

REMARKETING MEMORANDUM DATED NOVEMBER 29, 2011

NOT A NEW ISSUE
BOOK-ENTRY ONLY

RATING: MOODY's: A2/VMIG 1
(See "RATINGS" herein)

On December 8, 2005, Ballard Spahr LLP (formerly known as Ballard Spahr Andrews & Ingersoll, LLP), delivered its opinion in connection with the original issuance of the Bonds to the effect that, as of such date, (i) assuming compliance by the Issuer and the School with certain covenants and requirements of the Internal Revenue Code of 1986, as amended, interest on the Bonds is excludable from gross income for federal income tax purposes under existing law, as currently enacted and construed, (ii) interest on the Bonds is not an item of tax preference for purposes of either the individual or corporate alternative minimum taxes; however, interest on the Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations, and (iii) under the laws of the Commonwealth of Pennsylvania as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax. The inclusion of such opinion as Appendix B hereto is not to be considered as a re-issuance or update of such opinion as of the date hereof.

\$7,000,000

**Philadelphia Authority for Industrial Development
Revenue Bonds
(Chestnut Hill Academy) Series 2005**

Dated: Date of Delivery
First Interest Payment Date: January 3, 2012

CUSIP: 717818 Q50

Due: December 1, 2035

The Philadelphia Authority for Industrial Development (the "Issuer") issued its Revenue Bonds (Chestnut Hill Academy) Series 2005 (the "Bonds") on December 8, 2005 in the original principal amount of \$8,000,000, \$7,000,000 of which will be outstanding on the Remarketing Date (hereinafter defined). The Bonds were issued pursuant to a Trust Indenture dated as of December 1, 2005 between the Issuer and Wachovia Bank, National Association (now U.S. Bank National Association, as successor trustee) (the "Original Indenture"). The Original Indenture will be amended by a First Amendment thereto dated as of December 1, 2011, which will be effective on December 1, 2011. The Bonds are special limited obligations of the Issuer, the principal of, premium, if any, and the interest on which are payable solely out of the revenues derived from or in connection with a Loan Agreement between the Issuer and Chestnut Hill Academy (the "School") and, from December 1, 2011 (the "Remarketing Date") through the expiration date set forth below, from funds drawn under an irrevocable direct pay letter of credit (the "Letter of Credit") issued by

PNC Bank, National Association

Neither the credit nor the taxing power of the City of Philadelphia or the Commonwealth of Pennsylvania or of any political subdivision thereof is pledged for the payment of the Bonds; the Bonds are not and are not be deemed to be an obligation of the City of Philadelphia or of the Commonwealth of Pennsylvania or of any political subdivision thereof.

The Letter of Credit will permit U.S. Bank National Association, as trustee (the "Trustee"), to draw up to an amount sufficient to pay the principal or purchase price of the Bonds and up to 36 days' interest accrued thereon at a maximum rate of 12%, all as described in this Remarketing Memorandum. The Letter of Credit will expire on December 5, 2012, unless earlier terminated or extended as described in this Remarketing Memorandum. Unless the Letter of Credit is extended as described herein, the Bonds will be subject to mandatory purchase prior to its expiration.

Interest on the Bonds being remarketed pursuant to this Remarketing Memorandum is payable on January 3, 2012 and thereafter on the first Business Day of each calendar month, until maturity or earlier redemption at a Weekly Rate established by PNC Capital Markets LLC, as Remarketing Agent, in accordance with the procedures described herein. The interest rate mode may be changed from time to time to and from Weekly or Term Rates at the direction of the School as described herein. The Trustee will act as Paying Agent for the Bonds.

Bondholders have the right to tender their Bonds for purchase at the principal amount thereof, plus accrued interest, at the times and subject to the conditions described herein. Bondholders will be required to tender their Bonds for purchase at the direction of the Bank following the occurrence of an event of default under the Reimbursement Agreement described herein, upon conversion of the Bonds from one interest rate mode to a different interest rate mode, between Term Rates effective for different periods and on the interest payment date preceding the expiration or replacement of the Letter of Credit. Tendered Bonds may be remarketed and remain outstanding.

The Bonds were issued in the denominations of \$100,000 and whole multiples of \$5,000 in excess of \$100,000. The Bonds are held in the book-entry only system, registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which is acting as securities depository for the Bonds. Individual purchases of beneficial interests in the Bonds and tenders of Bonds for purchase will be made under DTC's book-entry only system. Purchasers of beneficial interests in the Bonds will not receive certificates representing their interests in the Bonds. See "THE BONDS - Book-Entry Only System" herein.

So long as Cede & Co. is the registered owner of the Bonds, payments of principal of and interest on the Bonds and purchase price of tendered Bonds will be paid through the facilities of DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the purchasers of beneficial interests in the Bonds is the responsibility of DTC participants and indirect participants, as more fully described herein.

The Bonds are subject to redemption prior to maturity as described herein.

THE BONDS ARE BEING MARKETED AND SOLD ON THE BASIS OF THE LETTER OF CREDIT AND THE FINANCIAL STRENGTH OF THE BANK AND NOT ON THE BASIS OF THE CREDIT OF CHESTNUT HILL ACADEMY OR OTHER SECURITY.

PRICE: 100%

Certain legal matters were passed upon in 2005 by Ballard Spahr LLP, Philadelphia, Pennsylvania, as Bond Counsel. Certain legal matters in connection with the remarketing will also be passed upon by Ballard Spahr LLP, Bond Counsel, Philadelphia, Pennsylvania; for the School by Ballard Spahr LLP, Philadelphia, Pennsylvania; and for the Remarketing Agent by Dilworth Paxson LLP, Philadelphia, Pennsylvania.



The Remarketing Agent has provided the following sentence for inclusion in this Remarketing Memorandum. The Remarketing Agent has reviewed the information in this Remarketing Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Remarketing Agent does not guarantee the accuracy or completeness of such information.

This Remarketing Memorandum is submitted in connection with the sale of the securities referred to herein, and may not be reproduced or be used, in whole or in part, for any other purpose. Neither the delivery of this Remarketing Memorandum nor any sale made hereunder shall under any circumstances at any time imply that the information herein is correct as of any time subsequent to its date.

No dealer, broker, salesman or any other person has been authorized to give any information or to make any representations other than those contained in this Remarketing Memorandum in connection with the offering described herein and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Remarketing Memorandum does not constitute an offer of any securities, or an offer to sell or a solicitation of any offer to buy, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The Bank has provided only the information with respect to itself and its affiliates set forth under the caption "CERTAIN INFORMATION CONCERNING THE BANK" in Appendix A and makes no representation or warranty, express or implied, as to the accuracy or completeness of any other information contained in this Remarketing Memorandum.

In making an investment decision, investors must rely on their own examination of Chestnut Hill Academy and the Bank and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

The order and placement of materials in the Remarketing Memorandum including the Appendices, are not to be deemed to be a determination of relevance, materiality, or importance, and this Remarketing Memorandum, including the appendices, must be considered in its entirety. The remarketing of the Bonds is made only by means of this entire Remarketing Memorandum.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS WHICH STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE BONDS.

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Appendix A - Certain Information Concerning the Bank

Appendix B – Text of Opinion of Bond Counsel Delivered upon Original Issuance of the Bonds

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REMARKETING MEMORANDUM – NOT A NEW ISSUE

\$7,000,000

**Philadelphia Authority for Industrial Development
Revenue Bonds
(Chestnut Hill Academy) Series 2005**

INTRODUCTORY STATEMENT

This Remarketing Memorandum is provided to furnish information in connection with the remarketing of the Philadelphia Authority for Industrial Development Revenue Bonds (Chestnut Hill Academy) Series 2005, in the aggregate principal amount of \$7,000,000 (the “Bonds”). The Bonds were issued in the original principal amount of \$8,000,000 pursuant to a Trust Indenture dated as of December 1, 2005 between the Philadelphia Authority for Industrial Development (the “Issuer”) and Wachovia Bank, National Association (now U.S. Bank National Association, as successor trustee) (the “Trustee”) (the “Original Indenture”). Under a Loan Agreement dated as of December 1, 2005 between Chestnut Hill Academy (the “School”) and the Issuer (the “Agreement”), the proceeds of the Bonds were used to pay (i) the costs of acquisition, construction, renovation, furnishing and equipping of capital facilities of the School located on its existing campus including renovation and expansion of the Dining Commons, demolition of the existing Woodward Gym and construction of a replacement gymnasium with ancillary and support space, construction of a storm water management system, sitework and landscaping improvements and building system upgrades, and (ii) the costs of issuance of the Bonds (the “Project”). Under the Agreement, the School agreed to make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds. Under the Indenture, the Issuer assigned certain rights under the Agreement to the Trustee, including the right to receive certain payments from the School.

Concurrently with the remarketing of the Bonds on December 1, 2011 (the “Remarketing Date”), the Original Indenture will be amended by a First Amendment thereto dated as of December 1, 2011, which will be effective on December 1, 2011 (the “First Amendment” and, together with the Original Indenture, the “Indenture”). The First Amendment, among other things, changes the method by which the interest rate for Bonds bearing interest at a Weekly Rate is determined if the Remarketing Agent (as defined herein) fails to determine the rate, and provides that notices of optional tender must be sent to the Paying Agent (as defined herein), as well as to the Remarketing Agent.

On the Remarketing Date, the School will cause to be delivered to the Trustee an irrevocable direct-pay Letter of Credit (the “Letter of Credit”) issued by PNC Bank, National Association (the “Bank”). Under the Letter of Credit, the Trustee will be permitted (and, under the Indenture, is directed) to draw up to (i) an amount sufficient to pay the principal of the Bonds (not exceeding \$7,000,000) when due at maturity, upon redemption or upon acceleration, or the portion of the purchase price of Bonds tendered to the Trustee and not remarketed equal to the principal amount of such Bonds, plus (ii) an amount equal to up to 36 days’ interest accrued on the Bonds computed at a maximum rate of 12% per annum. The expiration date of the Letter of Credit is December 5, 2012, unless terminated or extended as described under “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT.” The Letter of Credit may be replaced by an alternate credit facility and the Letter of Credit or alternate credit facility may be cancelled or terminated prior to its expiration date as described herein under “THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT.” If the Letter of Credit is terminated or expires or is replaced by an alternate credit facility, the Bonds will be subject to mandatory tender for purchase, as described under “THE BONDS.” The Letter of Credit will be issued pursuant to a Reimbursement, Credit and Security Agreement, dated as of December 1, 2011 (the “Reimbursement Agreement”), among the Bank and the School, Springside School and Springside Chestnut Hill

Corporation, as co-borrowers. As used herein, the term “Letter of Credit” means the Letter of Credit delivered by PNC Bank, National Association on the Remarketing Date or any alternate credit facility (including any irrevocable letter of credit, surety bond, insurance policy or other similar instrument) satisfying the requirements of the Indenture, the term “Bank” means the issuer of the Letter of Credit then in effect and the term “Reimbursement Agreement” means the Reimbursement Agreement or any other agreement pursuant to which the Letter of Credit then in effect is issued, in each case unless the context clearly requires otherwise.

Commencing on the Remarketing Date, the Bonds will accrue interest at the Weekly Rate, determined by the Remarketing Agent, PNC Capital Markets LLC (together with its successors, the “Remarketing Agent”). The Indenture permits the School, at its election, to convert the interest rate mode for the Bonds to and from Weekly Rates or Term Rates.

THE BONDS ARE BEING MARKETED AND SOLD ON THE BASIS OF THE LETTER OF CREDIT AND THE FINANCIAL STRENGTH OF THE BANK AND NOT ON THE BASIS OF THE CREDIT OF THE SCHOOL OR OTHER SECURITY.

Brief descriptions of the Issuer, the School, the Bonds, the Letter of Credit, the Agreement, the Indenture and the Reimbursement Agreement are included in this Remarketing Memorandum. Those descriptions and summaries do not purport to be comprehensive or definitive. Certain information relating to The Depository Trust Company (“DTC”) and the book-entry only system has been furnished by DTC. A brief description of the Bank is included in Appendix A. Appendix B to this Remarketing Memorandum contains the text of the opinion of Bond Counsel delivered in connection with the original issuance and delivery of the Bonds. The descriptions of the Bonds and other documents are qualified in their entirety by reference to them. Copies of documents relating to the Bonds may be obtained at the corporate trust office of the Trustee in Philadelphia, Pennsylvania.

THE ISSUER

Organization

The Issuer is a public instrumentality of the Commonwealth and a body corporate and politic, created by the City of Philadelphia (the “City”) pursuant to the Pennsylvania Economic Development Financing Law (the “Act”), for the purpose of acquiring, holding, constructing, improving, maintaining, operating, owning, financing and leasing, either in the capacity of lessor or lessee, industrial, commercial or specialized development projects, all as permitted under the Act. A Certificate of Incorporation was issued to the Issuer by the Secretary of the Commonwealth on December 27, 1967. A Certificate of Amendment evidencing the amendment of the Issuer’s Articles of Incorporation, extending the term of existence of the Issuer, was filed on September 21, 2011. The Issuer’s existence will continue for 50 years from September 21, 2011.

Board of the Issuer

The governing body of the Issuer is a board consisting of five members appointed by the Mayor of the City. Members of the Issuer’s board serve at the pleasure of the Mayor. The following persons are the present members and certain of the officers of the Issuer.

<u>Name</u>	<u>Position</u>
James F. McManus	Chairman
Thomas A.K. Queenan.....	Vice Chairman
Evelyn F. Smalls	Treasurer
David L. Hyman, Esquire	Member
Harold B. Yaffe, DDS.....	Member

Financing Program of the Issuer

The Issuer has a number of special obligation bond and note issues outstanding and may issue others from time to time. Each such issue is payable solely from revenues derived from the project being financed, from special funds established therefor or from other financing arrangements, is separately secured and is separate and independent from the Bonds as to sources of payment and security.

The Issuer has experienced defaults with respect to certain obligations issued by it by reason of nonpayment of debt service by the party receiving financing through the Issuer. However, the Bonds are payable solely from the funds pledged under the Agreement and any other obligations issued by the Issuer are payable solely from the funds specifically pledged for the payment of such other obligations. Accordingly, a default on another issue of obligations issued by the Issuer would not constitute a default on the Bonds. The Issuer may from time to time enter into further transactions with other entities in connection with projects unrelated to the project being financed by the Bonds. Such transactions will provide for the issuance of bonds or notes to be secured by separate sources of revenues or other security.

At the time of the original delivery of the Bonds, the Issuer confirmed the assignment of its rights under the Agreement to the Trustee (subject to certain reserved rights).

Certain Other Activities

In addition to its financing activities and as part of its economic development activities for the City, the Issuer owns and manages certain industrial and commercial parks in the City of Philadelphia. The City transferred to the Issuer legal title to certain vacant land available for development in several industrial parks. The Issuer also holds legal title to substantially all of the land and buildings comprising the Philadelphia Naval Business Center, which represents the largest portion of the former Philadelphia Naval Shipyard previously owned and operated by the United States Department of Defense.

THE ISSUER HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS REMARKETING MEMORANDUM, EXCEPT THE STATEMENTS UNDER THIS SECTION AND UNDER THE HEADING “LEGAL MATTERS” BELOW IN RESPECT OF THE ISSUER AND, EXCEPT AS TO THOSE STATEMENTS, THE ISSUER IS NOT RESPONSIBLE FOR, AND DOES NOT REPRESENT OR WARRANT IN ANY WAY THE ACCURACY OR COMPLETENESS OF, ANY INFORMATION OR ANY STATEMENTS MADE HEREIN. ACCORDINGLY, EXCEPT AS AFORESAID, THE ISSUER DISCLAIMS RESPONSIBILITY FOR THE DISCLOSURE SET FORTH HEREIN MADE IN CONNECTION WITH THE OFFER, SALE AND DISTRIBUTION OF THE BONDS.

The Issuer’s address is 2600 Centre Square West, 1500 Market Street, Philadelphia, Pennsylvania 19102-2126.

THE SCHOOL

The School, originally founded in 1861, is a pre-K to 12 college preparatory boys' school. The School follows a traditional liberal arts and broad-based academic curriculum, where each boy is exposed to a wide variety of disciplines, programs, activities and opportunities. This approach is balanced with an understanding of what is best for boys, fully integrated and complementary technology, and knowledge of the latest research in current teaching methods. The School provides a developmentally appropriate and academically challenging program across all divisions (lower, middle and upper schools).

The School has a current enrollment of approximately 491 boys and young men in its lower, middle and upper schools. A board of trustees of up to 38 members governs the School; there are currently 38 members of the School's board of trustees. The campus consists of five buildings situated on 25 acres located on West Willow Grove Avenue in Philadelphia, Pennsylvania.

The School has developed a long-term strategic plan for continued growth and expansion of its campus and educational programs. A \$30 million capital campaign, completed two years ago, provided funds for construction of a commons building, an academic science building, a field house and gymnasium, storm water management improvements and endowment. Currently the school is developing a Master Plan to determine its needs over the next five to ten years.

The School is adjacent to Springside School, a pre-K to 12 college preparatory girls' school with a current enrollment of approximately 638 girls and young women in its lower, middle and upper schools. After 50 years of conducting a co-educational program for students in grades 9-12, the boards of trustees of both schools voted in June 2010 to combine their operations under a new organization to be known as Springside Chestnut Hill Academy. While the School and Springside School retain their separate corporate identities, boards of trustees and properties, Springside Chestnut Hill Academy is the sole member of each of the two schools and as such has the power directly or indirectly to appoint their boards and officers and to provide overall governance. Today Springside Chestnut Hill Academy oversees a school of five divisions—a Lower School for Girls, a Lower School for Boys, a Middle School for Girls, a Middle School for Boys and a Co-ed Upper School, with a single faculty, one President, one Head of School and a single business office. There are a total of 1129 students. Springside School and Springside Chestnut Hill Academy are not borrowers under the Agreement and have no obligations with respect to the Bonds.

THE PROJECT

Proceeds of the Bonds were used to pay (i) the costs of acquisition, construction, renovation, furnishing and equipping of capital facilities of the School located on its existing campus including renovation and expansion of the Dining Commons, demolition of the existing Woodward Gym and construction of a replacement gymnasium with ancillary and support space, construction of a storm water management system, sitework and landscaping improvements and building system upgrades, and (ii) the costs of issuance of the Bonds.

THE BONDS

General

The Bonds were issued on December 8, 2005 in the aggregate principal amount of \$8,000,000, of which \$7,000,000 will be outstanding on the Remarketing Date. The Bonds bear interest from the Remarketing Date and thereafter, from and including the most recent date to which interest has been paid, and mature on December 1, 2035 (the "Maturity Date"). The Bonds are subject to redemption and

mandatory tender for purchase as set forth below. The Bonds initially bear interest after the Remarketing Date at Weekly Rates as described below. Interest is payable on the first Business Day of each calendar month, commencing January 3, 2012.

During any Weekly Rate Period the Bonds are issuable in authorized denominations of \$100,000 or any whole multiple of \$5,000 in excess of \$100,000. During any Term Rate Period, the Bonds are issuable in authorized denominations of \$5,000 or any whole multiple thereof.

The Bonds were issued in book-entry only form to DTC or its nominee, Cede & Co., and are held in DTC's book-entry only system. So long as the Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner of the Bonds for all purposes of the Indenture, the Bonds and this Remarketing Memorandum. For purposes of this Remarketing Memorandum, DTC or its nominee, and its successors, are referred to as the "Securities Depository." See "THE BONDS-Book-Entry Only System," below.

U.S. Bank National Association is the Trustee under the Indenture and also is the Bond Registrar, Authenticating Agent and Paying Agent for the Bonds.

PNC Capital Markets LLC has been appointed under the Indenture to serve as Remarketing Agent for the Bonds. The Remarketing Agent may resign or be removed and a successor Remarketing Agent may be appointed in accordance with the terms of the Indenture and the Remarketing Agreement between the Remarketing Agent and the School.

Security

Payment of the principal of and premium, if any, and interest on the Bonds is secured by an assignment by the Issuer to the Trustee of the Issuer's interest in the Agreement and all payments to be made under the Agreement (except for certain payments to the Issuer, including payments in respect of certain reimbursable expenses and indemnities). The Bonds are also payable from amounts drawn under the Letter of Credit. The Bonds are not be secured by a mortgage or a security interest in any property of the School.

THE BONDS ARE A LIMITED OBLIGATION OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE SOURCES REFERRED TO HEREIN. NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY OF PHILADELPHIA OR THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE BONDS. THE BONDS ARE NOT AND ARE NOT BE DEEMED TO BE AN OBLIGATION OF THE CITY OF PHILADELPHIA OR OF THE COMMONWEALTH OF PENNSYLVANIA OR OF ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.

Interest on the Bonds

The Bonds bear interest at a Weekly Rate or Term Rate as designated by the School (and further described below) and the interest rate will be determined by the Remarketing Agent as the rate of interest which in its judgment would cause the Bonds to have a market value, as of the date of determination, equal to the principal amount of the Bonds, taking into account prevailing market conditions; provided that so long as a Letter of Credit is in place, the interest rate borne by the Bonds shall not exceed the lesser of (i) 15%, and (ii) the maximum interest rate with respect to the Bonds specified in the Letter of Credit (12% in the Letter of Credit issued by PNC Bank, National Association). The Bonds initially will bear interest at a Weekly Rate.

Interest on the Bonds is calculated on the basis of (i) a 365- or 366-day year, as appropriate, for the actual number of days elapsed based on the calendar year in which the Weekly Rate Period commences, during Weekly Rate Periods, and (ii) a 360-day year of twelve 30-day months while the Bonds bear interest at a Term Rate.

Interest on the Bonds will be paid to the registered owner as of the Regular Record Date in immediately available funds by wire transfer on the Interest Payment Date. If any payment on the Bonds is due on a non-Business Day, it will be made on the next Business Day, and no additional interest will accrue as a result.

Payment of defaulted interest will be made to holders of record on a special record date to be fixed by the Trustee, such date being no more than fifteen or fewer than ten days preceding the payment date.

“Business Day” means any day other than a (i) Saturday or Sunday or legal holiday or a day on which banking institutions in the City of New York, New York or in the cities in which the Principal Offices of the Trustee or the Paying Agent or the office of the Bank at which drawing documents are required to be presented under the Letter of Credit are located are authorized or required by law or executive order to close, or (ii) day on which the New York Stock Exchange is closed.

“Interest Payment Date” means when used with respect to (i) Bonds accruing interest at Weekly Rates, the first Business Day of each calendar month following a month in which interest at such rate has accrued; (ii) Bonds accruing interest at a Term Rate, the first day of the sixth calendar month following the month in which the date of a conversion to a Term Rate occurs and the first day of each sixth month thereafter to which interest at such rate has accrued, except that the last Interest Payment Date for any Term Rate Period which is followed by a Weekly Rate Period will be the first Business Day of the sixth month following the preceding Interest Payment Date; and (iii) the maturity date.

“Regular Record Date” means the close of business on either (i) the day (whether or not a Business Day) immediately preceding an Interest Payment Date in the case of Bonds accruing interest at Weekly Rates or (ii) the fifteenth day (whether or not a Business Day) of the calendar month immediately preceding the Interest Payment Date in the case of Bonds accruing interest at Term Rates.

Weekly Rate. When interest on the Bonds is payable at a Weekly Rate, the Remarketing Agent will set a Weekly Rate at or before 10:00 a.m., New York City time, on the commencement date of a Weekly Rate Period and each Thursday thereafter during which the Bonds bear interest at a Weekly Rate. For the first week or portion thereof the Bonds bear interest at a Weekly Rate, the Weekly Rate will be effective from the first day the Bonds bear interest at the Weekly Rate through the immediately succeeding Wednesday. Thereafter, the Weekly Rate will be effective from each Thursday through the immediately succeeding Wednesday or, if earlier, the day before the effective date of a new method of determining the interest rate on the Bonds. The School may, by notifying the Issuer, the Trustee and the Remarketing Agent, change the commencement date and ending date of the Weekly Rate Period.

Term Rate. If the Bonds are converted to a Term Rate, the Term Rate will be determined as provided in the Indenture.

Failure of Remarketing Agent to Announce Interest Rates on the Bonds. In the event that the Remarketing Agent fails to set a rate for any Interest Rate Period or the Remarketing Agent has resigned or been removed and a successor Remarketing Agent has not been appointed by the School, (i) if the Bonds accrue interest at a Weekly Rate, the interest rate shall be the SIFMA Index plus 100 basis points if interest on the Bonds is not included in a taxpayer’s income for purposes of calculating the alternative

minimum tax (“AMT”) or the SIFMA Index plus 150 basis points if interest on the Bonds is included in a taxpayer’s income for purposes of calculating the AMT, and (ii) if the Bonds accrue interest at a Term Rate, the interest rate then in effect will automatically be converted to Weekly Rates. The setting of the rates and the calculation of interest payable on the Bonds as described above will be conclusive and binding on the owners of the Bonds, the Issuer, the School, the Paying Agent and the Trustee.

“SIFMA Index” means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry and Financial Markets Association (“SIFMA”), or any person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the Remarketing Agent, and effective from such date. If such index is no longer published or otherwise not available, the SIFMA Index means the S&P Weekly High Grade Index. If at any time neither such index is available, the Trustee shall use instead an index that the Remarketing Agent, after consultation with the original underwriter of the Bonds, determines most closely approximates the SIFMA Index.

Conversion Between Interest Rate Periods

The School may elect to convert the Interest Rate Periods on all outstanding Bonds by notifying the Trustee, the Bank and the Remarketing Agent. Such notice must be given not fewer than 7 Business Days prior to the date notice to Bondholders must be given of the proposed conversion from a Weekly or Term Rate Period.

Limitations on Conversions Between Interest Rate Periods. Any conversion of Interest Rate Periods on the Bonds must comply with the following:

(i) If the conversion is from a Weekly Rate Period, the Conversion Date must be an Interest Payment Date on which interest is payable for the Weekly Rate Period from which the conversion is made;

(ii) If the conversion is from a Term Rate Period, the Conversion Date may be any date on which the Bonds are also subject to optional redemption (see “THE BONDS — Redemption- Optional Redemption During Term Rate Period”);

(iii) If the conversion is from a Weekly Rate Period to a Term Rate Period, or from a Term Rate Period to a Weekly Rate Period or to a Term Rate Period of a different duration, the Trustee must have been provided, no later than one day before the Conversion Date, with a Favorable Opinion of Bond Counsel (as defined in the Indenture) with respect to such conversion;

(iv) If a Letter of Credit will be held by the Trustee after the Conversion Date, such Letter of Credit (A) must cover the principal of and interest (computed on the basis of a 365-day year in the case of conversion to a Weekly Rate Period, and on the basis of a 360-day year consisting of twelve 30-day months in the case of conversion to a Term Rate Period) which will accrue on the outstanding Bonds for 36 days in the case of conversion to a Weekly Rate Period, and 185 days in the case of conversion to a Term Rate Period, plus, in each case, the number of days, if any, allowed for reinstatement of interest under the Letter of Credit (in the case of the Letter of Credit issued by PNC Bank, National Association, one day) and (B) in the case of conversion to a Term Rate Period, must (i) extend for a period which shall not end on a date that is earlier than the first date on which the Bonds can be called for optional redemption plus five days, and (ii) cover the premium, if any, which would be included in the Purchase Price upon mandatory purchase of the Bonds as described below under “Mandatory Tender - Mandatory Tender Prior to Expiration or Replacement of Letter of Credit” if such Letter of Credit were not extended beyond the Expiration Date set forth therein; and

(v) If a Letter of Credit is then in effect and the Purchase Price determined as described below under “Mandatory Tender- Mandatory Tender upon a Conversion between Interest Rate Periods for the Bonds” payable on the Conversion Date includes any premium, the Trustee must receive, prior to the date on which notice of conversion is required to be given to the registered owners of the Bonds, written confirmation from the Bank that it can draw under the Letter of Credit on the proposed Conversion Date in an aggregate amount sufficient to cover such premium.

Notice of Conversion between Interest Rate Periods. When a conversion between Interest Rate Periods is to be made, the Trustee is required to give notice by first class mail of the proposed conversion to the registered owners of Bonds bearing interest at Weekly Rates not less than 15 days before the proposed Conversion Date and to registered owners of Bonds accruing interest at a Term Rate not less than 30 days before the proposed Conversion Date. Among other requirements set forth in the Indenture, such notice must state that the Bonds will be subject to mandatory tender for purchase on the date of conversion.

Optional Tender

The owner of any Bond bearing interest at Weekly or Term Rates may elect to have its Bond (or portion thereof in an authorized denomination) purchased at a Purchase Price equal to 100% of the principal amount thereof plus accrued interest as described below:

Weekly Rate Tender. Bonds bearing interest at Weekly Rates may be tendered for purchase on any Business Day prior to conversion from a Weekly Rate Period to a different rate period upon written or electronic notice of tender to the Paying Agent and the Remarketing Agent, not later than 5:00 p.m., New York City time, on a Business Day not fewer than seven days prior to the date of purchase.

Term Rate Tender. Bonds bearing interest at a Term Rate may be tendered for purchase in accordance with the Indenture.

Provisions Applicable to Optional Tenders. Delivery of a Beneficial Owner’s Bond bearing interest at a Weekly Rate while Cede & Co. is the sole registered owner of the Bonds shall occur when the ownership rights in such Bond are transferred by a Direct Participant (as such term is defined below) on DTC’s records. When a book-entry system is not in effect, a holder of a Bond bearing interest at a Weekly Rate may tender the Bond (or portions thereof in an authorized denomination) by delivering the notice described above in the two preceding paragraphs, as applicable, and by delivering the Bond to the Paying Agent on the Purchase Date by 12:00 noon, New York City time.

Payment of the Purchase Price of Bonds to be purchased upon optional tender as described herein will be made by the Paying Agent to the registered owner of the Bond by 2:30 p.m., New York City time, on the date of purchase in immediately available funds (or by wire transfer).

Mandatory Tender

Bonds are subject to mandatory tender for purchase at a Purchase Price equal to 100% of the principal amount of such Bond (or portion in an authorized denomination) plus accrued interest, if any, to the Purchase Date, plus premium, if any, as described below, as follows:

Mandatory Tender upon a Conversion between Interest Rate Periods for the Bonds. Bonds to be converted from one Interest Rate Period to a different Interest Rate Period or from a Term Rate Period to a Term Rate Period of different duration, are subject to mandatory tender for purchase on the date of conversion.

Mandatory Tender Prior to Expiration or Replacement of Letter of Credit. The Bonds are subject to mandatory tender for purchase (i) on the Interest Payment Date that is at least two Business Days next preceding the expiration date of the current Letter of Credit, unless at least 25 days (or such shorter period, not less than 12 days, as shall be acceptable to the Trustee) prior to such Interest Payment Date the Trustee has received notice from the Bank that the term of the Letter of Credit has been extended and (ii) on any Interest Payment Date on which the current Letter of Credit is replaced with an alternate credit facility.

Mandatory Tender upon Direction of the Bank. The Bonds are subject to mandatory tender for purchase at a Purchase Price equal to 100% of the principal amount thereof plus accrued interest on the fourth Business Day after receipt by the Trustee of a written notice from the Bank stating that an event of default has occurred under the Reimbursement Agreement and directing that all of the Bonds are required to be tendered for purchase.

The Paying Agent shall give notice of such mandatory tender for purchase to the registered owners of Bonds by first class mail, not less than 10 days (two Business Days, in the case of mandatory tender upon direction of the Bank) before the mandatory tender date. If the Bonds are in certificated form, such notice shall include information with respect to required delivery of Bond certificates and payment of the Purchase Price.

Provisions Applicable to Mandatory Tenders. Delivery of a Beneficial Owner's Bond bearing interest at a Weekly Rate while Cede & Co. is the sole registered owner of the Bonds shall occur when the ownership rights in such Bond are transferred by a Direct Participant on DTC's records (as these terms are defined below). When a book-entry system is not in effect, a holder of a Bond bearing interest at a Weekly Rate must deliver the Bond to the Paying Agent on the Purchase Date by 12:00 noon, New York City time.

Payment of the Purchase Price of Bonds to be purchased upon mandatory tender as described herein will be made by the Paying Agent in immediately available funds by 2:30 p.m., New York City time, on the date of purchase.

Irrevocability; Undelivered Bonds

The giving of notice of tender by a Bondholder as described above constitutes the irrevocable tender for purchase of each Bond for which such notice was given, irrespective of whether the Bond is delivered. The determination of the Paying Agent as to whether a notice of tender has been properly delivered will be conclusive and binding upon the Beneficial Owners.

If a book-entry system is not in effect, if the registered owner has elected to tender any Bond for purchase, or if any Bond is subject to mandatory tender for purchase, and if in either case the Paying Agent is in receipt of an amount sufficient to pay the Purchase Price, then such Bond (or portion) will be deemed purchased on the Purchase Date, and ownership of such Bond (or portion) shall be transferred to the purchaser thereof. Any registered owner who fails to deliver such Bond for purchase will not be entitled to any payment other than the Purchase Price for such Bond upon surrender of such Bond to the Paying Agent, and such Bond will no longer be outstanding and entitled to the benefits of the Indenture, except for the payment of the Purchase Price of such Bond from moneys held by the Paying Agent for such payment upon presentation and surrender of the Bond. Moneys which remain unclaimed two years after the due date will, at the request of the School, and if the School is not, at the time, to the knowledge of the Trustee, in default with respect to any covenant in the Agreement or the Bonds, be paid to the School, and the owners of the Bonds for which the deposit was made will thereafter be limited to a claim against the School.

Remarketing and Purchase

Unless otherwise instructed by the School, the Remarketing Agent will offer for sale and use its best efforts to find purchasers for all Bonds or portions thereof for which notice of optional tender has been received or which are subject to mandatory tender. The Remarketing Agent will not sell any Bond as to which a notice of conversion from one type of Interest Rate Period to another has been given by the Trustee unless the Remarketing Agent has advised the person to whom the sale is made of the conversion.

The Purchase Price of the Bonds tendered for purchase will be paid by the Paying Agent from the proceeds of the remarketing of such Bonds by the Remarketing Agent to persons other than the Issuer, the School or an affiliate of the School and, if such remarketing proceeds are insufficient, from moneys drawn by the Trustee under the Letter of Credit. **The School is not required to provide funds for the purchase of tendered Bonds in the event that remarketing proceeds or moneys drawn under the Letter of Credit are insufficient.**

Redemption

Optional Redemption During Weekly Rate Period. While the Bonds bear interest at Weekly Rates, the Bonds are subject to optional redemption in whole or in part, and if in part, in authorized denominations, on any Interest Payment Date at an optional redemption price equal to 100% of the principal amount thereof.

Notice of Redemption. The Trustee will mail by first class mail, postage prepaid (except when DTC is the registered owner of all of the Bonds, in which case, by certified mail, return receipt requested), to the registered owners of all Bonds to be redeemed, at the registered addresses appearing in the registration books kept for such purpose, notice of redemption at least 15 days prior to the redemption date for Weekly Rate Bonds. Each notice of redemption of the Bonds will identify the Bonds to be redeemed (specifying CUSIP numbers, if any, assigned to the Bonds) and will state, among other things, the redemption date, redemption price and whether the notice is conditional or not as described below, that on the redemption date the Bonds called for redemption will be payable at the designated office of the Trustee, that from that date interest will cease to accrue and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. So long as DTC or its nominee is the sole registered owner of the Bonds under the Book-Entry Only System, redemption notices will be sent by the Trustee to Cede & Co. and not to beneficial owners.

Any notice of optional redemption may state that the redemption is conditioned on the Trustee's receipt of moneys for such redemption prior to the redemption date. If such moneys are not so received, the redemption of the Bonds for which notice was given will not be made. If such redemption is not effectuated, the Trustee will, within five days thereafter, give notice in the manner in which the notice of redemption was given that such moneys were not so received and that the redemption did not occur.

In addition to the foregoing notice, further notice will be given by the Trustee to certain registered securities depositaries and information services as provided in the Indenture, but no defect in the further notice nor any failure to give all or any portion of the further notice will in any manner defeat the effectiveness of a call for redemption if notice is given as prescribed in the Indenture.

Selection of Bonds to Be Redeemed. If less than all the Bonds are to be redeemed, the particular Bonds to be called for redemption will be selected by lot or any other method determined by the Trustee to be fair and reasonable; provided, however, that if the School will have offered to purchase all Bonds then Outstanding and less than all of such Bonds have been tendered to the School for such purchase, the Trustee, at the written direction of the School, will select for redemption all such Bonds which have not

been so tendered, and provided further, that Bonds purchased by the Bank with funds drawn under the Letter of Credit will be redeemed prior to any other Bonds. If less than all the Bonds are to be redeemed, the Bonds that remain outstanding will be in authorized denominations.

Book-Entry Only System

Portions of the following information concerning DTC and DTC's book-entry system have been obtained from DTC. The Issuer, the School, and the Remarketing Agent make no representation as to the accuracy of such information. DTC acts as Securities Depository for the Bonds.

The Bonds were issued solely in book-entry form and are held under DTC's book-entry only system, registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate was issued for the Bonds, in the aggregate principal amount thereof, and deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 121 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U. S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., NYSE Amex Equities, and the Financial Industry Regulatory Authority, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

As long as the Bonds are registered in the name of Cede & Co., Inc., any redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (or any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participant to Beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, the School or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving notice to the Issuer or the Trustee. If the School determines that a Securities Depository is incapable of discharging its responsibilities, the Issuer, at the direction of the School, will either appoint a successor Securities Depository or discontinue use of a Securities Depository. In addition, upon the written consent of the Beneficial Owners of 100% of the Bonds, the Trustee will withdraw the Bonds from the Securities Depository. Under any of such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates will be printed and delivered as provided in the Indenture.

In the event of the discontinuance of the book-entry system for the Bonds, Bond certificates will be printed and delivered and the following provisions of the Indenture will apply: (i) principal of the Bonds will be payable upon surrender of the Bonds at the designated office of the Trustee; (ii) Bonds may be transferred or exchanged for other Bonds of authorized denominations at the designated office of the Bond Registrar, without cost to the owner thereof except for any tax or other governmental charge; and (iii) Bonds will be issued in denominations as described above under "THE BONDS - General."

NONE OF THE ISSUER, THE SCHOOL, THE REMARKETING AGENT OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT OR INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, OR THE ACCURACY OF, ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OR ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN HOLDERS OR OWNERS OF BOOK-ENTRY BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY BONDS.

In the event that the Book-Entry Only System is discontinued and the Beneficial Owners become Registered Owners of the Bonds, the Bonds will be transferable in accordance with the provisions of the Indenture.

THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The following is a brief summary of certain provisions of the Letter of Credit and the Reimbursement Agreement to be delivered on the Remarketing Date and does not purport to be comprehensive or definitive. All references herein to the Letter of Credit and the Reimbursement Agreement are qualified in their entirety by reference to the Reimbursement Agreement and the Letter of Credit delivered on the Remarketing Date for the detailed provisions thereof.

The Letter of Credit

On the Remarketing Date, the Bank will issue the Letter of Credit under which the Trustee is authorized to draw up to (a) an amount equal to the principal amount of the Bonds (i) to enable the Trustee to pay the principal amount of the Bonds when due at maturity or upon redemption or acceleration, and (ii) to enable the Trustee to pay the portion of the purchase price of Bonds tendered to it and not remarketed corresponding to the principal amount of such Bonds, plus (b) an amount equal to 36 days' accrued interest on the outstanding Bonds at the rate of 12% per annum (i) to enable the Trustee to pay interest on the Bonds when due, and (ii) to enable the Trustee to pay the portion of the purchase price of the Bonds tendered to it and not remarketed corresponding to the accrued interest on such Bonds. The Letter of Credit expires on December 5, 2012 unless terminated earlier pursuant to its terms or extended.

The stated amount of the Letter of Credit is subject to adjustment for payments made by the Bank to the Trustee pursuant to drawings under the Letter of Credit. Payments made (i) pursuant to drawings on the Letter of Credit to make scheduled principal payments on the Bonds, (ii) to pay the unpaid principal of the Bonds on optional redemption, and (iii) to pay the unpaid principal of the Bonds upon acceleration, permanently reduce the principal component of the stated amount of the Letter of Credit (originally \$7,000,000) by an amount equal to such payments. Payments made pursuant to drawings on the Letter of Credit to pay interest on the Bonds and to pay the purchase price of Bonds tendered to the Trustee in accordance with the Indenture reduce the stated amount by an amount equal to such payments; provided that such amounts reduced with respect to the payment of accrued and unpaid interest only are reinstated automatically one day after such drawings unless the Bank notifies the Trustee that such amounts will not be reinstated as a result of a default by the School. Amounts reduced with respect to drawings to pay the purchase price of tendered Bonds are reinstated when such Bonds are remarketed and the Bank is reimbursed for such drawing.

Extension or Replacement of Letter of Credit

At least 25 days (or such shorter period, not less than 12 days, as shall be acceptable to the Trustee) prior to the Interest Payment Date that next precedes and is at least five calendar days before the expiration date of the then current Letter of Credit, the School may provide for the delivery to the Trustee of an amendment to the Letter of Credit which extends the scheduled expiration date to a date not earlier than one year from its then current scheduled expiration date. If the Letter of Credit is so extended, the mandatory purchase of the Bonds in anticipation of the expiration of the Letter of Credit shall not occur.

In addition, upon sixty (60) days prior written notice to the Bank, the School may replace the then current Letter of Credit with an alternate credit facility or other credit facility meeting the requirements of the Indenture on any Interest Payment Date on which the Bonds are callable for optional redemption. The Bonds will be subject to mandatory tender for purchase on the date of such replacement.

The Reimbursement Agreement

The Letter of Credit will be issued pursuant to a Reimbursement, Credit and Security Agreement, dated as of December 1, 2011, among the Bank and the School, Springside School and Springside Chestnut Hill Corporation.

Tender Advances. Unless an event of default has occurred and is continuing under the Reimbursement Agreement and subject to certain other conditions, the proceeds of the amount of each drawing under the Letter of Credit to pay the portion of the Purchase Price of the Bonds allocable to principal and interest (a "Tender Drawing") (other than a Tender Drawing upon conversion of the Bonds

to a Term Rate) will constitute an advance made by the Bank to the School on the date and in the amount of such Tender Drawing (each such loan being herein referred to as a “Tender Advance”).

In addition to the other amounts payable by the School under the Reimbursement Agreement, the School is also required to pay interest on each Tender Advance to the Bank as provided in the Reimbursement Agreement at the Prime Rate (as defined in the Reimbursement Agreement) plus one percent with respect to the portion of the Tender Advance allocable to principal, and at the Prime Rate plus two percent with respect to the portion of the Tender Advance allocable to interest. If the amount of any Tender Advance made by the Bank is not paid ninety (90) days after the Tender Advance or the Termination Date, subject to certain conditions, the Tender Advance will be converted into a term loan as described in the Reimbursement Agreement.

The Reimbursement Agreement provides that all Bonds (or portions thereof), the Purchase Price of which was provided pursuant to a draw on the Letter of Credit, will be pledged to the Bank, pursuant to the Reimbursement Agreement, to secure the School’s obligations under the Reimbursement Agreement.

Events of Default under the Reimbursement Agreement. The Reimbursement Agreement sets forth a number of events of default, including, but not limited to, the breach of representations and covenants set forth therein, the failure of the School to reimburse the Bank for any drawing under the Letter of Credit when due or the failure to pay fees associated with the Letter of Credit. The Bank may waive any event of default under the Reimbursement Agreement and the School 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.

If an event of default under the Reimbursement Agreement occurs and is continuing, the Bank may, in its sole discretion, (i) pursuant to the Indenture, advise the Trustee that an Event of Default has occurred and instruct the Trustee to declare the principal of all Bonds then outstanding and interest thereon to be immediately due and payable, (ii) pursuant to the Indenture, advise the Trustee that an Event of Default has occurred and instruct the Trustee to cause a mandatory tender of all of the Bonds then Outstanding, or (iii) proceed under the Reimbursement Agreement, and under any of the Related Documents (as defined in the Reimbursement Agreement) and, to the extent therein provided, under the Bond Documents, in such order as it may elect and the Bank shall have no obligation to proceed against any Person or exhaust any other remedy or remedies which it may have without resorting to any other security, whether held by or available to the Bank.

THE AGREEMENT

The following is a brief summary of certain provisions of the Agreement and does not purport to be comprehensive or definitive. All references herein to the Agreement are qualified in their entirety by reference to the Agreement for the detailed provisions thereof.

Pursuant to the Agreement, the Issuer loaned the proceeds of the sale of the Bonds to the School, for application to the Project. See “THE PROJECT” herein.

Under the Agreement, the School is required to make loan payments in amounts which, in the aggregate, will be sufficient to pay (or to reimburse the Bank for payment of) the principal or redemption price of and interest on the Bonds as and when due, to pay certain Administrative Expenses of the Issuer, and to make up deficiencies in Funds established under the Indenture. The Agreement is a general obligation of the School and the credit of the School is pledged to secure the payments required thereunder. The Issuer has pledged and assigned to the Trustee all of its right, title and interest in and to

the Agreement (other than the Issuer's right to be reimbursed for Administrative Expenses and its right to indemnification by the School), as security for the Bonds.

Defaults and Remedies

The Agreement provides that each of the following shall constitute an "Event of Default" thereunder:

- (i) failure by the School to pay principal or redemption price of or interest on the Bonds, when due;
- (ii) failure by the School to make any other payment or deposit required under the Agreement within sixty (60) days after the same shall become due; and
- (iii) failure by the School to observe and perform any covenant, condition or agreement on its part required to be observed or performed in the Agreement, other than as referred to in (i) or (ii) above, for a period of 60 days after receipt by the School of written notice, given to the School by the Issuer or the Trustee; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the School shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion.

If an Event of Default under the Agreement has occurred and is continuing, the Issuer (or the Trustee as its assignee) shall be entitled to exercise such rights and remedies as may be provided in the Agreement or may exist at the time at law or in equity. Anything in the Agreement to the contrary notwithstanding, if, upon any default by the Issuer under the Indenture or upon the occurrence of an Event of Default by the School under the Agreement, the Trustee under the Indenture may or shall, if required by the Indenture, declare the principal of the then Outstanding Bonds immediately due and payable and if such acceleration is not annulled as therein provided, then there shall become immediately due and payable under the Agreement an amount equal to all amounts then due and payable under the Indenture. Until said amount is paid by the School at the time or times and in the manner required to permit the Issuer to satisfy in full its obligations pursuant to the Indenture, the Issuer shall continue to have all of the rights, powers and remedies set forth in the Agreement.

THE INDENTURE

The following is a brief summary of certain provisions of the Indenture and does not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to the Indenture for the detailed provisions thereof.

Pledge and Assignment

Pursuant to the Indenture, the Issuer has pledged and assigned to the Trustee, all right, title and interest of the Issuer in and to (a) all amounts payable to the Trustee with respect to the principal, redemption price or interest on the Bonds (i) on deposit in the Bond Fund (hereinafter defined) and (ii) by the School as payments under the Agreement or (iii) proceeds of the drawings on the Letter of Credit; (b) the Agreement (except for certain indemnification and reimbursement rights and rights to receive notices); and (c) all amounts on deposit in the Bond Fund, the Construction Fund (until said amounts are

disbursed therefrom in accordance with the provisions of the Indenture) and other funds created under the Indenture except the Rebate Fund and the Bond Purchase Fund (hereinafter defined).

Funds

Construction Fund. The Indenture created and established the Construction Fund. Proceeds from the issuance of the Bonds were deposited into the Construction Fund. Any income or other gain from the investment of moneys in the Construction Fund is retained in the Construction Fund and any loss resulting from the sale of any investments is charged to the Construction Fund. Moneys in the Construction Fund were disbursed by the Trustee to pay Project costs or to reimburse the School for Project costs paid by it, all in accordance with the provisions of the Agreement. Any amounts remaining in the Construction Fund upon completion of the Project were transferred by the Trustee to the Bond Fund.

Bond Fund. The Indenture created and established the Bond Fund that is used solely for the payment of principal or redemption price of and interest on the Bonds. All moneys received from drawings under the Letter of Credit to pay principal of, premium, if any, and interest on the Bonds are deposited in the Bond Fund and applied for such purpose. In accordance with the Agreement, all payments of principal of and interest on the Bonds made by the School are applied to reimburse the Bank for drawings under the Letter of Credit or, when no Letter of Credit is in place or insufficient moneys have been received under the Letter of Credit for such payments, to the payment of principal of and interest on the Bonds.

Bond Purchase Fund. The Indenture created and established the Bond Purchase Fund. Proceeds from the remarketing of Bonds are deposited in such fund, along with any funds drawn under the Letter of Credit to pay the Purchase Price of tendered Bonds in the event of a failure to remarket Bonds. Moneys in the Bond Purchase Fund are used to pay the Purchase Price of Bonds tendered under the provisions of the Indenture and the Remarketing Agreement and are not held as security for the Bonds nor are such moneys part of the trust estate or subject to the lien of the Indenture.

Defaults

The Indenture provides that each of the following constitutes an “Event of Default” thereunder:

- (a) Payment of the principal or redemption price of any Bond is not made when it becomes due and payable at maturity or upon call for redemption;
- (b) Payment of any interest on any Bond is not made (i) within one Business Day after it becomes due and payable if no Letter of Credit is in effect, or (ii) when it becomes due and payable if a Letter of Credit is in effect;
- (c) The occurrence and continuance of any “Event of Default” under the Agreement;
- (d) Default in the payment of any other amount required to be paid under the Indenture or in the performance or observance of any other of the covenants, agreements or conditions contained in the Indenture, or in the Bonds issued under the Indenture, and continuance thereof for a period of ninety days after written notice specifying such failure and requesting that it be remedied has been given to the Issuer and the School by the Trustee, which may give such notice in its discretion and will give such notice at the written request of the holders of not less than 25% in principal amount of the Bonds then outstanding, unless the Trustee, or the Trustee and holders of a principal amount of

Bonds not less than the principal amount of Bonds the holders of which requested such notice, as the case may be, will agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the holders of such principal amount of Bonds, as the case may be, will be deemed to have agreed to an extension of such period if corrective action is instituted by the Issuer, or the School on behalf of the Issuer, within such period and is being diligently pursued;

- (e) Receipt by the Trustee of a written notice from the Bank stating that an event of default has occurred under the Reimbursement Agreement and directing the Trustee to declare the principal of the outstanding Bonds immediately due and payable;
- (f) Receipt by the Trustee of written notice from the Bank that amounts available to pay interest under the Letter of Credit will not be reinstated following a drawing to pay interest; or
- (g) Receipt by the Trustee of written notice from the Bank stating that an event of default has occurred under the Reimbursement Agreement and directing that all of the Bonds be required to be tendered for purchase as described under “THE BONDS - Mandatory Tender - Mandatory Tender Upon Direction of the Bank.”

Remedies

The Indenture provides that, upon the occurrence and continuation of an Event of Default described under “Defaults” above, the Trustee (with the prior written consent of the Bank) may, and upon the request of the owners of at least 25% in principal amount of the Bonds then outstanding (and so long as the Bank has not wrongfully dishonored any drawing under the Letter of Credit, with the prior written consent of the Bank), or with respect to an Event of Default under clause (e) or (f) above will, by notice in writing to the Issuer, the Bank and the School, declare the principal of and accrued interest on the Bonds to be immediately due and payable, and such principal and interest accrued thereon to the date of such declaration will thereupon become and be immediately due and payable. The Trustee will immediately give notice of acceleration to the owners of the Bonds. Upon any declaration of acceleration under the Indenture, the Trustee will make a corresponding declaration with respect to all payments due under the Agreement. Upon any such declaration, the Trustee shall immediately, on the date of such declaration, draw upon the Letter of Credit to the full extent permitted by the terms thereof (such drawing to include amounts in respect of interest accruing on the Bonds through the date of declaration). Upon receipt by the Trustee of payment of the full amount drawn on the Letter of Credit and provided sufficient moneys are available in the Bond Fund to pay all sums due on the Bonds, (i) interest on the Bonds shall cease to accrue and (ii) the Bank shall succeed to and be subrogated to the right, title and interest of the Trustee and the registered owners in and to the Agreement, all funds held under the Indenture (except any funds held in the Rebate Fund or in the Bond Fund or the Bond Purchase Fund which are identified for the payment of the Bonds or of the Purchase Price of undelivered Bonds) and any other security held for the payment of the Bonds, all of which, upon payment of any fees and expenses due and payable to the Trustee pursuant to the Agreement or the Indenture, shall be assigned by the Trustee to the Bank.

The remedies discussed above are subject to the conditions that if, after the principal of the Bonds has become due and payable, all arrears of interest upon the Bonds are paid by the Issuer, and the Issuer also performs all other things in respect to which it may have been in default under the Indenture and pays the reasonable charges of the Trustee and the Bondholders, including reasonable and necessary attorneys’ fees, then, and in every such case, the owners of a majority in principal amount of the Bonds then outstanding, by notice to the Issuer and to the Trustee, may annul such acceleration and its consequences, and such annulment will be binding upon the Trustee and upon all owners of Bonds issued under the

Indenture; provided that there shall be no annulment of any declaration resulting from (i) any Event of Default specified in clause (e) or (f) above without the prior written consent of the Bank or (ii) any Event of Default which has resulted in a drawing under the Letter of Credit unless the Trustee has received written notice from the Bank that the Letter of Credit has been fully reinstated or an alternate credit facility has been provided pursuant to the Indenture. No such annulment will extend to or affect any subsequent default or impair any right or remedy consequent thereon. The Trustee will forward a copy of any notice from Bondholders received by it to the School. Immediately upon such annulment, the Trustee will cancel, by notice to the School, any demand for prepayment of all amounts due under the Agreement made by the Trustee. The Trustee will promptly give written notice of such annulment to the Issuer, the Bank, the School, the Remarketing Agent, and if notice of the acceleration of the Bonds has been given to the Bondholders, to the Bondholders.

Any moneys received by the Trustee pursuant to any right given or action taken in connection with a default under the Indenture will be applied in the following order; provided, however, that all moneys received by the Trustee pursuant to any drawing made upon the Letter of Credit as provided above shall be applied by the Trustee to and only to the payment of principal of and interest on the Bonds (other than Bonds owned for the benefit of the Bank or the School):

- (A) To the payment of the reasonable costs and expenses of the Trustee, including reasonable counsel fees and expenses, any disbursements of the Trustee with interest thereon at the prime rate of the Trustee and its reasonable compensation;
- (B) To the payment of principal or redemption price (as the case may be) and interest then owing on the Bonds, and in case such moneys are insufficient to pay the same in full, then to the payment of principal or redemption price and interest ratably, without preference or priority of one over another or of any installment of interest over any other installment of interest; and
- (C) To the payment of reasonable costs and expenses of the Issuer, including reasonable counsel fees and expenses, incurred in connection with the Event of Default.

Any amounts remaining in the Bond Fund after such payments are made will be paid first to the Bank, to the extent of any unreimbursed drawing under the Letter of Credit or other obligation owing to the Bank under the Reimbursement Agreement, and then to the School.

In addition, if an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the principal of or premium, if any, or interest on the Bonds or to enforce the performance of any provision of the Bonds, the Indenture or the Agreement.

The owners of a majority in principal amount of the Bonds then outstanding may, after providing satisfactory indemnity to the Trustee, direct the method and place of conducting any proceeding for any remedy available to the Trustee, provided that the Trustee may refuse to follow any such direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of other owners of the Bonds, and provided further that if a Letter of Credit is in effect and no default has occurred and is continuing thereunder, then the Bank shall have the right to give such direction in lieu of the bondholders.

No owner of any Bond will have the right to pursue any remedy unless (i) the Trustee shall have been given written notice of an Event of Default; (ii) the owners of at least a majority in principal amount of the Bonds then outstanding shall have made written request to the Trustee to pursue such remedy; (iii) the Trustee shall have been offered indemnity satisfactory to it against reasonable costs, expenses and

liabilities (except that no offer of indemnification will be required for a declaration of acceleration under the Indenture); and (iv) the Trustee shall have failed to comply with such request within a reasonable time.

Amendments of and Supplements to Indenture

The Indenture provides that the Issuer and the Trustee may amend or supplement the Indenture or the Bonds, without notice to or consent of any owner, but with the consent of the Bank (and of the Remarketing Agent or the Paying Agent, as appropriate, if the amendment or supplement would materially adversely affect or alter the duties or obligations of the Remarketing Agent or the Paying Agent) under the Indenture by a supplemental indenture authorized by a resolution of the Issuer and filed with the Trustee for any of the following purposes:

- (a) to add additional covenants of the Issuer or to surrender any right or power conferred upon the Issuer;
- (b) for any purpose not inconsistent with the terms of the Indenture or to cure any ambiguity or to correct or supplement any provision contained therein or in any supplemental indenture which may be defective or inconsistent with any other provision contained therein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under the Indenture which will not adversely affect the interests of the owners of the Bonds;
- (c) to permit the Bonds to be converted to certificateless securities or vice versa or securities represented by a master certificate held in trust, ownership of which, in either case, is evidenced by book entries on the books of the Bond Registrar, for any period of time, or to conform to the procedures of the Securities Depository to effect the book-entry system set forth in the Indenture;
- (d) to permit the appointment of a co-trustee under the Indenture;
- (e) to authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to the Indenture regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;
- (f) to modify, alter, supplement or amend the Indenture in such manner as shall permit the qualification thereof under the Trust Indenture Act of 1939, as from time to time amended;
- (g) to modify, alter, amend or supplement the Indenture in any other respect which is not materially adverse to the Bondholders;
- (h) to modify the provisions for optional redemption at the commencement of a Term Rate Period;
- (i) to subject to the Indenture additional revenues, property or collateral;
- (j) to provide for an alternate credit facility or any other credit enhancement permitted by the terms of the Indenture;

- (k) to conform to the requirements of any Rating Service; or
- (l) to provide for the conversion of the Bonds to a different interest rate period.

Before entering into any supplemental indenture a Favorable Opinion of Bond Counsel must be delivered to the Trustee to the effect that the supplemental indenture is authorized or permitted under the Act and the Indenture and will not adversely affect the excludability from gross income of interest on the Bonds.

In addition to amendments and supplements to the Indenture permitted as described above, the Issuer and the Trustee may amend or supplement the Indenture upon notice to the owners and with the consent of the owners of at least a majority in principal amount of the Bonds then outstanding, the School and if the amendment or supplement would materially adversely affect or alter the duties or obligations of the Remarketing Agent or the Paying Agent under the Indenture, then with the consent of the Remarketing Agent or the Paying Agent, as the case may be. However, no amendment or supplement to the Indenture will, without the consent of the School, the Bank, and the Remarketing Agent or the Paying Agent (if required under the previous sentence) and all Bondholders, amend (1) the principal, redemption price (other than pursuant to clause (h) above), Purchase Price and interest payable upon any Bonds, (2) the Interest Payment Dates, the dates of maturity or the redemption or purchase provisions of any Bonds, or (3) provisions of the Indenture relating to supplements and amendments of the Indenture, the Agreement and the Letter of Credit.

Amendments of and Supplements to Agreement

The Indenture provides that the Issuer and the School may enter into, with the consent of the Trustee and the Bank, if any, but without the consent of the holders of the Bonds, any amendment, change or modification of the Agreement to cure any ambiguity, formal defect, omission or inconsistent provisions or to make any other change that does not adversely affect the interest of the Bondholders. If an amendment to the Agreement would adversely affect the interests of the Bondholders, the Trustee will notify Bondholders of the proposed amendment and may consent thereto with the consent of the owners of at least a majority in aggregate principal amount of the Bonds then outstanding which would be affected by the action proposed to be taken; provided, that the Trustee will not, without the unanimous consent of the owners of all the Bonds then outstanding, consent to any amendment which would (1) decrease the payments payable, or change the date payments are payable under the provisions of the Agreement relating to loan payments, (2) reduce the stated term of the Agreement, (3) reduce the School's obligations with respect to loan payments under the Agreement, or (4) reduce the aggregate principal amount of the Bonds, the owners of which are required to consent to such an amendment.

Discharge of Indenture

When a Bond is deemed paid, it will no longer be entitled to the benefits of the Indenture, except for payment from the funds or Governmental Obligations deposited as described below. Any Bond will be deemed paid when (a) payment of the principal of and premium, if any, and interest on the Bond to the due date of such principal of and premium, if any, and interest either (1) has been made in accordance with the terms of the Bonds or (2) has been provided for by depositing with the Trustee in accordance with the terms of the Indenture either or both (A) moneys sufficient to make such payment and any payment of the Purchase Price of the Bonds pursuant to the Indenture, and/or (B) noncallable, nonprepayable Governmental Obligations maturing as to principal, premium, if any, and interest in such amounts and at such times as will insure, without reinvestment, the availability of sufficient moneys to make such payment and any payment of Purchase Price (as evidenced by a certificate, in form satisfactory to the Trustee, of a firm of independent certified public accountants selected by the School), (b) the

Trustee and the rating agency then rating the Bonds receives an opinion of Bond Counsel to the effect that the Bonds have been defeased as required by the Indenture and (c) all compensation and expenses of the Trustee pertaining to each Bond in respect of which such deposit is made have been paid or provided for to the Trustee's satisfaction. If a Letter of Credit is held by the Trustee at the time of discharge of the Indenture, any payments above will be made only from the proceeds of a drawing under the Letter of Credit deposited directly into the Bond Fund or the School will have delivered to the Trustee an opinion of counsel that the funds to be applied to such payments would not be an avoidable preferential transfer in the case of the Issuer's or the School's bankruptcy. After such a discharge, the owners of the Bonds will be entitled to look only to the deposited money and securities for payment.

“Governmental Obligations” means (a) direct obligations of the United States of America, (b) obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by the United States of America, and (c) certificates, depository receipts or other instruments which evidence a direct ownership interest in obligations described in clauses (a) and (b) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments must be a bank or trust company organized under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, with a combined capital stock, surplus and undivided profits of at least \$50,000,000; and provided, further, that except as may be otherwise required by law, such custodian must be obligated to pay to the holders of such certificates, depository receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and must not be permitted to make any deduction therefrom.

The Trustee

The Trustee may resign by notifying the Issuer, the Bank and the School. The owners of a majority in principal amount of the Bonds then outstanding may remove the Trustee at any time by notifying the Trustee to be removed and the Issuer and may appoint a successor Trustee.

Any successor trustee shall be a national banking association with trust powers or a bank and trust company or a trust company having capital and surplus of at least \$50,000,000, if there is one able and willing to accept the trust on reasonable and customary terms.

TAX MATTERS

On December 8, 2005, Ballard Spahr LLP (formerly known as Ballard Spahr Andrews & Ingersoll, LLP), Bond Counsel in connection with the original issuance and delivery of the Bonds, delivered its approving opinion in connection with the original issuance of the Bonds (the “Original Bond Counsel Opinion”). The text of the Original Bond Counsel Opinion is included as Appendix B hereto, but such inclusion is not to be considered as a reissuance or update of such opinion which speaks only as of the date thereof.

The following is taken from the “TAX MATTERS” section of the Official Statement dated November 29, 2005 prepared in connection with the original issuance of the Bonds which describes and summarizes certain tax matters and certain portions of the Original Bond Counsel Opinion but such inclusion is not to be considered as an update of such disclosure which speaks only as of the date of issuance of the Bonds.

“In the opinion of Bond Counsel, assuming the accuracy of the certifications of the Issuer and the School and continuing compliance with requirements of the Internal Revenue Code of 1986, as amended (the “Code”), by the Issuer and the School, interest

on the Bonds is excludable from gross income for federal income tax purposes under existing law, as currently enacted and construed. Interest on the Bonds will not be an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on a Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust, or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of the corporate holder. Interest on the Bonds held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with “excess net passive income,” individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel expresses no opinion as to any such collateral tax consequences. Purchasers of Bonds should consult their own tax advisors as to such collateral tax consequences.

The Code sets forth certain requirements that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to remain excludable from the gross income of the owners of the Bonds for federal income tax purposes. The Issuer and the School will covenant to comply with such requirements in the Indenture and the Agreement. Noncompliance with such requirements may cause interest on the Bonds to be includable in the gross income of the owners of the Bonds for federal income tax purposes, retroactive to the date of issuance of the Bonds or as of some later date.

In the opinion of the Bond Counsel, under the laws of the Commonwealth of Pennsylvania as currently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.”

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds were the subject to the unqualified approving opinion of Ballard Spahr LLP, Philadelphia, Pennsylvania, Bond Counsel at the time of original issuance and delivery of the Bonds. Certain legal matters in connection with the remarketing of the Bonds will also be passed upon by Ballard Spahr LLP; for the School by Ballard Spahr LLP, Philadelphia, Pennsylvania; and for the Bank by Dilworth Paxson LLP.

RATINGS

Moody’s Investors Service (“Moody’s”) has assigned the Bonds the ratings of “A2/VMIG 1” based upon the rating of the Bank and the issuance of the Letter of Credit. Such ratings reflect only the views of Moody’s and any desired explanation of the significance of such ratings should be obtained from Moody’s at 99 Church Street, New York, New York 10007.

Generally, a rating agency bases its ratings on the information and materials furnished it and on investigations, studies and assumptions by the rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency that originally established the rating, circumstances so warrant. The Remarketing

Agent has undertaken no responsibility either to oppose or to bring to the attention of the owners of the Bonds any proposed revision or withdrawal. Any downward revision or withdrawal of such ratings, or either of them, could have an adverse effect on the market price of the Bonds. Such ratings should not be taken as a recommendation to buy or hold the Bonds.

The execution and delivery of this Remarketing Memorandum has been authorized by the Issuer and the School.

PHILADELPHIA AUTHORITY FOR INDUSTRIAL
DEVELOPMENT

By: /s/ James McManus
Title: Chairman

CHESTNUT HILL ACADEMY

By: /s/ Dr. Priscilla Sands
Title: President

Appendix A

CERTAIN INFORMATION CONCERNING THE BANK

This summary incorporates by reference certain Call Reports of PNC Bank, National Association (“PNC Bank”), filed with the Office of the Comptroller of the Currency (“OCC”), and certain reports of its parent, The PNC Financial Services Group, Inc. (“PNC Financial”), filed with the Securities and Exchange Commission (“SEC”), as set forth below under the heading “Incorporation of Certain Documents by Reference.” You should read those reports and the information set forth below under the headings “PNC Bank and PNC Financial” and “Supervision and Regulation.”

You should also understand that, except to the limited extent described herein, this summary does not describe the business or analyze the condition, financial or otherwise, of PNC Bank or otherwise describe any risks associated with PNC Bank or the Letter of Credit. You must rely on your own knowledge, investigation and examination of PNC Bank and PNC Bank’s creditworthiness.

Neither PNC Bank nor PNC Financial makes any representation regarding the Bonds or the advisability of investing in the Bonds, nor do they make any representation regarding, nor has PNC Bank or PNC Financial participated in the preparation of, any document of which this summary is a part other than the information supplied by PNC Bank or PNC Financial and presented in this summary headed “PNC Bank, National Association.”

THE LETTER OF CREDIT IS SOLELY AN OBLIGATION OF PNC BANK AND IS NEITHER AN OBLIGATION OF NOR GUARANTEED BY PNC FINANCIAL OR ANY OF ITS OTHER AFFILIATES.

PNC Bank and PNC Financial

PNC Bank is a national banking association with its headquarters in Pittsburgh, Pennsylvania and its main office in Wilmington, Delaware. PNC Bank is a wholly-owned indirect subsidiary of PNC Financial. PNC Bank’s origins as a national bank date to 1865. PNC Bank offers a wide range of commercial banking, retail banking, and trust and wealth management services to its customers. PNC Bank’s business is subject to examination and regulation by federal banking authorities. Its primary federal bank regulator is the OCC and its deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”).

PNC Financial, the parent company of PNC Bank, is one of the largest diversified financial services companies in the United States and is headquartered in Pittsburgh, Pennsylvania. PNC Financial was incorporated under the laws of the Commonwealth of Pennsylvania in 1983 with the consolidation of Pittsburgh National Corporation and Provident National Corporation. Since 1983, PNC Financial has diversified its geographic presence, business mix and product capabilities through internal growth, strategic bank and non-bank acquisitions and equity investments, and the formation of various non-banking subsidiaries.

PNC Financial has businesses engaged in retail banking, corporate and institutional banking, asset management, and residential mortgage banking. PNC Financial provides many of its products and services nationally and others in PNC Financial’s primary geographic markets located in Pennsylvania, Ohio, New Jersey, Michigan, Maryland, Illinois, Indiana, Kentucky, Florida, Virginia, Missouri, Delaware, Washington, D.C., and Wisconsin. PNC Financial also provides certain products and services internationally.

On June 19, 2011, PNC Financial entered into a definitive agreement for PNC Financial to acquire RBC Bank (USA), the U.S. retail banking subsidiary of Royal Bank of Canada. RBC Bank (USA) is based in Raleigh, N.C. with branches in North Carolina, Florida, Alabama, Georgia, Virginia and South Carolina. Based on RBC Bank (USA) balances as of April 30, 2011, the acquisition would add approximately \$19 billion of deposits and \$16 billion of loans, net of agreed upon loan and deposit transfers. PNC Financial has also agreed to acquire certain credit card accounts of RBC Bank (USA) customers issued by RBC Bank (Georgia), National Association, a wholly-owned subsidiary of Royal Bank of Canada. The transaction is expected to close in March 2012, subject to

customary closing conditions including receipt of regulatory approvals. Upon closing, PNC Financial intends to merge RBC Bank (USA) into PNC Bank, with PNC Bank continuing as the surviving entity.

On July 26, 2011, PNC Financial entered into a definitive agreement for the acquisition of 27 branches in metropolitan Atlanta, Georgia from Flagstar Bank, FSB, a subsidiary of Flagstar Bancorp, Inc., and the assumption of approximately \$240 million of deposits associated with those branches, based on balances as of June 30, 2011. No loans will be acquired in the transaction. This transaction is expected to close in December 2011, subject to customary closing conditions.

PNC Financial
in billions

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
Total assets	\$269.5	\$264.3
Total deposits	\$187.7	\$183.4
Shareholders' equity	\$34.2	\$30.2

PNC Bank
in billions

	<u>September 30, 2011</u>	<u>December 31, 2010</u>
Total assets	\$261.2	\$256.6
Total loans (net of unearned income) and loans held for sale	\$157.1	\$154.2
Total deposits	\$197.1	\$191.9
Total equity capital	\$35.9	\$33.8

Supervision and Regulation

PNC Financial, the parent company of PNC Bank, is a bank and financial holding company and is subject to numerous governmental regulations involving both its business and organization. To a substantial extent, the purpose of the regulation and supervision of financial services institutions and their holding companies is not to protect shareholders and non-customer creditors, but rather to protect customers and the financial markets in general.

Applicable laws and regulations restrict permissible activities and investments and require compliance with protections for loan, deposit, brokerage, fiduciary, mutual fund and other customers, among other things. They also restrict PNC Financial's ability to repurchase its stock or to receive dividends from its subsidiaries that operate in the banking and securities businesses and impose capital adequacy requirements. The consequences of noncompliance can include substantial monetary and nonmonetary sanctions. In addition, PNC Financial and PNC Bank are subject to comprehensive examination and supervision by banking and other regulatory bodies. Examination reports and ratings (which often are not publicly available) and other aspects of this supervisory framework could materially impact the conduct, growth, and profitability of the company's operations.

There have been numerous legislative and regulatory developments and dramatic changes in the competitive landscape of the financial services industry over the last several years. The United States and other governments have undertaken major reform of the regulation of the financial services industry, including engaging in new efforts to impose requirements designed to protect consumers and investors from financial abuse. PNC Financial expects to face further increased regulation of the financial services industry as a result of current and future initiatives intended to provide economic stimulus, financial market stability, and enhanced regulation of financial services companies and to enhance the liquidity and solvency of financial institutions and markets. PNC Financial and PNC Bank also expect in many cases more intense scrutiny from bank supervisors in the examination process and more aggressive enforcement of regulations on both the federal and state levels. Compliance with regulations will increase the company's costs and reduce its revenue. Some new regulations may limit its ability to pursue certain desirable business opportunities.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) mandates the most wide-ranging overhaul of financial industry regulation in decades. Dodd-Frank was signed into law on July 21, 2010. Although the Dodd-Frank Act and other reforms will affect a number of the areas in which PNC Financial does business, it is not clear at this time the full extent of the adjustments that will be required and the extent to which PNC Financial will be able to adjust its businesses in response to the requirements. Many parts of the law are now in effect and others are now in the implementation stage, which is likely to continue for several years. The law requires that regulators, some of which are new regulatory bodies created by the Dodd-Frank Act, draft, review and approve more than 300 implementing regulations and conduct numerous studies that are likely to lead to more regulations, a process that, while well underway, is proceeding somewhat slower than originally anticipated, thus extending the uncertainty surrounding the ultimate impact of the Dodd-Frank Act on PNC Financial and its subsidiaries.

A number of reform provisions are likely to significantly impact the ways in which bank holding companies and banks, including PNC Financial and PNC Bank, do business. Additional information on a number of these provisions (including new consumer protection regulation, enhanced capital requirements, limitations on investment in and sponsorship of funds, risk retention by securitization participants, new regulation of derivatives, potential applicability of state consumer protection laws, and limitations on interchange fees) and some of their potential impacts on PNC Financial is provided in Item 1A Risk Factors included in Part II of PNC Financial’s second quarter 2011 Quarterly Report on Form 10-Q.

You will find a general discussion of some of the elements of the regulatory framework affecting PNC Financial and its subsidiaries, additional information discussing the regulatory environment for the financial services industry, and discussion of certain business, regulatory and legal risks that affect PNC Financial in the following sections of PNC Financial’s 2010 Annual Report on Form 10-K and its 2011 Quarterly Reports on Form 10-Q, as applicable: for the 2010 Form 10-K, the Supervision And Regulation section included in Item 1, the Risk Factors included in Item 1A, the Risk Management section included in Item 7, and the Regulatory Matters, Legal Proceedings, and Commitments and Guarantees Notes of the Notes To Consolidated Financial Statements included in Item 8 of that report; and for the 2011 Form 10-Qs, Item 1A – Risk Factors included in Part II, and Part I, the Legal Proceedings and Commitments and Guarantees Notes of the Notes To Consolidated Financial Statements included in Item 1 and the Risk Management sections included in Item 2, of those respective reports as applicable.

Incorporation of Certain Documents by Reference

PNC Bank submits certain unaudited reports called “Consolidated Reports of Condition and Income” (“Call Reports”) to the OCC, its primary federal bank regulator, quarterly. Each Call Report consists of a balance sheet, income statement, changes in bank equity capital, and other supporting schedules as of the end of or for the period to which the report relates. The Call Reports are prepared in accordance with regulatory instructions issued by the Federal Financial Institutions Examination Council. Because of the special supervisory, regulatory and economic policy needs served by the Call Reports, those regulatory instructions do not in all cases follow accounting principles generally accepted in the United States, including the opinions and statements of the Accounting Principles Board or the Financial Accounting Standards Board (“U.S. GAAP”). While the Call Reports are supervisory and regulatory documents, not primarily financial accounting documents, and do not provide a complete range of financial disclosure about PNC Bank, the reports nevertheless provide important information concerning the financial condition and results of operations of PNC Bank.

The publicly available portions of the Call Reports are on file with, and publicly available on written request to, the FDIC, Public Information Center, 3501 North Fairfax Drive, Arlington, VA 22226, or by calling the FDIC Public Information Center at 877-275-3342 or 703-562-2200. The Call Reports are also available by accessing the FDIC’s website at <http://www.fdic.gov>.

PNC Financial, the parent company of PNC Bank, is subject to the informational requirements of the Securities Exchange Act of 1934 (“Exchange Act”). In accordance with the Exchange Act, PNC Financial files annual, quarterly and current reports, proxy statements, and other information with the SEC. PNC Financial’s SEC File Number is 001-09718. You may read and copy this information at the SEC’s Public Reference Room, located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330 or 202-551-8090. You can also obtain copies of this

information by mail from the public reference section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates.

The SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers, like PNC Financial, who file electronically with the SEC. The address of that website is <http://www.sec.gov>. You can also inspect reports, proxy statements and other information about PNC Financial at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have included the web addresses of the FDIC and the SEC as inactive textual references only. Except as specifically incorporated by reference into this summary, information on those websites is not part hereof.

The publicly-available portions of PNC Bank's Call Reports for the years ended December 31, 2010, 2009, and 2008 and for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011, and of any amendments or supplements thereto, as filed by PNC Bank with the OCC, are incorporated herein by reference. The publicly-available portions of each other PNC Bank Call Report, and of any amendments or supplements thereto or to any of the PNC Bank Call Reports listed above, filed with the OCC after December 31, 2010 and prior to the expiration of the Letter of Credit are also incorporated herein by reference and will be deemed a part hereof from the date of filing of each such document. Subsequently filed reports, and amendments or supplements to reports, will automatically update and supersede prior information.

In addition to the Call Reports referred to above, PNC Bank incorporates herein by reference the following documents: PNC Financial's Annual Report on Form 10-K for the year ended December 31, 2010; PNC Financial's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011, June 30, 2011 and September 30, 2011; PNC Financial's Current Reports on Form 8-K filed with the SEC on February 15, 2011, March 1, 2011, March 7, 2011, April 14, 2011, May 2, 2011, June 20, 2011 (with respect to Item 1.01 and Exhibit 2.1 thereof), July 27, 2011, September 19, 2011 and October 14, 2011; and any amendments or supplements to those reports. Each other annual, quarterly and current report, and any amendments or supplements thereto or to any of the PNC Financial reports listed above, filed by PNC Financial with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act after December 31, 2010 and prior to the expiration of the Letter of Credit is also incorporated herein by reference and will be deemed a part hereof from the date of filing of each such document. Subsequently filed reports, and amendments or supplements to reports, will automatically update and supersede prior information. The information incorporated by reference herein does not include any report, document or portion thereof that PNC Financial furnishes to, but does not file with, the SEC unless otherwise specifically provided above.

Neither the delivery of this document nor the sale of any Bonds will imply that the information herein or in any document incorporated by reference is correct as of any time after its date. Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes hereof to the extent that a statement contained therein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part hereof.

Any of the above documents incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into such documents) are available upon request by holders of the Bonds or by prospective investors in the Bonds without charge: (1) in the case of PNC Bank documents, by written request addressed to Ronald Lewis, Manager of Regulatory Reporting, at The PNC Financial Services Group, Inc., One PNC Plaza, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222-2707; or (2) in the case of PNC Financial documents, (a) for copies without exhibits, by contacting Shareholder Services at 800-982-7652 or via the online contact form at www.computershare.com/contactus, and (b) for exhibits, by contacting Shareholder Relations at 800-843-2206 or via e-mail at investor.relations@pnc.com. The interactive data file ("XBRL") exhibit is only available electronically.

Appendix B

**TEXT OF OPINION OF BOND COUNSEL DELIVERED
UPON ORIGINAL ISSUANCE OF THE BONDS**

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Re: \$8,000,000 Philadelphia Authority for Industrial
Development Revenue Bonds (Chestnut Hill Academy) Series 2005

Ladies and Gentlemen:

We have acted as bond counsel to the Philadelphia Authority for Industrial Development (the "Authority") in connection with the issuance by the Authority of \$8,000,000 aggregate principal amount of its Revenue Bonds (Chestnut Hill Academy) Series 2005 (the "2005 Bonds"). The 2005 Bonds are issued as fully registered bonds under and pursuant to the laws of the Commonwealth of Pennsylvania, including particularly the Pennsylvania Economic Development Financing Law, August 23, 1967, P.L. 251, as amended and supplemented (the "Act"), and a Trust Indenture dated as of December 1, 2005 (the "Indenture") between the Authority and Wachovia Bank, National Association, as trustee (the "Trustee"). The 2005 Bonds have been authorized by a bond resolution of the Authority duly adopted on September 13, 2005.

The Authority is issuing the 2005 Bonds at the request and for the benefit of Chestnut Hill Academy (the "School"), a Pennsylvania nonprofit corporation operating a school for boys in Philadelphia, Pennsylvania, to provide funds to finance the costs of a project (the "Project") consisting of (i) the acquisition, construction, renovation, furnishing and equipping of capital facilities of the School located on its existing campus including renovation and expansion of the Dining Commons, demolition of the existing Woodward Gym and construction of a replacement gymnasium with ancillary and support space, construction of a storm water management system, sitework and landscaping improvements and building system upgrades, and (ii) payment of the costs of issuance of the Bonds.

The proceeds of the 2005 Bonds are being loaned to the School to finance the Project under and pursuant to a Loan Agreement dated as of December 1, 2005 between the Authority and the School. Pursuant to the Loan Agreement, the School is required to make payments in the amounts and at the times necessary to provide for the payment of the principal or redemption price of and interest on the 2005 Bonds. The Authority has assigned its interest in the Loan Agreement to the Trustee as security for the 2005 Bonds.

The School has represented in the Loan Agreement that it is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), is not a "private foundation" within the meaning of Section 509(a) of the Code and is exempt from federal income tax under Section 501 (a) of the Code, except for unrelated business income subject to taxation under Section 511 of the Code. The School has covenanted that, throughout the term of the Loan Agreement, it will not carry on or permit to be carried on in any property now or hereafter owned by it any trade or business if the conduct of such trade or business would adversely affect the validity of the 2005 Bonds or cause the interest paid by the Authority on the 2005 Bonds to be includible in gross income for purposes of federal income tax.

The Code sets forth certain other requirements which must be met subsequent to the issuance and delivery of the 2005 Bonds for interest thereon to remain excludable from the gross income of the owners of the 2005 Bonds for federal income tax purposes. The Authority and the School have covenanted to comply with such requirements in the Indenture and the Loan Agreement. Noncompliance with such requirements may cause the interest on the 2005 Bonds to be includible in the gross income of the owners of the 2005 Bonds for federal income tax purposes, retroactive to the date of issue of the 2005 Bonds or as of some later date.

The School has covenanted in the Loan Agreement that it will comply with the requirements of Section 148(f) of the Code which provides for the rebate of certain arbitrage profits to the United States. For the purposes of the opinions set forth below, we have assumed that the Authority and the School will

comply with the covenants set forth in the Indenture and the Loan Agreement relating to the tax-exempt status of the 2005 Bonds.

An officer of the Authority responsible for issuing the 2005 Bonds has executed a certificate stating the reasonable expectations of the Authority on the date of issue of the 2005 Bonds as to future events that are material for the purposes of Section 148 of the Code pertaining to arbitrage bonds. We have reviewed such certificate and, in our opinion, the 2005 Bonds are not “arbitrage bonds” within the meaning of Section 148 of the Code.

In our capacity as bond counsel we have examined such documents, records of the Authority and other instruments as we deemed necessary to enable us to express the opinions set forth below, including original counterparts or certified copies of the Indenture, the Loan Agreement and the other documents listed in the closing memorandum in respect of the 2005 Bonds filed with the Trustee. We also have examined an executed 2005 Bond, and assume that all other 2005 Bonds have been similarly executed and have been authenticated by the Trustee.

We have advised the School with respect to certain matters in connection with the issuance of the 2005 Bonds in addition to serving as bond counsel to the Authority for the issuance of the 2005 Bonds.

Based on the foregoing, it is our opinion that:

1. The Authority is a body corporate and politic validly existing under the laws of the Commonwealth of Pennsylvania, with full power and authority to undertake the Project, to execute and deliver the Indenture and the Loan Agreement and to issue and sell the 2005 Bonds.

2. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority and the covenants of the Authority therein are valid and binding obligations of the Authority enforceable in accordance with their terms, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency or other laws or equitable principles affecting the enforcement of creditors’ rights generally.

3. The issuance and sale of the 2005 Bonds have been duly authorized by the Authority and, on the assumption as to execution and authentication stated above, such 2005 Bonds have been duly executed and delivered by the Authority and authenticated by the Trustee, are valid and binding obligations of the Authority and are entitled to the benefit and security of the Indenture, except as the rights created thereunder and the enforcement thereof may be limited as described in paragraph 2.

4. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the 2005 Bonds are exempt from personal property taxes in Pennsylvania, and interest on the 2005 Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

5. Under existing law as presently enacted and construed, interest on the 2005 Bonds is excludable from gross income for purposes of federal income tax, assuming the accuracy of certifications of the Authority and the School and continuing compliance by the Authority and the School with the requirements of the Code, as described above. Interest on the 2005 Bonds will not be an item of tax preference for purposes of either individual or corporate alternative minimum tax, but interest on 2005 Bonds held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder. Interest on 2005 Bonds held by foreign corporations may be subject to the branch profits tax imposed by the Code.

Ownership of 2005 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain S corporations with “excess net passive income,” individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2005 Bonds. We offer no opinion as to such collateral tax consequences.

We express no opinion herein with respect to the accuracy or completeness of the Official Statement prepared in respect of the 2005 Bonds or as to any other matter not set forth herein.

We call your attention to the fact that the 2005 Bonds are limited obligations of the Authority, payable only out of certain revenues of the Authority and certain other moneys available therefor as provided in the Indenture, and that the 2005 Bonds do not pledge the credit or taxing power of the Authority, the Commonwealth of Pennsylvania or any political subdivision, agency or instrumentality thereof. The Authority has no taxing power.

Very truly yours,

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