit No. SB-913270-0001

The undersigned, a duly authorized officer of U.S. Bank National Association (the "Trustee"), hereby certifies as follows to Manufacturers and Traders Trust Company as issuer of the above-referenced letter of credit (the "Letter of Credit").

1. All terms defined in the Letter of Credit are used herein with the same meanings.
2. The Trustee is the Trustee under the Indenture.
3. The Trustee hereby requests termination of the Letter of Credit submitted herewith for the following reason [state one of the following]:
  - a. The drawing under the above-referenced Letter of Credit is the final draft or demand to be drawn under the Letter of Credit and, upon the honoring of such draft or demand, the Trustee will surrender the Letter of Credit to the Bank for cancellation; or
  - b. The conditions precedent to the acceptance of a Substitute Letter of Credit have been satisfied and the Trustee has accepted the Substitute Letter of Credit; or
  - c. The Bonds have been converted to a fixed rate of interest in accordance with the Indenture; or
  - d. No Bonds remain Outstanding (as defined in the Indenture).

Dated \_\_\_\_\_, 20\_\_

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

\_\_\_\_\_  
By:  
Title:

EXHIBIT F  
TRANSFER CERTIFICATE

[DATE]

Manufacturers and Traders Trust Company  
Attn: Letter of Credit Dept.  
25 South Charles Street, 11th Floor  
Baltimore, MD 21201

Re: Irrevocable Letter of Credit No. SB-913270-0001

Gentlemen:

For value received, the undersigned beneficiary hereby irrevocably transfers to:

\_\_\_\_\_  
(Name of Transferee)

\_\_\_\_\_  
\_\_\_\_\_  
(Address)

all rights (in their entirety) of the undersigned beneficiary to draw under the above Letter of Credit.

The transferee has succeeded the undersigned as Trustee under the Indenture (as defined in the above Letter of Credit).

By this transfer, all rights of the undersigned beneficiary in the Letter of Credit are transferred to the transferee, and the transferee shall have the sole rights as beneficiary thereof, including sole rights relating to any amendments, whether increases or extensions or other amendments and whether now existing or hereafter made. All amendments are to be advised directly to the transferee without necessity of any consent of or notice to the undersigned beneficiary.

The Letter of Credit is returned herewith, and we ask you to endorse the transfer on the reverse thereof, and forward it directly to the transferee with your customary notice of transfer at which time (and not before) this transfer will become effective.

The individual signing below on our behalf hereby represents that he or she is duly authorized to so sign on our behalf.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION,  
Trustee

---

By:  
Title:

## APPENDIX B

to

### SUPPLEMENT

Dated December 28, 2009

to

### PRIVATE PLACEMENT MEMORANDUM

Dated July 27, 2000

Re: Berks County Industrial Development Authority  
Variable Rate Demand/Fixed Rate Revenue Bonds  
(KTB Real Estate Partnership Project), Series of 2000

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## MANUFACTURERS AND TRADERS TRUST COMPANY

The following description of the business of the Bank has been provided by the Bank.

Manufacturers and Traders Trust Company (the “Bank” or “M&T Bank”) is a New York commercial bank with its headquarters in Buffalo, New York and a regional office in Baltimore, Maryland. The Bank operates under a charter granted by the State of New York in 1892, and traces the continuity of its banking business to the organization of the Manufacturers and Traders Bank in 1856. At June 30, 2009, the Bank had total consolidated assets of \$68.7 billion, loans (net of unearned income) of \$51.9 billion, deposits of \$46.6 billion and stockholder’s equity of \$7.8 billion, and operated more than 800 banking offices and more than 1,900 ATMs throughout New York, Pennsylvania, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and New Jersey.

### **M&T Bank Corporation**

The Bank is a wholly owned subsidiary of M&T Bank Corporation (“M&T”). M&T is incorporated under the laws of New York and is registered as a bank holding company under the Bank Holding Company Act of 1956. Its principal subsidiary is the Bank, the assets of which accounted for approximately 99% of M&T’s consolidated total assets at June 30, 2009.

On May 23, 2009, M&T acquired Provident Bankshares Corporation, a Maryland-based bank holding company, and its principal subsidiary, Provident Bank of Maryland. As of March 31, 2009, Provident Bank had total consolidated assets of \$6.2 billion, loans (net of unearned income) of \$4.3 billion, deposits of \$4.8 billion and stockholder’s equity of \$467 million, and operated more than 140 banking offices and a network of ATMs in Maryland, Virginia and southern York County, Pennsylvania. As of the March 31, 2009, Provident Bank’s Tier 1 capital ratio was 6.37%, its total capital ratio was 8.35% and its leverage ratio was 7.10%. Additional information concerning the Provident acquisition is contained in M&T’s filings with the Securities Exchange Commission. See “Additional Information” below.



The ratings of Moody's Investors Service, Inc., Standard & Poor's Rating Services and Fitch Ratings on the obligations of M&T and M&T Bank as of October 1, 2009, were as follows. Moody's, Standard & Poor's and Fitch took actions regarding M&T and M&T Bank ratings during May and June 2009:

Moody's: Issuer rating for M&T, lowered from 'A2' to 'A3'; long-term deposit/short-term deposit/financial strength ratings for M&T Bank, lowered from 'A1/P1/B-' to 'A2/P1/C+', respectively; outlook is negative.

Standard & Poor's: Counterparty rating for M&T, 'A-'; long-term deposit/short-term deposit ratings for M&T Bank, 'A/A-1', respectively; all ratings were affirmed with a negative outlook and removed from Credit Watch.

Fitch Ratings: Long-term senior debt rating for M&T, 'A-'; long-term senior debt rating/long-term deposit rating for M&T Bank, 'A-/A'; short-term deposit rating for M&T Bank, 'F1'; outlook is negative.

### **Regulatory Considerations**

As a state-chartered member bank of the Federal Reserve System, the Bank is primarily regulated by the Board of Governors of the Federal Reserve System (the "Fed") and by the New York Superintendent of Banking. The Fed examines the Bank and supervises numerous aspects of the Bank's business and has the authority to prohibit the Bank from engaging in any activity, which, in the Fed's judgment, constitutes an unsafe or unsound practice. In addition, the deposits of the Bank are insured up to applicable limits by the Bank Insurance Fund of the Federal Deposit Insurance Corporation (the "FDIC"), and the Bank is subject to certain regulations of the FDIC, including insurance premium assessments.

Pursuant to certain provisions of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), if an insured depository institution becomes insolvent and the FDIC is appointed its conservator or receiver, the FDIC may, under FIRREA, disaffirm or repudiate any contract or lease to which such institution is a party, the performance of which is determined to be burdensome, and the disaffirmance or repudiation of which is determined to promote the orderly administration of the institution's affairs.

The Bank is subject to the Fed's capital adequacy guidelines. Under the guidelines, the minimum ratio of Tier 1 capital to risk-weighted assets is 4% and the minimum ratio of Tier 1 capital plus Tier 2 capital ("total capital") to risk-weighted assets is 8%. Tier 1 capital consists of common equity, retained earnings and a limited amount of non-cumulative perpetual preferred stock less goodwill and certain other adjustments. Tier 2 capital consists of other preferred stock, certain hybrid debt/equity instruments, a limited amount of term subordinated debt and a limited amount of the reserve for possible credit losses. The federal banking agencies maintain the risk-based capital standards in order to ensure that the standards take adequate account of interest rate risk, concentration of credit risk, the risk of nontraditional activities and equity investments in

non-financial companies, as well as reflect the actual performance and expected risk of loss on certain multifamily housing loans. The Fed has also adopted a minimum “leverage ratio” of Tier 1 capital to average total assets of 3.0%. Applicable regulations provide that most banks will be expected to maintain the minimum leverage ratio plus an additional 100 to 200 basis-point cushion. Failure to meet applicable capital guidelines could subject the Bank to a variety of enforcement remedies available to federal regulatory authorities. As of June 30, 2009, the Bank’s Tier 1 capital ratio was 7.19%, its total capital ratio was 10.94% and its leverage ratio was 7.36%, all of which exceeded the required capital ratios for classification as “well capitalized,” the highest classification under the regulatory capital guidelines.

The Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) subjects banks to significantly increased regulation and supervision. Among other things, FDICIA requires federal bank regulatory authorities to take “prompt corrective action” in respect of banks that do not meet minimum capital requirements. FDICIA establishes five capital tiers: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized. The three undercapitalized categories are based upon the amount by which a bank falls below the ratios applicable to adequately capitalized institutions.

Under FDICIA, a bank that is not well capitalized is generally prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market. In addition, pass-through insurance coverage may not be available for certain employee benefit accounts. Undercapitalized banks are subject to limitations on growth and the payment of dividends and are required to submit a capital restoration plan. If a bank fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized. Significantly undercapitalized banks are subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets, and cessation of receipt of deposits from correspondent banks. Critically undercapitalized banks (which are defined to include banks with positive net worth) are generally subject to the mandatory appointment of a conservator or receiver.

### **Available Information**

The Bank files quarterly reports called “Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices,” or “Call Reports,” with the FDIC. The Call Reports are publicly available at the FDIC, 550 17th Street, N.W., Washington, D.C. 20429, and are also available through the FDIC’s website at [www.fdic.gov](http://www.fdic.gov). Each Call Report consists of a balance sheet, income statement, changes in equity capital and other supporting schedules as of the end of the period to which the report relates. The Call Reports are prepared substantially in accordance with generally accepted accounting principles. While the Call Reports are supervisory and regulatory documents, not primarily accounting documents, and do not provide a complete range of financial disclosures about the Bank, they do provide important information concerning the financial condition of the Bank.

In addition, information regarding M&T's businesses, its financial condition and results of operations is contained in its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and other filings it makes with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended. Copies of these reports are available from the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 or over the Internet on the SEC's website at <http://www.sec.gov>.

The information contained in this Appendix relates to and has been obtained from the Bank. The delivery of this information shall not create any implication that there has been no change in the affairs of the Bank since the date of this Official Statement, or that the information contained or referred to above is correct as of any time subsequent to the date of this Official Statement.

The Placement Agent and its counsel and the Authority and its counsel, have not independently verified any financial information furnished by the Bank, nor have they ascertained the correctness, accuracy, or completeness of such information. In addition, they have not independently determined the financial position of the Bank or whether the Bank is or will be financially capable of fulfilling its obligations under the Letter of Credit. There can be no assurance that such information is indicative of the current financial position or future financial performance or financial condition of the Bank.

THE LETTER OF CREDIT IS AN UNSECURED OBLIGATION OF THE BANK. IT IS NOT A SAVINGS ACCOUNT, CHECKING ACCOUNT OR OTHER DEPOSIT ACCOUNT OBLIGATION OF THE BANK.

IN THE EVENT OF A DEFAULT BY THE BANK UNDER THE LETTER OF CREDIT, NO INSURANCE PROCEEDS FROM THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY, INSTRUMENTALITY OR AUTHORITY WOULD BE AVAILABLE TO PAY THE BONDS.

THE OBLIGATIONS OF THE BANK UNDER THE LETTER OF CREDIT ARE THE OBLIGATIONS OF THE BANK AND ARE NOT THE OBLIGATIONS OF THE AUTHORITY.

APPENDIX C

to  
SUPPLEMENT  
Dated December 28, 2009

to  
PRIVATE PLACEMENT MEMORANDUM  
Dated July 27, 2000

Re: Berks County Industrial Development Authority  
Variable Rate Demand/Fixed Rate Revenue Bonds  
(KTB Real Estate Partnership Project), Series of 2000

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SUBSTANTIAL FORM OF SPECIAL BOND COUNSEL OPINION

January 4, 2010

U.S. Bank National Association,  
as Trustee and Tender Agent  
Two Liberty Place  
50 South 16th Street - Suite 2000  
Mail Station: EX-PA-WBSP  
Philadelphia, PA 19102

Wachovia Bank, National Association,  
as Remarketing Agent  
Mail Code NC0600  
301 South College Street, DC8  
Charlotte, North Carolina 28288-0600

Berks County Industrial Development  
Authority  
Berks County Services Center  
633 Court Street - 14th Floor  
Reading, PA 19601

Re: Berks County Industrial Development Authority  
Variable Rate Demand/Fixed Rate Revenue Bonds  
(KTB Real Estate Partnership Project), Series of 2000

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Berks County Industrial Development Authority (the "Authority") of the above-captioned bonds (the "Bonds").

We are delivering this opinion at your request pursuant to the requirements of Section 4.07(ii) of the Loan Agreement (hereinafter defined) and in connection with the

delivery by Manufacturers and Traders Trust Company (the “Bank”) to the Trustee (as hereinafter defined) of its Irrevocable Direct-Pay Letter of Credit dated January 4, 2010 (the “Letter of Credit”), for the account of KTB Real Estate Partnership (the “Borrower”).

The Letter of Credit is being issued to provide security for the outstanding principal amount of and interest on, and the purchase price of, the Bonds. The beneficiary of the Letter of Credit is U.S. Bank National Association, as Trustee (the “Trustee”) under the Trust Indenture dated as of July 27, 2000 (the “Indenture”), between the Trustee and the Authority, pursuant to which the Bonds were issued by the Authority. The Letter of Credit is being issued and delivered to the Trustee as a Substitute Letter of Credit pursuant to the terms of the Indenture and Section 4.07 of the Loan Agreement dated as of July 27, 2000 (the “Loan Agreement”), by and between the Borrower and the Authority.

For the purposes of providing the opinions hereinafter expressed, we have reviewed (1) the Letter of Credit, (2) the Loan Agreement and (3) the Indenture. We have also reviewed the other documents delivered by, or to, the Bank at the closing with respect to the execution and delivery of the Letter of Credit. We have relied on the correctness of certificates furnished to us in connection with the issuance of the Letter of Credit. We have not conducted an independent investigation with respect to the items reviewed by us. Terms used in this opinion that are not otherwise defined herein but that are defined in the Indenture shall have the meanings given such terms in the Indenture unless the context in which they are used herein clearly requires otherwise.

Based on our review of the foregoing and subject to the qualifications, limitations and exceptions described herein, we are of the opinion, as of the date hereof, that:

2. The delivery of the Letter of Credit is authorized under the Loan Agreement and the Indenture and complies with the terms of the Loan Agreement.

3. The delivery of the Letter of Credit, pursuant to the provisions of the Indenture and the Loan Agreement, will not, in and of itself, cause the interest payable on the Bonds to be included in gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended.

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In connection with providing the foregoing opinion, we call to your attention that:

A. Without independent investigation or verification on our part, we have relied upon and assumed the following: (i) the authenticity of all documents, agreements and certificates reviewed by us purporting to be originals, executed counterparts or photocopies thereof, (ii) the conformity to original documents, agreements and certificates of all copies reviewed by us, (iii) the genuineness of all signatures, (iv) the accuracy, truthfulness and completeness of all documents, agreements and certificates as to the statements of fact therein contained reviewed by us and underlying the legal conclusions set forth herein, and (v) that the interest on the Bonds remains to date,

excludable from gross income for purposes of federal income taxation without regard to the delivery of the Letter of Credit. We have also assumed the legal capacity, authority and due and proper execution and delivery by the respective parties, that have made, executed or delivered, or will make, execute and deliver, the agreements, documents, certificates and opinions examined by us or upon which our assumptions and reliance are based.

B. We do not express any opinion herein, have undertaken no investigation of, or made any inquiry with respect to, compliance by any party with any requirements which were required to have been met on or after the date of issuance of the Bonds to assure that interest thereon is not and does not, become includable in gross income for federal income tax purposes. We express no opinion as to whether interest on the Bonds has been, is now or will be excludable from gross income for purposes of federal or state income taxation. Our opinion is confined solely to the effect of the delivery of the Letter of Credit pursuant to the provisions of the Indenture and the Loan Agreement, as expressed in paragraph 2 above.

C. In providing the opinion expressed in paragraph 2 above, we have not passed upon, have not independently verified, and do not assume any responsibility for, but rather have assumed the continuing correctness of, the opinion of Bond Counsel delivered in connection with the original issuance of the Bonds and the other opinions, certificates, documents, agreements and instruments delivered this day in connection with the issuance and delivery of the Letter of Credit.

D. We express no opinion regarding other federal income tax consequences arising with respect to the Bonds and the effects, if any, of other provisions of the Internal Revenue Code of 1986, as amended, which could result in collateral federal income tax consequences to certain holders of tax-exempt obligations as a result of adjustments in the computation of tax liability which are dependent on the interest on the Bonds being excludable from gross income for federal income tax purposes.

E. We assume no obligation to update or supplement our opinions contained herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

F. The opinions expressed herein are based upon our interpretation of, and are limited to, existing laws. It should be noted that we express no opinion as to: (i) the laws of any state or jurisdiction other than the Commonwealth of Pennsylvania, (ii) the laws of the United States, except as expressly indicated, and (iii) any matters pertaining or relating to federal securities laws or regulatory matters or the securities laws of the Commonwealth of Pennsylvania or any other state.

G. This opinion letter is provided solely for your benefit. No one else shall be entitled to rely on or to communicate this opinion letter in any way without the express written consent of the undersigned. This opinion letter speaks as of the date hereof and we assume no obligation to update or supplement our opinions contained herein to reflect

any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

STEVENS & LEE