

00-261-CD
KEystone FINANCIAL BANK, N.A. f/k/a -vs- Glyn D. POWELL et al

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

⁽⁵⁾ KEYSTONE FINANCIAL BANK, N.A.,
formerly known as ⁽¹⁰⁾ MID-STATE BANK
AND TRUST COMPANY,

Plaintiff,

vs.

⁽⁴⁾ GLYN D. POWELL and
MARY POWELL, ⁽¹⁾

Defendants.

CIVIL DIVISION

No. *00-261-CD*

COMPLAINT IN CONFESSION
OF JUDGMENT

Filed on behalf of Keystone Financial
Bank, N.A., Plaintiff

Counsel of Record for this Party:

Richard A. Pollard
Pa. I.D. #23607
Pietragallo, Bosick & Gordon
The 38th Floor
One Oxford Centre
Pittsburgh, PA 15219
(412) 263-2000

FILED

FEB 23 2003

Richard A. Shaw
Clerk

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

KEYSTONE FINANCIAL BANK, N.A.,
formerly known as MID-STATE BANK
AND TRUST COMPANY,

Plaintiff,

vs.

GLYN D. POWELL and MARY POWELL,

Defendants.

No.

COMPLAINT IN CONFESSION OF JUDGMENT

1. Plaintiff is Keystone Financial Bank, N.A., formerly known as Mid-State Bank and Trust Company ("Keystone Financial"), a banking association organized and existing under the laws of the United States of America, with a place of business located at 1130 Twelfth Avenue, Altoona, Pennsylvania 16603.

2. Defendant, Glyn D. Powell, is an adult individual with a last known address of RR #1, Box 668, Houtzdale, Pennsylvania 16651.

3. Defendant, Mary Powell, is an adult individual with a last known address of RR #1, Box 668, Houtzdale, Pennsylvania 16651. (Glyn D. Powell and Mary Powell, hereinafter the "Defendants".)

5. On or about October 26, 1995, the Defendants executed and delivered to Keystone Financial a Guaranty Agreement dated as of October 26, 1995 (the "Guaranty"), wherein the Defendants unconditionally guaranteed and became surety for the payment of all financial obligations of Power Operating Co., Inc. ("Power") to Keystone Financial (the

"Power Obligations"). The Guaranty was subsequently amended by an Omnibus First Amendment to Guaranty Agreements dated January 21, 1997, executed by the Defendants and delivered to Keystone Financial wherein certain terms of the Guaranty were modified (the "Amendment" and together with the Guaranty, hereinafter the "Guaranty"). A true and correct copy of the Guaranty, including the Amendment, is attached hereto as Exhibit "A" and made a part hereof.

6. The Power Obligations are evidenced by:

(i) a Revolving Credit Note dated June 13, 1996 in the original principal amount of \$5,000,000.00 executed by Power and delivered to Keystone Financial (the "\$5,000,000 Note");

(ii) a Term Note dated June 13, 1996 in the original principal amount of \$5,893,750.00 executed by Power and delivered to Keystone Financial (the "\$5,893,750 Note"), as amended by (a) a First Amended Term Note dated August 1, 1996 in the principal amount of \$5,775,252.31 executed by Power and delivered to Keystone Financial; and (b) a Second Amended Term Note dated January 31, 1997 in the principal amount of \$5,775,252.31 executed by Power and delivered to Keystone Financial. (The \$5,893,750 Note, as amended, the "\$5,775,252.31 Note".)

(iii) loans made pursuant to that certain Post-Petition Credit Agreement ("Post-Petition Credit Agreement") dated as of May, 1998 in the amount of \$1,231,159.91 as authorized by the United States Bankruptcy Court for the District of Delaware; and

A true and correct copy of the \$5,000,000 Note is attached hereto as Exhibit "B", a true and correct copy of the \$5,775,252.31 Note is attached hereto as Exhibit "C", and a true and correct copy of the Post Petition Credit Agreement is attached hereto as Exhibit "D", respectively, and made a part hereof. (The \$5,000,000 Note, the \$5,775,252.31 Note, and the

Post-Petition Credit Agreement collectively, hereinafter, the "Power Obligations".)

7. Neither the Guaranty nor the Power Obligations have been assigned.

8. Keystone Financial is the holder of the Guaranty and the Power Obligations.

9. Judgment has not been entered against the Defendants on the Guaranty in this or any other jurisdiction.

10. The Defendants are in default for, inter alia, failure of Power to make payments when due under the Power Obligations to the terms of the Guaranty.

11. The Guaranty contains a warrant of attorney authorizing, upon default, the confession of judgment in favor of Keystone Financial and against the Defendants for the unpaid principal balance of the Power Indebtedness, together with accrued interest thereunder, costs of suit and reasonable attorneys' fees.

12. The amount due from the Defendants to Keystone Financial pursuant to the terms of the Guaranty and for which judgment is authorized is \$8,885,781.10 as of February 24, 2000, computed as follows:

Unpaid principal balance under the \$5,000,000 Note	\$ 708,963.92
Accrued but unpaid interest through 2/24/00	132,651.57
SUB-TOTAL:	\$ 841,615.49
Unpaid principal balance under the \$5,775,252.31 Note	\$5,488,645.82
Accrued but unpaid interest through 2/24/00	1,324,365.88
SUB-TOTAL:	\$6,813,011.70
Unpaid principal under the Post-Petition Credit Agreement	\$1,231,159.91
SUB-TOTAL:	\$1,231,159.91
GRAND TOTAL:	\$8,885,781.10

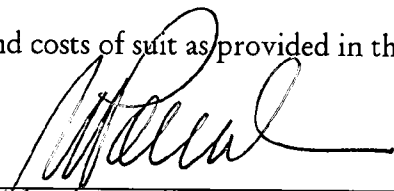
together with additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000 Note and the \$5,893,750 Note and plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys' fees and costs of suit as provided in the Power Obligations and the Guaranty.

13. Judgment is not being entered by confession against a natural person or persons in connection with a consumer transaction.

14. The underlying transaction is a commercial transaction.

WHEREFORE, Keystone Financial Bank, N.A. demands judgment be entered in its favor and against Glyn D. Powell and Mary Powell in the amount of \$8,885,781.10, plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000 Note and the \$5,893,750 Note and plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys' fees and costs of suit as provided in the Power Obligations and the Guaranty.

Dated: Pittsburgh, Pennsylvania
February 25, 2000



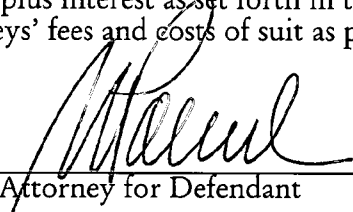
Richard A. Pollard
Pa. I.D. #23607
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The 38th Floor
One Oxford Centre
Pittsburgh, PA 15219
(412) 263-2000
Attorneys for Keystone Financial Bank, N.A.

CONFESSION OF JUDGMENT

Pursuant to the authority contained in the Warrant of Attorney contained in the Guaranty, a true and correct copy of which is attached to the Complaint filed in this action as Exhibit "A", I hereby appear for the Defendant and confess judgment in favor of Keystone Financial Bank, N.A. and against the Defendant as follows:

Unpaid principal balance under the \$5,000,000 Note	\$ 708,963.92
Accrued but unpaid interest through 2/24/00	132,651.57
SUB-TOTAL:	\$ 841,615.49
Unpaid principal balance under the \$5,775,252.31 Note	\$5,488,645.82
Accrued but unpaid interest through 02/24/00	1,324,365.88
SUB-TOTAL:	\$6,813,001.70
Unpaid principal under the Post-Petition Credit Agreement	\$1,231,159.91
SUB-TOTAL:	\$1,231,159.91
GRAND TOTAL:	\$8,885,781.10

together with additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000 Note and the \$5,893,750 Note and plus interest as set forth in the Post-Petition Credit Agreement, additional late charges, attorneys' fees and costs of suit as provided in the Power Obligations and the Guaranty.



Attorney for Defendant

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT (the Guaranty Agreement, together with all extensions, renewals, amendments, substitutions or replacements thereof, referred to herein as the "Guaranty") dated as of October 26, 1995 is made by JEM INDUSTRIES, INC., a Pennsylvania corporation (the "Guarantor"), to and for the benefit of MID-STATE BANK AND TRUST COMPANY, a Pennsylvania banking corporation (the "Lender").

W I T N E S S E T H :

WHEREAS, pursuant to the Loan Agreement dated of even date herewith (the Loan Agreement, together with all extensions, amendments, renewals, substitutions and replacements thereto and thereof, the "Loan Agreement"), the Lender has agreed to make credit accommodations totalling \$5,750,000 (the "Accommodations") to Power Operating Co., Inc., a Pennsylvania corporation (the "Borrower") and a wholly-owned subsidiary of Powell, U.S.A., Inc., a Delaware corporation and itself a wholly-owned subsidiary of Jem Holdings, Inc., a Pennsylvania corporation and the parent corporation of the Guarantor; and

WHEREAS, as a condition precedent to making the Accommodations, the Lender has required that the Guarantor execute and deliver this Guaranty and the Guarantor has agreed to do so; and

WHEREAS, the Guarantor has determined that executing this Guaranty to secure the Borrower's obligations under the Accommodations and other Obligations (as that term is defined in the Loan Agreement) will directly benefit the Guarantor.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in consideration for the Lender's making the Accommodations to the Borrower, intending to be legally bound hereby, the Guarantor hereby covenants and agrees as follows:

1. Recitals. The foregoing recitals are hereby incorporated into and made a material part of this Guaranty.

2. Incorporation by Reference. This Guaranty is one of the Guaranties referred to in the Loan Agreement. All capitalized terms not defined in this Guaranty shall have the meanings given to them in the Loan Agreement and as the context shall require. All of the provisions of the Loan Documents are incorporated in this Guaranty by this reference with the same force and effect as if fully set forth herein.

3. Unconditional Guaranty. The Guarantor unconditionally guarantees payment of (i) the Accommodations, obligations, fees and other charges payable by the Borrower to the Lender under the

EXHIBIT

TABLER
A

terms of the Loan Documents together with all other Obligations of the Borrower to the Lender, (ii) the costs incurred in the collection and enforcement of the Loan Documents, and (iii) the costs incurred in the perfection and enforcement of the Collateral Documents and in the collection, protection and preservation of the Collateral described in the Collateral Documents, including in all cases, reasonable attorney fees. The obligations of the Guarantor set forth in this Section 3 are hereinafter collectively referred to as the "Guaranteed Obligations."

4. Joint and Several Guaranteed Obligations. The Guarantor's obligations hereunder are joint and several with any other guarantor now or hereafter guaranteeing the Obligations, including but not limited to any other guarantor who executes this Guaranty and are independent of the obligations of the Borrower. A separate action or actions may be brought and prosecuted against each Guarantor, whether or not action is brought against the Borrower or any other guarantor or whether or not the Borrower or any other guarantor is joined in such action or actions.

5. Not a Collection Guaranty. This Guaranty is a guaranty of payment and not a guaranty of collection. The Guarantor waives any right to require the Lender at any time to (i) proceed against the Borrower or any other guarantor now or hereafter guaranteeing the Obligations, (ii) proceed against or exhaust any security for the Accommodations, or (iii) pursue any other remedy in the Lender's power whatsoever.

6. Lender's Right to Deal With Guaranteed Obligations. The Guarantor authorizes the Lender, without notice or demand and without affecting such Guarantor's liability hereunder, from time to time to (i) increase, enlarge, renew, compromise, extend, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof, including an increase or decrease of the rate of interest thereon, and including, without limitation, increasements, enlargements, renewals, compromises, extensions, accelerations and modifications made after the revocation of this Guaranty, (ii) deal with the Guaranteed Obligations and Collateral in any manner it may see fit, (iii) accept partial payments on account of the Guaranteed Obligations and (iv) demand or receive additional security for the Guaranteed Obligations.

7. Consent to Releases. The Guarantor consents, without notice and without affecting the Guarantor's liability hereunder, to the release of (i) all or any part of the Collateral or the substitution of all or any part of such Collateral, (ii) any party liable for all or any part of the payment of the Guaranteed Obligations, and (iii) any other guarantor from the Guaranteed Obligations, or portions thereof, guaranteed hereby.

8. Bankruptcy of Borrower. Neither Guarantor's obligation to make payment in accordance with the terms of this Guaranty nor any remedy for the enforcement hereof shall be impaired, modified, changed, released or limited in any manner whatsoever by the Borrower's bankruptcy or by any impairment, modification, change, release or limitation of (i) the liability of the Borrower, any party assuming the obligations of the Borrower under the Loan Documents or the Borrower's estate in bankruptcy or (ii) any remedy for the enforcement of the Accommodations, either of which results from the operation of any present or further provision of any bankruptcy act, state or federal law, common law or equitable cause or from the decision of any court. The Guarantor agrees that to the extent that the Borrower or any other Person liable for all or any part of the Guaranteed Obligations makes a payment or payments to the Lender, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be paid to a trustee, receiver or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment the Guaranteed Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

9. Valid and Binding Guaranty. The Guarantor's execution, delivery, observance and performance of this Guaranty do not and will not conflict with or result in a breach of the terms or provisions of any existing rule, regulation or order of any court or governmental body or of any indenture, certificate, agreement or instrument to which such Guarantor is a party, or by which such Guarantor is bound, or to which such Guarantor is subject, and do not and will not constitute a default thereunder. This Guaranty has been duly executed and delivered by the Guarantor and constitutes a valid and binding guaranty enforceable in accordance with its terms.

10. Solvency. After giving effect to the transactions contemplated hereby and the Other Agreements and the payment of all legal, investment banking, accounting and other fees related hereto and thereto, the Guarantor shall be solvent as of and on the initial Closing Date and at all times thereafter.

11. Compensation. At all times while the Guaranty is in effect, the Guarantor shall not permit the Compensation paid or accrued of its directors or officers to exceed a nominal amount per year.

12. Continuing Nature of Guaranty. This Guaranty shall continue in full force and effect so long as any part of the Guaranteed Obligations is outstanding.

13. Waiver of Guarantor's Defenses. The Guarantor waives any defense arising by reason of any disability or other defense whatsoever to the liability of the Borrower. Until the Guaranteed Obligations have been paid in full, the Guarantor waives (i) any right of subrogation, (ii) any right to enforce any remedy which the lender now has or may hereafter have against the Borrower, (iii) any benefit of, and any right to participate in, any security now or hereafter held by the Lender and (iv) any right the Guarantor might otherwise have to the marshalling of the assets of the Borrower. The Guarantor also waives and renounces any and all homestead exemption rights against the Guaranteed Obligations and also waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty.

14. Subordination of Borrower's Indebtedness. Any Indebtedness of the Borrower now or hereafter owed to or held by any Guarantor is hereby subordinated to the payment of the Guaranteed Obligations. Such Indebtedness of the Borrower to the Guarantor shall, if the Lender so requests in writing, be collected, enforced and received by such Guarantor as trustee for the Lender and be paid over to the Lender on account of the Guaranteed Obligations of the Borrower to the Lender, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty.

15. Waiver of Subrogation and Contribution. The Guarantor hereby irrevocably waives any claim or other right which it may now or hereafter acquire against the Borrower that arises from the existence or performance of the Guaranteed Obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, any right to participate in any claim or remedy of the Lender against the Borrower or any Collateral which the Lender hereafter acquires, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, by any payment made hereunder or otherwise, including, without limitation, the right to take or receive from the Borrower, directly or indirectly, in cash or other property or by setoff or in any other manner, payment or security on account of such claim or other right. The Guarantor hereby irrevocably agrees that it will not exercise any rights which it may acquire by way of contribution under this Guaranty or any other Loan Document, by any payment made hereunder or otherwise. If any amount shall be paid to any Guarantor in violation of the preceding two sentences and the Guaranteed Obligations shall not have been paid in full, such amount shall be deemed to have been paid to such Guarantor for the benefit of, and held in trust for, the Lender and shall forthwith be paid to the Lender to be credited and applied to the Guaranteed Obligations, whether matured or unmatured in accordance with the terms of the Loan Agreement.

16. Setoff. In addition to all liens upon, and rights of setoff against, the money, securities or other property of the Guarantor given to the Lender by law, the Guarantor hereby pledges, assigns, conveys and transfers to the Lender a lien upon, security title to, a security interest in, and right of setoff against all money, securities and other property of the Guarantor now or hereafter in the possession of or on deposit with the Lender, whether held in a general or special account or on deposit with the Lender, or for safekeeping or otherwise, and every such lien, security title, security interest, and right of setoff may be exercised without demand upon or notice to the Guarantor. No lien, security title, security interest, or right of setoff shall be deemed to have been waived by any act or conduct on the part of the Lender, or by any neglect to exercise such right of setoff or to enforce such lien, security title, security interest or by any delay in so doing, and every lien, security title, security interest and right of setoff shall continue in full force and effect until specifically waived or released by an instrument in writing executed by the Lender.

17. Acceleration Upon Event of Default. At the option of the Lender and with or without demand or notice, all or any part of the Guaranteed Obligations hereunder shall become due and payable immediately upon the occurrence of an Event of Default.

18. Review of Documents by Guarantor. The Guarantor represents that, with the assistance of counsel of the Guarantor's choice, the Guarantor has read and reviewed the Loan Documents relating to the Accommodations as the Guarantor or the Guarantor's counsel deems necessary or desirable to read and review.

19. Lender's Right to Assign. Except as prohibited in the Loan Agreement, the Lender may, without notice whatsoever to anyone, sell, assign or transfer all of the Guaranteed Obligations owed to the Lender or any part thereof. In such event, each and every successive assignee, transferee or holder of all or any part of the Guaranteed Obligations shall have the right to enforce this Guaranty by suit or otherwise for the benefit of such assignee, transferee or holder as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers, and benefits; provided, however, that the Lender shall have an unimpaired right to enforce this Guaranty for its benefit as to so much of the Guaranteed Obligations that it has not sold, assigned or transferred.

20. Payments Under Guaranty. In the event that any amounts become due hereunder, the Guarantor promises to pay such amounts herein guaranteed to the Lender at the Lender's office set forth in the Accommodations.

21. No Conditions to Guaranty. The Guarantor agrees that the validity and effectiveness of this Guaranty is not subject to the satisfaction of any condition of any type, including, but not limited to, the execution by any other person or entity of a guaranty of all or any part of the Guaranteed Obligations. .

22. No Waiver of Enforcement Rights. No postponement or delay on the part of the Lender in the enforcement of any right hereunder shall constitute a waiver of such right.

23. Severability. If any clause or provision herein contained operates or would prospectively operate to invalidate this Guaranty in whole or in part, then such clause or provision only shall be held null and void as though not contained herein, and the remainder of this Guaranty shall remain operative and in full force and effect.

24. Successors and Assigns. This Guaranty shall be binding upon the successors and assigns of the Guarantor and shall inure to the benefit of the successors and assigns of the Lender.

25. APPLICABLE LAW. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA WITHOUT REGARD TO THE PRINCIPLES THEREOF REGARDING CONFLICTS OF LAW.

26. CONSENT TO JURISDICTION AND VENUE. THE GUARANTOR AGREES THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY SHALL BE COMMENCED IN THE COURT OF COMMON PLEAS OF BLAIR COUNTY, PENNSYLVANIA OR IN THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF PENNSYLVANIA AND FURTHER AGREES THAT A SUMMONS AND COMPLAINT COMMENCING AN ACTION OR PROCEEDING IN EITHER OF SUCH COURTS SHALL BE PROPERLY SERVED AND SHALL CONFER PERSONAL JURISDICTION IF SERVED PERSONALLY OR BY CERTIFIED MAIL TO SUCH GUARANTOR AT SUCH GUARANTOR'S ADDRESS DESIGNATED PURSUANT HERETO, OR AS OTHERWISE PROVIDED UNDER THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA. FURTHER, THE GUARANTOR HEREBY SPECIFICALLY CONSENTS TO THE PERSONAL JURISDICTION OF THE COURT OF COMMON PLEAS OF BLAIR COUNTY, PENNSYLVANIA AND THE DISTRICT COURT OF THE UNITED STATES FOR THE WESTERN DISTRICT OF PENNSYLVANIA AND WAIVES AND HEREBY ACKNOWLEDGES THAT THE GUARANTOR IS ESTOPPED FROM RAISING ANY OBJECTION BASED ON FORUM NON CONVENIENS, ANY CLAIM THAT EITHER SUCH COURT LACKS PROPER VENUE OR ANY CLAIM THAT EITHER SUCH COURT LACKS PERSONAL JURISDICTION OVER THE GUARANTOR SO AS TO PROHIBIT EITHER SUCH COURT FROM ADJUDICATING ANY ISSUES RAISED IN A COMPLAINT FILED WITH EITHER SUCH COURT AGAINST SUCH GUARANTOR BY THE LENDER CONCERNING THIS GUARANTY OR PAYMENT TO THE LENDER. THE GUARANTOR HEREBY ACKNOWLEDGES AND AGREES THAT THE EXCLUSIVE CHOICE OF FORUM CONTAINED IN THIS SECTION 26 SHALL NOT BE DEEMED TO PRECLUDE THE ENFORCEMENT OF ANY JUDGMENT OBTAINED IN SUCH

FORUM OR THE TAKING OF ANY ACTION UNDER THE OTHER AGREEMENTS TO ENFORCE THE SAME IN ANY APPROPRIATE JURISDICTION.

27. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE TRANSACTIONS CONTEMPLATED HEREBY.

28. CONFESSION OF JUDGMENT. UPON THE OCCURRENCE OF ANY EVENT OF DEFAULT AS DEFINED IN THE LOAN AGREEMENT, THE GUARANTOR AUTHORIZES AND EMPOWERS THE PROTHONOTARY OR ANY ATTORNEY OF ANY COURT OF RECORD WITHIN THE UNITED STATES OR ELSEWHERE TO APPEAR FOR SUCH GUARANTOR, AND, WITH OR WITHOUT DECLARATION FILED, CONFESS JUDGMENT AGAINST THE GUARANTOR IN FAVOR OF THE HOLDER OF THIS GUARANTY FOR THE UNPAID AND DUE BALANCE HEREOF, WHETHER BY ACCELERATION OR OTHERWISE, WITH COSTS OF SUIT AND REASONABLE ATTORNEYS' FEES FOR COLLECTION OF SUCH SUMS WITH RELEASE OF ERRORS AND WAIVING ALL LAWS EXEMPTING REAL OR PERSONAL PROPERTY FROM EXECUTION TO THE EXTENT THAT SUCH LAWS MAY LAWFULLY BE WAIVED BY THE GUARANTOR. NO SINGLE EXERCISE OF THAT FOREGOING POWER TO CONFESS JUDGMENT SHALL BE DEEMED TO EXHAUST THE POWER, WHETHER OR NOT ANY SUCH EXERCISE SHALL BE HELD BY ANY COURT TO BE VALID, VOIDABLE, OR VOID, BUT THE POWER SHALL CONTINUE UNDIMINISHED, AND IT MAY BE EXERCISED FROM TIME TO TIME AS OFTEN AS THE HOLDER SHALL ELECT, UNTIL SUCH TIME AS THE HOLDER SHALL HAVE RECEIVED PAYMENT IN FULL OF THE DEBT, INTEREST AND COSTS.

29. Headings. The headings of the sections of this Guaranty are inserted for convenience only and shall not be deemed to constitute a part hereof.

30. Entire Agreement. This Guaranty constitutes the entire agreement of the Guarantor and supersedes all prior communications, oral or written, by and between the Guarantor and the Lender.

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WITNESS the due execution and sealing hereof with the intent of being legally bound as of the date first above written.

ATTEST:

By Judi Matia
Judi Matia
Secretary

JEM INDUSTRIES, INC.

By Glyn D. Powell
Glyn D. Powell
President

Accepted by MID-STATE BANK AND
TRUST COMPANY as of the date first
written above

By: James G. Pollock
James G. Pollock
Vice President, Regional
Lending Administrator

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OMNIBUS FIRST AMENDMENT TO
GUARANTY AGREEMENTS

The Omnibus First Amendment to Guaranty Agreements (the "First Amendment") is made as of the 21st day of January, 1997 by and among MID-STATE BANK AND TRUST COMPANY, a Pennsylvania banking corporation (the "Lender"), and JEM HOLDINGS, INC., a Pennsylvania corporation ("Holdings"), JEM INDUSTRIES, INC., a Pennsylvania corporation ("Industries"), POWELL U.S.A., INC., a Delaware corporation ("Powell USA"), and GLYN D. POWELL AND MARY POWELL ("G/M Powell" and with Holdings, Industries and Powell USA, the "Guarantors").

W I T N E S S E T H :

WHEREAS, under separate Guaranty Agreements, all dated as of October 26, 1995 (the "Guaranty Agreements"), between the Lender and the Guarantors, the Guarantors unconditionally guaranteed and became sureties for the Obligations of the Borrower to the Lender (capitalized terms used herein but not defined herein shall have the meanings ascribed to them in that certain Amended and Restated Credit Agreement, dated June 13, 1996 (the "Credit Agreement"), between the Lender and Power Operating Co., Inc., a Pennsylvania Corporation); and

WHEREAS, in connection with the Lender making further credit accommodations to the Borrower as evidenced by the Credit Agreement and the Second Amendment to Amended and Restated Credit Agreement, dated November 13, 1996, the Guarantors delivered to the Lender that Guarantors Acknowledgements [sic] in which the Guarantors reaffirmed to the Lender their obligations under, inter alia, the Guaranty Agreements; and

WHEREAS, the Borrower has requested that the Lender make further credit accommodations to it as set forth in the Third Amendment to Amended and Restated Credit Agreement of even date herewith (the "Third Amendment"), but the Lender is willing to do so only upon the happening of certain events, among them the Guarantor's execution and delivery to the Lender of this First Amendment; and

WHEREAS, the Guarantors have determined that the execution and delivery of this First Amendment by them will be of direct and material benefit to them.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises herein and for other valuable consideration, and with the intent to be legally bound hereby, the parties hereto agree as follows:

1. The Guaranty Agreements between the Lender and Holdings, Industries and Powell USA, respectively, are each amended by deleting section 11 in its entirety replacing it with the following:

11. Restrictions on Guarantors. Until all of the Obligations are paid in full, the Guarantor shall not:

- (a) Permit the compensation paid to or accrued for the benefit of its officers and directors to exceed a nominal amount in any fiscal year.
- (b) Except as otherwise expressly permitted by this Section 11, create, incur, assume or permit to exist any Indebtedness except (i) Indebtedness secured by liens permitted under this Section 11; (ii) Guaranteed Indebtedness arising under this Guaranty Agreement; (iii) intercompany Indebtedness of the Guarantor to a Guarantor or to the Borrower provided such Indebtedness is subordinate to payment of the Obligations on terms satisfactory to the Lender; and (iv) Indebtedness aggregating no more than \$150,000 at any time in addition to other indebtedness permitted under this Section 11.
- (c) Create or permit any lien on any of its properties or assets except:

- (i) presently existing or hereafter created liens in favor of the Lender;
- (ii) Permitted Encumbrances;
- (iii) Liens of the type which the Borrower is permitted to allow to exist under Section 7.2 of the Credit Agreement.

2. The Guaranty Agreement between the Lender and G/M Powell is amended by inserting immediately Section 4 of that Guaranty Agreement the following:

- 4A. Restrictions on Incurring Debt. The Guarantors shall not create, incur, assume, become liable for (either directly or contingently), or give security for any Indebtedness except (i) Guaranteed Indebtedness arising under this Guaranty Agreement; and (ii) Indebtedness arising from consumer transactions.

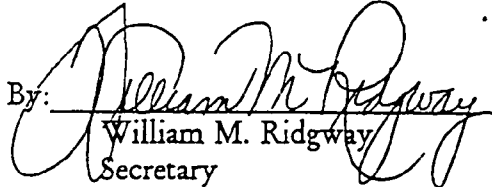
3. Except as provided in this First Amendment, all of the terms and conditions of the Guaranty Agreements remain unaffected hereby and in full force and effect. Each of the Guarantors unconditionally and in all respects reaffirms the terms of the Guaranty Agreement to which it is a party and acknowledges that the credit accommodations made by the Lender to the Borrower under the Third Amendment constitute "Guaranteed Obligations" as that term is defined in the Guaranty Agreements.

4. Each of the Guarantors unconditionally and in all respects hereby reaffirms the terms of the Security Agreement, dated October 26, 1995, from it to the Lender and acknowledges that the terms of the Security Agreement (and the extent of all liens and security interests granted thereby, whether or not perfected) extend to the credit accommodations being made pursuant to the Third Amendment.

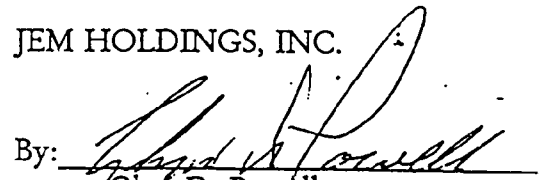
5. This First Amendment may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement.

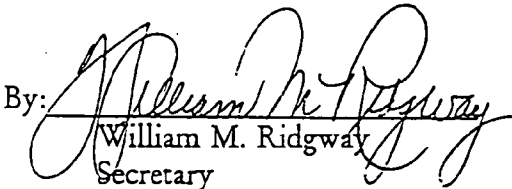
IN WITNESS WHEREOF, the Guarantors have executed the First Amendment as of the day and year first above written.

ATTEST:

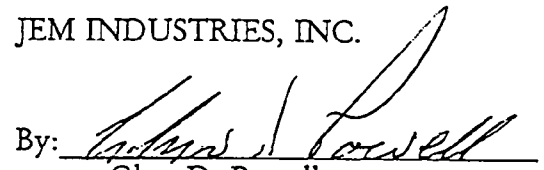
By: 
William M. Ridgway
Secretary

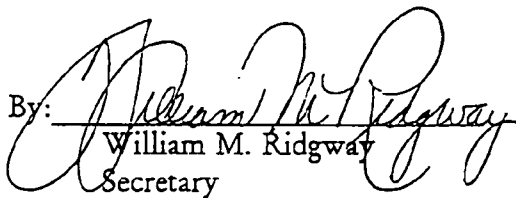
JEM HOLDINGS, INC.

By: 
Glyn D. Powell
President

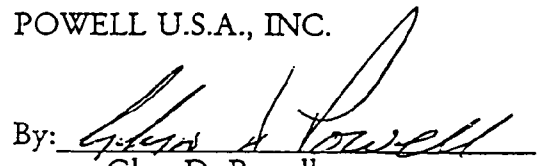
By: 
William M. Ridgway
Secretary

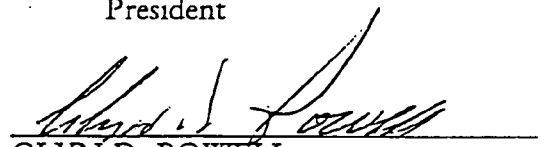
JEM INDUSTRIES, INC.

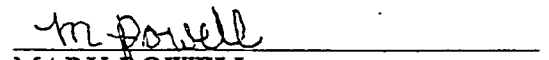
By: 
Glyn D. Powell
President

By: 
William M. Ridgway
Secretary

POWELL U.S.A., INC.

By: 
Glyn D. Powell
President


GLYN D. POWELL


MARY ROWELL

S:\WP\SHARE\MIDSTATE\POWELL\GU.AME

REVOLVING CREDIT NOTE

\$5,000,000

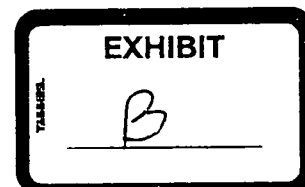
Phillipsburg, Pennsylvania
June 13, 1996

FOR VALUE RECEIVED, the undersigned, POWER OPERATING CO., INC., a Pennsylvania corporation having an office at P.O. Box 25, Osceola Mills, Pennsylvania 16666 (the "Maker"), promises to pay to the order of MID-STATE BANK AND TRUST COMPANY (the "Lender") in lawful money of the United States of America in immediately available funds at the principal office of the Lender at 1130 Twelfth Avenue, Altoona, Pennsylvania 16601 or at such other location as the holder hereof may designate from time to time, the lesser of (i) the principal sum of Five Million (\$5,000,000) Dollars or (ii) the aggregate unpaid principal amount of all loans made by the Lender to the Maker pursuant to Section 2.2 of the Credit Agreement dated of even date herewith between the Lender and the Maker (the "Credit Agreement"), together with interest from the date hereof on the unpaid balance of the principal hereof (i) until maturity, at a rate per annum (computed on the basis of a year of 360 days and actual days elapsed) which shall at all times be two percentage points (2%) above the Prime Rate, as hereinafter defined, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate, payable on the first day of each calendar month after the date hereof and at maturity, and (ii) after maturity, whether by declaration, acceleration or otherwise, until paid at a rate per annum (computed on the basis of a year of 360 days and actual days elapsed) which shall at all times be four percentage points (4%) above the Prime Rate, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate, until such installment is paid, payable on demand. "Prime Rate" as that term is used herein shall mean the rate per annum announced from time to time by the Lender as its then prime rate. The aforesaid interest rates shall continue to apply whether or not judgment shall have been entered on this Note.

If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or on any other day on which the Lender is not open for business, such payment shall be made on the next succeeding business day, and such extension of time shall in such case be included in computing interest in connection with such payment.

This Note is the Revolving Credit Note referred to in and issued pursuant to the Credit Agreement. The Credit Agreement contains provision, among other things, for the acceleration of the stated maturity of this Note upon the happening of certain stated events recited therein and also for prepayments on account of the principal hereof prior to maturity as provided therein.

The Maker hereby waives presentment, demand, protest or notice of any kind in connection with this Note.



This Note shall bind the Maker and its successors and assigns, and the benefits hereof shall inure to the benefit of the Lender and its successors and assigns. All references herein to the "Maker" and the "Lender" shall be deemed to apply to the Maker and the Lender, respectively, and their respective successors and assigns.

UPON THE OCCURRENCE OF AN EVENT OF DEFAULT (AS THAT TERM IS DEFINED IN THE CREDIT AGREEMENT), THE MAKER DOES HEREBY EMPOWER THE PROTHONOTARY OR ANY ATTORNEY OF ANY COURT OF RECORD WITHIN THE COMMONWEALTH OF PENNSYLVANIA TO APPEAR FOR THE MAKER AND, WITH OR WITHOUT ONE OR MORE COMPLAINTS FILED, CONFESS JUDGMENT OR JUDGMENTS AGAINST THE MAKER IN ANY COURT OF RECORD WITHIN THE COMMONWEALTH OF PENNSYLVANIA IN FAVOR OF THE LENDER, ITS SUCCESSORS AND ASSIGNS, FOR THE UNPAID PRINCIPAL BALANCE OF THIS NOTE AND ALL INTEREST ACCRUED HEREON, TOGETHER WITH COSTS OF SUIT AND AN ATTORNEY'S COMMISSION OF 5% FOR COLLECTION OF SUCH SUMS, AND THE MAKER HEREBY FOREVER WAIVES AND RELEASES ANY AND ALL ERRORS IN SAID PROCEEDINGS AND WAIVES STAY OF EXECUTION AND STAY, CONTINUANCE OR ADJOURNMENT OF SALE ON EXECUTION. THE AUTHORITY AND POWER TO APPEAR FOR AND ENTER JUDGMENT AGAINST THE MAKER SHALL NOT BE EXHAUSTED BY ONE OR MORE EXERCISES THEREOF AND MAY BE EXERCISED FROM TIME TO TIME AND AS OFTEN AS THE LENDER OR ITS SUCCESSORS AND ASSIGNS SHALL DEEM NECESSARY OR DESIRABLE.

WITNESS the due execution hereof on the date first above written with the intention that this Note shall constitute a sealed instrument.

ATTEST:

POWER OPERATING CO., INC.

By: Judi Matia
Judi Matia
Secretary

By: Paul Wild
Paul Wild
President

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SECOND AMENDED TERM NOTE

\$5,775,252.31

Philipsburg, Pennsylvania
Dated as of January 31, 1997

FOR VALUE RECEIVED, the undersigned, POWER OPERATING CO., INC., a Pennsylvania corporation with an office at P.O. Box 25, Osceola Mills, Pennsylvania 16666 (the "Maker"), promises to pay to the order of MID-STATE BANK AND TRUST COMPANY (the "Lender") in lawful money of the United States of America in immediately available funds at the principal office of the Lender at 1130 Twelfth Avenue, Altoona, Pennsylvania 16601, or at such other location as the holder hereof may designate from time to time, the principal sum of Five Million Seven Hundred Seventy-Five Thousand Two Hundred Fifty-Two and 31/100 (\$5,775,252.31) Dollars, payable as follows:

- (i) commencing on February 1, 1997 and on the first day of each calendar month thereafter to and including June 1, 1997, interest only on the unpaid principal balance due under this Note (the "Note") (computed on the basis of a year of 360 days and actual days elapsed) which shall at all times be two percentage points (2%) above the Prime Rate, as hereinafter defined, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate;
- (ii) commencing on July 1, 1997 and on the first day of each calendar month thereafter to and including October 1, 2000, equal monthly payments of principal in amounts such that all sums due under this Note are paid in full on or before November 1, 2000, together with interest from the date hereof on the unpaid balance of each of the installments of principal (computed on the basis of a year of 360 days and actual days elapsed) which shall at all times be two percentage points (2%) above the Prime Rate, such interest rate to change automatically from time to time effective as of the effective date of each change in the Prime Rate, payable with each principal payment;
- (iii) in addition to the principal payments required in paragraph (ii) above, on October 1, 1997 the Maker shall make a payment of Five Hundred Thousand (\$500,000) Dollars to the Lender, which payment shall be applied first to accrued but unpaid interest and then to the principal balance outstanding under this Note; and
- (iv) in the event the Maker fails to make any payment required under this Note within fifteen (15) days of its due date, a late payment fee equal to four percentage points (4%) of the payment past due.

EXHIBIT

C

"Prime Rate" as that term is used herein shall mean the rate per annum announced from time to time by the Lender as its then prime rate.

If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or on any other day on which the Lender is not open for business, such payment shall be made on the next succeeding business day and such extension of time shall in such case be included in computing interest in connection with such payment.

This Note is subject to the terms of the Credit Agreement dated as of August 1, 1996, as amended, between the Lender and the Maker. The Credit Agreement contains a provision, among other things, for the acceleration of the stated maturity of this Note upon the happening of certain stated events recited therein and also for prepayments on account of the principal hereof prior to maturity as provided therein.

The Maker hereby waives presentment, demand, protest or notice of any kind in connection with this Note.

This Note amends and restates that certain First Amended Term Note, dated June 11, 1996, from the Maker to the Lender in the original principal amount of \$5,775,252.31.

This Note shall bind the Maker and its successors and assigns, and the benefits hereof shall inure to the benefit of the Lender and its successors and assigns. All references herein to the "Maker" and the "Lender" shall be deemed to apply to the Maker and the Lender, respectively, and their respective successors and assigns.

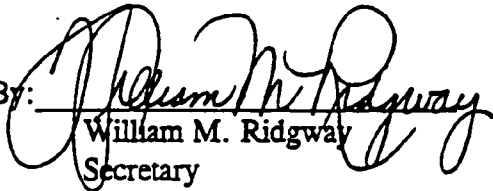
UPON THE OCCURRENCE OF AN EVENT OF DEFAULT (AS THAT TERM IS DEFINED IN THE CREDIT AGREEMENT), THE MAKER DOES HEREBY EMPOWER THE PROTHONOTARY OR ANY ATTORNEY OF ANY COURT OF RECORD WITHIN THE COMMONWEALTH OF PENNSYLVANIA TO APPEAR FOR THE MAKER AND, WITH OR WITHOUT ONE OR MORE COMPLAINTS FILED, CONFESS JUDGMENT OR JUDGMENTS AGAINST THE MAKER IN ANY COURT OF RECORD WITHIN THE COMMONWEALTH OF PENNSYLVANIA IN FAVOR OF THE LENDER, ITS SUCCESSORS AND ASSIGNS, FOR THE UNPAID PRINCIPAL BALANCE OF THIS NOTE AND ALL INTEREST ACCRUED HEREON, TOGETHER WITH COSTS OF SUIT AND AN ATTORNEY'S COMMISSION OF 5% FOR COLLECTION OF SUCH SUMS, AND THE MAKER HEREBY FOREVER WAIVES AND RELEASES ANY AND ALL ERRORS IN SAID PROCEEDINGS AND WAIVES STAY OF EXECUTION AND STAY, CONTINUANCE OR ADJOURNMENT OF SALE ON EXECUTION. THE AUTHORITY AND POWER TO APPEAR FOR AND ENTER JUDGMENT AGAINST THE MAKER SHALL NOT BE EXHAUSTED BY ONE OR MORE EXERCISES THEREOF AND MAY

BE EXERCISED FROM TIME TO TIME AND AS OFTEN AS THE LENDER OR ITS SUCCESSORS AND ASSIGNS SHALL DEEM NECESSARY OR DESIRABLE.

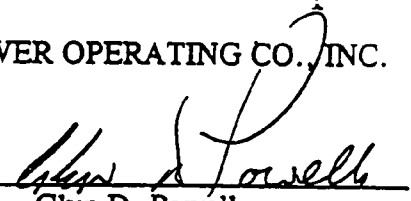
WITNESS the due execution hereof on the date first above written with the intention that this Note shall constitute a sealed instrument.

ATTEST:

POWER OPERATING CO., INC.

By: 

William M. Ridgway
Secretary

By: 

Glyn D. Powell
President

POST-PETITION CREDIT AGREEMENT

among

POWER OPERATING CO., INC., Debtor and Debtor in Possession, and POWELL U.S.A., INC.

as Borrower,

GLYN D. POWELL, and MARY POWELL,

as Guarantors,

and

MID-STATE BANK AND TRUST COMPANY

as Lender

Dated as of May __, 1998



THIS POST-PETITION CREDIT AGREEMENT ("Credit Agreement") dated as of May __, 1998, among Powell U.S.A., Inc., a Delaware corporation and a debtor and debtor in possession and POWER OPERATING CO., INC., a Pennsylvania corporation and a debtor and debtor in possession (collectively and individually the "Borrower"); and MID-STATE BANK AND TRUST COMPANY, a banking organization organized under the laws of the Commonwealth of Pennsylvania (the "Lender").

PRELIMINARY STATEMENTS:

A. The Borrower is a party to various loans and letters of credit provided by Lender (the "Pre-Petition Obligations") as more fully set forth in the paragraph below and in the notes, security agreements, mortgages and other documents executed in connection therewith (the "Pre-Petition Credit Documents").

B. Under the Pre-Petition Obligations and Pre-Petition Credit Documents, the Lender provided the Borrower with secured credit facilities including loans and letters of credit as follows:

<u>Credit Accommodation</u>	<u>Outstanding Amount</u>
#02948-30006 - Term Loan	\$5,488,645.82
#02948-30007 - Line of Credit	\$ 897,676.88
#02948-30008 - Line of Credit	\$ 60,274.24
#02948-30005 - Term Loan	<u>\$ 58,147.77</u>
	\$6,504,744.71
Letters of Credit	<u>\$3,174,093.00</u>
TOTAL	\$9,678,837.71

C. To secure the Pre-Petition Obligations, the Borrower granted to Lender mortgages upon and security interests in substantially all of its real and personal assets, including but not limited to all of Debtor's real estate and coal reserves and all of Borrower's accounts, inventory, chattel paper, equipment, documents, and instruments, and the proceeds and products thereof.

D. The security interests granted by the Borrower to secure the Pre-Petition Obligations were properly perfected and are subject to no prior liens or security interests, and the liquidation value of the Borrower's assets securing the Pre-Petition Obligations presently exceeds the outstanding amount of the Pre-Petition Obligations.

E. On May __, 1998 (the "Petition Date"), the Borrower filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code") with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") at Case No. 98-1136 for Powell U.S.A., Inc. and No. 78-1137 for Power Operating Company, Inc. (the "Bankruptcy Case").

F. The Borrower is continuing to operate its business and manage its properties as a debtor in possession under sections 1107 and 1108 of the Bankruptcy Code.

G. An immediate and on-going need exists for Borrower to obtain additional funds to continue the operation of its business as debtor in possession under the Bankruptcy Code, and accordingly the Borrower has requested that the Lender authorize Borrower's use of cash collateral and further to extend post-petition financing to the Borrower.

H. To secure such post-petition financing, the Borrower has agreed to grant to the Lender on a post-petition basis a security interest in all of the Borrower's assets, real and personal.

I. The Lender is willing to provide such post-petition financing on the terms and conditions set forth in this Credit Agreement and the other Credit Documents (hereinafter defined).

J. The Borrower and the Lender contemplate that on or after the Petition Date the Bankruptcy Court will enter the Interim Financing Order (hereinafter defined), which will approve this Credit Agreement and will authorize the Borrower to incur interim superpriority lien and superpriority administrative claim indebtedness under the terms and conditions of this Credit Agreement and pursuant to sections 363 and 364 of the Bankruptcy Code.

K. In accordance with the Interim Financing Order, the Permanent Financing Order (hereinafter defined) when entered into by the Bankruptcy Court and this Credit Agreement, the Lender will make post-petition loans and other financial accommodations to the Borrower.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained in this Credit Agreement, the Borrower and the Lender hereby agree as follows:

ARTICLE 1. DEFINITIONS.

1.1 General Definitions.

Asset Disposition means any sale, transfer, conveyance, assignment, exchange, liquidation or other disposition of all or any portion of any asset of the Borrower or any interest therein outside the ordinary course of business of the Borrower (including, without limitation, any disposition of any real property or interest in real property).

Auditors means a firm of independent public accountants selected by the Borrower and reasonably satisfactory to the Lender.

Bankruptcy Court has the meaning set forth in the Preliminary Statements and includes any other court having competent jurisdiction over the Borrower's chapter 11 case.

Benefit Plan means a "defined benefit plan" (as defined in Section 3(33) of ERISA) for which the Borrower or any ERISA Affiliate has been an "employer" (as defined in Section 3(3) of ERISA) within the past six years.

Business Day means any day that is not a Saturday, a Sunday or a day on which commercial banks in Philipsburg, Pennsylvania are required or permitted by law to be closed.

Capital Expenditure means, for any Person for any period, the sum of all expenditures capitalized by such Person for financial statement purposes in accordance with GAAP during such period (whether payable in cash or other property or accrued as a liability), including the capitalized portion of Capital Leases and that portion of Investments made by such Person allocable to property, plant or equipment.

Cash Equivalents means either of the following, so long as the same are maintained in accounts in which the Lender has a perfected security interest: (i) securities issued, guaranteed or insured by the full faith and credit of the United States and having maturities of not more than one year; (ii) certificates of deposit having maturities of not more than one year issued by a United States national or state chartered commercial bank of recognized standing whose combined capital and unimpaired surplus is in excess of \$20,000,000 and whose short-term commercial paper rating, or that of its parent holding company, is at least "A-1" or the equivalent by S&P and at least "Prime-1" or the equivalent by Moody's.

Change of Control means the occurrence of any of the following:

(a) the acquisition by a person, entity or group of beneficial ownership of thirty-three percent (33%) or more of the combined voting power of the then outstanding voting securities of the Borrower; and

(b) the approval by the stockholders of the Borrower of a merger, consolidation or reorganization involving the Borrower.

Claim has the meaning set forth in section 101(3) of the Bankruptcy Code.

Closing Date means the date of execution and delivery of this Credit Agreement by all of the parties hereto, or if later, the date on which the initial Borrowing is advanced.

Collateral means the Accounts, Inventory, Equipment, General Intangibles, Instruments, Chattel Paper, Fixtures, Documents and all other real and personal property identified in the Collateral Documents as security for the Post-petition Obligations, including all causes of action but excluding the proceeds of all causes of action arising under Chapter 5 of the Bankruptcy Code.

Collateral Documents means, collectively, the Post-petition Security Agreement, and all other contracts, instruments and other documents pursuant to which Liens are now or hereafter granted to the Lender to secure any or all of the Post-petition Obligations.

Contingent Obligation means, with respect to any Person, any direct, indirect, contingent or non-contingent guaranty or obligation of such Person for the Indebtedness of another Person, except for endorsements in the ordinary course of business.

Credit Documents means, collectively, this Credit Agreement, the Notes, each of the Collateral Documents and all other documents, agreements and instruments now or hereafter executed in connection herewith or therewith, in each case as modified, amended, extended, restated or supplemented from time to time.

Default means an event, condition or default that with the giving of notice, the passage of time, or both, would be an Event of Default.

ERISA means the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1000 et seq., amendments thereto, successor statutes, and regulations or guidance promulgated thereunder.

ERISA Affiliate means any entity required to be aggregated with the Borrower under Sections 414 (b), (c), (m) or (o) of the Internal Revenue Code.

Existing Letters of Credit has the meaning set forth in Section 2.4.

Expenses means all reasonable costs and expenses of the Lender incurred in connection with the Credit Documents and the transactions contemplated therein, including, without limitation, (i) the costs of conducting record searches, examining collateral, opening bank accounts and lockboxes, depositing checks, and receiving and transferring funds (including charges for checks for which there are insufficient funds), (ii) the reasonable fees and expenses of legal counsel and paralegals, accountants, appraisers and other consultants, experts or advisors retained by the Lender, (iii) fees and taxes in connection with the filing of financing statements, and (iv) the costs of preparing and recording Collateral Documents, releases of Collateral, and waivers, amendments, and terminations of any of the Credit Documents. Expenses also means all reasonable costs and expenses (including the reasonable fees and expenses of legal counsel and other professionals) paid or incurred by the Lender and any Lender (i) during the continuance of an Event of Default, (ii) in enforcing or defending its rights under or in respect of this Credit Agreement, the other Credit Documents or any other document or instrument now or hereafter executed and delivered in connection herewith, (iii) collecting the Loans, (iv) foreclosing or otherwise collecting upon the Collateral or any part thereof and (v) in obtaining any legal, accounting or other advice in connection with any of the foregoing.

Expiration Date means the earlier of (i) the first anniversary of the Closing Date and (ii) the date on which this Credit Agreement is terminated pursuant to Section 8, or the effective date of a confirmed Plan of Reorganization.

Financial Statements means the consolidated and consolidating balance sheets, statements of operations, statements of cash flows and statements of changes in shareholder's equity of the Borrower for the period specified, prepared in accordance with GAAP and consistently with prior practices.

GAAP means generally accepted accounting principles in the United States as in effect from time to time.

Governing Documents means certificates or articles of incorporation, by-laws and other similar organizational or governing documents.

Governmental Authority means any government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

Indebtedness of a Person means, without duplication, (a) indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices), whether on open account or evidenced by a note, bond, debenture or similar instrument, (b) obligations under capital leases, (c) reimbursement obligations for letters of credit, or other credit accommodations, (d) Contingent Obligations, (f) Indebtedness secured by any Lien on any property of that Person, even if that Person has not assumed such Indebtedness.

Interim Financing Order means the order entered by the Bankruptcy Court pursuant to section 364(c) and (d) of the Bankruptcy Code and Bankruptcy Rule 4001(c), authorizing the Borrower to incur post-petition secured and superpriority administrative claim indebtedness in accordance with this Credit Agreement on an interim basis in form and substance satisfactory to the Lender.

Internal Revenue Code means the Internal Revenue Code of 1986, amendments thereto, successor statutes, and regulations or guidance promulgated thereunder.

Letters of Credit means all letters of credit issued by Lender for the account of the Borrower as account party and all amendments, renewals, extensions or replacements thereof.

Lien means any lien, claim, charge, pledge, security interest, assignment, hypothecation, deed of trust, mortgage, lease, conditional sale, retention of title, or other preferential arrangement having substantially the same economic effect as any of the foregoing, whether voluntary or imposed by law.

Material Adverse Effect means a material adverse effect on (i) the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of any Credit Party, or (ii) or on the ability of the Lender to enforce the Post-petition Obligations or realize upon the Collateral, or (iii) on the value of the Collateral, or the amount which the Lender would be likely to receive (after giving consideration to delays in payment and costs of enforcement) in the liquidation of such Collateral.

Material Contract means any contract or other arrangement to which the Borrower is a party (other than the Credit Documents) for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect.

Multiemployer Plan means a "multiemployer plan" (as defined in Section 4001(a) (3) of ERISA) to which the Borrower, any of its Subsidiaries or any ERISA Affiliate has contributed within the past six years or with respect to which the Borrower could reasonably be expected to incur any liability.

Permanent Financing Order means an order entered by the Bankruptcy Court in form and substance substantially similar to the Interim Financing Order, authorizing the incurrence by the Borrower of permanent post-petition superpriority lien and superpriority claim indebtedness in accordance with this Credit Agreement and the other Credit Documents and containing such findings and provisions as are satisfactory in form and substance to the Lender, including, without limitation, provisions requiring the Borrower to repay in full the Pre-Petition Obligations and provisions relating to the Post-Petition Obligations.

Permitted Expenses means, collectively, (i) fees required to be paid to the Office of the United States Trustee pursuant to 28 U.S.C. section 1930(a), (ii) compensation for services rendered or reimbursement of expenses incurred that are permitted to be paid by the Bankruptcy Court under sections 330 or 331 of the Bankruptcy Code after the date of the occurrence of an Event of Default to professionals retained pursuant to an order of the Bankruptcy Court by the Borrower or any official creditors' committee appointed pursuant to section 1102 of the Bankruptcy Code in an amount not to exceed \$500,000 in the aggregate.

Permitted Liens means the Liens referred to Section 7.3.

Person means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or government (including any division, agency or department thereof), and its successors, heirs, personal representatives and assigns.

Petition Date has the meaning set forth in the Preliminary Statements.

Petition means the voluntary petition filed by the Borrower for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court on the Petition Date.

Plan means any Benefit Plan, Multiemployer Plan, or Retiree Health Plan, or any employee pension plan, fund, program or arrangement as defined in Section 3(2) of ERISA, whether oral or written, maintained or contributed to by the Borrower, or with respect to which any of them could reasonably be expected to incur liability.

Plan of Reorganization means a plan or plans of reorganization or liquidation for the Borrower promulgated and filed pursuant to section 1121 et seq. of the Bankruptcy Code.

Post-petition Charge means any charge arising or levied after the Petition Date.

Post-petition Obligations means the unpaid principal and interest hereunder (including interest accruing on or after the occurrence of an Event of Default) in respect of Loans, reimbursement obligations under letters of credit, fees and expenses and all other obligations and liabilities of the Borrower to the Lender under this Credit Agreement, the Notes or any of the other Credit Documents.

Post-petition Security Agreement means the Post-petition Security Agreement of even date herewith executed by the Borrower in favor of the Lender.

Loan Documents has the meaning set forth in the Preliminary Statements.

Pre-Petition Indebtedness means Indebtedness of the Borrower outstanding on the Petition Date.

Pre-Petition Liens means Liens made by the Borrower or existing on its property prior to the Petition Date.

Prime Lending Rate means the rate which Lender announces as its prime lending rate, from time to time. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. Lender may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

Reportable Event means any of the events described in Section 4043 of ERISA and the regulations thereunder other than those events for which the 30-day notice period has been waived.

Requirement of Law means, with respect to any Person, (a) the Governing Documents of such Person, (b) any material law, treaty, rule or regulation or determination of an arbitrator, court or other Governmental Authority binding on such Person, or (c) any material franchise, license, lease, permit, certificate, authorization, qualification, easement, right of way, right or approval binding on a Person or any of its property.

Retiree Health Plan means an "employee welfare benefit plan" within the meaning of Section 3(1) of ERISA, and any other plan, program or arrangement, whether oral or written, sponsored or maintained by the Borrower, any of its Subsidiaries or any ERISA Affiliate, that provides health benefits to persons after termination of employment, other than as required by Section 601 of ERISA.

Note means a promissory note of the Borrower payable to the order of Lender.

Subsidiary of a Person means a corporation or other entity in which that Person directly or indirectly owns or controls the shares of stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or appoint other managers of such corporation or other entity.

1.2 Accounting Terms and Determinations.

Unless otherwise defined or specified herein, all accounting terms used in this Credit Agreement shall be construed in accordance with GAAP.

1.3 Other Terms; Headings.

Terms used herein and not otherwise defined in Article 1 that are defined in the Uniform Commercial Code in effect in the State of Pennsylvania (the "Code") shall have the meanings given in the Code. Each of the words "hereof," "herein," and "hereunder" refer to this Credit Agreement as a whole. An Event of Default shall "continue" or be "continuing" until such Event of Default has been waived in writing by Lender. References to Articles, Sections, Annexes, Schedules, and Exhibits are internal references to this Credit Agreement, and to its attachments, unless otherwise specified. The headings are for convenience only and shall not affect the meaning or construction of any provision of this Credit Agreement.

ARTICLE 2. LOANS

2.1 Credit Commitments.

Base Loans and Letter of Credit. Subject to the terms and conditions set forth in this Credit Agreement, and in reliance on the representations and warranties of the Borrower set forth herein, on and after the Closing Date and to and excluding the Expiration Date, Lender agrees to make advances to the Borrower (each a "Loan") in an amount not to exceed \$500,000 in the aggregate outstanding at any time and to issue its irrevocable letter in favor of the Pennsylvania Department of Environmental protection in the amount of \$269,700.

Supplemental Loan. In the event Lender is authorized by the Bankruptcy Court to setoff the amount of \$219,809.80 which was the balance in Borrower's deposit accounts with Lender and which was the subject of a levy in favor of the Internal Revenue Service received by Lender on May 18, 1998, Lender agrees to lend such sum to Borrower as a supplemental loan and increase in the amount available under and in accordance with this Credit Agreement.

Maturity of Pre-Petition Loans and Pre-Petition Loans. All amounts due from Borrower to Lender, whether under this Credit Agreement or Pre-Petition Obligations, of any nature or description, shall be payable immediately upon the effective date of any Plan of Reorganization in the Bankruptcy Case.

2.2 Advances.

Advances shall be subject to the determination by the Lender that the conditions for borrowing contained herein are satisfied.

2.3 Superpriority Claims and Liens.

The Post-petition Obligations shall constitute, in accordance with Section 364(c)(1) of the Bankruptcy Code, claims against the Borrower in its Chapter 11 case which are administrative expense claims having priority over any and all administrative expenses including administrative expenses of the kind and specified in section 303(b) or 307(b) of the Bankruptcy Code. The Post-petition Obligations shall at all times be secured by Liens on all Collateral as follows:

(A) pursuant to Bankruptcy Code section 364(c)(2), a first priority, perfected Lien upon all of the Borrower's right, title and interest in, to and under all Collateral that are not otherwise encumbered by a validly perfected Lien or security interest, including without limitation, all personal and real property; and

(B) pursuant to Bankruptcy Code section 364(c)(3), a second priority, perfected Lien upon all of the Borrower's right, title and interest in, to and under all Collateral that is subject to a validly perfected security interest or Lien in existence as of the Petition Date, junior to such validity perfected Lien or security interest.

2.4 Payments Under Existing Letters of Credit.

Effective as of the date the Interim Financing Order is entered by the Bankruptcy Court and thereafter (i) payments made by Lender in connection with the letters of credit issued by Lender and set forth in the Preliminary Statements (such letters of credit called the "Existing Letters of Credit") will be deemed to be and treated as Loans made under this Credit Agreement and availability hereunder increased thereby and (ii) such payments made under the Existing Letters of Credit and the reimbursement and other obligations of the Borrowers with respect thereto will be Post-petition Obligations and will no longer constitute Pre-Petition Obligations. In the event that drafts drawn under the Existing Letters of Credit for any reason shall not constitute Post-Petition Obligations, the presentation of such drafts shall be a material event of default hereunder.

ARTICLE 3. COMPENSATION, REPAYMENT AND REDUCTION OF COMMITMENTS

3.1 Interest on Loans.

Interest on the unpaid principal amount of Loans shall be payable monthly in arrears, on the first Business Day of each month, at an interest rate per annum equal to the Prime Lending Rate plus two percent (2%) calculated on the net balance due to Lender at the close of business each day during such month. The rate hereunder shall change each day the Prime Lending Rate changes.

3.2 Interest After Event of Default.

From the date of occurrence of an Event of Default until the earlier of the date upon which (i) all Post-petition Obligations shall have been paid and satisfied in full or (ii) such Event of Default shall have been waived, interest on the Loans shall each be payable monthly at the close of each calendar month at a rate per annum equal to, with respect to the Loans, the rate in effect under Section 3.1, plus two percent (2%).

3.3 Reasonable Expenses.

The Borrower shall reimburse the reasonable expenses of the Lender incurred in connection with the Post-petition Obligations, including legal fees and expenses, promptly upon demand.

ARTICLE 4. CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Loan.

The obligation of Lender is subject to the satisfaction or waiver of the following conditions precedent:

(A) Closing Document List. The Lender shall have received each of the agreements, opinions, reports, approvals, consents, certificates and other documents set forth on the closing document list attached hereto as Schedule A (the "Closing Document List").

(B) Fees and Expenses. All Fees and Expenses payable by the Borrower hereunder on the Closing Date shall have been paid in full (or provision shall have been made for payment thereof with proceeds of the initial borrowing hereunder).

(C) Interim Financing Order. The Bankruptcy Court shall have entered the Interim Financing Order in form and substance satisfactory to the Lender and shall be in full force and effect.

(D) Payments. The Borrower shall have paid all accrued interest, fees and expenses with respect to the Pre-Petition Obligations (or provision shall have been made for the payment thereof with proceeds of the initial borrowing).

(E) Releases. Bank shall have received from Borrower, all of its affiliates and Glyn D. Powell releases of lender liability claims in form satisfactory to Bank.

4.2 Conditions Precedent to All Loans.

The obligation of Lender to fund any requested Loan is subject to the satisfaction of the conditions precedent set forth below. Each borrowing shall constitute a representation and warranty by the Borrower that such conditions are satisfied.

(A) All representations and warranties contained in this Credit Agreement and the other Credit Documents are true and correct in all material respects;

(B) No Default or Event of Default shall have occurred or could reasonably be expected to result, which has not been waived pursuant to the terms hereof; and

(C) Since the date of this Credit Agreement, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

ARTICLE 5. REPRESENTATIONS AND WARRANTIES

To induce the Lender to enter into this Credit Agreement and to induce the Lender to make the Loans and other financial accommodations described herein, the Borrower hereby represents and warrants to the Lender that the representations and warranties contained in this Credit Agreement are true and correct. Such representations and warranties, and all other representations and warranties made by the Borrower in any other Credit Documents, shall survive the execution and delivery of this Credit Agreement and such other Credit Documents.

5.1 Organization and Qualification.

The Borrower (i) are corporations duly organized, validly existing and in good standing under the laws of the respective states of their incorporation, (ii) have the power and authority to own their respective properties and assets and to transact their respective businesses in which they presently are, or propose to be, engaged and (iii) are duly qualified and are authorized to do business and are in good standing in each of the respective jurisdictions where they presently are, or propose to be, engaged in business.

5.2 Authority, Execution.

The execution, delivery and performance by the Borrower of the Credit Documents and all instruments and documents to be delivered by the Borrower; (i) are within the Borrower's corporate power; (ii) have been duly authorized by all necessary or proper corporate action and by the Closing Date will be authorized by the Interim Financing Order pursuant to sections 363 and 364 of the Bankruptcy Code; (iii) are not in contravention of any provision of the Borrower's certificates or articles of incorporation or by-laws; (iv) will not, upon the entry of the Interim Financing Order by the Bankruptcy Court, violate any law or regulation, or any order or decree of any court or governmental instrumentality; (v) will not conflict with or result in the breach or termination of, constitute a default under or accelerate any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which the Borrower is a party or by which the Borrower or any of its property is bound; (vi) will not result in the creation or imposition of any Lien upon any of the property of the Borrower (other than the Liens existing or created under or in connection with this Credit Agreement; and (vii) do not require the consent or approval of any governmental body, agency, authority or any other Person other than the entry by the Bankruptcy Court of the Interim Financing Order, which by the Closing Date will be in full force and effect, and the Permanent Financing Order. Each of the Credit Documents has been duly executed and delivered for the benefit of or on behalf of the Borrower and each constitutes a legal, valid and binding obligation of the Borrower, enforceable against Borrower in accordance with its terms.

5.3 Enforceability.

This Credit Agreement and each of the other Credit Documents are the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, and Borrower represents, warrants and agrees that it is truly and justly indebted to Bank, without defense, counterclaim or offset of any kind, in the amounts set forth in Preliminary Statement B hereof.

5.4 Consents and Filings.

No consent, authorization, permit or filing is required in connection with the execution, delivery and performance of this Credit Agreement or any Credit Document by the Borrower that are parties thereto, except those that have been obtained or made.

5.5 Government Regulation.

Borrower is not subject to any regulation that limits its ability to incur indebtedness or consummate the transactions contemplated in this Credit Agreement and the other Credit Documents.

5.6 Rights in Collateral; Priority of Liens.

All property constituting Collateral is owned or leased by the Borrower. Upon entry of the Interim Financing Order, the security interests granted pursuant to the Credit Documents constitute valid, enforceable and perfected Liens on the Collateral, including, without limitation, all of the Borrower's interests in real property, with the priority set forth in the Interim Financing Order.

5.7 Locations of Offices, Records and Inventory.

The address of the principal place of business and chief executive office of the Borrower is set forth herein respecting notices. The books and records of the Borrower, and all its chattel paper, if any, and records of Accounts, are maintained exclusively at the location set forth herein respecting notices. There is no jurisdiction in which the Borrower has any Collateral other than those jurisdictions identified on Schedule B, Part 5.8. All of Debtor's tangible assets are in the possession of Borrower at locations owned by Borrower.

5.8 Subsidiaries; Ownership of Stock.

As of the Closing Date, Power Operating Co. Inc. is a wholly-owned subsidiary of Powell U.S.A., Inc. Power Operating Co., Inc. has no direct or indirect Subsidiaries.

5.9 No Judgments or Litigation.

Except as set forth on Schedule B, Part 5.9, no judgments, orders, writs or decrees are outstanding against the Borrower, nor is there now pending or, to the best of the Borrower's knowledge, threatened, any litigation, contested claim, investigation, arbitration, or governmental proceeding by or against the Borrower that could reasonably be expected singly or in the aggregate to have a Material Adverse Effect.

5.10 Labor Matters.

Schedule B, Part 5.10 accurately sets forth all labor contracts to which the Borrower is a party as of the Closing Date (including their dates of expiration). There are no existing or, to the knowledge of the Borrower, threatened strikes, lockouts or other disputes relating to any collective bargaining or similar agreement to which the Borrower is a party.

5.11 Compliance with Law.

The Borrower has not violated nor failed to comply in any material respect with any Requirements of Law, including without limitation ERISA and environmental laws.

5.12 Compliance with Environmental Laws.

Except as disclosed on Schedule B, Part 5.12, (i) the operations of the Borrower comply in all material respects with all applicable material federal, state and local environmental permits, statutes, regulations, directions, ordinances, criteria and guidelines to which Borrower is subject; (ii) the Borrower has not received

notice that any of the operations of the Borrower is the subject of any judicial or administrative proceeding alleging a material violation of any material federal, state or local environmental permit, statute, regulation, direction, ordinance, criteria or guideline.

5.13 Licenses and Permits.

The Borrower has obtained and holds in full force and effect, all franchises, licenses, leases, permits, certificates, authorizations, qualifications, easements, rights of way and other rights and approvals which are material to the operation of its business as presently conducted.

5.14 Taxes and Tax Returns.

(A) Except as set forth on Schedule B, Part 5.14, the Borrower has timely filed all income tax returns it is required to file. The information filed is complete and accurate in all material respects. All deductions taken in such income tax returns are appropriate and in accordance with applicable laws and regulations, except deductions that may have been disallowed but are being challenged in good faith and for which adequate reserves have been made in accordance with GAAP.

(B) Except as set forth on Schedule B, Part 5.14, neither the Borrower has no obligation under any written income tax sharing agreement or agreement regarding payments in lieu of income taxes.

5.15 Material Contracts.

Prior to the date on which the Permanent Financing Order is entered, Borrower shall provide a true, correct and complete list of all the Material Contracts in effect on the Closing Date. Except as described on Schedule B, Part 5.15, all of the Material Contracts are in full force and effect and no material defaults currently exist thereunder by the Borrower (other than defaults that need not be cured under section 363(b)(2) of the Bankruptcy Code), or to the Borrower's knowledge, any other party.

5.16 Accuracy and Completeness of Information.

All factual information furnished by or on behalf of the Borrower in writing to the Lender, or any Credit Documents or any transaction contemplated hereby or thereby taken as a whole is or will be true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information taken as a whole not misleading at such time.

5.17 No Change.

Since the date of this Credit Agreement, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect.

ARTICLE 6. AFFIRMATIVE COVENANTS

Until termination of this Credit Agreement and payment and satisfaction of all Pre-Petition Obligations and Post-petition Obligations due hereunder:

6.1 Financial Reporting.

The Borrower shall timely deliver to the Lender, in addition to any materials to be provided to Lender pursuant to the Pre-Petition Credit Documents, such annual, quarterly, monthly, and weekly information and financial statements as lender may reasonably request.

6.2 Notification Requirements.

The Borrower shall timely give to the Lender the following notices:

(A) Notice of Defaults. Promptly, and in any event within one (1) Business Day after becoming aware of the occurrence of a Default or Event of Default, a certificate of the chief executive officer or chief financial officer of the Borrower specifying the nature thereof and the proposed response of the Borrower thereto, each in reasonable detail.

(B) Proceedings or Adverse Changes. Promptly, and in any event within three (3) Business Days after the Borrower becomes aware of (i) any material proceeding being instituted or threatened to be instituted by or against the Borrower in any federal, state, local or foreign court or before any commission or other regulatory body (federal, state, local or foreign), (ii) any order, judgment or decree being entered against the Borrower or any of its respective properties or assets or (iii) any actual or prospective change, development or event which has had or could reasonably be expected to have a Material Adverse Effect, a written statement describing such proceeding, order, judgment, decree, change, development or event and any action being taken with respect thereto by the Borrower or any such Subsidiary.

(C) Environmental Notices. Promptly, and in any event within two (2) Business Days after receipt by the Borrower of any notice, complaint or order alleging any actual or prospective violation of any environmental Requirement of Law or alleging responsibility for costs of a cleanup, together with a copy of such notice, complaint, or order and a written statement describing any action being taken with respect thereto by the Borrower .

(D) Material Contracts. Promptly, and in any event within three (3) Business Days after any Material Contract of the Borrower is terminated or amended or any new Material Contract is entered into, a written statement describing such event, with copies of amendments or new contracts, and an explanation of any actions being taken with respect thereto.

(E) Collateral Matters. At least twenty (20) Business Days prior written notice to the Lender of any change in the location of any Collateral or in the location of the chief executive office or place of business of the Borrower from the locations specified in Schedule B, Part 6.2. At least ten (10) Business Days prior to any such change, the Borrower shall cause to be executed and delivered to the Lender any financing statements, Landlords' and Mortgagees' Waivers or other documents required by the Lender, all in form and substance satisfactory to the Lender.

6.3 Corporate Existence.

The Borrower shall, and shall cause each of its Subsidiaries to, (i) maintain its corporate existence, (ii) maintain in full force and effect all of its material licenses, bonds, franchises, leases, trademarks and qualifications to do business, and all patents, contracts and other rights which are material to the operation of their respective businesses as presently conducted, (iii) continue in, and limit their operations to, the same

general lines of business as presently conducted by them and (iv) in the case of the Borrower, maintain all material terms and provisions of its corporate charter and bylaws in the form in effect on the Closing Date.

6.4 Books and Records; Inspections.

The Borrower agrees to maintain books and records pertaining to the Collateral in such detail, form and scope as is consistent with good business practice. The Borrower agrees that the Lender or its Lender may enter upon the premises of the Borrower at any time and from time to time, during normal business hours and upon reasonable notice under the circumstances, and at any time at all upon the occurrence and during the continuance of an Event of Default, for the purposes of (i) inspecting and verifying the Collateral, (ii) inspecting and/or copying (at the expense of the Borrower) any and all records pertaining thereto, and (iii) discussing the affairs, finances and business of the Borrower with any officers, employees and directors of the Borrower or with the Auditors.

6.5 Insurance.

The Borrower agrees to maintain public liability insurance, third party property damage insurance and replacement value insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts and covering such risks as are at all times satisfactory to the Lender in its commercially reasonable judgment. As of the Closing Date, the deductibles in effect with respect to the Borrower's insurance policies as disclosed to the Lender, are acceptable to the Lender. All policies covering the Collateral are to name the Lender as a lender loss payee in case of loss, and are to contain such other provisions as the Lender may reasonably require to fully protect the Lender's interest in the Collateral and to any payments to be made under such policies.

6.6 Post-petition Charges.

(A) The Borrower shall pay and discharge or cause to be paid and discharged promptly all Post-petition Charges payable by it, including (i) Post-petition Charges imposed upon it, its income and profits, or any of its property (real, personal or mixed) and all Post-petition Charges with respect to tax, social security and unemployment withholding with respect to its employees, and (ii) lawful claims incurred after the Petition Date for labor, materials, supplies and services or otherwise, before any thereof shall become past due.

(B) The Borrower may in good faith contest, by appropriate proceedings, the validity or amount of any Post-petition Charges or claims described in Section 7.6(a); provided that (i) at the time of commencement of any such contest no Event of Default shall have occurred and be continuing; (ii) adequate reserves with respect to such contest are maintained on the books of such Borrower, in accordance with GAAP; (iii) such contest is maintained and prosecuted continuously and with diligence and operates to suspend collection or enforcement of such Post-petition Charges or claims or any Lien in respect thereof; (iv) no Lien shall be imposed to secure payment of such Post-petition Charges or claims other than Permitted Liens; (v) such Borrower shall promptly pay or discharge such contested Post-petition Charges or claims and all additional charges, interest, penalties and expenses, if any, and shall deliver to Lender evidence acceptable to Lender of such compliance, payment or discharge, if such contest is terminated or discontinued adversely to such Borrower or the conditions set forth in this Section 6.6 are no longer met; and (vi) Lender has not advised Borrower in writing that Lender reasonably believes that nonpayment or nondischarge thereof could have or result in a Material Adverse Effect.

6.7 Compliance with Laws.

The Borrower agrees to comply in all material respects with all Requirements of Law applicable to the Collateral or any part thereof, or to the operation of its business or its assets generally, unless the Borrower contests any such Requirements of Law in a reasonable manner and in good faith.

6.8 Use of Proceeds.

The Borrower agrees that the proceeds of the Loans may be used only for enabling Borrower to mine the so-called Beaver tract (as more fully described in the exhibits hereto) and for general corporate working capital purposes, and Permitted Expenses. Permitted Expenses shall not include, fees and disbursements incurred by professionals including, without limitation, any professionals retained by the Borrower or any official committee, to the extent incurred to contest in any proceeding or any other action (i) the validity, binding effect or enforceability of any of the Pre-Petition Credit Documents, the Pre-Petition Obligations, or the Post-petition Obligations outstanding hereunder or (ii) any other rights or interests of the Lender under the Pre-Petition Credit Documents. Nothing herein shall in any way prejudice or prevent the Lender from objecting, for any reason, to any requests or applications made by any party for compensation or reimbursement of expenses pursuant to section 330 or 331 of the Bankruptcy Code.

6.9 Maintenance of Property.

The Borrower agrees to keep, all property useful and necessary to their respective businesses and assets in good working order and condition (ordinary wear and tear excepted) in accordance with sound operating practices and not to commit or suffer any waste with respect to any of their assets or properties.

6.10 Environmental and Other Matters.

(A) The Borrower will conduct their businesses so as to comply in all material respects with all material environmental, land use, laws, regulations, directions, ordinances, criteria and guidelines in all jurisdictions in which any of them is or may at any time be doing business, except to the extent that the Borrower is contesting, in good faith by appropriate legal proceedings, any such law, regulation, direction, ordinance, criteria, guideline, or interpretation thereof or application thereof; provided, that the Borrower shall comply with the order of any court or other Governmental Authority relating to such laws unless the Borrower shall currently be prosecuting an appeal or proceedings for review and shall have secured a stay of enforcement or execution or other arrangement postponing enforcement or execution pending such appeal or proceedings for review.

(B) If the Lender reasonably believes, that the facts or circumstances evidence or suggest that the Borrower is in material non-compliance with any environmental law and that such non-compliance could reasonably be expected to have a Material Adverse Effect, then at the written request of the Lender, which request shall specify in reasonable detail the basis therefor, at any time and from time to time, the Borrower will provide at its sole cost and expense an environmental site assessment report concerning the site owned, operated or leased by the Borrower in respect of which such material non-compliance is believed to have occurred and be continuing, such report to be prepared by an environmental consulting firm approved by the Lender, indicating the presence, release or absence of hazardous materials on or from such site and the potential cost of any removal, remedial or corrective action in connection with any such hazardous materials on such site.

6.11 Further Assurances.

The Borrower shall take all such further actions and execute all such further documents and instruments as the Lender may at any time reasonably determine in the exercise of its reasonable discretion to be necessary or desirable to further carry out and consummate the transactions contemplated by the Credit Documents, to cause the execution, delivery and performance of the Credit Documents to be duly authorized and to perfect or protect the Liens (and the priority status thereof) of the Lender on the Collateral.

ARTICLE 7. NEGATIVE COVENANTS.

Until termination of this Credit Agreement and payment and satisfaction of all Post-petition Obligations due hereunder, the Borrower shall comply with the following covenants:

7.1 Capital Expenditures.

The Borrower shall not make payments for Capital Expenditures in excess of \$50,000 in the aggregate from the Closing Date until the Expiration Date. The Borrower shall not make any Capital Expenditures that are not directly related to the business conducted on the Closing Date by the Borrower.

7.2 Additional Indebtedness.

The Borrower shall not directly or indirectly incur, create, assume or suffer to exist any Indebtedness other than:

- (A) Indebtedness under the Credit Documents;
- (B) Indebtedness incurred in the ordinary course of business; and
- (C) Pre-Petition Indebtedness.

7.3 Liens.

The Borrower shall not directly or indirectly create, incur, assume, or suffer to exist any Lien on any of its property now owned or hereafter acquired except:

(A) Liens granted to the Lender for the benefit of the Lender under the Credit Documents;
and

(B) Rights to payment by professionals as set forth in the definition of Permitted Expenses;

(C) Easements, rights-of-way, restrictions and other similar encumbrances on title to, or restrictions on the use of, real property, that, in the aggregate, in the Lender's reasonable determination, are not substantial in amount and which do not materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower;

(D) Pre-Petition Liens or liens granted in replacement thereof; and

(E) Extensions and renewals of any of the foregoing so long as such Liens apply to the same property previously subject thereto and are on terms and conditions not more restrictive in any material respect than the terms and conditions of the Liens extended or renewed.

7.4 Contingent Obligations.

Borrower shall not directly or indirectly incur, assume, or suffer to exist any Contingent Obligation.

7.5 Sale of Assets.

Notwithstanding any other provision of this Credit Agreement, the Borrower shall not, directly or indirectly, sell, lease, assign, transfer, liquidate, exchange or otherwise dispose of any assets outside of the ordinary course of business, except for the disposition of obsolete or worn out property. Proceeds will be applied to repay the Pre-Petition Obligations to the extent that Lender held a lien Pre-Petition on the assets so disposed of.

7.6 Investments.

Borrower shall not make any Investment other than:

(A) Cash Equivalents;

(B) Deposits with Lender, and

(C) Such other Investments as the Lender may approve in writing in the exercise of its sole discretion.

7.7 Bank Accounts.

Borrower shall not directly or indirectly, open, maintain or otherwise have any checking, savings or other accounts at any bank except Lender.

7.8 Application to the Bankruptcy Court.

Borrower shall not apply to the Bankruptcy Court for authority to (i) take any action that is prohibited by the terms of this Credit Agreement or the other Credit Documents, (ii) refrain from taking any action that is required to be taken by the terms of this Credit Agreement or the other Credit Documents or (iii) permit any Indebtedness or Claim to be pari passu with or senior to the Post-petition Obligations, except, prior to the occurrence of an Event of Default, for Permitted Pre-Petition Claim Payments and, after the occurrence of an Event of Default, Permitted Expenses shall be senior to the Post-petition Obligations.

7.9 Modifications to Interim Financing Order or Permanent Financing Order.

Borrower shall not consent to any amendment, supplement or other modification of any of the terms or provisions contained in, or applicable to the Interim Financing Order or the Permanent Financing Order.

ARTICLE 8. EVENTS OF DEFAULT AND REMEDIES

8.1 Events of Default

The occurrence of any of the following events shall constitute an event of default (each an "Event of Default") hereunder and under the Pre-Petition Obligations:

(A) **Failure to Pay.** The Borrower shall fail to pay any Post-petition Obligation when the same shall become payable or shall fail to pay, within three (3) days after the same shall become payable, any Expenses.

(B) **Breach of Material Covenants.** The Borrower shall fail to comply with any material covenant contained in this Credit Agreement. AND FAILS TO CURE THE SAME WITHIN 15 DAYS AFTER OCCURRENCE. 

(C) **Breach of Material Representation or Warranty.** Any material representation or warranty made or deemed to be made by the Borrower in this Credit Agreement or in any other Credit Document (and in any statement or certificate given under this Credit Agreement or any other Credit Document), shall be false or misleading in any material respect when made or deemed to be made.

(D) **Dissolution.** The Borrower shall dissolve, wind up or cease its business operations.

(E) **Change of Control.** A Change of Control shall occur.

(F) **Failure of Enforceability of Credit Documents; Security.** Any covenant, agreement or obligation contained in or evidenced by any of the Credit Documents shall cease to be enforceable in accordance with their terms, or shall be determined to be unenforceable, in accordance with its terms; or, any Liens granted in any of the Collateral shall be determined to be void, voidable, invalid or unperfected, subordinated or not given the priority contemplated by this Credit Agreement.

(G) **Material Adverse Effect.** There shall occur any event that would have a Material Adverse Effect that has not been stayed as a consequence of the Chapter 11 case of the Borrower.

(H) **Appointment of Trustee.** A Trustee is appointed under section 1104(a) of the Bankruptcy Code in the Borrower's Chapter 11 case or the Bankruptcy Court otherwise enters such an order.

(I) **Bankruptcy Court Orders.** (i) The Interim Financing Order shall cease to be in full force and effect and the Permanent Financing Order shall not have been entered prior to such cessation, or (ii) the Permanent Financing Order shall fail to provide for the priority and security for the Post-Petition Obligations as set forth herein (iii) the Permanent Financing Order shall cease to be in full force and effect, or (iv) Borrower shall fail to comply with the terms of the Interim Financing Order or the Permanent Financing Order in any material respect, or (v) the Interim Financing Order or the Permanent Financing Order shall be amended, supplemented, stayed, reversed, vacated or otherwise modified (or the Borrower shall apply for authority to do so).

(J) **Appointment of Examiner.** An order appointing a responsible officer or an examiner with powers beyond those set forth in section 1106(a)(3) and (4) of the Bankruptcy Code or under

section 1106(b) of the Bankruptcy Code, in the Borrower's chapter 11 case or the Bankruptcy Court otherwise enters such an order.

(K) Plan of Reorganization. The Bankruptcy Court shall enter an order confirming a Plan of Reorganization in the Borrower's Chapter 11 case and such Plan of Reorganization shall not provide for the payment in full of all Pre-Petition Obligations and all amounts outstanding in connection with this Credit Agreement.

(L) Other Claims. There shall arise any other Claim having priority senior to or pari passu with the claims of the Lender under the Credit Documents or any other claim having priority over any and all administrative expenses of the kind specified in section 303(b) or 307(b) of the Bankruptcy Code (other than Permitted Expenses), or there shall arise any Lien on any property of the Borrower, except as expressly permitted under the terms of the Credit Documents; provided, however, that it will not constitute an Event of Default under this Section 9.1(o) if the Borrower immediately contests the priority treatment of such Claim with the Bankruptcy Court in good faith.

(M) Conversion of Chapter 11 Case. The Borrower files with the Bankruptcy Court seeking the entry of an order converting the Borrower's chapter 11 case to a case under chapter 7 of the Bankruptcy Code or the Bankruptcy Court enters an order dismissing the Borrower's chapter 11 case.

(N) Drafts under Existing Letters of Credit. In the event drafts under the Existing Letters of Credit are presented to lender for payment and the amounts of such drafts are not treated as Post-Petition Obligations, the presentation of such drafts shall be a material default hereunder.

8.2 Acceleration, Termination of Commitments and Cash Collateralization.

(A) Suspension of Additional Credit. If any Event of Default shall have occurred and be continuing or if a Default shall have occurred and be continuing, the Lender may determine not to make any Loans so long as that specific Default is continuing.

(B) Termination and Acceleration. If any Event of Default shall have occurred and be continuing, the Lender may immediately (i) terminate the ability of the Borrower under this Credit Agreement to borrow any further; (ii) declare all or any portion of the Post-petition Obligations to be immediately due and payable, all without presentment, demand, protest or further notice of any kind, all of which are expressly waived by the Borrower; and (iii) exercise any rights and remedies provided to the Lender under the Credit Documents and/or at law or equity; provided that the Lender may not exercise any of the rights and remedies referred to in clause (iii) above without first providing the Borrower, the United States Trustee and counsel for any statutorily appointed committee three (3) Business Days' prior written notice of its intent so to exercise; it being understood that during such three day period, the Borrower may seek a determination by the Bankruptcy Court whether an Event of Default has occurred.

(C) Automatic Stay. Upon the occurrence and during the continuation of an Event of Default, after three (3) business days written notice by the Lender to the Borrower, the automatic stay provided by Section 362 of the Bankruptcy Code shall be deemed automatically vacated without further order of the Bankruptcy Code and the Lender shall be immediately permitted to, inter alia, pursue any and all of their remedies and seek payment in respect of all Post-petition Obligations and Pre-Petition Obligations.

8.3 Right of Setoff.

In addition to and not in limitation of all rights of offset that any Lender may have under applicable law, upon the occurrence and during the continuance of any Event of Default, Lender shall have the right to setoff, appropriate and apply to the payment of the Post-petition Obligations of the Borrower except to the extent of Permitted Expenses all deposits and other deposit account balances and obligations then or thereafter owing by Lender to the Borrower; provided, that Lender may not exercise any such rights of setoff without first providing the Borrower, counsel to the Borrower, the United States Trustee and counsel for any statutorily appointed committee three (3) Business Days' prior written notice of its intent to so exercise; it being understood that during such three day period, the Borrower may seek a determination by the Bankruptcy Court whether an Event of Default has occurred.

8.4 Application of Proceeds; Surplus; Deficiencies.

The net cash proceeds resulting from the Lender's exercise of any of the foregoing rights against any Collateral (after deducting all of the Lender's Expenses related thereto) shall be applied by the Lender to the payment of the Post-petition Obligations and Pre-Petition Obligations, whether due or to become due. The Borrower shall remain liable to the Lender for any deficiencies, and the Lender in turn agrees to remit to the Borrower or its successors or assigns, any surplus resulting therefrom.

ARTICLE 9. MISCELLANEOUS

9.1 GOVERNING LAW.

THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS CREDIT AGREEMENT AND THE REVOLVING NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS AND DECISIONS OF THE COMMONWEALTH OF PENNSYLVANIA, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

9.2 SUBMISSION TO JURISDICTION.

ALL DISPUTES AMONG THE BORROWER AND THE LENDER, WHETHER SOUNDING IN CONTRACT, TORT, EQUITY OR OTHERWISE, SHALL BE RESOLVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, AND THE COURTS TO WHICH AN APPEAL THEREFROM MAY BE TAKEN; PROVIDED, HOWEVER, THAT THE LENDER SHALL HAVE THE RIGHT, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TO PROCEED AGAINST THE BORROWER OR ITS RESPECTIVE PROPERTIES IN ANY LOCATION REASONABLY SELECTED BY THE LENDER IN GOOD FAITH TO ENABLE THE LENDER TO REALIZE ON SUCH PROPERTY, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF THE LENDER. THE BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE LENDER HAS COMMENCED A PROCEEDING, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON FORUM NON CONVENIENS.

9.3 JURY TRIAL.

THE BORROWER AND THE LENDER EACH HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY. INSTEAD, ANY DISPUTES WILL BE RESOLVED IN A BENCH TRIAL.

9.4 LIMITATION OF LIABILITY.

LENDER SHALL HAVE NO LIABILITY TO THE BORROWER (WHETHER SOUNDING IN TORT, CONTRACT, OR OTHERWISE) FOR LOSSES SUFFERED BY THE BORROWER IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY RELATED TO THE TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED BY THIS CREDIT AGREEMENT, OR ANY ACT, OMISSION OR EVENT OCCURRING IN CONNECTION THEREWITH, UNLESS IT IS DETERMINED BY A FINAL AND NONAPPEALABLE JUDGMENT OR COURT ORDER BINDING ON THE LENDER, THAT THE LOSSES WERE THE RESULT OF ACTS OR OMISSIONS CONSTITUTING GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

9.5 Delays.

No delay or omission of the Lender or the Lender to exercise any right or remedy hereunder shall impair any such right or operate as a waiver thereof.

9.6 Notices.

Except as otherwise provided herein, all notices and correspondences hereunder shall be in writing and sent by certified or registered mail, return receipt requested, or by overnight delivery service, with all charges prepaid, if to the Lender at Mid-State Bank, 1130 Twelfth Avenue, P. O. Box 2007, Altoona, PA 16603 Attention: Special Assets Department, and to Lender's counsel and if to the Borrower, then to Power Operating Co. Inc., Route 322 West, Philipsburg, PA 16866 Attention: Glyn Powell, and to Borrower's counsel, or by facsimile transmission, promptly confirmed in writing sent by first class mail, if to the Lender at (814) 946-6821 and Lender's counsel at (412)263-4369 and if to the Borrower at (814)342-6116 and Borrower's counsel at (302)656-8865. All such notices and correspondence shall be deemed given (i) if sent by certified or registered mail, three Business Days after being postmarked, (ii) if sent by overnight delivery service, when received at the above stated addresses or when delivery is refused and (iii) if sent by telex or facsimile transmission, when receipt of such transmission is acknowledged.

9.7 Assignments and Participations.

(A) Borrower Assignment. The Borrower shall have no right to assign this Credit Agreement, or any rights or obligations hereunder, without the prior written consent of the Lender.

(B) Lender Assignments. Lender may assign to one or more banks or other financial institutions all or a portion of its rights and obligations under this Credit Agreement and the other Credit Documents.

9.8 Indemnification.

The Borrower hereby indemnifies and agrees to defend and hold harmless the Lender and its parent Keystone Financial, Inc. and their respective directors, officers, agents, employees and counsel from and against any and all losses, claims, damages, liabilities, deficiencies, judgments or expenses incurred by any of them (except to the extent that it is finally judicially determined to have resulted from their own gross negligence or willful misconduct) arising out of or by reason of (a) any litigation, investigation, claim or proceeding which arises out of or is in any way related to (i) this Credit Agreement or the transactions contemplated hereby, (ii) any actual or proposed use by the Borrower of the proceeds of the Loans or (iii) the Lender's entering into this Credit Agreement, the other Credit Documents or any other agreements and documents relating hereto,

including, without limitation, amounts paid in settlement, court costs and the fees and disbursements of counsel incurred in connection with any such litigation, investigation, claim or proceeding or any advice rendered in connection with any of the foregoing and (b) any remedial or other action taken by the Borrower or Lender in connection with compliance by the Borrower, or any of their respective properties, with any federal, state or local environmental laws, acts, rules, regulations, orders, directions, ordinances, criteria or guidelines.

9.9 Lender Liability Release.

The Borrower and the Guarantors hereby release, and forever discharge Lender and its officers, employees, directors, agents and stockholders, of and from any and all actions, causes and causes of action, suits, debts, controversies, promises, damages, claims, and demands, whatsoever, at law or in equity, and particularly, without limiting the generality of the foregoing, all claims relating to in any way any credit transaction or other financial accommodation between Borrower and Lender, and any alleged promise of Lender to advance funds to Borrower, which Borrower and Guarantors and their respective heirs, personal representatives, successors, and assigns ever had, now have, or may in the future have, through and including the date of this Credit Agreement.

9.10 Amendments and Waivers.

No amendment or waiver of any provision of this Credit Agreement, including any part of Schedule B, or any other Credit Document shall be effective unless in writing and signed by the Borrower and Lender.

9.11 Counterparts and Effectiveness.

This Credit Agreement and any waiver or amendment hereto may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Credit Agreement shall become effective on the date on which the Interim Financing Order and Final Financing Order, as appropriate become effective, and all of the parties hereto shall have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Lender or, shall have given to the Lender written, telecopied or telex notice (actually received) at such office that the same has been signed and mailed to it.

9.12 Severability.

In case any provision in or obligation under this Credit Agreement or the other Credit Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

9.13 Entire Agreement; Successors and Assigns.

This Credit Agreement and the other Credit Documents constitute the entire agreement among the Borrower, the Lender, supersede any prior agreements among them, and shall bind and benefit each of such Persons and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Credit Agreement to be executed and delivered in Phillipsburg, Pennsylvania by their proper and duly authorized officers as of the date first set forth above.

POWER OPERATING CO., INC.

By: [Signature]

Title: President

POWELL U.S.A., INC.

By: [Signature]

Title: President

MID-STATE BANK AND TRUST COMPANY

By: [Signature]

Title: VICE PRESIDENT

Acknowledged, agreed and affirmed:

[Signature]
GLYN POWELL

[Signature]
MARY POWELL

CERTIFICATE

I hereby certify that the precise address of the Plaintiff is:

Keystone Financial Bank, N.A.
1130 Twelfth Avenue
Altoona, Pennsylvania 16603

and the last known addresses of the Defendants are:

Glyn D. Powell
RR #1, Box 668
Houtzdale, PA 16651

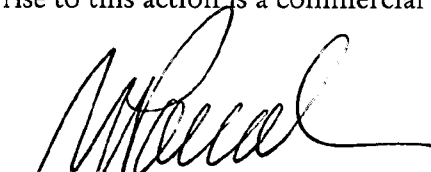
Mary Powell
RR #1, Box 668
Houtzdale, PA 16651



Attorney for the Plaintiff

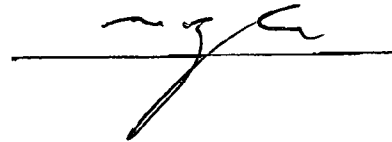
CERTIFICATE

I hereby certify that the transaction giving rise to this action is a commercial transaction.


Richard A. Pollard

UNSWORN VERIFICATION

I, Thomas C. Doyle Vice President of Keystone Financial Bank, N.A., do hereby verify that the facts which are alleged in the foregoing Complaint are true and correct to the best of my knowledge, information and belief. This Verification is made subject to the penalties of 18 Pa.C.S.A §4904 relating to unsworn falsification to authorities.

A handwritten signature, appearing to be "T. C. Doyle", is written over a horizontal line.

22

FILED 80.00 by
01345201 *WHP*
FEB 28 2000 1 cc to Def

William A. Snow
Prothonotary Notice to Def

COPY

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

KEYSTONE FINANCIAL BANK, N.A.,
formerly known as MID-STATE BANK
AND TRUST COMPANY,

Plaintiff,

vs.

GLYN D. POWELL and MARY POWELL,

Defendants.

No. 00-261-CD

NOTICE OF ENTRY OF JUDGMENT

TO: Glyn D. Powell
RR #1, Box 668
Houtzdale, PA 16651

You are hereby notified that a judgment in the amount of \$8,885,781.10 plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000 Note and \$5,893,750 Note and plus interest as set forth in the Post-Petition Credit Agreement, attorneys' fees and costs of suit was entered against you in the above captioned proceeding on FEB. 28, 2000.

A copy of the Complaint is enclosed.

Deputy

COPY

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL DIVISION

KEYSTONE FINANCIAL BANK, N.A.,
formerly known as MID-STATE BANK
AND TRUST COMPANY,

Plaintiff,

vs.

GLYN D. POWELL and MARY POWELL,

Defendants.

No 00-261-CD

NOTICE OF ENTRY OF JUDGMENT

TO: Mary Powell
RR #1, Box 668
Houtzdale, PA 16651

You are hereby notified that a judgment in the amount of \$8,885,781.10 plus additional interest from February 24, 2000 at the respective rates as set forth in the \$5,000,000 Note and \$5,893,750 Note and plus interest as set forth in the Post-Petition Credit Agreement, attorneys' fees and costs of suit was entered against you in the above captioned proceeding on FEB 28, 2000.

A copy of the Complaint is enclosed.

Deputy

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
STATEMENT OF JUDGMENT

KEYSTONE FINANCIAL BANK N.A.

f/k/a MID STATE BANK AND TRUST CO.

COPY

Plaintiff

vs.

GLYN D. POWELL and MARY POWELL

Defendant

No. 00-261-CD

Real Debt \$8,885,781.10

Atty's Comm _____

Costs _____

Int. From February 24, 2000

Entry \$ 20.00

Instrument Confession of Judgment

Date of Entry February 28, 2000

Expires February 28, 2005

Certified from the record this 28th day of February, 2000

William A. Shaw, Prothonotary

SIGN BELOW FOR SATISFACTION

Received on _____, 20____, of defendant full
satisfaction of this Judgment, Debt, Interest and Costs and Prothonotary
is authorized to enter Satisfaction on the same.

Plaintiff/Attorney

KEYSTONE FINANCIAL BANK, N.A.
formerly known as MID-STATE BANK
AND TRUST COMPANY,

Plaintiff

vs.

GLYN D. POWELL and MARY POWELL,
Defendants

: IN THE COURT OF COMMON PLEAS OF
: CLEARFIELD COUNTY, PENNSYLVANIA

:
: CIVIL DIVISION

:
: NO. 00-261-C2

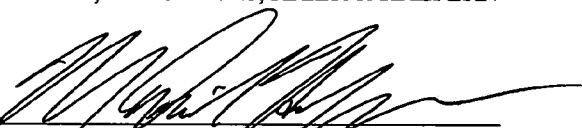
PRAECIPE TO ENTER APPEARANCE

TO THE PROTHONOTARY:

Please enter my appearance in the above-captioned matter for and on behalf of the Plaintiff,
KEYSTONE FINANCIAL BANK, N.A., formerly known as MID-STATE BANK AND TRUST
COMPANY.

JUBELIRER, CAROTHERS, KRIER & HALPERN

BY:



M. DAVID HALPERN, ESQUIRE
10 Sheraton Drive
Altoona, PA 16602
(814) 943-1149
I.D. No. 01570
Attorney for Plaintiff

FILED

FEB 20 2001

William A. Shaw
Prothonotary

KEYSTONE FINANCIAL BANK, N.A.
formerly known as MID-STATE BANK
AND TRUST COMPANY,

Plaintiff

vs.

GLYN D. POWELL and MARY POWELL,

Defendant

: IN THE COURT OF COMMON PLEAS OF
: CLEARFIELD COUNTY, PENNSYLVANIA

: CIVIL DIVISION

: NO.

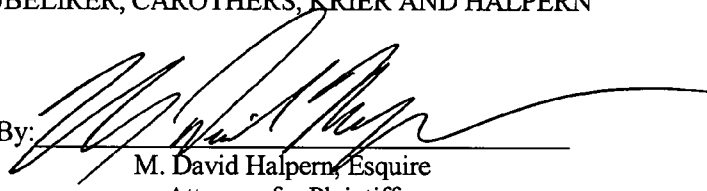
CERTIFICATE

I HEREBY CERTIFY that I served a true and correct copy of the foregoing Praecipe for Entry of Appearance on all counsel of record or parties of interest by depositing same in the United States Mail, postage prepaid at Altoona, Pennsylvania on this 28th day of February, 2000, and addressed as follows:

Glyn D. Powell
R.R.#1, Box 668
Houtzdale, PA 16651

Mary Powell
R.R.#1, Box 668
Houtzdale, PA 16651

JUBELIRER, CAROTHERS, KRIER AND HALPERN

By: 

M. David Halpern, Esquire
Attorney for Plaintiff