00-414-CD
PENN LAUREL FINANCIAL CORP. etal -vs- CLEARFIELD BANK & TRUST COMPANY etal

(1)

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYVLANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113, Defendants	: CIVIL ACTION - LAW

NOTICE

YOU HAVE BEEN SUED IN COURT. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the Court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the Plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

David S. Meholick, Court Administrator
Clearfield County Courthouse
Second and Market Streets
Clearfield, PA 16830
(814) 765-2641, Ext. 50-51

FILED

APR 06 2000

William A. Shaw
Prothonotary

NOTICIA

USTED HA SIDO DEMANDADO/A EN CORTE. Si usted desea defenderse de las demandas que se presentan mas adelante en las siguientes paginas, debe tomar accion dentro de los proximos veinte (20) dias despues de la notificacion de esta Demanda y Aviso radicando personalmente o por medio de un abogado una comparecencia escrita y radicando en la Corte por escrito sus defensas de, y objecciones a, las demandas presentadas aqui en contra suya. Se le advierte de que si usted falla de tomar accion como se describe anteriormente, el caso puede proceder sin usted y un fallo por cualquier suma de dinero reclamada en la demanda o cualquier otra reclamacion o remedio solicitado por el demandante puede ser dictado en contra suya por la Corte sin mas aviso adicional. Usted puede perder dinero o propiedad u otros derechos importantes para usted.

USTED DEBE LLEVAR ESTE DOCUMENTO A SU ABOGADO INMEDIATAMENTE. SI USTED NO TIENE UN ABOGADO O NO PUEDE PAGARLE A UNO, LLAME O VAYA A LA SIGUIENTE OFICINA PARA AVERIGUAR DONDE PUEDE ENCONTRAR ASISTENCIA LEGAL.

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PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
v.	:	Civil Action No.
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113, Defendants	:	CIVIL ACTION - LAW

COMPLAINT

1. Plaintiff Penn Laurel Financial Corp. ("Penn Laurel") is a Pennsylvania bank holding company which maintains its principal offices at 434 State Street, Curwensville, Clearfield County, Pennsylvania.

2. Plaintiff CSB Bank ("CSB") is a Pennsylvania chartered bank which is a subsidiary of Penn Laurel and which maintains its principal offices at 434 State Street, Curwensville, Clearfield County, Pennsylvania.

3. Defendant Clearfield Bank & Trust Company ("Clearfield") is a Pennsylvania chartered bank which maintains its principal offices at 11 North Second Street, Clearfield, Clearfield County, Pennsylvania.

4. Defendant Timothy A. Anonick is an adult individual who resides at 12919 Ashtree Road, Midlothian, Virginia.

5. Defendant Anonick Financial Corporation ("AFC") is a Virginia corporation which maintains its registered office at 12919 Ashtree Road, Midlothian, Virginia.

6. Plaintiffs and Clearfield entered into a written agreement entitled "Agreement and Plan of Reorganization" (the "Reorganization Agreement") dated December 31, 1998. A copy of said Merger Agreement is attached hereto as Exhibit "A."

7. Plaintiffs and Clearfield also entered into an "Agreement and Plan of Merger" (the "Merger Agreement") and other agreements which are attached to the Reorganization Agreement.

8. Under the Reorganization and Merger Agreements, CSB was to merge into Clearfield and to cease to exist, and the shares of Clearfield would then be exchanged for shares of Penn Laurel, thereby making Clearfield a wholly owned subsidiary of Penn Laurel.

9. Article VI of the Reorganization Agreement is entitled "Covenants of Clearfield."

10. Section 6.8 of the Reorganization Agreement provides, in pertinent part:

> Clearfield shall not, nor shall it permit any officer, director, employee, agent, consultant, counsel or other representative, to directly or indirectly solicit, encourage, initiate or engage in discussions or negotiations with, or respond to requests for information, inquiries or other communications from, any person ... concerning the fact of, or the terms and conditions of, this Agreement, or concerning any transaction with Clearfield, or any assets or business thereof ...; and Clearfield shall notify Penn Laurel immediately if any discussions or negotiations are sought to be initiated with Clearfield by any person other than Penn Laurel or if any requests for information, inquiries, proposals or communications are received from any other person.

11. Section 6.1 of the Reorganization Agreement provides, in pertinent part:

> Except as otherwise consented to by Penn Laurel and CSB in writing, Clearfield shall:
>
> > ... (k) not take or permit to be taken any action that would constitute a breach of any representation, warranty or covenant set forth in this Agreement; ...

(s) not solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning any acquisition or purchase of all or a substantial equity interest or portion of the assets in or of Clearfield or any business combination with Clearfield, other than as contemplated by this Agreement, or authorize or permit any officer, director, agent or affiliate of it to do any of the above; or fail to notify Penn Laurel immediately if any inquiries or proposals are received by, any information is requested from, or any negotiations are sought to be initiated with Clearfield....

12. Section 6.2 of the Reorganization Agreement provides, in pertinent part:

Clearfield shall cooperate with Penn Laurel and CSB and shall use its best efforts to do or cause to be done all things necessary or appropriate on its part in order to fulfill the conditions precedent set forth in Article VIII of this Agreement and to consummate this Agreement. In particular, without limiting the generality of the foregoing sentence, Clearfield shall:

... (b) ... take, in good faith, all actions that are necessary or appropriate on its part in order to secure the approval and adoption of this Agreement and the Bank Merger Agreement by its shareholders ....

13. Section 6.13 of the Reorganization Agreement provides, in pertinent part:

Clearfield shall not take (and shall use its best efforts not to permit any of its directors, officers, employees, shareholders, agents, consultants or other representatives to take) any action that would preclude treating the business combination as a "pooling of interests" for financial reporting purposes.

14. In the first or second week of January of 1999, Sherwood C. Moody, who was the President and Chief Executive Officer of Clearfield and was a member of its Board of Directors, received a telephone call from Defendant Anonick, an investment banker who is the sole employee of AFC, and Mr. Moody discussed information relating to the merger of the parties with Defendant Anonick.

15. In a telephone conversation in February or March of 1999, Mr. Moody provided Defendant Anonick with substantial information concerning the proposed merger of the parties, including the definitive terms thereof.

16. In early April of 1999, Mr. Moody again discussed the parties' proposed merger with Defendant Anonick and left Defendant Anonick with the impression that Mr. Moody was not in favor of that merger.

17. In April of 1999, Mr. Moody met with Defendant Anonick and provided him with additional information concerning the proposed merger, including that a number of Clearfield shareholders were opposed to it, and provided Defendant Anonick with the names of one or more shareholders who were opposed.

18. After having those discussions with Mr. Moody, Defendant Anonick contacted officers of Omega Financial Corporation ("Omega"), a Pennsylvania bank holding corporation which maintains its headquarters in State College, Pennsylvania, in order to determine whether Omega would be interested in making a proposal to Clearfield as an alternative to and in competition with the merger provided for in the Reorganization and Merger Agreements.

19. In discussions with officers of Omega in April of 1999, Defendant Anonick provided information to them that had previously been supplied to him by Mr. Moody concerning the fact that some Clearfield shareholders were opposed to the merger provided for in the Reorganization and Merger Agreements.

20. As a result of Defendant Anonick's providing to Omega information concerning alleged shareholder opposition which had been supplied to him by Mr. Moody, Omega began discussing Clearfield as a potential merger target for Omega with Defendant Anonick.

21. On May 10, 1999, Omega sent a letter to Clearfield which constituted an "expression of interest" in a possible merger between Omega and Clearfield and which indicated, inter alia, that Omega would be prepared to pay sixty-five dollars ($65) per share for the shares of Clearfield.

22. On May 10, 1999, Mr. Moody had another telephone conversation with Defendant Anonick in which he confirmed the receipt of the May 10 Omega letter, and Mr. Moody had yet another telephone conversation with Defendant Anonick a few days after that in which he informed Defendant Anonick that he had been advised by counsel not to speak to Defendant Anonick anymore.

23. In July of 1999, Defendant Anonick contacted one of Clearfield's shareholders, Mr. Jack Woolridge, who Mr. Moody had previously identified as a shareholder who was opposed to the proposed merger between the parties, and discussed Omega's interest with him.

24. On August 2, 1999, Defendant Anonick met with Mr. Jack Woolridge in Clearfield and later that day had a public meeting with a number of shareholders of Clearfield at which Defendant Anonick distributed a written offer from Omega for the purchase of Clearfield shares from any shareholders who agreed to oppose the proposed merger between Plaintiffs and Clearfield and to exercise dissenting shareholders' rights in relation to it and requested that the shareholders present distribute copies of that written offer to other shareholders who were not present at the meeting.

25. Mr. Woolridge provided Defendant Anonick at that time with a list of shareholders who were opposed to the proposed merger, and that list included at least one member of the Clearfield Board of Directors: Mr. Rembrandt Woolridge, who is Mr. Jack Woolridge's uncle.

26. Based upon information and belief, Plaintiffs aver that one or more members of Clearfield's Board of Directors had knowledge of Defendant Anonick's and Mr. Jack Woolridge's efforts to foster and foment opposition to the proposed merger of the parties.

27. Based upon information and belief, Plaintiffs aver that one or more members of Clearfield's Board of Directors and one or more officers of Clearfield had knowledge of Defendant Anonick's efforts to interest Omega in a possible merger with Clearfield prior to Omega's May 10 letter.

28. At a meeting on September 27, 1999, Clearfield's shareholders failed to approve the merger between the parties that was the subject of the Reorganization and Merger Agreements.

Count I.

Plaintiffs vs. Clearfield

Breach of Contract

29. Paragraphs 1 through 28 above are incorporated herein by reference.

30. Clearfield, acting through its officers and directors, violated the Reorganization Agreement by engaging in discussions concerning the fact of and terms and conditions of the Reorganization.

31. Clearfield violated the Reorganization Agreement by permitting one or more officers and/or directors to engage in discussions concerning the fact of and terms and conditions of the Reorganization.

32. Clearfield, acting through its officers and directors, violated the Reorganization Agreement by responding to requests for information, inquiries, and other communications concerning the fact of and terms and conditions of the Reorganization.

33. Clearfield violated the Reorganization Agreement by permitting one or more officers and/or directors to respond to requests for information, inquiries, and other communications concerning the fact of and terms and conditions of the Reorganization.

34. Clearfield violated the Reorganization Agreement by failing to notify Penn Laurel immediately of discussions sought to be initiated and requests for information, inquiries, and communications received from other persons.

35. Clearfield, acting through its officers and directors, violated the Reorganization Agreement by encouraging inquiries, furnishing information, and participating in discussions with respect to the acquisition or purchase of all or substantial equity interests in Clearfield and/or with respect to business combinations with Clearfield.

36. Clearfield violated the Reorganization Agreement by permitting one or more officers and/or directors to encourage inquiries, furnish information, and participate in discussions with respect to the acquisition or purchase of all or substantial equity interests in Clearfield and/or with respect to business combinations with Clearfield.

37. Clearfield violated the Reorganization Agreement by failing to notify Penn Laurel immediately of inquiries received by and information requested from Clearfield.

38. Clearfield violated the Reorganization Agreement by failing to exercise its best efforts to fulfill all conditions precedent in that Agreement and by failing to take, in good faith, all actions

appropriate to secure approval and adoption that Agreement and the Merger Agreement by its shareholders through numerous and repeated failures throughout the period from December 31, 1998, through September 27, 1999, including, but not limited to, the following:

a.) failing to effectively and appropriately deal with any shareholders who had expressed any opposition to or concerns about the proposed merger by fully informing them of the benefits that would result from the merger and the reasonableness of the terms of the Agreements;

b) failing to take active steps to assure that all officers and directors of Clearfield were in full compliance with the terms of the Reorganization Agreement and with the individual agreements dated December 31, 1998, which each director entered into with Penn Laurel;

c) failing to take all reasonable steps to prevent Mr. Anonick from pursuing the course of action concerning the proposed merger in which he engaged and which is described above;

d) failing to take all reasonable steps to prevent Omega from pursuing the course of action concerning the proposed merger described above in which it engaged; and

e.) failing to take all reasonable steps to timely and effectively communicate to all Clearfield shareholders the benefits that would result from the merger and the reasonableness of the terms of the Agreements.

39. On October 26, 1999, Plaintiffs gave Clearfield written notice that they deemed Clearfield to have violated the written Agreements between the parties.

40. Clearfield's breaches of the Reorganization Agreement caused the failure of the proposed merger between Plaintiffs and Clearfield.

41. Plaintiffs expended substantial sums in an attempt to fulfill its obligations under the Reorganization and Merger Agreements, including for attorneys' fees and expenses, consultant fees, printing fees, etc., all of which constitute damages caused by Clearfield's breaches of the Reorganization Agreement.

42. On August 11, 1999, Clearfield initiated legal action against Omega in the United States District Court for the Western District of Pennsylvania (Civil Action No. 99-180J) (the "federal action") that arose from Omega's actions in relation to the proposed merger between the parties.

43. At the request and encouragement of Clearfield and with its agreement, Plaintiffs filed a Motion to Intervene in that action that was granted, and, therefore, Plaintiffs incurred substantial attorneys' fees and expenses in that litigation.

44. Plaintiffs' participation in that legal action in federal court was pursuant to and in fulfillment of its obligations under the written Agreements between the parties.

45. The attorneys' fees and expenses incurred by Plaintiffs constitute damages which they incurred as a result of Clearfield's breaches of the Reorganization and are expenses which Plaintiffs would not have had to incur in performing their obligations under that Agreement if Clearfield had not breached it.

46. The total expenses actually incurred to date by Plaintiffs in attempting to fulfill their obligations under the Reorganization and Merger Agreements (including, but not limited to, in participating in the federal court litigation) are $444,797.40.

47. In addition to the suffering of the foregoing expenses, Plaintiffs have been damaged by Clearfield's breaches of the Reorganization through the loss of services of key officers and employees of Plaintiffs because of the time they expended in attempting to fulfill Plaintiffs' obligations under the parties' Agreements and in attempting to assure that the proposed merger was consummated and in pursuing the federal court litigation.

48. Penn Laurel and its shareholders have also been damaged by Clearfield's breaches of the Reorganization Agreement through the loss of the benefits that would have accrued to them if the merger had been consummated.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendant Clearfield Bank & Trust Company in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

Count II.

Plaintiffs vs. Defendants Anonick and AFC

Intentional Interference With Contractual Relations

49. Paragraphs 1 through 48 above are incorporated herein by reference.

50. At all times relevant to the instant action, Defendant Anonick was acting on behalf of and as an employee and agent of AFC.

51. Defendants Anonick and AFC acted at all times relevant to the instant action with knowledge of the existence of the contractual agreements between Plaintiffs and Clearfield.

52. The aforesaid actions of Defendants Anonick and AFC were intended to interfere with the contractual relations between Plaintiffs and Clearfield by improperly inducing Clearfield and its officers and directors to breach their contractual obligations to Plaintiffs.

53. The actions of Defendants Anonick and AFC were also improper because they were in violation of Section 14(e) of the Securities and Exchange Act of 1934, 15 U.S.C. §78n(e) and Sections 112(b) and (g) of the Pennsylvania Banking Code, 7 P.S. §112(b) and (g).

54. Defendants Anonick and AFC also acted improperly by making the following intentional or negligent misrepresentations to shareholders of Clearfield at the meeting of August 2, 1999 and in the written agreement distributed at that meeting:

a) representing that Clearfield shareholders could exercise rights as dissenting shareholders while also agreeing to sell their shares to Omega;

b) representing that Clearfield would retain its name if it agreed to and did merge with Omega;

c) representing that Omega's offer was superior to the merger between Plaintiffs and Clearfield that had been agreed upon;

d) failing to disclose that Omega was required to obtain various regulatory approvals, including, but not limited to, approval by the Pennsylvania Department of Banking, before making and consummating the offer itself and before any anticipated merger between it and Clearfield;

e) failing to disclose that Omega's offer could have significant tax consequences for shareholders;

f) failing to disclose how and when Omega stock would be valued for purposes of the offer;

g) failing to disclose the source of Omega stock that would be utilized for an exchange for the stock of Clearfield shareholders;

h) failing to disclose that Omega's obligations under the written offer were contingent upon the accuracy of financial information which was already out-dated; and

i) failing to disclose that AFC would be paid a large "success fee" in the event that a merger between Omega and Clearfield was ultimately consummated.

55. The improper interference with the contractual agreements between Plaintiffs and Clearfield by Defendants Anonick and AFC did result in Clearfield's aforesaid breaches of those agreements.

56. The improper interference with the contractual agreements between Plaintiffs and Clearfield by Defendants Anonick and AFC did result in the failure of the proposed merger between Plaintiffs and Clearfield.

57. All of the damages alleged above were caused by Defendant Anonick's and AFC's improper interference with the contractual agreements between Plaintiffs and Clearfield.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendants Timothy A. Anonick and Anonick Financial Corporation in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

Count III.

Plaintiffs vs. Defendants Anonick and AFC

Conspiracy

58. Paragraphs 1 through 57 above are incorporated herein by reference.

59. Defendants Anonick and AFC conspired with Omega and Mr. Moody to commit the aforesaid unlawful acts through express and/or tacit agreements to commit such acts.

60. Based upon information and belief, Plaintiffs allege that Defendants Anonick and AFC conspired with others, including directors of Clearfield, to commit the aforesaid unlawful acts either through express or tacit agreements to commit such acts or through acting in concert to commit them.

61. All of the damages alleged above were caused by Defendant Anonick's and AFC's conspiracy with others.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendants Timothy A. Anonick and Anonick Financial Corporation in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

SHUMAKER WILLIAMS, P.C.

Dated: 4/5/00

By Laurence W. Dague

Laurence W. Dague, I.D. #19715
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Melissa A. Swauger, I.D. ##82382
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Attorneys for Penn Laurel Financial Corp.
and CSB Bank

:107199

(7)

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs,	:	Civil Action No. 00-414-CO
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK and ANONICK FINANCIAL CORPORATION, Defendants,	:	
v.	:	
LARRY W. BRUBAKER,	:	
DONALD R. FEZELL,	:	
GUY A. GRAHAM,	:	
FRANK J. HOFFMAN, JR.,	:	
JANICE E. KEPHART,	:	
JOSEPH P. LEYO,	:	
RICHARD L. LININGER,	:	
C. BEN MULLINS, JR.,	:	
HENRY A. PETERSON,	:	
LAURANCE B. SEAMAN,	:	
JOSEPH A. SHAW,	:	
DARRELL G. SPENCER,	:	
WESLEY M. WEYMERS,	:	
RICHARD A. WILKINSON,	:	
SHERWOOD C. MOODY,	:	
WILLIAM L. BERTRAM,	:	
GEORGE L. BEARD,	:	
D. STEPHEN BUTLER,	:	
WILLIAM T. DAVIS,	:	
ROBERT W. DOTTS,	:	
CRAIG L. HILE,	:	
ROBERT M. KURTZ, JR.,	:	
MICHAEL R. LYTLE,	:	
BARBARA J. HUGNEY-SHOPE,	:	
RAY S. WALKER,	:	
H. REMBRANDT WOOLRIDGE,	:	
WILLIAM A. SHINER,	:	
GARY E. CURRY,	:	
RICHARD W. OGDEN, and	:	
WILLIAM E. WOOD,	:	
Additional Defendants.	:	

FILED
MAY 1 2 2000
William A. Shaw
Prothonotary

ANSWER, NEW MATTER AND NEW MATTER PURSUANT TO PA. R. CIV. P. 2252 OF TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION

Timothy A. Anonick ("Mr. Anonick") and Anonick Financial Corporation ("AFC"), by counsel, state as follows for their answer, new matter and new matter pursuant to Pa. R. Civ. P. 2252 to the complaint of Penn Laurel Financial Corp. ("Penn Laurel") and CSB Bank ("CSB"):

Answer

1. Admitted.

2. Admitted.

3. Admitted.

4. Admitted.

5. Admitted.

6. Admitted.

7. Denied in that Exhibit A to the Complaint includes only the Reorganization and Merger Agreements.

8. The Reorganization and Merger Agreements are documents that speak for themselves.

9. The Reorganization and Merger Agreements are documents that speak for themselves.

10. The Reorganization and Merger Agreements are documents that speak for themselves.

11. The Reorganization and Merger Agreements are documents that speak for themselves.

12. The Reorganization and Merger Agreements are documents that speak for themselves.

13. The Reorganization and Merger Agreements are documents that speak for themselves.

14. Denied as stated. Admitted that after Mr. Anonick read a press release about the proposed merger involving Plaintiffs and Clearfield Bank & Trust Company ("Clearfield") in January 1999, he called Sherwood C. Moody ("Mr. Moody") and inquired whether Clearfield desired his assistance with the transaction. Mr. Moody declined.

15. Denied as stated. Admitted that Mr. Anonick had one or more telephone conversations with Mr. Moody in February or March of 1999, but denied that Mr. Moody provided definitive terms of the proposed merger during such call(s). To the contrary, Mr. Anonick obtained the definitive terms of the proposed merger through the Internet in early April 1999.

16. Denied as stated. Admitted that Mr. Anonick discussed the proposed merger with Mr. Moody in April 1999 and that Mr. Moody expressed support for the merger, but that Mr. Anonick could sense Mr. Moody might not necessarily be in favor of the merger.

17. Denied as stated. Admitted that Mr. Anonick met with Mr. Moody on April 12, 1999. Further admitted that at or before that meeting, Mr. Moody (a) told Mr. Anonick many Clearfield shareholders were opposed to the proposed merger, and (b) identified Jack Woolridge as one of the opposed shareholders.

18. Denied as stated. Admitted that based on his own analysis of the proposed merger, Mr. Anonick believed the proposed merger was a bad deal for Clearfield's shareholders. He contacted Omega Financial Corporation ("Omega") on or about April 20, 1999, to inquire whether Omega would be interested in proposing a merger with Clearfield, which would be fair to Clearfield's shareholders, in the event Clearfield's proposed merger with Penn Laurel was not effectuated.

19. Denied as stated. Admitted that Mr. Anonick told Omega during April 1999 that some Clearfield shareholders were opposed to the proposed merger. On information and belief, Omega had already heard such information directly from a Clearfield shareholder.

20. Denied. Upon information and belief, Omega recognized the proposed merger between Clearfield and Plaintiffs was a bad deal for Clearfield's shareholders, and for that reason began discussing with Mr. Anonick a possible merger with Clearfield, which would be fair to Clearfield's shareholders, in the event Clearfield's proposed merger with Penn Laurel was not effectuated.

21. Denied as stated. On May 10, 1999, Omega sent a letter to Clearfield's Board of Directors. The letter is a document that speaks for itself.

22. Admitted, except that the phone call alleged to have occurred on May 10, 1999 occurred on May 11, 1999.

23. Admitted. Answering further, upon information and belief, Jack Woolridge had already heard about Omega's interest from a Clearfield director.

24. Denied as stated. On August 2, 1999, Mr. Anonick met with Jack Woolridge and another Clearfield shareholder, and later with other Clearfield shareholders. During those meetings, Mr. Anonick explained Omega was interested in a merger with Clearfield, which would be fair to Clearfield's shareholders, in the event Clearfield's proposed merger with Penn Laurel was not effectuated. The writing Mr. Anonick distributed to Clearfield shareholders that day is a document that speaks for itself. Denied that the document was an offer from Omega for the purchase of Clearfield shares. Also denied that Mr. Anonick requested distribution of the document to shareholders not in attendance at the meeting.

25. Denied as stated. Jack Woolridge and another Clearfield shareholder provided Mr. Anonick with a list of Clearfield shareholders opposed to the proposed merger with Plaintiffs. Denied that the list included Mr. Rembrandt Woolridge.

26. Denied. Mr. Anonick and Jack Woolridge did not attempt to foster and foment opposition to the proposed merger among Clearfield's shareholders. Clearfield's shareholders who opposed the proposed merger developed such a position on their own, because Clearfield failed to communicate timely or effectively with them about the proposed merger and/or they recognized it was a bad deal for them. Mr. Anonick made those shareholders aware of Omega's interest in merging with Clearfield, on terms that would be fair to Clearfield's shareholders, in the event Clearfield's proposed merger with Penn Laurel was not effectuated. Mr. Anonick and AFC, after reasonable investigation, are without sufficient information to know the extent to which Clearfield's Board of Directors was aware of discussions between Mr. Anonick or Jack Woolridge and Clearfield's

shareholders, except that a senior officer and a director of Clearfield attended the August 2, 1999 meeting.

27. After reasonable investigation, Mr. Anonick and AFC are without sufficient information to admit or deny the averments in this paragraph.

28. Admitted.

Count I: Plaintiffs v. Clearfield (Breach of Contract)

29. The responses to Paragraph's 1 through 28 are incorporated herein by reference.

30. The averments state a legal conclusion, to which no response is required.

31. The averments state a legal conclusion, to which no response is required.

32. The averments state a legal conclusion, to which no response is required.

33. The averments state a legal conclusion, to which no response is required.

34. The averments state a legal conclusion, to which no response is required.

35. The averments state a legal conclusion, to which no response is required.

36. The averments state a legal conclusion, to which no response is required.

37. The averments state a legal conclusion, to which no response is required.

38. The averments state a legal conclusion, to which no response is required.

39. Mr. Anonick and AFC, after reasonable investigation, are without sufficient information to admit or deny the allegations.

40. The averments state a legal conclusion, to which no response is required. To the extent a response is required, the proposed merger failed because Clearfield's shareholders recognized it was a bad deal for them and voted it down.

41. The averments state a legal conclusion, to which no response is required. To the extent an answer is required, strict proof is demanded of any and all sums Plaintiffs allegedly expended in connection with the proposed merger.

42. Admitted that Clearfield filed such a lawsuit.

43. Denied. Upon information and belief, Clearfield did not request or encourage Penn Laurel to intervene.

44. Denied. Upon information and belief, Penn Laurel was not contractually obliged to intervene.

45. The averments state a legal conclusion, to which no response is required. Denied that Plaintiffs sustained any damages for which Mr. Anonick or AFC are liable. Further, strict proof is demanded of any and all legal fees and expenses Plaintiffs allegedly expended in connection with the federal court action.

46. Mr. Anonick and AFC, upon reasonable investigation, are without sufficient information to admit or deny the extent of Plaintiff's costs associated with its failed merger attempt. Denied that Plaintiffs sustained any damages for which Mr. Anonick or AFC are liable. Further, strict proof is demanded of any and all legal fees and expenses Plaintiffs allegedly expended in connection with the federal court action.

47. The averments state a legal conclusion, to which no response is required. Denied that Plaintiffs sustained any damages for which Mr. Anonick or AFC are liable.

48. The averments state a legal conclusion, to which no response is required. Denied that Plaintiffs sustained any damages for which Mr. Anonick or AFC are liable.

Count II: Plaintiffs v. Mr. Anonick and AFC
(Intentional Interference with Contractual Relations)

49. The responses to Paragraphs 1 through 48 are incorporated herein by reference.

50. Admitted. In addition, Mr. Anonick and AFC were acting on behalf of and as agents of Omega.

51. Denied in that Mr. Anonick and AFC did not know the definitive terms of the proposed merger until Mr. Anonick obtained the terms through the Internet in early April 1999.

52. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to Plaintiffs, and did not improperly induce Clearfield or its officers and directors to breach their contractual obligations to Plaintiffs. Also, the proposed merger between Plaintiffs and Clearfield failed because Clearfield failed to communicate timely and effectively with its shareholders and Clearfield's shareholders recognized it was a bad deal for them, and not because of any alleged improper conduct by Mr. Anonick or AFC.

53. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to Plaintiffs, and did not improperly induce Clearfield or its officers and directors to breach their contractual obligations to Plaintiffs. Also, the proposed merger between Plaintiffs and Clearfield failed because Clearfield failed to communicate timely and effectively with its shareholders and Clearfield's shareholders recognized it was a bad deal for them, and not because of any alleged improper conduct by Mr. Anonick or AFC.

54. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to Plaintiffs, and did not improperly induce Clearfield or its officers and directors to breach their contractual obligations to Plaintiffs. Also, the proposed merger between Plaintiffs and Clearfield failed because Clearfield failed to communicate timely and effectively with its shareholders and Clearfield's shareholders recognized it was a bad deal for them, and not because of any alleged improper conduct by Mr. Anonick or AFC.

55. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to Plaintiffs, and did not improperly induce Clearfield or its officers and directors to breach their contractual obligations to Plaintiffs. Also, the proposed merger between Plaintiffs and Clearfield failed because Clearfield failed to communicate timely and effectively with its shareholders and Clearfield's shareholders recognized it was a bad deal for them, and not because of any alleged improper conduct by Mr. Anonick or AFC.

56. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to Plaintiffs, and did not improperly induce Clearfield or its officers and directors to breach their contractual obligations to Plaintiffs. Also, the proposed merger between Plaintiffs and Clearfield failed because Clearfield failed to communicate timely and effectively with its shareholders and Clearfield's shareholders

recognized it was a bad deal for them, and not because of any alleged improper conduct by Mr. Anonick or AFC.

57. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to Plaintiffs, and did not improperly induce Clearfield or its officers and directors to breach their contractual obligations to Plaintiffs. Also, the proposed merger between Plaintiffs and Clearfield failed because Clearfield failed to communicate timely and effectively with its shareholders and Clearfield's shareholders recognized it was a bad deal for them, and not because of any alleged improper conduct by Mr. Anonick or AFC. Further denied that Plaintiffs sustained any damages for which Mr. Anonick or AFC are liable.

WHEREFORE, Mr. Anonick and AFC request that this Court enter judgment in their favor and against Plaintiffs, and award Mr. Anonick and AFC their costs and expenses (including attorneys' fees) to the full extent permitted by law.

Count III: Plaintiffs v. Mr. Anonick and AFC (Conspiracy)

58. The responses to Paragraphs 1 through 57 are incorporated herein by reference.

59. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to Plaintiffs, and did not conspire with Omega or Mr. Moody to commit any unlawful act.

60. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to

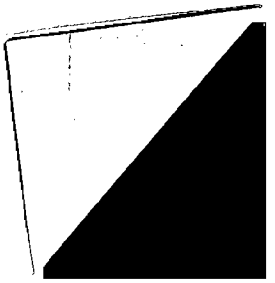
Plaintiffs, and did not conspire with others, including directors of Clearfield, to commit any unlawful act.

61. The averments state a legal conclusion, to which no response is required. To the extent a response is required, Mr. Anonick and AFC did not violate any duty to Plaintiffs, and did not conspire with others to commit any unlawful act. Further denied that Plaintiffs sustained any damages for which Mr. Anonick or AFC are liable.

WHEREFORE, Mr. Anonick and AFC request that this Court enter judgment in their favor and against Plaintiffs, and award Mr. Anonick and AFC their costs and expenses (including attorneys' fees) to the full extent permitted by law.

New Matter

1. The responses to Paragraphs 1 through 61 of the Complaint are incorporated herein by reference.
2. The allegations in the Complaint fail to state a cause of action against Mr. Anonick or AFC for which relief may be granted.
3. Mr. Anonick and AFC did not violate any duty to Plaintiffs.
4. The proposed merger between Plaintiffs and Clearfield failed because Clearfield failed to communicate timely and effectively with its shareholders, and Clearfield's shareholders recognized it was a bad deal for them.
5. The proposed merger between Plaintiffs and Clearfield failed because of acts or omissions by Plaintiffs, Clearfield or others for whom Mr. Anonick and AFC are not responsible.



6. There is no basis to pierce the corporate veil of AFC and to impose any liability on Mr. Anonick.

7. The conduct of Mr. Anonick and AFC was justified and privileged.

8. Plaintiffs did not sustain any damage as a result of the conduct of Mr. Anonick or AFC.

9. Plaintiffs did not sustain any damage for which Mr. Anonick or AFC are liable.

New Matter Pursuant to Pa. R. Civ. P. 2252

Mr. Anonick and AFC v. Penn Laurel, The Penn Laurel Executive Officers and Directors, Clearfield and the Clearfield Executive Officers and Directors

1. The responses to Paragraphs 1 through 61 of the Complaint are incorporated herein by reference.

2. Penn Laurel's Complaint against Clearfield alleges that the proposed merger failed because Clearfield (through its executive officers and directors at the relevant time) violated contract obligations to Penn Laurel. Upon information and belief, the Clearfield executive officers and directors subject to such allegations are the following individuals: SHERWOOD C. MOODY, WILLIAM L. BERTRAM, GEORGE L. BEARD, D. STEPHEN BUTLER, WILLIAM T. DAVIS, ROBERT W. DOTTS, CRAIG L. HILE, ROBERT M. KURTZ, JR., MICHAEL R. LYTLE, BARBARA J. HUGNEY-SHOPE, RAY S. WALKER, H. REMBRANDT WOOLRIDGE, WILLIAM A. SHINER, GARY E. CURRY, RICHARD W. OGDEN and WILLIAM E. WOOD (collectively, the "Clearfield Executive Officers and Directors").

3. Clearfield's Counterclaim against Penn Laurel alleges that the proposed merger failed because Penn Laurel (through its executive officers and directors at the relevant time) violated its contract obligations to Clearfield. Upon information and belief, the Penn Laurel executive officers and directors subject to such allegations are the following individuals: LARRY W. BRUBAKER, DONALD R. FEZELL, GUY A. GRAHAM, FRANK J. HOFFMAN, JR., JANICE E. KEPHART, JOSEPH P. LEYO, RICHARD L. LININGER, C. BEN MULLINS, JR., HENRY A. PETERSON, LAURANCE B. SEAMAN, JOSEPH A. SHAW, DARRELL G. SPENCER, WESLEY M. WEYMERS and RICHARD A. WILKINSON (collectively, the "Penn Laurel Executive Officers and Directors").

4. In the event it is determined at trial that Mr. Anonick or AFC are liable for Plaintiffs' alleged damages (which liability is expressly denied), and if Plaintiffs also prove at trial their allegations against Clearfield and the Clearfield Executive Officers and Directors, then Mr. Anonick and AFC assert a claim for contribution against, and avers that they are entitled to contribution from, Clearfield and the Clearfield Executive Officers and Directors.

5. In the event it is determined at trial that Mr. Anonick or AFC are liable for Plaintiffs' alleged damages (which liability is expressly denied), and if Clearfield also proves its allegations against Penn Laurel and the Penn Laurel Executive Officers and Directors, then Mr. Anonick and AFC assert a claim for contribution against, and avers that they are entitled to contribution from, Penn Laurel and the Penn Laurel Executive Officers and Directors.

6. In the event Plaintiffs prove they were damaged by the actions and conduct of Mr. Anonick and AFC (which is expressly denied), and if Penn Laurel also proves its allegations against Clearfield and the Clearfield Executive Officers and Directors, then Clearfield and the Clearfield Executive Officers and Directors are solely liable to Plaintiffs.

7. In the event Plaintiffs prove they were damaged by the actions and conduct of Mr. Anonick and AFC (which is expressly denied), and if Clearfield also proves its allegations against Penn Laurel and the Penn Laurel Executive Officers and Directors, then Penn Laurel and the Penn Laurel Executive Officers and Directors are solely liable to Plaintiffs.

8. In the event Plaintiffs prove the allegations in their Complaint against Mr. Anonick or AFC (which are expressly denied), and if Penn Laurel also proves its allegations against Clearfield and the Clearfield Executive Officers and Directors, then Clearfield and the Clearfield Executive Officers and Directors are jointly and severally liable to Plaintiffs along with Mr. Anonick and AFC.

9. In the event Plaintiffs prove the allegations in their Complaint against Mr. Anonick or AFC (which are expressly denied), and if Clearfield also proves its allegations against Penn Laurel and the Penn Laurel Executive Officers and Directors, then Penn Laurel and the Penn Laurel Executive Officers and Directors are jointly and severally liable to Plaintiffs along with Mr. Anonick and AFC.

10. In the event it is determined at trial that Mr. Anonick or AFC are liable for Plaintiffs' alleged damage (which is expressly denied), and if Penn Laurel also proves its allegations against Clearfield and the Clearfield Executive Officers and

Directors, then Clearfield and the Clearfield Executive Officers and Directors are liable over to and must indemnify Mr. Anonick and AFC.

11. In the event it is determined at trial that Mr. Anonick or AFC are liable for Plaintiffs' alleged damage (which is expressly denied), and if Clearfield also proves its allegations against Penn Laurel and the Penn Laurel Executive Officers and Directors, then Penn Laurel and the Penn Laurel Executive Officers and Directors are liable over to and must indemnify Mr. Anonick and AFC.

WHEREFORE, Mr. Anonick and AFC deny any and all liability to Plaintiffs and request the entry of judgment in their favor, and in the alternative, a judgment that Penn Laurel, the Penn Laurel Executive Officers and Directors, Clearfield and the Clearfield Executive Officers and Directors are liable to Mr. Anonick and AFC for contribution, solely liable to Plaintiffs, jointly and severally liable with Mr. Anonick and AFC, or liable over to Mr. Anonick and AFC in indemnity.

KEGEL KELIN ALMY & GRIMM LLP

By: _____

Howard L. Kelin
Attorney I.D. No. 65124
24 N. Lime Street
Lancaster, PA 17602
(717) 392-1100

Counsel for Timothy A. Anonick and
Anonick Financial Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing ANSWER, NEW MATTER AND NEW MATTER PURSUANT TO PA. R. CIV. P. 2252 OF TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION was served this 11th day of May, 2000, by overnight delivery, upon the following persons:

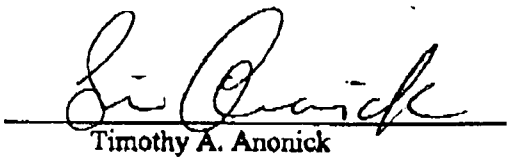
Laurence W. Dague, Esq.
Shumaker Williams, P.C.
P. O. Box 88
Harrisburg, PA 17108

Bradley S. Tupi, Esq.
Tucker Arensberg, P.C.
One PPG Place
Suite 1500
Pittsburgh, PA 15222-5401

Howard L. Kelin

VERIFICATION

I, Timothy A. Anonick, verify that the facts contained in the foregoing document 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 falsifications to authorities.



Timothy A. Anonick

FILED

MAY [illegible]
01/11:15/20 cc
William A. Shaw
Prothonotary
EKES

EXECUTION COPY
12/31/98

AGREEMENT AND PLAN OF REORGANIZATION

AMONG

PENN LAUREL FINANCIAL CORP.

CSB BANK

AND

CLEARFIELD BANK & TRUST COMPANY

December 31, 1998

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EXHIBITS: AGREEMENT AND PLAN OF MERGER A-1
("BANK MERGER AGREEMENT")

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AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization ("Agreement") is dated and made this 31st day of December, 1998, by and among Penn Laurel Financial Corp., a Pennsylvania business corporation having its corporate headquarters at 434 State Street, Curwensville, Clearfield County, Pennsylvania 16833 ("Penn Laurel"), CSB Bank, a Pennsylvania chartered banking institution and the wholly-owned subsidiary of Penn Laurel, having its corporate headquarters at 434 State Street, Curwensville, Clearfield County, Pennsylvania 16833 ("CSB"), and Clearfield Bank & Trust Company, a Pennsylvania chartered bank and trust company having its corporate headquarters at 11 North Second Street, Clearfield County, Clearfield, Pennsylvania 16830 ("Clearfield").

Background:

Penn Laurel is a Pennsylvania business corporation and a registered bank holding company. CSB is a Pennsylvania chartered banking institution and a wholly-owned subsidiary of Penn Laurel. Clearfield is a Pennsylvania chartered bank and trust company. Penn Laurel, CSB and Clearfield wish to affiliate through a business combination to form a stronger, more effective community financial institution. Subject to the terms and conditions of this Agreement, the foregoing transaction will be accomplished by means of a reorganization and merger pursuant to which Clearfield will merge with CSB. The resulting bank of the merger shall change its name to Penn Laurel Bank & Trust, relocate its corporate headquarters to 11 North Second Street, Clearfield, Pennsylvania and all of the outstanding shares of capital stock of Clearfield, par value $1.5625 per share (the "Clearfield Common Stock") will be converted into and become the right to receive shares of common stock of Penn Laurel, par value $5.00 per share (the "Penn Laurel Common Stock") in the manner, on the terms, and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises, mutual promises, covenants, agreements, representations and warranties hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

AGREEMENT AND PLAN OF MERGER

Section 1.1. Agreement and Plan of Merger. Subject to the terms and conditions of this Agreement, Clearfield shall merge with CSB (the "Merger") in accordance with the Agreement and Plan of Merger attached as Exhibit A to this Agreement (the "Bank Merger Agreement") and pursuant to the provisions of the Pennsylvania Banking Code of 1965, as amended (the "Banking Code").

ARTICLE II

CONVERSION OF SHARES AND EXCHANGE OF STOCK CERTIFICATES

Section 2.1. Conversion of Shares. On the Effective Date (as defined in Section 11.2 of this Agreement) the shares of Clearfield Common Stock then outstanding shall be converted into and become the right to receive shares of Penn Laurel Common Stock, as follows:

(a) General. Subject to the provisions of Section 2.1(b); 2.1(c) and 2.1(d) of this Article II, each share of Clearfield Common Stock issued and outstanding immediately before the Effective Date shall, on the Effective Date, be converted into and become, without any action on the part of the holder thereof, the right to receive .97 shares of Penn Laurel Common Stock. Subject to the provisions of Section 2.1(b), the aggregate number of shares of Penn Laurel Common Stock to be issued under this Agreement shall not exceed 559,505 shares.

(b) Anti-dilution Provision. In the event that Penn Laurel shall at any time before the Effective Date: (i) declare or pay a dividend in shares of Penn Laurel Common Stock, (ii) combine the outstanding shares of Penn Laurel Common Stock into a smaller number of shares, or (iii) subdivide the outstanding shares of Penn Laurel Common Stock into a greater number of shares, or (iv) reclassify the shares of Penn Laurel Common Stock, then the exchange provisions of Section 2.1 (a) of this Article II shall be proportionately adjusted.

(c) No Fractional Shares. No fractional shares of Penn Laurel Common Stock, and no scrip or certificates therefor, shall be issued in connection with the Merger. In lieu of the issuance of any fractional share to which a former shareholder would otherwise be entitled, the former shareholder shall receive, in cash, an amount equal to the fair market value of his fractional interest. The fair market value of the fractional interest shall be the arithmetic average of the average of the per share closing bid and asked reported prices for Penn Laurel Common Stock for the fifteen (15) trading days immediately preceding the date of receipt of the last required regulatory approval for the transactions contemplated by this Agreement and, the Bank Merger Agreement (the "Approval Date"), as reported i) by Ryan, Beck & Co. and by F. J. Morrissey & Co., Inc.; or, in the event that neither of these firms is then making a market in Penn Laurel Common Stock, (ii) by two brokerage firms then making a market in Penn Laurel Common Stock to be selected by Penn Laurel and approved by Clearfield. The foregoing fifteen (15) trading days being hereinafter sometimes referred to as the "Price Determination Period." (For example, if March 3, 1999 is the Approval Date, the Price Determination Period, would be February 7, 10, 11, 12, 13, 14, 18, 19, 20, 21, 22, 25, 26, 27 and 28, 1999).

(d) Clearfield Treasury Stock. Each share of Clearfield Common Stock issued and held in the treasury of Clearfield as of the Effective Date, if any, shall be canceled, and no cash, stock, or other property shall be delivered in exchange therefor.

(e) Penn Laurel Common Stock.

(i) Each share of Penn Laurel Common Stock issued and outstanding immediately prior to the Effective Date, shall, on and after the Effective Date, continue to be issued and outstanding as an identical share of Penn Laurel Common Stock.

(ii) Each share of Penn Laurel Common Stock issued and held in the treasury of Penn Laurel as of the Effective Date, if any, shall, on and after the Effective Date, continue to be issued and held in the treasury of Penn Laurel.

(f) Each share of Clearfield Common Stock owned by Penn Laurel or a wholly-owned subsidiary of Penn Laurel, other than shares held in trust, managed, custodial or nominee accounts and the like, that in any such case are beneficially owned by third parties, on the Effective Date, shall be cancelled and retired and shall cease to exist and no shares of Penn Laurel or other consideration shall be deliverable in exchange therefor.

Section 2.2. Exchange of Stock Certificates. Clearfield Common Stock certificates shall be exchanged for Penn Laurel Common Stock certificates in accordance with the following procedures:

(a) Exchange Agent. The transfer agent of Penn Laurel shall act as exchange agent (the "Exchange Agent") to receive Clearfield Common Stock certificates from the holders thereof and to exchange the certificates for Penn Laurel Common Stock certificates and (if applicable) to pay cash for fractional shares of Clearfield Common Stock pursuant to Section 2.1(c) above. The Exchange Agent shall, on or promptly after the Effective Date, mail to each former shareholder of Clearfield a notice specifying the procedures to be followed in surrendering Clearfield Common Stock certificates.

(b) Surrender of Certificates. As promptly as possible after receipt of the Exchange Agent's notice, each former shareholder of Clearfield shall surrender his Clearfield Common Stock certificates to the Exchange Agent; provided, that if any former shareholder of Clearfield shall be unable to surrender his Clearfield Common Stock certificates due to loss or mutilation thereof, he may make a constructive surrender by following procedures comparable to those customarily used by Penn Laurel for issuing replacement certificates to Penn Laurel shareholders whose Penn Laurel Common Stock certificates have been lost or mutilated. Upon receiving a proper actual or constructive surrender of Clearfield Common Stock certificates from a former Clearfield shareholder, the Exchange Agent shall issue to the shareholder, in exchange therefor, a Penn Laurel Common Stock certificate representing the whole number of shares of Penn Laurel Common Stock into which the shareholder's shares of Clearfield Common Stock have been converted in accordance with this Article II, together with a check in the amount of any cash to which the shareholder is entitled, pursuant to Section 2.1(c) of this Agreement, in lieu of the issuance of a fractional share.

(c) Dividend Withholding. Dividends, if any, payable by Penn Laurel after the Effective Date to any former shareholder of Clearfield who has not, prior to the payment date, surrendered his Clearfield Common Stock certificates may, at the option of Penn Laurel, be withheld. Any dividends so withheld shall be paid, without interest, to the former shareholder of Clearfield upon proper surrender of the Clearfield Common Stock certificates. Subject to the accounting rules regarding pooling of interest method of accounting, each party shall use their best efforts to cooperate in the declaration and timing of the payment of dividends to assure that neither a windfall nor a detriment to each party's respective shareholders shall occur concerning the amount and timing of the payment of dividends.

(d) Failure to Surrender Certificates. All Clearfield Common Stock certificates must be surrendered to the Exchange Agent within two (2) years after the Effective Date. In the event that any former shareholder of Clearfield shall not have properly surrendered his Clearfield Common Stock certificates within two (2) years after the Effective Date, the shares of Penn Laurel Common Stock that would otherwise have been issued to the shareholder may, at the option of Penn Laurel, be sold and the net proceeds of the sale, together with the cash (if any) to which the shareholder is entitled in lieu of the issuance of a fractional share and any previously accrued dividends, shall be held in a non-interest bearing account for the benefit of the former shareholder. From and after any sale, the sole right of the former shareholder of Clearfield shall be the right to collect the net proceeds, cash and accumulated dividends. Subject to all applicable laws of escheat, the net proceeds, cash and accumulated dividends shall be paid to the former shareholder of Clearfield, without interest, upon proper surrender of the former shareholder's certificates.

(e) Expenses of Share Surrender and Exchange. All costs and expenses associated with the foregoing surrender and exchange procedure shall be borne by Penn Laurel. Notwithstanding the foregoing, no party hereto will be liable to any holder of Clearfield Common Stock for any amount paid in good faith to a public official or agency pursuant to any applicable abandoned property, escheat or similar law.

(f) Exchange Procedures. Each certificate for shares of Clearfield Common Stock delivered for exchange under this Article II must be endorsed in blank by the registered holder thereof or be accompanied by a power of attorney to transfer the shares endorsed in blank by the holder. If more than one certificate is surrendered at one time and in one transmittal package for the same shareholder account, the number of whole shares of Penn Laurel Common Stock for which certificates will be issued pursuant to this Article II will be computed on the basis of the aggregate number of shares represented by the certificates so surrendered. If shares of Clearfield Common Stock or payments of cash are to be issued or made to a person other than the one in whose name the surrendered certificate is registered, the certificate so surrendered must be properly endorsed in blank, with signature(s) guaranteed, or otherwise in proper form for transfer, and the person to whom certificates for shares of Penn Laurel Common Stock is to be issued or to whom cash is to be paid shall pay any transfer or other taxes required by reason of the issuance or payment to a person other than the registered holder of the certificate for shares of Clearfield Common

Stock that are surrendered. As promptly as practicable after the Effective Date, Penn Laurel shall send or cause to be sent to each shareholder of record of Clearfield Common Stock transmittal materials for use in exchanging certificates representing Clearfield Common Stock for certificates representing Penn Laurel Common Stock into which the former have been converted in the Merger.

(g) Closing of Stock Transfer Books; Cancellation of Clearfield Certificates. Upon the Effective Date, the stock transfer books for Clearfield Common Stock will be closed and no further transfers of shares of Clearfield Common Stock will thereafter be made or recognized. All certificates for shares of Clearfield Common Stock surrendered pursuant to this Article II will be canceled by Penn Laurel.

(h) Rights Evidenced by Certificate. Each certificate for shares of Penn Laurel Common Stock issued in exchange for certificates for Clearfield Common Stock pursuant to Section 2.2(f) hereof will be dated as of the Effective Date and be entitled to dividends and all other rights and privileges pertaining to the shares of Penn Laurel Common Stock from and after the Effective Date. Until surrendered, each certificate theretofore evidencing shares of Clearfield Common Stock will, from and after the Effective Date, evidence solely the right to receive certificates for shares of Penn Laurel Common Stock pursuant to Section 2.2(f) of this Agreement. If certificates for shares of Clearfield Common Stock are exchanged for Penn Laurel Common Stock at a date following one or more record dates for the payment of dividends or of any other distribution on the shares of Penn Laurel Common Stock subsequent to the Effective Date, Penn Laurel will pay cash in an amount equal to dividends theretofore payable on the Penn Laurel Common Stock and pay or deliver any other distribution to which holders of shares of Penn Laurel Common Stock have theretofore become entitled. No interest will accrue or be payable in respect of dividends or cash otherwise payable under this Section 2.2 upon surrender of certificates for shares of Penn Laurel Common Stock. Notwithstanding the foregoing, no party hereto will be liable to any holder of Clearfield Common Stock for any amount paid in good faith to a public official or agency pursuant to any applicable abandoned property, escheat or similar law. Until the certificates for shares of Clearfield Common Stock are surrendered by a Clearfield shareholder to Penn Laurel for exchange, Penn Laurel shall have the right to withhold dividends or any other distributions, without interest, on the shares of the Penn Laurel Common Stock issuable to the shareholder.

(i) Payment Procedures. As soon as practical after the Effective Date, Penn Laurel shall make payment of the cash consideration provided for in Section 2.1(c) to each person entitled thereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF CLEARFIELD

Clearfield represents and warrants to Penn Laurel and CSB, as of this date, as follows:

Section 3.1. Authority. Clearfield has all requisite corporate power and authority to enter into and perform all of its obligations under this Agreement and the Bank Merger Agreement. The execution and delivery of this Agreement and the Bank Merger Agreement and the performance of the transactions contemplated herein and therein have been duly and validly authorized by the Board of Directors of Clearfield and, except for the approval of this Agreement and the Bank Merger Agreement by its shareholders, Clearfield has taken all corporate action necessary on its part to authorize this Agreement and the Bank Merger Agreement and the performance of the transactions contemplated herein and therein. This Agreement and the Bank Merger Agreement have been duly executed and delivered by Clearfield and, assuming due authorization, execution and delivery by Penn Laurel and CSB, constitute valid and binding obligations of Clearfield, in each case enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles. Neither the execution and delivery of this Agreement and the Bank Merger Agreement, nor consummation of the transactions contemplated hereby or thereby, nor compliance by Clearfield with any of the provisions hereof or thereof (i) conflict with or result in a breach of any provisions of the Articles of Incorporation or By-laws of Clearfield, (ii) constitute or result in a material breach of any term, condition or provisions of, or constitute a default under or give rise to any right of termination, cancellation or acceleration with respect to, or result in the creation of any lien, charge, security interest or other encumbrance upon any property or assets of Clearfield pursuant to any note, bond, mortgage, indenture, deed of trust, license, agreement or other instrument or obligation, which will have, in the aggregate, a material adverse effect on Clearfield, or (iii) violate any order, writ, injunction, decree, statute, code, ordinance, rule, regulation or judgment applicable to Clearfield.

Section 3.2. Organization and Standing. Clearfield is a duly organized bank and trust company, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Clearfield has full power and authority to carry out its business as now conducted and is duly qualified to do business in the states of the United States and foreign jurisdictions where its ownership or leasing of property or the conduct of its business requires qualification and where failure to so qualify would have a material adverse effect on the financial condition, results of operations, business or prospects of Clearfield.

Section 3.3. No Subsidiaries. Except as previously disclosed, Clearfield owns no subsidiaries, directly or indirectly.

Section 3.4. Capitalization. The authorized capital stock of Clearfield consists solely of 617,600 shares of capital stock, par value $1.5625 per share, Clearfield Common Stock, of which, at the date hereof, 576,809 shares are issued and outstanding. All outstanding shares of Clearfield Common Stock have been duly authorized and are validly issued, fully paid and nonassessable.

None of the shares of Clearfield Common Stock have been issued in violation of the preemptive rights of any person or entity. At the date hereof, there are no authorized, issued and outstanding options, convertible securities, warrants or other rights to purchase or acquire any of the Clearfield Common Stock from Clearfield. There are no outstanding agreements, restrictions, contracts, commitments or demands of any character to which Clearfield is a party, that relate to the transfer or restrict the transfer of any shares of Clearfield Common Stock. There are no shareholder agreements, understandings or commitments relating to the right of Clearfield to vote or dispose of its shares.

Section 3.5. Articles of Incorporation, Bylaws and Minute Books. The copies of the Articles of Incorporation and Bylaws of Clearfield that have been delivered to Penn Laurel and CSB are true, correct and complete. Except as previously disclosed, all minute books of Clearfield have been made available to Penn Laurel and CSB for inspection and are true, correct and complete in all material respects and record the actions taken by the Board of Directors of Clearfield at the meetings documented in the minutes.

Section 3.6. Consents. Except for the consents, approvals, filings and registrations contemplated by Sections 8.1(a) and (c) hereof, and compliance with any conditions contained therein, and the approval of this Agreement and the Bank Merger Agreement by the shareholders of Clearfield, no consents or approvals of, or filings or registrations with, any public body or authority are necessary, and no consents or approvals of any third parties are necessary, or will be, in connection with the execution and delivery of this Agreement or the Bank Merger Agreement by Clearfield, and the consummation by Clearfield of the transactions contemplated hereby. Clearfield has no reason to believe that any required consents or approvals will not be received or will be received with conditions, limitations or restrictions unacceptable to it or that would adversely impact Clearfield's ability to consummate the transactions contemplated by this Agreement.

Section 3.7. Financial Statements and Regulatory Reports. Clearfield has delivered to Penn Laurel and CSB its (i) Balance Sheets, Statements of Income, Statements of Stockholders' Equity and Statements of Cash Flows as of and for the years ended December 31, 1997 and December 31, 1996, certified by Young, Oakes, Brown & Company, P.C., of Altoona, Pennsylvania, Clearfield's independent auditors, and set forth in the Annual Report to the Shareholders of Clearfield for the year ended on December 31, 1997 (the "Clearfield Financial Statements") and (ii) Call Reports, Consolidated Reports of Condition and Income, (the aforementioned consolidated report of condition and income as of September 30, 1998, is referred to herein as the "Clearfield Balance Sheet") and accompanying schedules, filed by Clearfield with any regulatory authority for each calendar quarter, beginning with the quarter ended September 30, 1998, through the Effective Date ("Clearfield Regulatory Reports"). Each of the foregoing financial statements fairly presents the financial condition, assets and liabilities, and results of operations of Clearfield at their respective dates and for the respective periods then ended and have been prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise noted in a footnote thereto and subject, in the case of the interim financial statements contained in the aforesaid Clearfield Regulatory Report, to normal recurring year-end adjustments, that are not material in any case or in the aggregate. The books and records of Clearfield are

maintained in accordance with generally accepted accounting principles consistently applied. The Clearfield Regulatory Reports have been, or will be, prepared in accordance with applicable regulatory accounting principles and practices applied on a consistent basis throughout the periods covered by the statements, and fairly present, or will fairly present, the financial position, results of operations and changes in shareholders' equity of Clearfield as of and for the periods ended on the dates thereof, in accordance with applicable regulatory accounting principles applied on a consistent basis.

Section 3.8. Absence of Undisclosed Liabilities. Except as previously disclosed, or as reflected, noted or adequately reserved against in the Clearfield Balance Sheet, as at September 30, 1998, Clearfield had no liabilities (whether accrued, absolute, contingent or otherwise) or asset impairment that are required to be reflected, noted or reserved against therein under generally accepted accounting principles or that are, in any case or in the aggregate, material. Except as previously disclosed, since September 30, 1998, Clearfield has not incurred any liability, other than liabilities of the same nature as those set forth in the Clearfield Balance Sheet, all of which have been reasonably incurred in the ordinary course of business consistent with customary business practices of prudently managed banks (hereinafter referred to as "Ordinary Course of Business").

Section 3.9. Absence of Changes. Since September 30, 1998, Clearfield has conducted its business in the Ordinary Course of Business and, except as previously disclosed, Clearfield has not undergone any change in condition (financial or otherwise), assets, liabilities, business or operations, other than changes in the Ordinary Course of Business that have not been, either in any case or in the aggregate, materially adverse.

Section 3.10. Dividends, Distributions and Stock Purchases. Except as previously disclosed, since September 30, 1998, Clearfield has not declared, set aside, made or paid any dividend or other distribution in respect of the Clearfield Common Stock, or purchased, issued or sold any shares of Clearfield Common Stock.

Section 3.11. Taxes. Clearfield has filed all federal, state, county, municipal and foreign tax returns, reports and declarations that are required to be filed by Clearfield. Except as previously disclosed, (i) Clearfield has paid all taxes, penalties and interest that have become due pursuant thereto or that became due pursuant to assessments, and (ii) Clearfield has not received any notice of deficiency or assessment of additional taxes and no tax audits are in process. The Internal Revenue Service (the "IRS") has not, to the knowledge of Clearfield, commenced, or given notice of its intention to commence any examination or audit of the federal income tax returns of Clearfield for any year through and including the year ended December 31, 1997. Clearfield has not granted any waiver of any statute of limitations or otherwise agreed to any extension of a period for the assessment of any federal, state, county, municipal or foreign income tax. Except as previously disclosed, the accruals and reserves reflected in the Clearfield Balance Sheet are adequate to cover all taxes (including interest and penalties, if any, thereon) payable or accrued as a result of its operations for all periods prior to the date of the Clearfield Balance Sheet.

Section 3.12. Title to and Condition of Assets. Clearfield has good and marketable title to all real and personal properties and assets reflected in the Clearfield Balance Sheet or acquired subsequent to September 30, 1998 (other than property and assets disposed of in the Ordinary Course of Business), free and clear of all liens or encumbrances of any kind whatsoever other than: (i) as reflected in the Clearfield Balance Sheet; (ii) liens of current taxes not yet due; and (iii) imperfections of title, encumbrances and easements, if any, that are not substantial in character, amount or extent and do not materially detract from the value, or interfere with the present or proposed use, of the properties and assets subject thereto. The structures and other improvements to real estate, furniture, fixtures and equipment reflected in the Clearfield Balance Sheet or acquired subsequent to September 30, 1998, are in good operating condition and repair (ordinary wear and tear excepted) and comply in all material respects with all applicable laws, ordinances and regulations, including without limitation all building codes, zoning ordinances and other similar laws. Clearfield owns or has the right to use all real and personal properties and assets necessary to the conduct of its business as now conducted.

Section 3.13. Contracts. All contracts, agreements, leases, licenses and other commitments are valid and in full force and effect, and all parties thereto have in all material respects performed all obligations required to be performed by them to date and are not in default in any material respect.

Except as disclosed on Schedule 3.13, Clearfield is not a party to or subject to (i) any employment, consulting or severance contract or arrangement with any past or present officer, director or employee, except for "at will" arrangements (ii) any plan, arrangement or contract providing for bonuses, options, deferred compensation, profit sharing or similar arrangements for or with any past or present officers, directors or employees of Clearfield; (iii) any collective bargaining agreement with any labor union relating to employees of Clearfield; (iv) any agreement that by its terms limits the payment of dividends by Clearfield; (v) any instrument evidencing or related to indebtedness for borrowed money in excess of $20,000, whether directly or indirectly, by way of purchase money obligation, conditional sale, lease purchase, guaranty or otherwise, in respect of which Clearfield is an obligor to any person, which instrument evidences or relates to indebtedness other than deposits, repurchase agreements, bankers acceptances and "treasury tax and loan" accounts established in the Ordinary Course of Business and transactions in federal funds or that contains financial covenants or other restrictions (other than those relating to the payment of principal and interest when due) that would be applicable on or after the Effective Date to Penn Laurel or any Penn Laurel subsidiary; (vi) any contract (other than this Agreement) limiting the freedom of Clearfield to engage in any type of banking or banking-related business permissible under law; or (vii) any contract, plan or arrangement that provides for payments or benefits in certain circumstances that, together with other payments or benefits payable to any participant therein or party thereto, might render any portion of any payments or benefits subject to disallowance of deduction therefor as a result of the application of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

No party to any material contract, plan, arrangement or instrument that requires annual payments in excess of $10,000 will have the right to terminate any or all of the provisions of any

contract, plan, arrangement or instrument as a result of the transactions contemplated by this Agreement, and none of the employees of Clearfield possess the right to terminate their employment as a result of the execution of this Agreement. Except as otherwise previously disclosed, no plan, employment agreement, termination agreement, or similar agreement or arrangement to which Clearfield is a party or under which Clearfield may be liable contains provisions that permit an employee or independent contractor to terminate it without cause and continue to accrue future benefits thereunder. No agreement, plan or arrangement provides for acceleration in the vesting of benefits or payments due thereunder upon the occurrence of a change in ownership or control of Clearfield absent the occurrence of a subsequent event; provides for benefits that may cause the disallowance of a federal income tax deduction under Section 280G of the Code; or requires Clearfield to provide a benefit in the form of Clearfield Common Stock or determined by reference to the value of Clearfield Common Stock.

Section 3.14. Litigation and Governmental Directives. There is no litigation, investigation or proceeding pending, or to the knowledge of Clearfield threatened, that involves Clearfield or its properties and that, if determined adversely, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield; there are no outstanding orders, writs, injunctions, judgments, decrees, regulations, directives, consent agreements or memoranda of understanding issued by any federal, state or local court or governmental authority or arbitration tribunal issued against or with the consent of Clearfield that materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield or that in any manner restrict Clearfield's right to conduct its business as presently conducted, or challenge the validity or propriety of any of the transactions contemplated by the Agreement, or that could adversely affect the ability of Clearfield to perform under this Agreement; and Clearfield is not aware of any fact or condition presently existing that might give rise to any litigation, investigation or proceeding that, if determined adversely to Clearfield, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield.

Section 3.15. Compliance with Laws; Governmental Authorizations. Clearfield is in compliance with all statutes, laws, ordinances, rules, regulations, judgments, orders, decrees, directives, consent agreements, memoranda of understanding, permits, concessions, grants, franchises, licenses, and other governmental authorizations or approvals applicable to Clearfield or to any of its properties; all permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals necessary for the conduct of the business of Clearfield as presently conducted have been duly obtained and are in full force and effect, and there are no proceedings pending, or to the knowledge of Clearfield threatened, that may result in the revocation, cancellation, suspension or materially adverse modification of any thereof; and Clearfield has not received any notification or communication from any regulatory authority (A) asserting that it is not in substantial compliance with any of the statues, regulations or ordinances that the regulatory authorities enforce; (B) requiring or threatening to require Clearfield, or indicating that Clearfield may be required, to enter into a cease and desist order, agreement or memorandum of understanding or any other agreement restricting or limiting, or purporting to restrict or limit, in any manner the operations of Clearfield, including without limitation, any restriction on the payment of dividends (any notice,

communication, memorandum, agreement or order described herein is referred to as a "Regulatory Agreement"); (C) threatening to revoke any license, franchise, permit or governmental authorization that is material to Clearfield; (D) requiring Clearfield to enter into any Regulatory Agreement; or (E) requesting that board resolutions be adopted pursuant to regulatory action.

Section 3.16. Insurance. All policies of insurance, including all policies of title insurance and financial institutions bonds, held by or on behalf of Clearfield are in full force and effect and no notices of cancellation have been received in connection therewith. All the policies of insurance have been issued by reputable insurers and, in respect of amounts, types and risks, the insurance is customary with industry practices for the business conducted by Clearfield.

Section 3.17. Financial Institutions Bonds. Since January 1, 1991, Clearfield has continuously maintained in full force and effect a financial institutions bond insuring Clearfield against acts of dishonesty by each of its employees. Except as previously disclosed, no claim has been made under any bond, and Clearfield is not aware of any fact or condition presently existing that might form the basis of a claim under any bond. Clearfield has no reason to believe that its present financial institutions bond will not be renewed by its carrier on substantially the same terms and at the same rate as now in effect.

Section 3.18. Labor Relations. Clearfield is not a party to or bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is Clearfield the subject of a proceeding asserting that Clearfield has committed an unfair labor practice or seeking to compel Clearfield to bargain with any labor organization as to wages and conditions of employment, nor is there any strike or other labor dispute involving Clearfield pending, or to the knowledge of Clearfield, threatened, that might materially adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield. Clearfield is not subject to or a party in any Complaint or action before the Pennsylvania Human Relations Commission, the Equal Employment Opportunity Commission, or the Department of Labor. There are no labor disputes pending, or to the knowledge of Clearfield threatened, that might materially and adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield.

Section 3.19. Employee Benefit Plans. Each "employee benefit plan", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that now covers any employee of Clearfield, its predecessors or affiliates, complies in all material respects with all applicable requirements of ERISA, the Code and other applicable laws. Neither Clearfield nor any of its predecessors or affiliates has engaged in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) or any breach of fiduciary responsibility under Part 4 of Title I of ERISA, with respect to which a prohibited transaction is likely to result in any material penalties or taxes under Section 502 of ERISA or Section 4975 of the Code, or any material liability to any participant or beneficiary of the plan. No material liability to the Pension Benefit Guaranty Corporation has been or is expected to be incurred by Clearfield with respect to itself or its predecessors or affiliates with respect to any plan that is subject to Title IV of ERISA, or with respect to any "single employer plan" (as defined in Section 4001(a)(15) of ERISA) currently or

formerly maintained. No plan had an "accumulated funding deficiency" (as defined in Section 302 of ERISA) (whether or not waived) as of the last day of the end of the most recent plan year ending prior to the date hereof. The fair market value of the assets of each plan exceeds the present value of the "benefit liabilities" (as defined in Section 4001(a)(16) of ERISA) under each plan as of the end of the most recent plan year, calculated on the basis of the actuarial assumptions used in the most recent actuarial valuation for each plan. No notice of a "reportable event" (as defined in Section 4043 of ERISA) for which the 30-day reporting requirement has not been waived has been required to be filed for any of the plans within the 12-month period ending on the date hereof. Neither Clearfield, its predecessors or affiliates has provided, or is required to provide, security to any plans pursuant to Section 401(a)(29) of the Code. Clearfield, its predecessors and affiliates have contributed to no "multi-employer plan", as defined in Section 3(37) of ERISA, on or after September 26, 1980. All actuarial valuations and other documents and information concerning benefit plans delivered or made available in connection with this Agreement are true and correct as of the date(s) shown thereon, and all actuarial methods and assumptions are appropriate for the plans, and are consistent with the methods and assumptions permitted by the Code and ERISA. All the plans are funded to the extent that the assets of each plan would then be sufficient to pay all vested accrued benefits thereunder, and there would be no employer liability under Title IV of ERISA. Except as previously disclosed, since 1990, there has been no audit of any benefit plan of Clearfield by the Department of Labor, the IRS or the Pension Benefit Guaranty Corporation ("PBGC"). There has not been any audit of the Pension Plan or any of Clearfield's other employee benefit plans by the Department of Labor, the IRS or the PBGC since 1988. Clearfield, its predecessors and affiliates, have no obligation for retiree health and life benefits under any benefit plan, contract, or arrangement. Clearfield has no obligation for any post-retirement benefits under any plan, contract or arrangement except as previously disclosed on Schedule 3.19.

Section 3.20. Related Party Transactions. Except as previously disclosed, Clearfield has no contract, extension of credit, business arrangement or other relationship of any kind with any of the following persons: (i) any present or former officer or director of Clearfield; (ii) any shareholder owning five percent or more of the outstanding Clearfield Common Stock; and (iii) any "associate" (as defined in Rule 405 promulgated by the Securities and Exchange Commission (the "Commission")) of the foregoing persons or any business in which any of the foregoing persons is an officer, director, employee or five percent or greater equity owner. Each extension of credit previously disclosed has been made in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than a normal risk of collectibility or present other unfavorable features.

Section 3.21. Complete and Accurate Disclosure. Neither this Agreement (insofar as it relates to Clearfield, Clearfield Common Stock and Clearfield's involvement in the transactions contemplated hereby) nor any financial statement, schedule, certificate, or other statement or document delivered by Clearfield to Penn Laurel or CSB in connection herewith contains any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omits to state any material fact necessary to make the statements contained herein or therein not false or misleading. In particular, without limiting the

generality of the foregoing sentence, the information provided and the representations made by Clearfield to Penn Laurel and CSB in connection with the Registration Statement (as defined in Section 7.2(b) of this Agreement), both at the time the information and representations are provided and made and at the Effective Date, will be true and accurate in all material respects and will not contain any false or misleading statement with respect to any material fact or omit to state any material fact necessary (i) to make the statements made therein not false or misleading, or (ii) to correct any statement contained in an earlier communication with respect to the information or representations that has become false or misleading.

Section 3.22. Beneficial Ownership of Penn Laurel Common Stock. Prior to the Effective Date, Clearfield and its officers and directors will not beneficially own, in the aggregate, (within the meaning of Commission Rule 13d-3(d)(1)) more than five percent of the outstanding shares of Penn Laurel Common Stock, except as may be held by the Clearfield Trust Department.

Section 3.23. Environmental Matters. For purposes of this Section 3.23 and Section 4.22 below, the following terms shall have the indicated meaning:

"Environmental Law" means any federal, state or local law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to: the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, subsurface soil, plant and animal life or any other natural resource); and the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Substances. The term Environmental Law includes without limitation: the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601, et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, et seq., the Clean Air Act, as amended, 42 U.S.C. §7401, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq., the Toxic Substances Control Act, as amended, 15 U.S.C. §9601, et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. §11001, et seq., the Safe Drinking Water Act, 42 U.S.C. §300f, et seq., and all comparable state and local laws; and any common law (including without limitation common law that may impose strict liability) that may impose liability or obligation for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Substance.

"Hazardous Substance" means any substance presently listed, defined, designated or classified as hazardous, toxic, radioactive or dangerous or otherwise regulated under any Environmental Law, whether by type or by quantity, including any material containing any such substance as a component. Hazardous Substances include, without limitation, petroleum or any derivative or by-product thereof, asbestos, radioactive material, and polychlorinated biphenyls.

"Loan Portfolio Properties and Other Properties Owned" means those properties serving as collateral for loans in CSB's or Clearfield's loan portfolio as the case may be, or properties owned or operated by CSB or Clearfield (including, without limitation, in a fiduciary capacity), as the case may be.

Except as previously disclosed:

(a) Clearfield has not been and is not in violation of or liable under any Environmental Law.

(b) To the knowledge of Clearfield, , none of the Loan Portfolio Properties and Other Properties Owned have been or are in violation of or liable under any Environmental Law.

(c) Clearfield has no knowledge that any environmental contaminant, pollutant, toxic or hazardous waste or other similar substance has been generated, used, stored, processed, disposed of or discharged onto any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield, except as previously disclosed. In particular, without limiting the generality of the foregoing sentence, except as previously disclosed, Clearfield has no knowledge that: (i) any materials containing asbestos have been used or incorporated in any building or other structure or improvement located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield; (ii) any electrical transformers, fluorescent light fixtures with ballasts or other equipment containing PCB's are or have been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield; (iii) any underground storage tanks for the storage of gasoline, petroleum products or other toxic or hazardous substances are or have ever been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield.

(d) Except as previously disclosed, there is no legal, administrative, arbitration or other proceeding, claim, action, or to the knowledge of Clearfield cause of action or governmental investigation of any nature seeking to impose, or that could result in the imposition, on Clearfield of any liability arising under any local, state or federal environmental statute, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, pending or to the knowledge of Clearfield threatened against Clearfield; there is no reasonable basis for any such proceeding, claim, action or governmental investigation; and Clearfield is not subject to any agreement, order,

judgment, decree or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any such liability.

Section 3.24. Proxy Statement/Prospectus. At the time the Proxy Statement/Prospectus (as defined in Section 7.2(b) of this Agreement) is mailed to the shareholders of Clearfield, and at all times subsequent to the mailing, up to and including the Effective Date, the Proxy Statement/Prospectus(including any pre- and post-effective amendments and supplements thereto), with respect to all information relating to Clearfield, Clearfield Common Stock, and actions taken and statements made by Clearfield in connection with the transactions contemplated herein (except for information provided by Penn Laurel and CSB) will: (i) comply in all material respects with applicable provisions of the Securities Act of 1933, as amended (the "Securities Act"), and the pertinent rules and regulations thereunder; and (ii) not contain any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact that is necessary to be stated therein in order (A) to make the statements therein not false or misleading, or (B) to correct any statement in an earlier communication with respect to the Proxy Statement/Prospectusthat has become false or misleading.

Section 3.25. Non-Registration Under the Securities Exchange Act of 1934. Clearfield Common Stock is neither registered nor required to be registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not subject to the periodic reporting requirements imposed by Section 13 or 15(d) of the Exchange Act.

Section 3.26. Deposit Insurance. The deposits of Clearfield are insured by the Bank Insurance Fund, as administered by the Federal Deposit Insurance Corporation (the "FDIC") in accordance with the Federal Deposit Insurance Act, as amended (the "FDIA") and Clearfield has paid all assessments and filed all reports required by the FDIA.

Section 3.27. Repurchase Agreements. With respect to any agreement, pursuant to which Clearfield has purchased securities subject to an agreement to resell, if any, Clearfield has a valid, perfected first lien or security interest in the government securities or other collateral securing the repurchase agreement, and the value of the collateral equals or exceeds the amount of the debt secured thereby.

Section 3.28. Assumability of Contracts and Leases. Except as previously disclosed, all Material Contracts between Clearfield and any other entity or person are assumable and assignable and do not contain any term or provision that would accelerate or increase payments that would otherwise be due by Clearfield to the person or entity, or change or modify the provisions or terms of the leases, contracts and agreements by reason of this Agreement or the transactions contemplated hereby. Except as previously disclosed, each lease pursuant to which Clearfield, as lessee, leases real or personal property is valid and in effect in accordance with its respective terms, and there is not, under any of the leases, on the part of the lessee any material existing default or any event that, with notice or lapse of time, or both, would constitute a default, other than defaults that would not individually or in the aggregate have a material adverse effect on the financial condition, business, prospects, or operating results of Clearfield.

Section 3.29. Loans. Except as previously disclosed, each loan reflected as an asset on Clearfield's financial statements as of September 30, 1998, or acquired since that date, is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. All loans, and the collateral and other security therefor, and the documentation for the same, meet the requirements, rules, regulations or directives of the FDIC, or other applicable governmental authorities.

Section 3.30. Adjustable Rate Mortgages. Clearfield has made all interest rate adjustments to any mortgage loan according to the terms of said mortgage loan and has complied and is in compliance in all material respects with all federal, state and other applicable laws, rules and regulations, including orders, writs, decrees, injunctions and other requirements of any court or governmental authorities having jurisdiction over adjustable rate mortgages.

Section 3.31. CRA Compliance. Clearfield has received a satisfactory compliance rating and has received a satisfactory Community Reinvestment Act rating. Clearfield has no knowledge of any facts or circumstances that would prevent it from receiving satisfactory ratings upon its next appropriate examination.

Section 3.32. Loan Loss Reserve. The loan loss reserve of Clearfield is and shall remain adequate in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the Banking Department of the Commonwealth of Pennsylvania (the "Banking Department") and the FDIC. No regulatory authority requested Clearfield to increase the allowance for loan losses during 1998, 1997 or 1996.

Section 3.33. Trust Department and Fiduciary Relationships. Clearfield has established, maintained and administered all fiduciary and custodian relationships, accounts and agreements; and undertaken and performed all fiduciary and custodian duties, obligations, and responsibilities in compliance with all applicable laws, statutes, rules, regulations and the governing instruments of the fiduciary and custodian relationships.

Section 3.34. Member Federal Reserve System. Clearfield is not a member of the Federal Reserve System.

Section 3.35. Year 2000 Compliance. Clearfield is in compliance with all requirements announced or promulgated by the Clearfield Regulatory Agencies and by the Federal Financial Institutions Examination Council in connection with Year 2000 preparedness and compliance.

Section 3.36. Accuracy of Representations. Clearfield will promptly notify Penn Laurel if any of the representations contained in this Article III cease to be true and correct subsequent to the date hereof. Further, no representations made by Clearfield pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PENN LAUREL

Penn Laurel represents and warrants to Clearfield, as of this date, as follows:

Section 4.1. Authority. Penn Laurel has all requisite corporate power and authority to enter into and perform all of its obligations under this Agreement and the Bank Merger Agreement. The execution and delivery of this Agreement and the Bank Merger Agreement and the consummation of the transactions contemplated herein and therein have been duly and validly authorized by the Board of Directors of Penn Laurel, and no other corporate action on the part of Penn Laurel, except approval by the shareholders of Penn Laurel, is necessary to authorize this Agreement and the Bank Merger Agreement or the consummation of the transactions contemplated herein and therein. This Agreement and the Bank Merger Agreement have been duly executed and delivered by Penn Laurel and, assuming due authorization, execution and delivery by Clearfield, and receipt of all required regulatory and shareholder approvals, constitutes a valid and binding obligation of Penn Laurel. Assuming regulatory and shareholder approval, the execution, delivery and consummation of this Agreement will not constitute a violation or breach of or default under the Articles of Incorporation or the Bylaws of Penn Laurel or any statute, rule, regulation, order, decree, directive, agreement, indenture or other instrument to which Penn Laurel is a party or by which Penn Laurel or any of its properties are bound.

Section 4.2. Organization and Standing. Penn Laurel is a business corporation that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Penn Laurel is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and has full power and lawful authority to own and hold its properties and to carry on its present business. Penn Laurel owns all of the issued and outstanding shares of capital stock of CSB. CSB is a Pennsylvania chartered banking institution validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and is duly authorized to engage in the banking business as an insured bank under the FDIA.

Section 4.3. Subsidiaries. Except for CSB and CSB Financial Services, Inc., except as previously disclosed, Penn Laurel owns no subsidiaries, directly or indirectly.

Section 4.4. Capitalization. The authorized capital stock of Penn Laurel consists of 2,500,000 shares of Penn Laurel Common Stock, par value $5.00 per share, of which, at September 30, 1998, 346,587 shares were issued and outstanding. All outstanding shares of Penn Laurel Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. The shares of Penn Laurel Common Stock to be issued in connection with the Merger have been duly authorized and, when issued in accordance with the terms of this Agreement and the Bank Merger Agreement, will be validly issued, fully paid and nonassessable. Other than 9,000 options to purchase shares of its Common Stock and its K-SOP Plan, Penn Laurel has no other outstanding options, agreements, convertible securities, warrants or other rights to purchase its stock.

Section 4.5. Articles of Incorporation, Bylaws and Minute Books. The copies of the Articles of Incorporation and Bylaws of Penn Laurel and CSB that have been delivered to Clearfield are true, correct and complete. Except as previously disclosed, all minute books of Penn Laurel and CSB have been made available to Clearfield for inspection and are true, correct and complete in all material respects and record the actions taken by the Board of Directors of Penn Laurel and CSB at the meetings documented in the minutes.

Section 4.6. Consents. Except for the consents, approvals, filings and registrations contemplated by Sections 8.1(a) and (c) hereof, and compliance with any conditions contained therein, and the approval of this Agreement and the Bank Merger Agreement by the Board of Directors and shareholders of Penn Laurel and the shareholder of CSB, no consents or approvals of, or filings or registrations with, any public body or authority are necessary, and no consents or approvals of any third parties are necessary, or will be, in connection with the execution and delivery of this Agreement or the Bank Merger Agreement by Penn Laurel and CSB, and the consummation by Penn Laurel and CSB of the transactions contemplated hereby. Penn Laurel and CSB have no reason to believe that any required consents or approvals will not be received or will be received with conditions, limitations or restrictions unacceptable to it or that would adversely impact Penn Laurel's or CSB's ability to consummate the transactions contemplated by this Agreement.

Section 4.7. Financial Statements and Regulatory Reports. Penn Laurel has delivered to Clearfield its: (i) Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Shareholders' Equity, and Consolidated Statements of Cash Flows as of and for the years ended December 31, 1997 and December 31, 1996, certified by Walter Hopkins and Company, Public Accountants, of Clearfield, Pennsylvania, Penn Laurel's independent auditors, and set forth in the Annual Report to the shareholders of Penn Laurel for the year ended on December 31, 1997 (the "Penn Laurel Financial Statements"); and (ii) Call Reports, Consolidated Reports of Condition and Income (the foregoing Consolidated Statement of Condition being hereinafter referred to as the "Penn Laurel Balance Sheet"). Each of the foregoing financial statements fairly presents the consolidated financial position, assets, liabilities and results of operations of Penn Laurel at their respective dates and for the respective periods then ended and has been prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise noted in a footnote thereto and subject, in the case of the interim financial statements contained in the aforesaid Penn Laurel Regulatory Reports, to normal recurring year-end adjustments, that are not material in any case or in the aggregate. The books and records of Penn Laurel and CSB are maintained in accordance with generally accepted accounting principles consistently applied. The Penn Laurel Regulatory Reports have been, or will be, prepared in accordance with applicable regulatory accounting principles and practices applied on a consistent basis throughout the periods covered by the statements, and fairly present, or will fairly present, the financial position, results of operations and changes in shareholders' equity of Penn Laurel or CSB, as the case may be, as of and for the periods ended on the dates thereof, in accordance with applicable regulatory accounting principles applied on a consistent basis.

Section 4.8. Absence of Undisclosed Liabilities. Except as previously disclosed, or as reflected, noted or adequately reserved against in the Penn Laurel Balance Sheet, at September 30, 1998, Penn Laurel had no material liabilities (whether accrued, absolute, contingent or otherwise) that are required to be reflected, noted or reserved against therein under generally accepted accounting principles or which are in any case or in the aggregate material. Except as previously disclosed, since September 30, 1998, Penn Laurel has not incurred any such liability other than liabilities of the same nature as those set forth in the Penn Laurel Balance Sheet, all of which have been reasonably incurred in the Ordinary Course of Business.

Section 4.9. Absence of Changes. Since September 30, 1998, Penn Laurel and CSB have conducted their business in the Ordinary Course of Business and, except as previously disclosed, Penn Laurel and CSB have not undergone any change in condition (financial or otherwise), assets, liabilities, business or operations, other than changes in the Ordinary Course of Business that have not been, either in any case or in the aggregate, materially adverse.

Section 4.10. Dividends, Distributions and Stock Purchases. Except as previously disclosed, since September 30, 1998, Penn Laurel has not declared, set aside, made or paid any dividend or other distribution in respect of the Penn Laurel Common Stock, or purchased, issued or sold any shares of Penn Laurel Common Stock.

Section 4.11. Taxes. Penn Laurel has filed all federal, state, county, municipal and foreign tax returns, reports and declarations that are required to be filed by Penn Laurel. Except as previously disclosed, (i) Penn Laurel has paid all taxes, penalties and interest that have become due pursuant thereto or that became due pursuant to assessments, and (ii) Penn Laurel has not received any notice of deficiency or assessment of additional taxes and no tax audits are in process. The IRS has not, to the knowledge of Penn Laurel, commenced, or given notice of its intention to commence any examination or audit of the federal income tax returns of Penn Laurel for any year through and including the year ended December 31, 1997. Penn Laurel has not granted any waiver of any statute of limitations or otherwise agreed to any extension of a period for the assessment of any federal, state, county, municipal or foreign income tax. Except as previously disclosed, the accruals and reserves reflected in the Penn Laurel Balance Sheet are adequate to cover all taxes (including interest and penalties, if any, thereon) payable or accrued as a result of its operations for all periods prior to the date of the Penn Laurel Balance Sheet.

Section 4.12. Title to and Condition of Assets. Penn Laurel has good and marketable title to all real and personal properties and assets reflected in the Penn Laurel Balance Sheet or acquired subsequent to September 30, 1998 (other than property and assets disposed of in the Ordinary Course of Business), free and clear of all liens or encumbrances of any kind whatsoever other than: (i) as reflected in the Penn Laurel Balance Sheet; (ii) liens of current taxes not yet due; and (iii) imperfections of title, encumbrances and easements, if any, that are not substantial in character, amount or extent and do not materially detract from the value, or interfere with the present or proposed use, of the properties and assets subject thereto. The structures and other improvements to real estate, furniture, fixtures and equipment reflected in the Penn Laurel Balance Sheet or acquired subsequent to September 30, 1998, are in good operating condition and repair (ordinary wear and

tear excepted) and comply in all material respects with all applicable laws, ordinances and regulations, including without limitation all building codes, zoning ordinances and other similar laws. Penn Laurel and CSB own or have the right to use all real and personal properties and assets necessary to the conduct of their business as now conducted.

Section 4.13. Contracts. All contracts, agreements, leases, licenses and other commitments are valid and in full force and effect, and all parties thereto have in all material respects performed all obligations required to be performed by them to date and are not in default in any material respect.

Except as previously disclosed, neither Penn Laurel nor CSB is a party to or subject to (i) any employment, consulting or severance contract or arrangement with any past or present officer, director or employee, except for "at will" arrangements (ii) any plan, arrangement or contract providing for bonuses, options, deferred compensation, profit sharing or similar arrangements for or with any past or present officers, directors or employees of Penn Laurel or CSB; (iii) any collective bargaining agreement with any labor union relating to employees of Penn Laurel or CSB; (iv) any agreement that by its terms limits the payment of dividends by Penn Laurel or CSB; (v) any instrument evidencing or related to indebtedness for borrowed money in excess of $20,000, whether directly or indirectly, by way of purchase money obligation, conditional sale, lease purchase, guaranty or otherwise, in respect of which Penn Laurel or CSB is an obligor to any person, which instrument evidences or relates to indebtedness other than deposits, repurchase agreements, bankers acceptances and "treasury tax and loan" accounts established in the Ordinary Course of Business and transactions in federal funds or that contains financial covenants or other restrictions (other than those relating to the payment of principal and interest when due) that would be applicable on or after the Effective Date to Penn Laurel or any Penn Laurel subsidiary; (vi) any contract (other than this Agreement) limiting the freedom of Penn Laurel or CSB to engage in any type of banking or banking-related business permissible under law; or (vii) any contract, plan or arrangement that provides for payments or benefits in certain circumstances that, together with other payments or benefits payable to any participant therein or party thereto, might render any portion of any payments or benefits subject to disallowance of deduction therefor as a result of the application of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

No party to any material contract, plan, arrangement or instrument that requires annual payments in excess of $10,000 will have the right to terminate any or all of the provisions of any contract, plan, arrangement or instrument as a result of the transactions contemplated by this Agreement, and except as previously disclosed, none of the employees of Penn Laurel or CSB possess the right to terminate their employment as a result of the execution of this Agreement. No plan, employment agreement, termination agreement, or similar agreement or arrangement to which Penn Laurel or CSB is a party or under which Penn Laurel or CSB may be liable contains provisions that permit an employee or independent contractor to terminate it without cause and continue to accrue future benefits thereunder. Except as previously disclosed, no agreement, plan or arrangement provides for acceleration in the vesting of benefits or payments due thereunder upon the occurrence of a change in ownership or control of Penn Laurel or CSB absent the occurrence of a subsequent event; provides for benefits that may cause the disallowance of a federal income tax

deduction under Section 280G of the Code; or requires Penn Laurel or CSB to provide a benefit in the form of Penn Laurel Common Stock or determined by reference to the value of Penn Laurel Common Stock.

Section 4.14. Litigation and Governmental Directives. Except as previously disclosed, there is no litigation, investigation or proceeding pending, or to the knowledge of Penn Laurel threatened, that involves Penn Laurel or CSB or their properties and that, if determined adversely, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB; there are no outstanding orders, writs, injunctions, judgments, decrees, regulations, directives, consent agreements or memoranda of understanding issued by any federal, state or local court or governmental authority or arbitration tribunal issued against or with the consent of Penn Laurel or CSB hat materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB or that in any manner restrict Penn Laurel's or CSB's right to conduct its business as presently conducted, or challenge the validity or propriety of any of the transactions contemplated by the Agreement, or that could adversely affect the ability of Penn Laurel or CSB to perform under this Agreement; and Penn Laurel is not aware of any fact or condition presently existing that might give rise to any litigation, investigation or proceeding that, if determined adversely to Penn Laurel or CSB, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB.

Section 4.15. Compliance with Laws; Governmental Authorizations. Penn Laurel and CSB are in compliance with all statutes, laws, ordinances, rules, regulations, judgments, orders, decrees, directives, consent agreements, memoranda of understanding, permits, concessions, grants, franchises, licenses, and other governmental authorizations or approvals applicable to Penn Laurel or CSB or to any of their properties; all permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals necessary for the conduct of the business of Penn Laurel and of CSB, as presently conducted, have been duly obtained and are in full force and effect, and there are no proceedings pending, or to the knowledge of Penn Laurel threatened, that may result in the revocation, cancellation, suspension or materially adverse modification of any thereof; and Penn Laurel has not received any notification or communication from any regulatory authority (A) asserting that Penn Laurel or CSB is not in substantial compliance with any of the statues, regulations or ordinances that the regulatory authorities enforce; (B) requiring or threatening to require Penn Laurel or CSB, or indicating that Penn Laurel or CSB may be required, to enter into a cease and desist order, agreement or memorandum of understanding or any other agreement restricting or limiting, or purporting to restrict or limit, in any manner the operations of Penn Laurel or CSB, including without limitation, any restriction on the payment of dividends (any notice, communication, memorandum, agreement or order described herein is referred to as a "Regulatory Agreement"); (C) threatening to revoke any license, franchise, permit or governmental authorization that is material to Penn Laurel or CSB; (D) requiring Penn Laurel to enter into any Regulatory Agreement or; (E) requesting board resolutions be adopted pursuant to regulatory action.

Section 4.16. Insurance. All policies of insurance, including all policies of title insurance and financial institutions bonds, held by or on behalf of Penn Laurel or CSB are in full force and

effect and no notices of cancellation have been received in connection therewith. All the policies of insurance have been issued by reputable insurers and, in respect of amounts, types and risks, the insurance is customary with industry practices for the business conducted by Penn Laurel or CSB, as the case may be.

Section 4.17. Labor Relations. Neither Penn Laurel nor CSB is a party to or bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is Penn Laurel or CSB the subject of a proceeding asserting that Penn Laurel or CSB has committed an unfair labor practice or seeking to compel Penn Laurel or CSB to bargain with any labor organization as to wages and conditions of employment, nor is there any strike or other labor dispute involving Penn Laurel or CSB pending, or to the knowledge of Penn Laurel or CSB, threatened, that might materially adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB, as the case may be. Neither Penn Laurel nor CSB is subject to or a party in any Complaint or action before the Pennsylvania Human Relations Commission, the Equal Employment Opportunity Commission, or the Department of Labor. There are no labor disputes pending, or to the knowledge of Penn Laurel threatened, that might materially and adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB.

Section 4.18. Employee Benefit Plans. Each "employee benefit plan", as defined in Section 3(3) of ERISA, that now covers any employee of Penn Laurel or CSB, its predecessors or affiliates, complies in all material respects with all applicable requirements of ERISA, the Code and other applicable laws. Neither Penn Laurel nor any of its predecessors or affiliates has engaged in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) or any breach of fiduciary responsibility under Part 4 of Title I of ERISA, with respect to which a prohibited transaction is likely to result in any material penalties or taxes under Section 502 of ERISA or Section 4975 of the Code, or any material liability to any participant or beneficiary of the plan. No material liability to the Pension Benefit Guaranty Corporation has been or is expected to be incurred by Penn Laurel with respect to itself or its predecessors or affiliates with respect to any plan that is subject to Title IV of ERISA, or with respect to any "single employer plan" (as defined in Section 4001(a)(15) of ERISA) currently or formerly maintained. No plan had an "accumulated funding deficiency" (as defined in Section 302 of ERISA) (whether or not waived) as of the last day of the end of the most recent plan year ending prior to the date hereof. The fair market value of the assets of each plan exceeds the present value of the "benefit liabilities" (as defined in Section 4001(a)(16) of ERISA) under each plan as of the end of the most recent plan year, calculated on the basis of the actuarial assumptions used in the most recent actuarial valuation for each plan. No notice of a "reportable event" (as defined in Section 4043 of ERISA) for which the 30-day reporting requirement has not been waived has been required to be filed for any of the plans within the 12-month period ending on the date hereof. Neither Penn Laurel, its predecessors nor affiliates has provided, or is required to provide, security to any plans pursuant to Section 401(a)(29) of the Code. Penn Laurel, its predecessors and affiliates have contributed to no "multi-employer plan", as defined in Section 3(37) of ERISA, on or after September 26, 1980. All actuarial valuations and other documents and information concerning benefit plans delivered or made available in connection with this Agreement are true and correct as of the date(s) shown thereon, and all actuarial methods and

assumptions are appropriate for the plans, and are consistent with the methods and assumptions permitted by the Code and ERISA. All the plans are funded to the extent that the assets of each plan would then be sufficient to pay all vested accrued benefits thereunder, and there would be no employer liability under Title IV of ERISA. Since 1990, there has been no audit of any benefit plan of Penn Laurel or of CSB by the Department of Labor, the IRS or the PBGC. There has not been any audit of the Pension Plan or any of Penn Laurel's or CSB's other employee benefit plans by the Department of Labor, the IRS or the PBGC since 1988. Except as previously disclosed, Penn Laurel, its predecessors and affiliates, have no obligation for retiree health and life benefits under any benefit plan, contract, or arrangement. Penn Laurel and CSB have no obligation for any post-retirement benefits under any plan, contract or arrangement except as previously disclosed.

Section 4.19. Related Party Transactions. Except as previously disclosed, Penn Laurel and CSB have no contract, extension of credit, business arrangement or other relationship of any kind with any of the following persons: (i) any present or former officer or director of Penn Laurel or CSB; (ii) any shareholder owning five percent or more of the outstanding Penn Laurel Common Stock; and (iii) any "associate" (as defined in Rule 405 promulgated by the Commission of the foregoing persons or any business in which any of the foregoing persons is an officer, director, employee or five percent or greater equity owner. Each extension of credit previously disclosed has been made in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than a normal risk of collectibility or present other unfavorable features.

Section 4.20. Complete and Accurate Disclosure. Neither this Agreement (insofar as it relates to Penn Laurel, CSB, Penn Laurel Common Stock and Penn Laurel's and CSB's involvement in the transactions contemplated hereby) nor any financial statement, schedule, certificate, or other statement or document delivered by Penn Laurel or CSB to Clearfield in connection herewith contains any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omits to state any material fact necessary to make the statements contained herein or therein not false or misleading. In particular, without limiting the generality of the foregoing sentence, the information provided and the representations made by Penn Laurel or CSB to Clearfield in connection with the Registration Statement (as defined in Section 7.2b) of this Agreement), both at the time the information and representations are provided and made and at the Effective Date, will be true and accurate in all material respects and will not contain any false or misleading statement with respect to any material fact or omit to state any material fact necessary (i) to make the statements made therein not false or misleading, or (ii) to correct any statement contained in an earlier communication with respect to the information or representations that has become false or misleading.

Section 4.21. Beneficial Ownership of Clearfield Common Stock. Prior to the Effective Date, Penn Laurel, CSB and their officers and directors will not beneficially own, in the aggregate, (within the meaning of Commission Rule 13d-3(d)(1)) more than five percent of the outstanding shares of Clearfield Common Stock.

Section 4.22. Environmental Matters. Except as previously disclosed:

(a) Penn Laurel and CSB have not been and are not in violation of or liable under any Environmental Law.

(b) To the knowledge of Penn Laurel,, none of the Loan Portfolio Properties and Other Properties Owned have been or are in violation of or liable under any Environmental Law.

(c) Penn Laurel has no knowledge that any environmental contaminant, pollutant, toxic or hazardous waste or other similar substance has been generated, used, stored, processed, disposed of or discharged onto any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel, except as previously disclosed. In particular, without limiting the generality of the foregoing sentence, except as previously disclosed, Penn Laurel has no knowledge that: (i) any materials containing asbestos have been used or incorporated in any building or other structure or improvement located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB; (ii) any electrical transformers, fluorescent light fixtures with ballasts or other equipment containing PCB's are or have been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB; (iii) any underground storage tanks for the storage of gasoline, petroleum products or other toxic or hazardous substances are or have ever been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB.

(d) Except as previously disclosed, there is no legal, administrative, arbitration or other proceeding, claim, action, or to the knowledge of Penn Laurel cause of action or governmental investigation of any nature seeking to impose, or that could result in the imposition, on Penn Laurel or CSB of any liability arising under any local, state or federal environmental statute, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, pending or to the knowledge of Penn Laurel threatened against Penn Laurel or CSB; there is no reasonable basis for any such proceeding, claim, action or governmental investigation; and neither Penn Laurel nor CSB is subject to any agreement, order, judgment, decree or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any such liability.

Section 4.23. Proxy Statement/Prospectus. At the time the Proxy Statement/ Prospectus (as defined in Section 7.2b) of this Agreement) is mailed to the shareholders of Clearfield, and at all times subsequent to the mailing, up to and including the Effective Date, the Proxy Statement/Prospectus(including any pre- and post-effective amendments and supplements thereto), (other than information provided by Clearfield), will: (i) comply in all material respects with applicable provisions of the Securities Act and the Exchange Act and the pertinent rules and regulations thereunder; and (ii) not contain any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact that is necessary to be stated therein in order (A) to make the statements therein not false or misleading, or (B) to correct any statement in an earlier communication with respect to the Proxy Statement/Prospectusthat has become false or misleading.

Section 4.24. Non-Registration Under the Securities Exchange Act of 1934. Penn Laurel Common Stock is neither registered nor required to be registered under Section 12 of the Exchange Act and is not subject to the periodic reporting requirements imposed by Section 13 or 15(d) of the Exchange Act.

Section 4.25. Repurchase Agreements. With respect to any agreement, pursuant to which Penn Laurel or CSB has purchased securities subject to an agreement to resell, if any, Penn Laurel or CSB, as the case may be, has a valid, perfected first lien or security interest in the government securities or other collateral securing the repurchase agreement, and the value of the collateral equals or exceeds the amount of the debt secured thereby.

Section 4.26. Assumability of Contracts and Leases. Except as previously disclosed, all Material Contracts between Penn Laurel or CSB, as the case may be, and any other entity or person do not contain any term or provision that would accelerate or increase payments that would otherwise be due by Penn Laurel or CSB to the person or entity, or change or modify the provisions or terms of the leases, contracts and agreements by reason of this Agreement or the transactions contemplated hereby. Except as previously disclosed, each lease pursuant to which Penn Laurel or CSB, as lessee, leases real or personal property is valid and in effect in accordance with its respective terms, and there is not, under any of the leases, on the part of the lessee any material existing default or any event that, with notice or lapse of time, or both, would constitute a default, other than defaults that would not individually or in the aggregate have a material adverse effect on the financial condition, business, prospects, or operating results of Penn Laurel or CSB.

Section 4.27. Accuracy of Representations. Penn Laurel will promptly notify Clearfield if any of the representations contained in this Article IV cease to be true and correct subsequent to the date hereof. Further, no representations made by Penn Laurel pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF CSB

CSB represents and warrants to Clearfield, as this date, as follows:

Section 5.1. Capital Structure of CSB. CSB is authorized to issue 150,000 shares of capital stock, par value $5.00 per share, of which 120,000 shares are outstanding and held by Penn Laurel.

Section 5.2. Organization and Standing. CSB is a Pennsylvania chartered banking institution that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. CSB has full power and lawful authority to own and hold its properties and to carry on its present business.

Section 5.3. Authorized and Effective Agreement. The execution, delivery and performance of this Agreement and the Bank Merger Agreement have been duly and validly authorized by the Board of Directors of CSB. Subject to appropriate shareholder and regulatory approvals, neither the execution and delivery of this Agreement or the Bank Merger Agreement nor the consummation of the transactions provided for herein or therein will violate any agreement to which CSB is a party or by which it is bound or any law, regulation, order, decree or any provision of its Articles of Incorporation or By-laws.

Section 5.4. Financial Institutions Bonds. Since January 1, 1991, CSB has continuously maintained in full force and effect a financial institutions bond insuring CSB against acts of dishonesty by each of its employees. Except as previously disclosed, no claim has been made under any bond, and CSB is not aware of any fact or condition presently existing that might form the basis of a claim under any bond. CSB has no reason to believe that its present financial institutions bond will not be renewed by its carrier on substantially the same terms and at the same rate as now in effect.

Section 5.5. Deposit Insurance. The deposits of CSB are insured by the Bank Insurance Fund, as administered by the FDIC in accordance with the FDIA and CSB has paid all assessments and filed all reports required by the FDIA.

Section 5.6. Loans. Except as previously disclosed, each loan reflected as an asset on CSB's financial statements as of September 30, 1998, or acquired since that date, is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. All loans, and the collateral and other security therefor, and the documentation for the same, meet the requirements, rules, regulations or directives of the FDIC, or other applicable governmental authorities.

Section 5.7. Adjustable Rate Mortgages. CSB has made all interest rate adjustments to any mortgage loan according to the terms of said mortgage loan and has complied and is in compliance in all material respects with all federal, state and other applicable laws, rules and regulations, including orders, writs, decrees, injunctions and other requirements of any court or governmental authorities having jurisdiction over adjustable rate mortgages.

Section 5.8. CRA Compliance. CSB has received a satisfactory compliance rating and has received a satisfactory Community Reinvestment Act rating. CSB has no knowledge of any facts or circumstances that would prevent it from receiving satisfactory ratings upon its next appropriate examination.

Section 5.9. Loan Loss Reserve. The loan loss reserve of CSB is and shall remain adequate in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the Banking Department and the FDIC. No regulatory authority requested CSB to increase the allowance for loan losses during 1998, 1997, 1996 or 1995.

Section 5.10. Member Federal Reserve System. CSB is not a member of the Federal Reserve System.

Section 5.11. Year 2000 Compliance. CSB is in compliance with all requirements announced or promulgated by the CSB Regulatory Agencies and by the Federal Financial Institutions Examination Council in connection with Year 2000 preparedness and compliance.

Section 5.12. Accuracy of Representations. CSB will promptly notify Clearfield if any of the representations contained in this Article V cease to be true and correct subsequent to the date hereof. Further, no representations made by CSB pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE VI

COVENANTS OF CLEARFIELD

From the date of this Agreement until the Effective Date (as defined in Section 11.2 of this Agreement), Clearfield covenants and agrees to do the following:

Section 6.1. Conduct of Business. Except as otherwise consented to by Penn Laurel and CSB in writing, Clearfield shall:

(a) use all reasonable efforts to carry on its business in, and only in, the Ordinary Course of Business, consistent with past practices and written policies;

(b) to the extent consistent with prudent business judgment, use all reasonable efforts to preserve its present business organization, to retain the services of its present officers and employees, to maintain good relationships with its employees, and to maintain its relationships with customers, suppliers and others having business dealings with Clearfield;

(c) maintain all of Clearfield's structures, equipment and other real property and tangible personal property in good repair, order and condition, except for ordinary wear and tear and damage by unavoidable casualty;

(d) use all reasonable efforts to preserve or collect all material claims and causes of action belonging to Clearfield;

(e) keep in full force and effect all insurance policies now carried by Clearfield;

(f) perform in all material respects each of Clearfield's obligations under all material agreements, contracts, instruments and other commitments to which Clearfield is a party or by which Clearfield may be bound or that relate to or affect its properties, assets and business;

(g) maintain its books of account and other records in the Ordinary Course of Business;

(h) comply in all material respects with all statutes, laws, ordinances, rules and regulations, decrees, orders, consent agreements, examination reports, memoranda of understanding and other federal, state, county, local and municipal governmental directives applicable to Clearfield and to the conduct of its business;

(i) not amend Clearfield's Articles of Incorporation or Bylaws;

(j) except in the Ordinary Course of Business, not enter into or assume any material contract, incur any material liability or obligation, make any material commitment, acquire or dispose of any property or asset or engage in any transaction or subject any of Clearfield's properties or assets to any material lien, claim, charge, or encumbrance of any kind whatsoever;

(k) not take or permit to be taken any action that would constitute a breach of any representation, warranty or covenant set forth in this Agreement;

(l) not declare, set aside or pay any dividend or make any other distribution in respect of Clearfield Common Stock, except as provided in Section 6.9 of this Article VI;

(m) not authorize, purchase, issue or sell (or authorize, issue or grant options, warrants or rights to purchase or sell) any shares of Clearfield Common Stock or any other equity or debt securities of Clearfield or any securities convertible into Clearfield Common Stock;

(n) except in the Ordinary Course of Business and consistent with past practice, not increase the rate of compensation of, pay a bonus or severance compensation to, or enter into any employment, severance, deferred compensation or other agreement with any officer, director, employee or consultant of Clearfield;

(o) not enter into any related party transaction of the kind contemplated in Section 3.20 of Article III of this Agreement except related party transactions relating to extensions of credit made in accordance with all applicable laws, regulations and rules and in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than the normal risk of collectibility or present other unfavorable features and after disclosure of such to Penn Laurel;

(p) not change the presently outstanding number of shares or declare or effect any capitalization, reclassification, stock dividend, stock split or like change in capitalization;

(q) not enter into or substantially modify (except as may be required by applicable law) any pension, retirement, stock option, stock warrant, stock purchase, stock appreciation right, savings, profit sharing, deferred compensation, severance, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, or plan or arrangement, or any trust agreement related thereto, in respect to any of its directors, officers, or other employees;

(r) not merge with or into, or consolidate with, or be purchased or acquired by, any other corporation, financial institution, entity, or person (or agree to any merger, consolidation, affiliation, purchase or acquisition) or permit (or agree to permit) any other corporation, financial institution, entity or person to be merged with it or consolidate or affiliate with any other corporation, financial institution, entity or person; acquire control over any other firm, financial institution, corporation or organization or create any subsidiary; acquire, liquidate, sell or dispose (or agree to acquire, liquidate, sell or dispose) of any assets, other than in the Ordinary Course of Business and consistent with prior practice;

(s) not solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning any acquisition or purchase of all or a substantial equity interest or portion of the assets in or of Clearfield or any business combination with Clearfield, other than as contemplated by this Agreement, or authorize or permit any officer, director, agent or affiliate of it to do any of the above; or fail to notify Penn Laurel immediately if any inquiries or proposals are received

by, any information is requested from, or any negotiations are sought to be initiated with Clearfield;

(t) not change any method, practice or principle of accounting except as may be required by generally accepted accounting principles or any applicable regulator;

(u) not make any loan or other credit facility commitment in excess of $400,000 (including without limitation, lines of credit and letters of credit) to any affiliate as defined in Regulation O or compromise, expand, or modify any such commitment outstanding;

(v) not enter into any swap or similar commitment, agreement or arrangement which is not consistent with past practice and which increases the credit or interest rate risk over the levels existing at September 30, 1998;

(w) not enter into any derivative, cap or floor or similar commitment, agreement or arrangement, except in the ordinary course of business and consistent with past practices;

(x) take any action that would result in any of the representations and warranties of Clearfield set forth in this Agreement becoming untrue as of any date after the date hereof;

(y) not sell, exchange or otherwise dispose of any investment securities or loans that are held for sale, prior to scheduled maturity and other than pursuant to policies agreed upon from time to time by the parties;

(z) not purchase any security for its investment portfolio not rated "A" or higher by either Standard & Poor's Corporation or Moody's Investor Services, Inc.;

(aa) not waive, release, grant or transfer any rights of value or modify or change, in any material respect, any existing agreement to which Clearfield is a party, other than in the ordinary course of business consistent with past practice;

(bb) not knowingly take any action that would, under any statute, regulation or administrative practice of any regulatory agency, materially or adversely affect the ability of any party to this Agreement to obtain any required approvals for consummation of the transactions contemplated by this Agreement; and

(cc) not agree to any of the foregoing items (a) through (bb).

Section 6.2. Best Efforts. Clearfield shall cooperate with Penn Laurel and CSB and shall use its best efforts to do or cause to be done all things necessary or appropriate on its part in order to fulfill the conditions precedent set forth in Article VIII of this Agreement and to consummate this Agreement. In particular, without limiting the generality of the foregoing sentence, Clearfield shall:

(a) cooperate with Penn Laurel and CSB in the preparation of all required applications for regulatory approval of the transactions contemplated by this Agreement and in the preparation of the Registration Statement (as defined in Section 7.1(b) of this Agreement);

(b) call a special or annual meeting of its shareholders and take, in good faith, all actions that are necessary or appropriate on its part in order to secure the approval and adoption of this Agreement and the Bank Merger Agreement by its shareholders at the meeting, including recommending the approval of this Agreement and the Bank Merger Agreement by the shareholders of Clearfield;

(c) cooperate with Penn Laurel and CSB in making Clearfield's employees reasonably available for training prior to the Effective Date, to the extent that training is deemed reasonably necessary;

(d) make additions to loan loss reserves and make loan write-offs, write-downs and other adjustments that reasonably should be made by Clearfield in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the FDIC, Department of Banking, and Board of Governors of the Federal Reserve System (the "FRB"), prior to the closing of Clearfield's books of account for its fiscal year ending December 31, 1998, and for the period from that date until the Effective Date;

(e) suspend any dividend reinvestment and/or stock repurchase plan, as soon as practicable;

(f) modify the Articles of Incorporation or Bylaws or any other documents of Clearfield as reasonably necessary to effectuate the transactions contemplated hereby; and

(g) use its best efforts to assure that the directors of Clearfield shall have executed and delivered the Support Agreement in the form attached hereto as Exhibit B.

Section 6.3. Access to Properties and Records. Clearfield shall give to Penn Laurel, CSB and their authorized representatives (including, without limitation, their counsel, accountants, economic and environmental consultants and other designated representatives) reasonable access during normal business hours to all properties, books, contracts, documents and records of Clearfield as Penn Laurel or CSB may reasonably request, subject to the obligation of Penn Laurel, CSB and their authorized representatives to maintain the confidentiality of all non-public information concerning Clearfield obtained by reason of such access.

Section 6.4. Subsequent Financial Statements. Between the date of execution of this Agreement and the Effective Date, Clearfield shall promptly prepare and deliver to Penn Laurel and CSB, as soon as practicable, all internal monthly and quarterly financial statements, reports to shareholders and reports to regulatory authorities prepared by or for Clearfield, including all audit

reports submitted to Clearfield by independent auditors in connection with each annual, interim or special audit of the books of Clearfield made by the accountants. In particular, without limiting the generality of the foregoing sentence, Clearfield shall deliver to Penn Laurel and CSB, as soon as practicable, a balance sheet as of December 31, 1998, and a related statement of income for the twelve (12) months then ended (which financial statements are hereinafter referred to as the "December 31, 1998 Clearfield Financial Statements"). The representations and warranties set forth in Sections 3.7, 3.8 and 3.9 of this Agreement shall apply to the December 31, 1998, Clearfield Financial Statements.

Section 6.5. Board and Committee Minutes. Clearfield shall provide to Penn Laurel, within 10 days after any meeting of the Board of Directors, or any committee thereof, or any senior or executive management committee, a copy of the minutes of the meeting.

Section 6.6. Update Information. Clearfield shall promptly disclose to Penn Laurel and CSB, in writing, any change, addition, deletion or other modification to the information previously disclosed.

Section 6.7. Notice. Clearfield shall promptly notify Penn Laurel and CSB, in writing, of any actions, claims, investigations, proceedings or other developments that, if pending or in existence on the date of this Agreement, would have been required to be disclosed to Penn Laurel and CSB in order to ensure the accuracy of the representations and warranties set forth in this Agreement or that otherwise could materially and adversely affect the condition (financial or otherwise), assets, liabilities, business operations or future prospects of Clearfield.

Section 6.8. Other Proposals. Clearfield shall not, nor shall it permit any officer, director, employee, agent, consultant, counsel or other representative, to directly or indirectly solicit, encourage, initiate or engage in discussions or negotiations with, or respond to requests for information, inquiries or other communications from, any person, other than Penn Laurel, concerning the fact of, or the terms and conditions of, this Agreement, or concerning any transaction with Clearfield, or any assets or business thereof (except that Clearfield's officers may respond to inquiries from analysts, regulatory authorities and holders of Clearfield Common Stock in the Ordinary Course of Business); and Clearfield shall notify Penn Laurel immediately if any discussions or negotiations are sought to be initiated with Clearfield by any person other than Penn Laurel or if any requests for information, inquiries, proposals or communications are received from any person other than Penn Laurel

Section 6.9. Dividends. Between the date of this Agreement and the Effective Date, Clearfield shall only declare and pay cash dividends as provided herein. Clearfield shall only pay regular quarterly cash dividends in amounts and on dates consistent with past practices.

Section 6.10. Core Deposits. Clearfield shall use commercially reasonable efforts to maintain deposits.

Section 6.11. Affiliate Letters. Clearfield shall deliver or cause to be delivered to Penn Laurel and CSB, at or before the Effective Date (as defined in Section 11.2 of this Agreement), a letter or agreement from each officer, director and shareholder of Clearfield who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Clearfield, in form and substance satisfactory to Penn Laurel and CSB, under the terms of which each officer, director or shareholder, as the case may be, acknowledges and agrees to abide by all limitations imposed by the Securities Act and by all rules, regulations and releases promulgated thereunder with respect to the sale or other disposition of the shares of Penn Laurel Common Stock to be received by the person pursuant to the terms of this Agreement.

Section 6.12. No Purchases or Sales of Penn Laurel Common Stock During Price Determination Period. Neither Clearfield nor any executive officer or director of Clearfield nor any shareholder of Clearfield who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Clearfield shall purchase or sell or submit a bid to purchase or an offer to sell, directly or indirectly, any shares of Penn Laurel Common Stock or any options, rights or other securities convertible into shares of Penn Laurel Common Stock within 20 business days of the Effective Date.

Section 6.13. Accounting Treatment. Clearfield acknowledges that the parties intend to treat the business combination contemplated by this Agreement as a "pooling of interests" for financial reporting purposes. Clearfield shall not take (and shall use its best efforts not to permit any of its directors, officers, employees, shareholders, agents, consultants or other representatives to take) any action that would preclude treating the business combination as a "pooling of interests" for financial reporting purposes.

Section 6.14. Press Releases. Clearfield shall not issue any press release related to this Agreement and the Bank Merger Agreement or the transactions contemplated hereby or thereby as to which Penn Laurel has not given its prior written consent, and shall consult with Penn Laurel as to the form and substance of other public disclosures related thereto.

Section 6.15. Phase I Environmental Audit. Clearfield shall permit, if Penn Laurel elects to do, at its own expense, a "phase I environmental audit" to be performed at any physical location owned or occupied by Clearfield on the date hereof.

ARTICLE VII

COVENANTS OF PENN LAUREL AND CSB

From the date of this Agreement until the Effective Date (as defined in Section 11.2 of this Agreement), Penn Laurel and CSB covenant and agree to do the following:

Section 7.1. Conduct of Business. Except as otherwise consented to by Clearfield in writing, Penn Laurel and CSB shall:

(a) use all reasonable efforts to carry on their business in, and only in, the Ordinary Course of Business, consistent with past practices and written policies;

(b) to the extent consistent with prudent business judgment, use all reasonable efforts to preserve their present business organizations, to retain the services of their present officers and employees, to maintain good relationships with their employees, and to maintain their relationships with customers, suppliers and others having business dealings with Penn Laurel or CSB, as the case may be;

(c) maintain all of Penn Laurel's and CSB's structures, equipment and other real property and tangible personal property in good repair, order and condition, except for ordinary wear and tear and damage by unavoidable casualty;

(d) use all reasonable efforts to preserve or collect all material claims and causes of action belonging to Penn Laurel or CSB, as the case may be;

(e) keep in full force and effect all insurance policies now carried by Penn Laurel and CSB;

(f) perform in all material respects each of Penn Laurel's and CSB's obligations under all material agreements, contracts, instruments and other commitments to which they are a party or by which they may be bound or that relate to or affect their properties, assets and business;

(g) maintain their books of account and other records in the Ordinary Course of Business;

(h) comply in all material respects with all statutes, laws, ordinances, rules and regulations, decrees, orders, consent agreements, examination reports, memoranda of understanding and other federal, state, county, local and municipal governmental directives applicable to Penn Laurel or CSB, as the case may be, and to the conduct of their business;

(i) not amend their Articles of Incorporation or Bylaws;

(j) except in the Ordinary Course of Business, not enter into or assume any material contract, incur any material liability or obligation, make any material commitment, acquire or dispose of any property or asset or engage in any transaction or subject any of Penn Laurel's or CSB's properties or assets to any material lien, claim, charge, or encumbrance of any kind whatsoever;

(k) not take or permit to be taken any action that would constitute a breach of any representation, warranty or covenant set forth in this Agreement;

(l) not declare, set aside or pay any dividend or make any other distribution in respect of Penn Laurel Common Stock, except as provided in Section 7.9 of this Article VII;

(m) not authorize, purchase, issue or sell (or authorize, issue or grant options, warrants or rights to purchase or sell) any shares of Penn Laurel Common Stock or any other equity or debt securities of Penn Laurel or any securities convertible into Penn Laurel Common Stock, except pursuant to stock options previously issued or awarded prior to the date hereof;

(n) except in the Ordinary Course of Business and consistent with past practice, not increase the rate of compensation of, pay a bonus or severance compensation to, or enter into any employment, severance, deferred compensation or other agreement with any officer, director, employee or consultant of Penn Laurel or CSB;

(o) not enter into any related party transaction of the kind contemplated in Section 4.20 of Article IV of this Agreement except related party transactions relating to extensions of credit made in accordance with all applicable laws, regulations and rules and in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than the normal risk of collectibility or present other unfavorable features and after disclosure of such to Clearfield;

(p) not change the presently outstanding number of shares or declare or effect any capitalization, reclassification, stock dividend, stock split or like change in capitalization, except pursuant to stock options previously issued or awarded prior to the date hereof;

(q) not enter into or substantially modify (except as may be required by applicable law) any pension, retirement, stock option, stock warrant, stock purchase, stock appreciation right, savings, profit sharing, deferred compensation, severance, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, or plan or arrangement, or any trust agreement related thereto, in respect to any of their directors, officers, or other employees;

(r) not merge with or into, or consolidate with, or be purchased or acquired by, any other corporation, financial institution, entity, or person (or agree to any merger, consolidation, affiliation, purchase or acquisition) or permit (or agree to permit) any other corporation, financial institution, entity or person to be merged with it or consolidate or affiliate with any other corporation, financial institution, entity or person; acquire control over any other firm, financial institution, corporation or organization or create any subsidiary; acquire, liquidate, sell or dispose (or agree to acquire, liquidate, sell or dispose) of any assets, other than in the Ordinary Course of Business and consistent with prior practice;

(s) not solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning any acquisition or purchase of all or a substantial equity interest or portion of the assets in or of Penn Laurel or CSB or any business combination with Penn Laurel or CSB, other than as contemplated by this Agreement, or authorize or permit any officer, director, agent or affiliate of it to do any of the above; or fail to notify Clearfield immediately if any inquiries or proposals are received by, any information is requested from, or any negotiations are sought to be initiated with Penn Laurel;

(t) not change any method, practice or principle of accounting except as may be required by generally accepted accounting principles or any applicable regulator;

(u) not make any loan or other credit facility commitment in excess of $400,000 (including without limitation, lines of credit and letters of credit) to any affiliate as defined in Regulation O or compromise, expand, or modify any such commitment outstanding;

(v) not enter into any swap or similar commitment, agreement or arrangement which is not consistent with past practice and which increases the credit or interest rate risk over the levels existing at September 30, 1998;

(w) not enter into any derivative, cap or floor or similar commitment, agreement or arrangement, except in the ordinary course of business and consistent with past practices;

(x) take any action that would result in any of the representations and warranties of Penn Laurel or CSB set forth in this Agreement becoming untrue as of any date after the date hereof;

(y) not sell, exchange or otherwise dispose of any investment securities or loans that are held for sale, prior to scheduled maturity and other than pursuant to policies agreed upon from time to time by the parties;

(z) not purchase any security for its investment portfolio not rated "A" or higher by either Standard & Poor's Corporation or Moody's Investor Services, Inc.;

(aa) not waive, release, grant or transfer any rights of value or modify or change, in any material respect, any existing agreement to which Penn Laurel or CSB is a party, other than in the ordinary course of business consistent with past practice;

(bb) not knowingly take any action that would, under any statute, regulation or administrative practice of any regulatory agency, materially or adversely affect the ability of any party to this Agreement to obtain any required approvals for consummation of the transactions contemplated by this Agreement; and

(cc) not agree to any of the foregoing items (a) through (bb).

Section 7.2. Best Efforts. Penn Laurel and CSB shall cooperate with Clearfield and shall use their best efforts to do or cause to be done all things necessary or appropriate on their part in order to fulfill the conditions precedent set forth in Article VIII of this Agreement and to consummate this Agreement. In particular, without limiting the generality of the foregoing sentence, Penn Laurel and CSB shall:

(a) Penn Laurel and CSB shall promptly prepare and file, with the cooperation and assistance of Clearfield, all required applications for regulatory approval of the transactions contemplated by this Agreement and the Bank Merger Agreement;

(b) Penn Laurel shall promptly prepare, with the cooperation and assistance of Clearfield, and file with the Commission a registration statement under the Securities Act (the "Registration Statement") for the purpose of registering the shares of Penn Laurel Common Stock to be issued under the provisions of this Agreement. Penn Laurel may rely upon all information provided to it by Clearfield in this connection, and Penn Laurel shall not be liable for any untrue statement of a material fact or any omission to state a material fact in the Registration Statement or in the proxy statement and prospectus (the "Proxy Statement/Prospectus") that is prepared as a part of the Registration Statement, if the statement is made by Penn Laurel in reliance upon any information provided to Penn Laurel by Clearfield or by its agents and representatives. Penn Laurel will advise Clearfield, after it receives notice thereof, of the time when the Registration Statement or any Pre- or Post-Effective Amendment thereto has become effective or any supplement or amendment, thereto has been filed;

(c) Penn Laurel and CSB, with the cooperation of Clearfield, shall promptly take all actions that may be necessary or appropriate in order to comply with all applicable securities laws of any state having jurisdiction over the transactions contemplated by this Agreement;

(d) Penn Laurel and CSB, with the cooperation of Clearfield, shall make the Penn Laurel and CSB, as the case may be, employees reasonably available for training prior to the Effective Date, to the extent that training is deemed reasonably necessary;

(e) make additions to loan loss reserves and make loan write-offs, write-downs and other adjustments that reasonably should be made by CSB in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the FDIC, Department of Banking, and Board of Governors of the Federal Reserve System (the "FRB"), prior to the closing of CSB's books of account for its fiscal year ending December 31, 1998, and for the period from that date until the Effective Date;

(f) modify the Articles of Incorporation or Bylaws or any other documents of Penn Laurel and CSB reasonably necessary to effectuate the transactions contemplated hereby; and

(g) call a special or annual meeting of Penn Laurel's shareholders and take, in good faith, all actions that are necessary or appropriate on its part in order to secure the approval and adoption of this Agreement and the Bank Merger Agreement by its shareholders at the meeting, including recommending the approval of this Agreement and the Bank Merger Agreement by the shareholders of Penn Laurel;

(h) Support Agreement. Use its best efforts to assure that the directors of Penn Laurel shall have executed and delivered the Support Agreement in the form attached hereto as Exhibit C.

Section 7.3. Access to Properties and Records. Penn Laurel and CSB shall give to Clearfield and to its authorized representatives (including without limitation Clearfield's counsel, accountants, economic and environmental consultants and other designated representatives) reasonable access during normal business hours to all properties, books, contracts, documents and records of Penn Laurel and CSB as Clearfield may reasonably request, subject to the obligation of Clearfield and its authorized representatives to maintain the confidentiality of all non-public information concerning Penn Laurel or CSB obtained by reason of such access.

Section 7.4. Subsequent Financial Statements. Between the date of execution of this Agreement and the Effective Date, Penn Laurel and CSB shall promptly prepare and deliver to Clearfield, as soon as practicable, all internal monthly and quarterly financial statements, reports to shareholders and reports to regulatory authorities prepared by or for Penn Laurel or CSB, including all audit reports submitted to Penn Laurel or CSB by independent auditors in connection with each annual, interim or special audit of the books of Penn Laurel or CSB made by the accountants. In particular, without limiting the generality of the foregoing sentence, Penn Laurel or CSB, as the case may be, shall deliver to Clearfield, as soon as practicable, a balance sheet as of December 31, 1998, and a related statement of income for the twelve (12) months then ended (which financial statements are hereinafter referred to as the "December 31, 1998 Penn Laurel Financial Statements"). The representations and warranties set forth in Sections 4.7, 4.8 and 4.9 of this Agreement shall apply to the December 31, 1998 Penn Laurel Financial Statements.

Section 7.5. Board and Committee Minutes. Penn Laurel or CSB shall provide to Clearfield, within 10 days after any meeting of the Board of Directors, or any committee thereof, or any senior or executive management committee, a copy of the minutes of the meeting.

Section 7.6. Update Information. Penn Laurel and CSB shall promptly disclose to Clearfield, in writing, any change, addition, deletion or other modification to the information previously disclosed.

Section 7.7. Notice. Penn Laurel and CSB shall promptly notify Clearfield, in writing, of any actions, claims, investigations or other developments that, if pending or in existence on the date of this Agreement, would have been required to be disclosed to Clearfield in order to ensure the accuracy of the representations and warranties set forth in this Agreement or that otherwise could

materially and adversely affect the condition (financial or otherwise), assets, liabilities, business operations, or future prospects of Penn Laurel or CSB.

Section 7.8. Other Proposals. Penn Laurel and CSB shall not, nor shall they permit any officer, director, employee, agent, consultant, counsel or other representative, to directly or indirectly solicit, encourage, initiate or engage in discussions or negotiations with, or respond to requests for information, inquiries or other communications from, any person, other than Clearfield, concerning the fact of, or the terms and conditions of, this Agreement, or concerning any transaction with Penn Laurel or CSB, or any assets or business thereof (except that Penn Laurel's officers may respond to inquiries from analysts, regulatory authorities and holders of Penn Laurel Common Stock in the Ordinary Course of Business); and Penn Laurel or CSB, as the case may be, shall notify Clearfield immediately if any discussions or negotiations are sought to be initiated with Penn Laurel or CSB by any person other than Clearfield or if any requests for information, inquiries, proposals or communications are received from any person other than Clearfield.

Section 7.9. Dividends. Between the date of this Agreement and the Effective Date, Penn Laurel and CSB shall only declare and pay cash dividends as provided herein. Penn Laurel and CSB shall only pay regular quarterly cash dividends in amounts and on dates consistent with past practices.

Section 7.10. Core Deposits. CSB shall use commercially reasonable efforts to maintain deposits.

Section 7.11. No Purchase or Sales of Penn Laurel Common Stock During Price Determination Period. Neither Penn Laurel nor any subsidiary of Penn Laurel, nor any executive officer or director of Penn Laurel or any subsidiary of Penn Laurel, nor any shareholder of Penn Laurel who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Penn Laurel, shall purchase or sell, directly or indirectly, any shares of Penn Laurel Common Stock or any options, rights or other securities convertible into shares of Penn Laurel Common Stock within 20 days of the Effective Date; provided, however, that Penn Laurel may purchase shares of Penn Laurel Common Stock in the Ordinary Course of Business during this period pursuant to Penn Laurel's employee benefit plans or Penn Laurel's stock option plan.

Section 7.12. Accounting Treatment. Penn Laurel and CSB acknowledge that the parties intend to treat the business combination contemplated by this Agreement as a "pooling of interests" for financial reporting purposes. Penn Laurel and CSB shall not take (and shall use their best efforts not to permit any of their directors, officers, employees, shareholders, agents, consultants or other representatives to take) any action that would preclude treating the business combination as a "pooling of interests" for financial reporting purposes.

Section 7.13. Press Releases. Penn Laurel and CSB shall not issue any press release related to this Agreement and the Bank Merger Agreement or the transactions contemplated hereby or

thereby as to which Clearfield has not given its prior written consent, and shall consult with Clearfield as to the form and substance of other public disclosures related thereto.

Section 7.14. Phase I Environmental Audit. Penn Laurel and CSB shall permit, if Clearfield elects to do, at its own expense, a "phase I environmental audit" to be performed at any physical location owned or occupied by Penn Laurel or CSB on the date hereof.

ARTICLE VIII

CONDITIONS PRECEDENT

Section 8.1. Common Conditions. The obligations of the parties to consummate this Agreement shall be subject to the satisfaction of each of the following common conditions prior to or as of the Effective Date, except to the extent that any condition shall have been waived in accordance with the provisions of Section 9.4 of this Agreement:

(a) Shareholder and Regulatory Approvals. The parties hereto are not under any obligation to consummate the Agreement until receipt of approval of the FRB (or waiver thereof), of the Banking Department, of the Federal Deposit Insurance Corporation and of any other approvals that may be necessary or required by the federal or state regulators, and all conditions and waiting periods required by the approvals, if any, have been satisfied or have expired, and until receipt of any other approvals required under the Articles of Incorporation or Bylaws of Clearfield, Penn Laurel or CSB, or from the shareholders of Clearfield or Penn Laurel or CSB, as the case may be. Provided, however, that no approval shall have imposed any condition or requirement that, in the opinion of the Board of Directors of Penn Laurel or the Board of Directors of Clearfield, renders consummation of the transactions contemplated herein inadvisable.

(b) Tax Matters. There shall have been received an opinion of counsel from Shumaker Williams, P.C., reasonably satisfactory in form and substance to Penn Laurel, CSB and Clearfield, to the effect that:

(i) The transactions contemplated by this Agreement and by the Bank Merger Agreement will constitute a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E)the Code;

(ii) No gain or loss will be recognized by Penn Laurel or CSB or by Clearfield as a result of the reorganization;

(iii) No gain or loss will be recognized by the shareholders of Clearfield upon receipt of Penn Laurel Common Stock in exchange for Clearfield Common Stock pursuant to the provisions of this Agreement (except in respect of cash that is received in lieu of the issuance of fractional shares of Penn Laurel Common Stock

and any shareholder of Clearfield who receives payment in cash as a dissenting shareholder);

(iv) The tax basis of the Penn Laurel Common Stock to be received by the shareholders of Clearfield pursuant to the provisions of this Agreement will be the same as the tax basis of the Clearfield Common Stock surrendered in exchange therefor;

(v) The holding periods of the Penn Laurel Common Stock to be received by the shareholders of Clearfield pursuant to the provisions of this Agreement will include the holding periods of the Clearfield Common Stock surrendered in exchange therefor, provided that the Clearfield Common Stock is held as a capital asset on the Effective Date; and

(vi) Clearfield as the surviving bank to the Merger, will carry-over and take into account all accounting items and tax attributes of CSB, including, but not limited, to earnings and profits, methods of accounting, and tax basis and holding periods of the assets of CSB.

(c) Registration Statement. The Registration Statement shall have been declared effective by the Commission; the information contained therein shall be true, complete and correct in all material respects as of the date of mailing of the Proxy Statement/Prospectus to the shareholders of Clearfield; regulatory clearance for the offering contemplated by the Registration Statement (the "Offering") shall have been received from each federal and state regulatory authority having jurisdiction over the Offering, and no stop order shall have been issued or proceedings instituted or threatened by any federal or state regulatory authority to suspend or terminate the effectiveness of the Registration Statement or the Offering.

(d) Fairness Opinions. Each of Penn Laurel and Clearfield shall have obtained from an independent financial advisor selected by the Board of Directors of Penn Laurel or Clearfield, as the case may be, an opinion, dated as of a date no later than that of the Proxy Statement/Prospectus for the special or annual meetings of Clearfield's and Penn Laurel's shareholders, contemplated by Sections 6.2(b) and 7.2(g) respectively, of this Agreement, stating that the exchange ratio of the consideration to be received by the holders of Clearfield Common Stock and given by Penn Laurel, is fair from a financial point of view, to the shareholders of the respective entities.

(e) No Suits. No action, suit or proceeding shall be pending or threatened before any federal, state or local court or governmental authority or before any arbitration tribunal that seeks to modify, enjoin or prohibit or otherwise adversely and materially affect the transactions contemplated by this Agreement.

(f) Statutes; Orders. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any governmental authority that

prohibits, restricts or makes illegal the consummation of the transactions contemplated by this Agreement.

(g) Antitrust Laws. All applicable notifications, statutory and regulatory Antitrust Law requirements have been met.

(h) Other Requirements. All other requirements prescribed by law, and the Articles of Incorporation, Bylaws and contracts of the parties hereto that are necessary to the consummation of the transactions contemplated by this Agreement shall have been satisfied.

(i) Dissenting Shareholders. Holders of no more than nine percent (9%) of the issued and outstanding shares of Clearfield or Penn Laurel shall have exercised their statutory appraisal or Dissenters' Rights.

Section 8.2. Conditions Precedent to Obligations of Penn Laurel and CSB. The obligations of Penn Laurel and CSB to consummate this Agreement shall be subject to the satisfaction of each of the following conditions prior to or as of the Effective Date, except to the extent that the condition shall have been waived by Penn Laurel and CSB in accordance with the provisions of Section 9.4 of this Agreement:

(a) Accuracy of Representations and Warranties. All of the representations and warranties of Clearfield, as set forth in this Agreement and the information contained in all Clearfield Closing Documents (as defined in Section 8.2(g) of this Agreement), shall be true and correct in all material respects as of the Effective Date as if made on that date (or on the date to which it relates in the case of any representation or warranty that expressly relates to an earlier date).

(b) Covenants Performed. Clearfield shall have performed or complied in all material respects with each of the covenants required by this Agreement to be performed or complied with by it.

(c) Opinion of Counsel for Clearfield. Clearfield shall have delivered to Penn Laurel and CSB an opinion of its special counsel in form and substance reasonably satisfactory to Penn Laurel and CSB, to the effect that, as of the Effective Date:

(i) Clearfield is a Pennsylvania chartered bank and trust company, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has full power and lawful authority to own and hold its properties and to carry on its present business;

(ii) Clearfield is an insured bank under the provisions of the FDIA;

(iii) the authorized capital of Clearfield consists exclusively of _____ shares of common stock, par value $____ per share, of which _____ shares are

validly issued, _____ shares are outstanding, fully paid and non-assessable and ___ shares are held as treasury shares; and, to the knowledge of counsel after reasonable inquiry, there are no outstanding obligations, options or rights of any kind entitling other persons to purchase or sell the shares granted by Clearfield, and there are no outstanding securities or other instruments of any kind convertible into the shares that have been granted by Clearfield;

(iv) Clearfield has full corporate power and authority to execute and deliver this Agreement and the Bank Merger Agreement and to carry out the transactions contemplated herein and therein, and all corporate actions required to be taken by Clearfield to authorize the execution and delivery of this Agreement and the performance of the transactions contemplated herein have been taken;

(v) this Agreement and the Bank Merger Agreement have been duly executed and delivered by Clearfield and, assuming due authorization, execution and delivery by Penn Laurel and CSB, constitute valid and binding obligations of Clearfield and are enforceable against Clearfield in accordance with their terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles;

(vi) the performance of this Agreement and the Bank Merger Agreement by Clearfield will not violate the Articles of Incorporation or the Bylaws of Clearfield or, to the knowledge of counsel after reasonable inquiry, any applicable statute, rule, regulation, order, decree, directive, consent agreement, memorandum of understanding or to the knowledge of counsel, any material contract, material indenture or other material instrument to which Clearfield is a party or by which its properties are bound;

(vii) to the knowledge of counsel after reasonable inquiry, there is no action, suit or proceeding, pending or threatened, of the kind contemplated under Section 8.1(e) of this Agreement;

(viii) to the knowledge of counsel after reasonable inquiry, there is no action, suit or proceeding pending or threatened against Clearfield (except as previously disclosed or in counsel's opinion) that, if determined adversely to Clearfield, would have a material and adverse effect upon the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield;

(ix) no consent, approval, authorization or order of any federal, state or local court or governmental authority is required to be obtained by Clearfield in connection with the consummation of the transactions contemplated in this Agreement, other than consents, approvals, authorizations and orders as have been obtained prior to the Effective Date; and

(x) other legal matters incident to the matters contemplated hereby as may reasonably be requested by Penn Laurel and CSB.

For purposes of Clause (viii) above, any action, suit or proceeding seeking to recover from Clearfield damages, fines, penalties or other relief having a monetary value of $50,000 or more shall be deemed to be "material." In giving the foregoing opinion, counsel may rely as to matters of fact without independent investigation, to the extent counsel deems reliance necessary, appropriate, and reasonable, provided, however, that reliance is expressly noted in the opinion, and on certificates of federal, state or local governmental officials and on certificates of officers and directors of Clearfield. Counsel may expressly exclude any opinions as to choice of law matters and antitrust matters and may add other qualifications and explanations of the basis of its opinions as are reasonably acceptable to Penn Laurel and CSB.

The opinion of counsel shall be governed by the Legal Opinion Accord ("Accord") of the American Bar Association Section of Business Law (1991). The term "Actual Knowledge" as used herein shall have the meaning set forth in the Accord. In addition, the opinion may be limited to present statutes, regulations, rulings and formal agency and judicial interpretations and to facts as they presently exist; in rendering the opinion, counsel need assume no obligation to revise or supplement it should the present laws be changed by the legislative or regulatory action, judicial decision or otherwise after the opinion is rendered. Counsel may assume that any agreement is the valid and binding obligation of any parties to the agreement other than Clearfield. In giving the opinion, counsel may rely as to all matters of facts or certificates of officers or directors of Clearfield and certificates of public officials, so long as such reliance and the facts thereunder are expressly stated. Counsel's opinion shall be limited to matters governed by federal laws and by the laws of the Commonwealth of Pennsylvania. With respect to matters involving the application of law other than the law of the Commonwealth of Pennsylvania, counsel may rely, to the extent it deems proper and as specified in its opinion, upon the opinion of local counsel.

(d) Accounting Treatment. Penn Laurel, CSB and their accountants shall have established to their satisfaction that, as of the Effective Date, the transactions contemplated by this Agreement can be accounted for as a "pooling of interests" for financial reporting purposes.

(e) Federal and State Securities and Antitrust Laws. Penn Laurel, CSB and their counsel shall have determined to their satisfaction that, as of the Effective Date, all applicable securities and antitrust laws of the federal government and of any state government having jurisdiction over the transactions contemplated by this Agreement shall have been complied with.

(f) Environmental Matters. No environmental problem of the kind contemplated in Section 3.25 of Article III of this Agreement, and not previously disclosed shall have been discovered that would, or that potentially could, materially and adversely affect the condition

(financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield. The result of any "Phase I environmental audit" conducted pursuant to Section 6.16 with respect to owned or occupied bank premises shall be reasonably satisfactory to Penn Laurel

(g) Closing Documents. Clearfield shall have delivered to Penn Laurel and CSB: (i) a certificate signed by Clearfield's Chairman of the Board or President and by its Secretary, or other designated and authorized officers, verifying that, to the best of their knowledge after reasonable investigation, all of the representations and warranties of Clearfield set forth in this Agreement are true and correct in all material respects as of the Effective Date and that Clearfield has performed in all material respects each of the covenants required to be performed by it under this Agreement; (ii) all consents and authorizations of landlords and other persons that are necessary to permit this Agreement to be consummated without violation of any lease or other agreement to which Clearfield is a party or by which Clearfield or any of its properties are bound; and (iii) other certificates and documents as Penn Laurel, CSB and their counsel may reasonably request (all of the foregoing certificates and other documents being herein referred to as the "Clearfield Closing Documents").

(h) Support Agreement. A majority of the Directors of Clearfield shall have executed and delivered to Penn Laurel a "Support Agreement" in the form attached hereto as Exhibit "B".

(i) Shareholder Approval. Penn Laurel shareholders, if required, have approved and/or adopted this Agreement and the transactions contemplated thereby.

Section 8.3. Conditions Precedent to the Obligations of Clearfield. The obligation of Clearfield to consummate this Agreement shall be subject to the satisfaction of each of the following conditions prior to or as of the Effective Date, except to the extent that any such condition shall have been waived by Clearfield in accordance with the provisions of Section 9.4 of this Agreement:

(a) Accuracy of Representations and Warranties. All of the representations and warranties of Penn Laurel and CSB, as set forth in this Agreement and in the Penn Laurel Closing Documents (as defined in Section 8.3(j) of this Agreement), shall be true and correct in all material respects as of the Effective Date as if made on that date (or on the date to which it relates in the case of any representation or warranty that expressly relates to an earlier date).

(b) Covenants Performed. Penn Laurel and CSB shall have performed or complied in all material respects with each of the covenants required by this Agreement to be performed or complied with by them.

(c) Opinion of Counsel for Penn Laurel and CSB. Penn Laurel and CSB shall have delivered to Clearfield an opinion of its special counsel, Shumaker Williams, P.C., in form and substance reasonably satisfactory to Clearfield, to the effect that, as of the Effective Date:

(i) Penn Laurel is a business corporation that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;

(ii) Penn Laurel is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and has full corporate power and authority to own and hold its properties and to carry on its present business;

(iii) CSB is a Pennsylvania chartered banking institution that is duly organized and validly existing under the laws of the Commonwealth of Pennsylvania and of the United States and has full corporate power and authority to own and hold its properties and to carry on its present business;

(iv) Penn Laurel and CSB have full corporate power and authority to execute and deliver this Agreement and the Bank Merger Agreement and to carry out the transactions contemplated herein and therein, and all corporate actions required to be taken by Penn Laurel and CSB to authorize the execution and delivery of this Agreement and the performance of the transactions contemplated herein and therein have been taken;

(v) this Agreement and the Bank Merger Agreement have been duly authorized, executed and delivered by Penn Laurel and CSB and, assuming due authorization, execution and delivery by Clearfield, constitute valid and binding obligations of each of Penn Laurel and CSB and are enforceable against Penn Laurel in accordance with their terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles;

(vi) to the knowledge of counsel, there is no action, suit, or proceeding pending or threatened against Penn Laurel or CSB (except as described in a schedule to this Agreement or in counsel's opinion) that, if determined adversely to Penn Laurel or CSB, would have a material and adverse affect upon the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB;

(vii) to the knowledge of counsel after reasonable investigation, there is no action, suit or proceeding pending or threatened of the kind contemplated under Section 8.1(e) of this Agreement;

(viii) the shares of Penn Laurel Common Stock to be issued under this Agreement have been duly authorized and, when issued in accordance with the Agreement, will be validly issued, fully paid and non-assessable;

(ix) no consent, approval, authorization or order of any federal, state or local court or governmental authority is required to be obtained by Penn Laurel or CSB in connection with the consummation of the transactions contemplated in this Agreement, other than the consents, approvals, authorizations and orders as have been obtained prior to the Effective Date; and

(x) other legal matters incident to the matters contemplated hereby as may reasonably be requested by Clearfield.

For purposes of Clause (vi) above, any action, suit or proceeding seeking to recover from Penn Laurel damages, fines, penalties or other relief having a monetary value of $50,000 or more shall be deemed to be "material." In giving the foregoing opinion, counsel may rely as to matters of fact without reasonable investigation, to the extent counsel deems reliance necessary, appropriate and reasonable, provided, however, that such reliance is expressly noted in the opinion, and on certificates of federal, state or local governmental officials and on certificates of officers and directors of Penn Laurel and CSB. Counsel may exclude any opinions as to choice of law matters and antitrust matters and may add other qualifications and explanations of the basis of its opinions as are reasonably acceptable to Clearfield.

The opinion of counsel shall be governed by the Legal Opinion Accord ("Accord") of the American Bar Association Section of Business Law (1991). The term "Actual Knowledge" as used herein shall have the meaning set forth in the Accord. In addition, the opinion may be limited to present statutes, regulations, rulings and formal agency and judicial interpretations and to facts as they presently exist; in rendering the opinion, counsel need assume no obligation to revise or supplement it should the present laws be changed by the legislative or regulatory action, judicial decision or otherwise after the opinion is rendered. Counsel may assume that any agreement is the valid and binding obligation of any parties to the agreement other than Penn Laurel or CSB. In giving the opinion, counsel may rely as to all matters of facts or certificates of officers or directors of Penn Laurel or CSB and certificates of public officials, so long as such reliance and the facts thereunder are expressly stated. Counsel's opinion shall be limited to matters governed by federal laws and by the laws of the Commonwealth of Pennsylvania. With respect to matters involving the application of Pennsylvania law, counsel may rely, to the extent it deems proper and as specified in its opinion, upon the opinion of local counsel.

(d) Accounting Treatment. Clearfield and its accountants shall have established to its satisfaction that, as of the Effective Date, the transactions contemplated by this Agreement can be accounted for as a "pooling of interests" for financial reporting purposes.

(e) Federal and State Securities and Antitrust Laws. Clearfield and its counsel shall have determined to their satisfaction that, as of the Effective Date, all applicable securities and antitrust laws of the federal government and of any state government having jurisdiction over the transactions contemplated by this Agreement shall have been complied with.

(f) Environmental Matters. No environmental problem of the kind contemplated in Section 4.25 of Article IV of this Agreement, and not previously disclosed shall have been discovered that would, or that potentially could, materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB, as the case may be: The result of any "Phase I environmental audit" conducted pursuant to Section 7.16 with respect to owned or occupied premises shall be reasonably satisfactory to Clearfield.

(g) Closing Documents. Penn Laurel and CSB shall have delivered to Clearfield: (i) a certificate from each of Penn Laurel and CSB signed by its President and by its Secretary, or other designated and authorized officers, verifying that, to the best of their knowledge after reasonable investigation, all of the representations and warranties of Penn Laurel or CSB, as the case may be, set forth in this Agreement are true and correct in all material respects as of the Effective Date and that Penn Laurel or CSB, as the case may be, has performed in all material respects each of the covenants required to be performed by it under this Agreement; (ii) all consents and authorizations of landlords and other persons that are necessary to permit this Agreement to be consummated without violation of any lease or other agreement to which Penn Laurel or CSB, as the case may be, is a party or by which Penn Laurel or CSB or any of its properties are bound; and (iii) other certificates and documents as Clearfield and its counsel may reasonably request (all of the foregoing certificates and other documents being herein referred to as the "Penn Laurel Closing Documents").

(h) Support Agreement. A majority of the Directors of Penn Laurel shall have executed and delivered to Clearfield a "Support Agreement" in the form attached hereto as Exhibit "C".

(i) Shareholder Approval. Clearfield's shareholders shall have approved and/or adopted this Agreement and the transactions contemplated hereunder.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVER

Section 9.1. Termination. This Agreement may be terminated at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders) as follows:

(a) Mutual Consent. This Agreement may be terminated by mutual consent of the parties upon the affirmative vote of a majority of each of the Boards of Directors of Clearfield and Penn Laurel, followed by written notices given to each of the other parties.

(b) Unilateral Action by Penn Laurel and CSB. This Agreement may be terminated unilaterally by the affirmative vote of a majority of the Board of Directors of Penn Laurel, followed by written notice given to Clearfield, if: (i) there has been a material breach by Clearfield of any representation, warranty or covenant set forth in this Agreement and the breach has not been cured within thirty (30) days after written notice of the breach has been given by Penn Laurel to Clearfield; or (ii) any condition precedent to Penn Laurel's and CSB's obligations, as set forth in Article VIII of this Agreement, remains unsatisfied, through no fault of Penn Laurel or CSB, on October 31, 1999.

(c) Unilateral Action By Clearfield. This Agreement may be terminated unilaterally by the affirmative vote of a majority of the Board of Directors of Clearfield, followed by written notice given to Penn Laurel and CSB, if: (i) there has been a material breach by Penn Laurel or CSB of any representation, warranty or covenant set forth in this Agreement and the breach has not been cured within thirty (30) days after written notice of the breach has been given to Penn Laurel and CSB; or (ii) any condition precedent to Clearfield's obligations as set forth in Article VIII of this Agreement remains unsatisfied, through no fault of Clearfield, on October 31, 1999.

(d) Automatic Termination. If, for any reason, this transaction shall not have been consummated by October 31, 1999, this Agreement shall terminate automatically as of that date unless extended, in writing, prior thereto.

Section 9.2. Effect of Termination.

(a) Effect. In the event of termination, this Agreement shall become null and void and the transactions contemplated herein shall thereupon be abandoned, except that the provisions relating to limited liability and confidentiality set forth in Sections 9.2(b) and 9.2(c) of this Agreement shall survive the termination.

(b) Limited Liability. The termination of this Agreement in accordance with the terms of Section 9.1 shall create no liability on the part of any party, or on the part of any party's directors, officers, shareholders, agents or representatives, except that, if this Agreement is terminated by Penn Laurel and CSB by reason of a material breach by Clearfield, or, if this Agreement is terminated by Clearfield by reason of a material breach by Penn Laurel or CSB, and the breach involves an intentional, willful or grossly negligent misrepresentation or breach of covenant, the breaching party shall be liable to the non-breaching party or parties for all costs and expenses reasonably incurred by the non-breaching party or parties in connection with the preparation, execution and consummation of this Agreement, including the fees of its or their counsel, accountants, consultants and other representatives.

(c) Confidentiality. In the event of the termination of this Agreement, the parties shall not use or disclose to any other person any confidential information obtained by them during the course of their investigation of the other party or parties.

Section 9.3. Amendment. To the extent permitted by law, this Agreement may be amended at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders of Penn Laurel or Clearfield) by a written instrument duly authorized, executed and delivered by Penn Laurel and CSB and by Clearfield; provided, however, that any amendment to the provisions of Article II of this Agreement relating to the consideration to be received by the shareholders of Clearfield in exchange for their shares of Clearfield Common Stock shall not take effect until the amendment has been approved, adopted or ratified by the shareholders of Clearfield and Penn Laurel in accordance with applicable federal and state law.

Section 9.4. Waiver. Any term or condition of this Agreement may be waived, to the extent permitted by law, by the party or parties entitled to the benefit thereof at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders of Clearfield) by a written instrument duly authorized, executed and delivered by the party or parties.

ARTICLE X

RIGHTS OF DISSENTING SHAREHOLDERS

Section 10.1. Rights of Dissenting Shareholders. The shareholders of Clearfield and Penn Laurel shall be entitled to and may exercise dissenters' rights if and to the extent they are entitled to do so under the provisions of applicable law.

ARTICLE XI

CLOSING AND EFFECTIVE DATE

Section 11.1. Closing. Provided that all conditions precedent set forth in Article VIII of this Agreement shall have been satisfied or shall have been waived in accordance with Section 9.4 of this Agreement, the parties shall hold a closing (the "Closing") at the offices of Penn Laurel at 434 State Street, Curwensville, Pennsylvania, or another mutually agreed upon location, within thirty (30) days after the last to occur of the: (1) receipt of all required regulatory approvals and after the expiration of all applicable waiting periods; (2) approval by the Clearfield and Penn Laurel shareholders, respectively at which time the parties shall deliver the Clearfield Closing Documents, the Penn Laurel/CSB Closing Documents, and other documents and instruments as may be necessary or appropriate to effectuate the purposes of this Agreement.

Section 11.2. Effective Date. The Merger shall become effective and this Agreement and the Bank Merger Agreement shall be consummated on the date upon which Articles of Merger shall

be filed with the Pennsylvania Department of State, or such later date as shall be specified as the Effective Date in the Articles of Merger pursuant to the mutual agreement of Penn Laurel, CSB and Clearfield and in accordance with the Pennsylvania Banking Code (the "Effective Date"). At the Effective Date, CSB shall cease to exist as a separate banking institution, and Clearfield shall become the surviving institution in the Merger with the name Penn Laurel Bank & Trust.

ARTICLE XII

NO SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Section 12.1. No Survival. The representations and warranties of Clearfield and of Penn Laurel and CSB set forth in this Agreement shall expire and be terminated on the Effective Date upon consummation of the transactions contemplated by this Agreement, and no such representation or warranty shall thereafter survive.

ARTICLE XIII

POST-MERGER AGREEMENTS

Section 13.1. Employees.

(a) Immediately after the Effective Date, Penn Laurel Bank & Trust shall employ all of the Clearfield employees and all of the CSB employees who are in good standing, actively at work, and employed by Clearfield and CSB, respectively, as of the Effective Date on such terms as the resulting Board of Directors shall approve. It is understood and agreed by the parties to this Agreement that this Section 13.1(a) shall not create any implied or express rights of employment to any employee.

(b) After the Effective Date, all benefit, health, welfare and insurance plans of the resulting bank will be agreed upon and/or revised, modified, amended or supplemented only with the approval of the resulting Board of Directors or as otherwise required by law.

Section 13.2. Officers. Immediately after the Effective Date, William L. Bertram shall be appointed and employed as the Chairman of the Board of Directors of Penn Laurel and of Penn Laurel Bank & Trust for a term of two years; Larry W. Brubaker shall be appointed and employed as the President and Chief Executive Officer of Penn Laurel and of Penn Laurel Bank & Trust for a term of three years, and Wesley M. Weymers and Sherwood C. Moody shall each be appointed and employed as an Executive Vice President of Penn Laurel and of Penn Laurel Bank & Trust, for a term of three years. Each of the above named executives (the "Executives") shall be employed pursuant to an employment agreement that is mutually agreeable to the parties hereof and the Executives, respectively. Such agreements shall be subject to the appoval of, and executed by the

parties and each of the Executives, respectively, within 90 days of the date hereof, but no later than prior to the Effective Date.

Section 13.3. Board Appointments.

a. Immediately after the Effective Date, the Board of Directors of Penn Laurel and Penn Laurel Bank & Trust, shall consist of all persons who were members of the Board of Directors of Penn Laurel and Clearfield on the date hereof, with the addition of Mr. Wesley M. Weymers, to each respective Board of Directors. After the Effective Date, each Director of Penn Laurel and Clearfield shall serve on the Board of Directors of Penn Laurel , as Penn Laurel Bank & Trust, in the Class of Director that they currently serve of their respective companies' Board of Directors.

b. Prior to the Effective Date, Penn Laurel, CSB and Clearfield shall each amend, if necessary, their respective bylaws so that the retirement age for director service shall be 72, or the end of a Directors' term if during said term, he or she shall have attained the age of 72. Any director who is currently grandfathered from any director service age restriction of either Penn Laurel, CSB or Clearfield shall continue to be grandfathered. The number of directors serving as directors of Penn Laurel and Penn Laurel Bank & Trust shall only be reduced as a result of attrition, i.e., death, resignation, non-grandfathered age restrictions or regulatory action.

ARTICLE XIV

GENERAL PROVISIONS

Section 14.1. Expenses. Except as provided in Section 9.2(b) of this Agreement, each party shall pay its own expenses incurred in connection with this Agreement and the consummation of the transactions contemplated herein except for such expenses as have been mutually agreed upon, i.e., preparation of all documentation. For purposes of this Section 14.1, the cost of printing the Proxy Statement/Prospectus shall be deemed to be an expense of Penn Laurel and Clearfield.

Section 14.2 Access; Confidentiality. The parties hereby agree to conduct the investigations and discussions contemplated by Section 6.3 and Section 7.2 of this Agreement in a manner that will not interfere unreasonably with normal operations and customer and employee relationships. If the transactions contemplated by this Agreement are not consummated, the parties hereby agree to destroy or return all documents and records obtained from the other or their respective representatives, during the course of any investigation and will cause all information with respect to the other party obtained pursuant to this Agreement or preliminarily thereto to be kept confidential, except to the extent the information becomes public through no fault of the party that has obtained the information or any of its respective representatives or agents and except to the extent disclosure of such information is legally required. Each party hereby agrees to give the other party prompt notice of any contemplated disclosure where disclosure is so legally required.

Section 14.3. Notices. All notices, claims, requests, demands and other communications that are required or permitted to be given under this Agreement shall be in writing and shall be

deemed to have been duly delivered if delivered in person, transmitted by facsimile machine (but only if receipt is acknowledged in writing), mailed by registered or certified mail, return receipt requested or sent by recognized overnight delivery service guaranteeing next day delivery addressed as follows:

(a) If to Penn Laurel Financial Corp. and/or CSB to:

Penn Laurel Financial Corp.
434 State Street
Curwensville, Pennsylvania 16833
Attention: Larry W. Brubaker

With a copy to:

Shumaker Williams, P.C.
3425 Simpson Ferry Road
Camp Hill, Pennsylvania 17011
Attention: Nicholas Bybel, Jr.

(b) If to Clearfield Bank & Trust Company to:

Clearfield Bank & Trust Company
11 North Second Street
Clearfield, Pennsylvania 16830
Attention: Sherwood C. Moody

With a copy to:

Tucker Arensberg, P.C.
1500 One PPG Place
Pittsburgh, Pennsylvania 15222
Attention: William T. Harvey

Section 14.4. Captions. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement.

Section 14.5. Counterparts. This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all the counterparts together shall be deemed to be one and the same instrument.

Section 14.6. Severability. If any provision of this Agreement or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of the provisions to other parties or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 14.7. Parties in Interest. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that the rights and obligations of any party under this Agreement may not be assigned or delegated by that party without the prior written consent of each other party.

Section 14.8. Entire Agreement. This Agreement, including the documents and other writings referred to herein or delivered pursuant hereto, sets forth the entire understanding and agreement of the parties hereto and supersedes any and all prior agreements, arrangements and understandings, oral or written, relating to the subject matter hereof.

Section 14.9. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic internal laws of the Commonwealth of Pennsylvania, without regard to the conflict laws principles thereof.

IN WITNESS WHEREOF, intending to be legally bound hereby, this Agreement is executed as of the day and year first above written.

ATTEST:

PENN LAUREL FINANCIAL CORP.

By: _____ By: _____

[CORPORATE SEAL]

ATTEST:

CSB BANK

By: _____ By: _____

[BANK SEAL]

ATTEST:

CLEARFIELD BANK & TRUST COMPANY

By: _____ By: _____

[BANK SEAL]

:91359

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EXECUTION COPY
12/31/98

AGREEMENT AND PLAN OF MERGER
of
CLEARFIELD BANK & TRUST COMPANY
and
CSB BANK

THIS AGREEMENT AND PLAN OF MERGER (the "Merger Agreement") is dated as of December 31, 1998, by and between CSB BANK ("CSB"), a Pennsylvania chartered bank, having its principal office at 434 State Street, Curwensville, Pennsylvania 16833, and CLEARFIELD BANK & TRUST COMPANY ("Clearfield"), a Pennsylvania chartered bank and trust company, having its principal office at 11 North Second Street, Clearfield, Pennsylvania 16830 (the two parties being sometimes collectively referred to as the "Constituent Banks") each acting pursuant to resolutions approved and adopted by the vote of a majority of its directors.

BACKGROUND:

WHEREAS, Clearfield and CSB are parties to an Agreement and Plan of Reorganization of even date herewith (the "Reorganization Agreement") that provides, among other things, for the execution of the Merger Agreement and the merger of Clearfield and CSB (the "Merger") in accordance with the terms and conditions set forth therein and herein; and

WHEREAS, the respective Boards of Directors of Clearfield and CSB deem the Merger of Clearfield and CSB in accordance with the Reorganization Agreement and pursuant to the terms and conditions herein set forth or referred to, desirable and in the best interests of the Constituent Banks and their respective shareholders; and

WHEREAS, the respective Boards of Directors of Clearfield and CSB have adopted resolutions approving and adopting this Merger Agreement, and the respective Boards of Directors of CSB, Penn Laurel Financial Corp., a Pennsylvania corporation and parent of CSB ("Penn Laurel") and Clearfield have adopted resolutions approving and adopting the Reorganization Agreement, and the Boards of Directors of Clearfield and CSB have directed that this Merger Agreement be submitted to their respective shareholders;

WHEREAS, the approval of this Merger Agreement and the Reorganization Agreement requires the approval of the shareholders of the Constituent Banks, as required by applicable laws and by each party's Articles of Incorporation and Bylaws;

WHEREAS, one hundred percent (100%) of the outstanding shares of capital stock of CSB (the "CSB Common Stock") are held by its sole shareholder, Penn Laurel;

NOW, THEREFORE, in consideration of their mutual covenants and agreements contained herein and in the Reorganization Agreement, and for the purpose of stating the method, terms and conditions of the Merger, and such other details and provisions as are deemed desirable, the parties hereto, intending to be legally bound hereby, agree as follows:

1. The Merger. Subject to the terms and conditions of this Merger Agreement and the Reorganization Agreement, and in accordance with the laws of the Commonwealth of Pennsylvania, on the Effective Date (as defined in Section 11.2 of the Reorganization Agreement, and referred to herein as the "Effective Date"), CSB shall be merged with and into Clearfield pursuant to the Pennsylvania Banking Code of 1965, as amended (the "Banking Code"), and Clearfield shall be the surviving institution. On the Effective Date, the separate existence of CSB shall cease, and Clearfield shall be the surviving institution (the "Surviving Institution"), the principal and branch offices of CSB shall become authorized offices of Clearfield; and all the property (real, personal and mixed), rights, powers, duties, and obligations of Clearfield and CSB shall be taken and deemed to be transferred to and vested in the Surviving Institution, without further act or deed, as provided by applicable laws and regulations.

2. Name. The name of the Surviving Institution shall be "Penn Laurel Bank & Trust Company," and the location of its principal office shall be 11 North Second Street, Clearfield, Pennsylvania 16830.

3. Articles of Incorporation. The Articles of Incorporation of Clearfield as in effect immediately prior to the Effective Date, as may be amended in furtherance of the Reorganization Agreement and the Merger Agreement at the Effective Date, shall be the Articles of Incorporation of the Surviving Institution, until amended in accordance with applicable law.

4. Bylaws. The Bylaws of CSB as in effect immediately prior to the Effective Date, as may be amended in furtherance of the Reorganization Agreement and the Merger Agreement, at the Effective Date, shall be the Bylaws of the Surviving Institution, until amended in accordance with applicable law.

5. Conversion of Shares. The manner and basis of converting shares of common stock of the Constituent Banks shall be as follows:

5.1 Conversion of Clearfield Common Stock. On the Effective Date, the shares of Clearfield Common Stock then outstanding and eligible for conversion under Article II of the Reorganization Agreement shall be converted into the right to receive shares of common stock of Penn Laurel, par value $5.00 per share (the "Penn Laurel Common Stock") in accordance with the terms of and as provided in Section 2.1(a) of the Reorganization Agreement.

5.2 Stock of CSB. The shares of CSB Common Stock issued and outstanding immediately prior to the Effective Date shall continue to be issued and outstanding shares of common stock of the Surviving Institution. From and after the Effective Date, each certificate that, prior to the Effective Date, represented shares of CSB Common Stock, shall evidence ownership of shares of such common stock of the Surviving Institution.

6. Surrender and Exchange of Clearfield Certificates. On the Effective Date, the outstanding shares of Clearfield Common Stock shall be exchanged for and shall become the right to receive shares of Penn Laurel Common Stock in accordance with and as provided for in Section 2.2 of the Reorganization Agreement.

7. Effect of Merger. On the Effective Date, the Surviving Institution shall succeed, without further act or deed, to all of the property, rights, powers, duties and obligations of the Constituent Banks in accordance with the Banking Code. Any claim existing or action pending by or against either of the Constituent Banks may be prosecuted to judgment as if the Merger had not taken place, and the Surviving Institution may be substituted in its place.

8. Continuation of Business. The Surviving Institution shall continue in business with the assets and liabilities of each of the Constituent Banks. The Surviving Institution shall be a bank and trust company organized and having perpetual existence under the laws of the Commonwealth of Pennsylvania. The branch offices of the Surviving Institution shall consist of CSB's and Clearfield's present branch offices and any other branch office or offices that CSB and Clearfield may be authorized to have as of the Effective Date. The headquarters of the Surviving Institution shall be at 11 North Second Street, Clearfield, Pennsylvania 16830.

9. Board of Directors and Officers. The Directors of CSB and of Clearfield as in effect immediately prior to the Effective Date shall be the Directors of the Surviving Institution, until such time as their successors have been elected, qualified, or appointed. Each director shall serve in the Class of Director that he or she currently serves, provided, however, that all classes of Directors shall be as equal as possible. The Officers of the Surviving Institution shall be as follows:

William L. Bertram	Chairman of the Board
Larry W. Brubaker	President
Sherwood C. Moody	Executive Vice President
Wesley M. Wymers	Executive Vice President

The officers of the Surviving Institution shall serve until their successors are appointed.

10. Dissenters' Rights of Clearfield's Shareholders. The rights and remedies of a dissenting shareholder under the Banking Code and Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988, as amended (15 Pa. C.S. §1571, et seq.), shall be afforded to any

holder of Clearfield Common Stock who objects to this Merger and who takes the necessary steps to perfect the rights of a dissenting shareholder, to the extent required under such laws.

11. Effective Date of the Merger. The Effective Date of the Merger shall be as defined and provided for in Section 11.2 of the Reorganization Agreement.

12. Further Assurances. If at any time the Surviving Institution shall consider or be advised that any further assignments, conveyances or assurances are necessary or desirable to vest, perfect or confirm in the Surviving Institution title to any property or rights of Clearfield or CSB, or otherwise carry out the provisions hereof, the proper officers and directors of Clearfield or CSB, as of the Effective Date, on behalf of Clearfield or CSB, respectively, shall execute and deliver any and all proper assignments, conveyances and assurances, and do all things necessary or desirable to vest, perfect or confirm title to such property or rights in the Surviving Institution and otherwise carry out the provisions hereof.

13. Shareholder Approval. This Merger Agreement shall be approved and adopted by the affirmative vote of the shareholders of each Constituent Bank as required by applicable law and by the Constituent Banks' Articles of Incorporation and Bylaws.

14. Termination and Amendment. Notwithstanding prior approval by the respective shareholders of Clearfield and CSB, this Merger Agreement shall be terminated and the Merger shall be abandoned in the event that, prior to the Effective Date, the Reorganization Agreement is terminated, as provided therein. If there is such termination after the delivery of Articles of Merger to the Pennsylvania Department of State, the parties shall execute and file with the Pennsylvania Department of State, prior to the Effective Date, a statement of termination, pursuant to Section 1902 of the Pennsylvania Business Corporation Law of 1988, as amended. Notwithstanding prior approval by the shareholders of Clearfield and CSB, this Agreement may be amended in any respect in the manner and subject only to the limitations set forth in Section 9.3 of the Reorganization Agreement.

15. Counterparts; Headings. This Merger Agreement may be executed in several counterparts, and by the parties hereto on separate counterparts, each of which will constitute an original. The headings and captions contained herein are for reference purposes only and do not constitute a part hereof.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, by their officers thereunto duly authorized, have executed this Merger Agreement as of the day and year first above written.

ATTEST:

CLEARFIELD BANK & TRUST COMPANY

By: _____ By: _____
Sherwood C. Moody
Asst. C.E.O.

[BANK SEAL]

ATTEST:

CSB BANK

By: _____ By: _____

[BANK SEAL]

:90150

VERIFICATION

The undersigned, Larry W. Brubaker, hereby verifies and states that:

1. He is President and CEO of Penn Laurel Financial Corporation and Chairman of the Board of CSB Bank;

2. He is authorized to make this Verification on their behalf;

3. The facts set forth in the foregoing Complaint are true and correct to the best of his knowledge, information and belief; and

4. He is aware that any false statements herein are made subject to the penalties of 18 Pa.C.S.A. §4904, relating to unsworn falsification to authorities.

Dated: April 4, 2000

Larry W. Brubaker

:107300

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

ORIGINAL (1)

Complaint & verification – 17 pgs.
$4.25

Agreement & Plan – 69 pgs.
$17.25

total – $21.50

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113, Defendants	:	CIVIL ACTION - LAW

NOTICE

YOU HAVE BEEN SUED IN COURT. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this Complaint and Notice are served, by entering a written appearance personally or by attorney and filing in writing with the Court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the Court without further notice for any money claimed in the Complaint or for any other claim or relief requested by the Plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

David S. Meholick, Court Administrator
Clearfield County Courthouse
Second and Market Streets
Clearfield, PA 16830
(814) 765-2641, Ext. 50-51

FILED

APR 0 6 2000

William A. Shaw
Prothonotary

NOTICIA

USTED HA SIDO DEMANDADO/A EN CORTE. Si usted desea defenderse de las demandas que se presentan mas adelante en las siguientes paginas, debe tomar accion dentro de los proximos veinte (20) dias despues de la notificacion de esta Demanda y Aviso radicando personalmente o por medio de un abogado una comparecencia escrita y radicando en la Corte por escrito sus defensas de, y objecciones a, las demandas presentadas aqui en contra suya. Se le advierte de que si usted falla de tomar accion como se describe anteriormente, el caso puede proceder sin usted y un fallo por cualquier suma de dinero reclamada en la demanda o cualquier otra reclamacion o remedio solicitado por el demandante puede ser dictado en contra suya por la Corte sin mas aviso adicional. Usted puede perder dinero o propiedad u otros derechos importantes para usted.

USTED DEBE LLEVAR ESTE DOCUMENTO A SU ABOGADO INMEDIATAMENTE. SI USTED NO TIENE UN ABOGADO O NO PUEDE PAGARLE A UNO, LLAME O VAYA A LA SIGUIENTE OFICINA PARA AVERIGUAR DONDE PUEDE ENCONTRAR ASISTENCIA LEGAL.

David S. Meholick, Court Administrator
Clearfield County Courthouse
Second and Market Streets
Clearfield, PA 16830
(814) 765-2641, Ext. 50-51

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
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CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113, Defendants	:	CIVIL ACTION - LAW

COMPLAINT

1. Plaintiff Penn Laurel Financial Corp. ("Penn Laurel") is a Pennsylvania bank holding company which maintains its principal offices at 434 State Street, Curwensville, Clearfield County, Pennsylvania.

2. Plaintiff CSB Bank ("CSB") is a Pennsylvania chartered bank which is a subsidiary of Penn Laurel and which maintains its principal offices at 434 State Street, Curwensville, Clearfield County, Pennsylvania.

3. Defendant Clearfield Bank & Trust Company ("Clearfield") is a Pennsylvania chartered bank which maintains its principal offices at 11 North Second Street, Clearfield, Clearfield County, Pennsylvania.

4. Defendant Timothy A. Anonick is an adult individual who resides at 12919 Ashtree Road, Midlothian, Virginia.

5. Defendant Anonick Financial Corporation ("AFC") is a Virginia corporation which maintains its registered office at 12919 Ashtree Road, Midlothian, Virginia.

6. Plaintiffs and Clearfield entered into a written agreement entitled "Agreement and Plan of Reorganization" (the "Reorganization Agreement") dated December 31, 1998. A copy of said Merger Agreement is attached hereto as Exhibit "A."

7. Plaintiffs and Clearfield also entered into an "Agreement and Plan of Merger" (the "Merger Agreement") and other agreements which are attached to the Reorganization Agreement.

8. Under the Reorganization and Merger Agreements, CSB was to merge into Clearfield and to cease to exist, and the shares of Clearfield would then be exchanged for shares of Penn Laurel, thereby making Clearfield a wholly owned subsidiary of Penn Laurel.

9. Article VI of the Reorganization Agreement is entitled "Covenants of Clearfield."

10. Section 6.8 of the Reorganization Agreement provides, in pertinent part:

> Clearfield shall not, nor shall it permit any officer, director, employee, agent, consultant, counsel or other representative, to directly or indirectly solicit, encourage, initiate or engage in discussions or negotiations with, or respond to requests for information, inquiries or other communications from, any person ... concerning the fact of, or the terms and conditions of, this Agreement, or concerning any transaction with Clearfield, or any assets or business thereof ...; and Clearfield shall notify Penn Laurel immediately if any discussions or negotiations are sought to be initiated with Clearfield by any person other than Penn Laurel or if any requests for information, inquiries, proposals or communications are received from any other person.

11. Section 6.1 of the Reorganization Agreement provides, in pertinent part:

> Except as otherwise consented to by Penn Laurel and CSB in writing, Clearfield shall:
>
> > ... (k) not take or permit to be taken any action that would constitute a breach of any representation, warranty or covenant set forth in this Agreement; ...

(s) not solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning any acquisition or purchase of all or a substantial equity interest or portion of the assets in or of Clearfield or any business combination with Clearfield, other than as contemplated by this Agreement, or authorize or permit any officer, director, agent or affiliate of it to do any of the above; or fail to notify Penn Laurel immediately if any inquiries or proposals are received by, any information is requested from, or any negotiations are sought to be initiated with Clearfield....

12. Section 6.2 of the Reorganization Agreement provides, in pertinent part:

Clearfield shall cooperate with Penn Laurel and CSB and shall use its best efforts to do or cause to be done all things necessary or appropriate on its part in order to fulfill the conditions precedent set forth in Article VIII of this Agreement and to consummate this Agreement. In particular, without limiting the generality of the foregoing sentence, Clearfield shall:

... (b) ... take, in good faith, all actions that are necessary or appropriate on its part in order to secure the approval and adoption of this Agreement and the Bank Merger Agreement by its shareholders ....

13. Section 6.13 of the Reorganization Agreement provides, in pertinent part:

Clearfield shall not take (and shall use its best efforts not to permit any of its directors, officers, employees, shareholders, agents, consultants or other representatives to take) any action that would preclude treating the business combination as a "pooling of interests" for financial reporting purposes.

14. In the first or second week of January of 1999, Sherwood C. Moody, who was the President and Chief Executive Officer of Clearfield and was a member of its Board of Directors, received a telephone call from Defendant Anonick, an investment banker who is the sole employee of AFC, and Mr. Moody discussed information relating to the merger of the parties with Defendant Anonick.

15. In a telephone conversation in February or March of 1999, Mr. Moody provided Defendant Anonick with substantial information concerning the proposed merger of the parties, including the definitive terms thereof.

16. In early April of 1999, Mr. Moody again discussed the parties' proposed merger with Defendant Anonick and left Defendant Anonick with the impression that Mr. Moody was not in favor of that merger.

17. In April of 1999, Mr. Moody met with Defendant Anonick and provided him with additional information concerning the proposed merger, including that a number of Clearfield shareholders were opposed to it, and provided Defendant Anonick with the names of one or more shareholders who were opposed.

18. After having those discussions with Mr. Moody, Defendant Anonick contacted officers of Omega Financial Corporation ("Omega"), a Pennsylvania bank holding corporation which maintains its headquarters in State College, Pennsylvania, in order to determine whether Omega would be interested in making a proposal to Clearfield as an alternative to and in competition with the merger provided for in the Reorganization and Merger Agreements.

19. In discussions with officers of Omega in April of 1999, Defendant Anonick provided information to them that had previously been supplied to him by Mr. Moody concerning the fact that some Clearfield shareholders were opposed to the merger provided for in the Reorganization and Merger Agreements.

20. As a result of Defendant Anonick's providing to Omega information concerning alleged shareholder opposition which had been supplied to him by Mr. Moody, Omega began discussing Clearfield as a potential merger target for Omega with Defendant Anonick.

21. On May 10, 1999, Omega sent a letter to Clearfield which constituted an "expression of interest" in a possible merger between Omega and Clearfield and which indicated, inter alia, that Omega would be prepared to pay sixty-five dollars ($65) per share for the shares of Clearfield.

22. On May 10, 1999, Mr. Moody had another telephone conversation with Defendant Anonick in which he confirmed the receipt of the May 10 Omega letter, and Mr. Moody had yet another telephone conversation with Defendant Anonick a few days after that in which he informed Defendant Anonick that he had been advised by counsel not to speak to Defendant Anonick anymore.

23. In July of 1999, Defendant Anonick contacted one of Clearfield's shareholders, Mr. Jack Woolridge, who Mr. Moody had previously identified as a shareholder who was opposed to the proposed merger between the parties, and discussed Omega's interest with him.

24. On August 2, 1999, Defendant Anonick met with Mr. Jack Woolridge in Clearfield and later that day had a public meeting with a number of shareholders of Clearfield at which Defendant Anonick distributed a written offer from Omega for the purchase of Clearfield shares from any shareholders who agreed to oppose the proposed merger between Plaintiffs and Clearfield and to exercise dissenting shareholders' rights in relation to it and requested that the shareholders present distribute copies of that written offer to other shareholders who were not present at the meeting.

25. Mr. Woolridge provided Defendant Anonick at that time with a list of shareholders who were opposed to the proposed merger, and that list included at least one member of the Clearfield Board of Directors: Mr. Rembrandt Woolridge, who is Mr. Jack Woolridge's uncle.

26. Based upon information and belief, Plaintiffs aver that one or more members of Clearfield's Board of Directors had knowledge of Defendant Anonick's and Mr. Jack Woolridge's efforts to foster and foment opposition to the proposed merger of the parties.

27. Based upon information and belief, Plaintiffs aver that one or more members of Clearfield's Board of Directors and one or more officers of Clearfield had knowledge of Defendant Anonick's efforts to interest Omega in a possible merger with Clearfield prior to Omega's May 10 letter.

28. At a meeting on September 27, 1999, Clearfield's shareholders failed to approve the merger between the parties that was the subject of the Reorganization and Merger Agreements.

Count I.

Plaintiffs vs. Clearfield

Breach of Contract

29. Paragraphs 1 through 28 above are incorporated herein by reference.

30. Clearfield, acting through its officers and directors, violated the Reorganization Agreement by engaging in discussions concerning the fact of and terms and conditions of the Reorganization.

31. Clearfield violated the Reorganization Agreement by permitting one or more officers and/or directors to engage in discussions concerning the fact of and terms and conditions of the Reorganization.

32. Clearfield, acting through its officers and directors, violated the Reorganization Agreement by responding to requests for information, inquiries, and other communications concerning the fact of and terms and conditions of the Reorganization.

33. Clearfield violated the Reorganization Agreement by permitting one or more officers and/or directors to respond to requests for information, inquiries, and other communications concerning the fact of and terms and conditions of the Reorganization.

34. Clearfield violated the Reorganization Agreement by failing to notify Penn Laurel immediately of discussions sought to be initiated and requests for information, inquiries, and communications received from other persons.

35. Clearfield, acting through its officers and directors, violated the Reorganization Agreement by encouraging inquiries, furnishing information, and participating in discussions with respect to the acquisition or purchase of all or substantial equity interests in Clearfield and/or with respect to business combinations with Clearfield.

36. Clearfield violated the Reorganization Agreement by permitting one or more officers and/or directors to encourage inquiries, furnish information, and participate in discussions with respect to the acquisition or purchase of all or substantial equity interests in Clearfield and/or with respect to business combinations with Clearfield.

37. Clearfield violated the Reorganization Agreement by failing to notify Penn Laurel immediately of inquiries received by and information requested from Clearfield.

38. Clearfield violated the Reorganization Agreement by failing to exercise its best efforts to fulfill all conditions precedent in that Agreement and by failing to take, in good faith, all actions

appropriate to secure approval and adoption that Agreement and the Merger Agreement by its shareholders through numerous and repeated failures throughout the period from December 31, 1998, through September 27, 1999, including, but not limited to, the following:

a.) failing to effectively and appropriately deal with any shareholders who had expressed any opposition to or concerns about the proposed merger by fully informing them of the benefits that would result from the merger and the reasonableness of the terms of the Agreements;

b) failing to take active steps to assure that all officers and directors of Clearfield were in full compliance with the terms of the Reorganization Agreement and with the individual agreements dated December 31, 1998, which each director entered into with Penn Laurel;

c) failing to take all reasonable steps to prevent Mr. Anonick from pursuing the course of action concerning the proposed merger in which he engaged and which is described above;

d) failing to take all reasonable steps to prevent Omega from pursuing the course of action concerning the proposed merger described above in which it engaged; and

e.) failing to take all reasonable steps to timely and effectively communicate to all Clearfield shareholders the benefits that would result from the merger and the reasonableness of the terms of the Agreements.

39. On October 26, 1999, Plaintiffs gave Clearfield written notice that they deemed Clearfield to have violated the written Agreements between the parties.

40. Clearfield's breaches of the Reorganization Agreement caused the failure of the proposed merger between Plaintiffs and Clearfield.

41. Plaintiffs expended substantial sums in an attempt to fulfill its obligations under the Reorganization and Merger Agreements, including for attorneys' fees and expenses, consultant fees, printing fees, etc., all of which constitute damages caused by Clearfield's breaches of the Reorganization Agreement.

42. On August 11, 1999, Clearfield initiated legal action against Omega in the United States District Court for the Western District of Pennsylvania (Civil Action No. 99-180J) (the "federal action") that arose from Omega's actions in relation to the proposed merger between the parties.

43. At the request and encouragement of Clearfield and with its agreement, Plaintiffs filed a Motion to Intervene in that action that was granted, and, therefore, Plaintiffs incurred substantial attorneys' fees and expenses in that litigation.

44. Plaintiffs' participation in that legal action in federal court was pursuant to and in fulfillment of its obligations under the written Agreements between the parties.

45. The attorneys' fees and expenses incurred by Plaintiffs constitute damages which they incurred as a result of Clearfield's breaches of the Reorganization and are expenses which Plaintiffs would not have had to incur in performing their obligations under that Agreement if Clearfield had not breached it.

46. The total expenses actually incurred to date by Plaintiffs in attempting to fulfill their obligations under the Reorganization and Merger Agreements (including, but not limited to, in participating in the federal court litigation) are $444,797.40.

47. In addition to the suffering of the foregoing expenses, Plaintiffs have been damaged by Clearfield's breaches of the Reorganization through the loss of services of key officers and employees of Plaintiffs because of the time they expended in attempting to fulfill Plaintiffs' obligations under the parties' Agreements and in attempting to assure that the proposed merger was consummated and in pursuing the federal court litigation.

48. Penn Laurel and its shareholders have also been damaged by Clearfield's breaches of the Reorganization Agreement through the loss of the benefits that would have accrued to them if the merger had been consummated.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendant Clearfield Bank & Trust Company in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

Count II.

Plaintiffs vs. Defendants Anonick and AFC

Intentional Interference With Contractual Relations

49. Paragraphs 1 through 48 above are incorporated herein by reference.

50. At all times relevant to the instant action, Defendant Anonick was acting on behalf of and as an employee and agent of AFC.

51. Defendants Anonick and AFC acted at all times relevant to the instant action with knowledge of the existence of the contractual agreements between Plaintiffs and Clearfield.

52. The aforesaid actions of Defendants Anonick and AFC were intended to interfere with the contractual relations between Plaintiffs and Clearfield by improperly inducing Clearfield and its officers and directors to breach their contractual obligations to Plaintiffs.

53. The actions of Defendants Anonick and AFC were also improper because they were in violation of Section 14(e) of the Securities and Exchange Act of 1934, 15 U.S.C. §78n(e) and Sections 112(b) and (g) of the Pennsylvania Banking Code, 7 P.S. §112(b) and (g).

54. Defendants Anonick and AFC also acted improperly by making the following intentional or negligent misrepresentations to shareholders of Clearfield at the meeting of August 2, 1999 and in the written agreement distributed at that meeting:

a) representing that Clearfield shareholders could exercise rights as dissenting shareholders while also agreeing to sell their shares to Omega;

b) representing that Clearfield would retain its name if it agreed to and did merge with Omega;

c) representing that Omega's offer was superior to the merger between Plaintiffs and Clearfield that had been agreed upon;

d) failing to disclose that Omega was required to obtain various regulatory approvals, including, but not limited to, approval by the Pennsylvania Department of Banking, before making and consummating the offer itself and before any anticipated merger between it and Clearfield;

e) failing to disclose that Omega's offer could have significant tax consequences for shareholders;

f) failing to disclose how and when Omega stock would be valued for purposes of the offer;

g) failing to disclose the source of Omega stock that would be utilized for an exchange for the stock of Clearfield shareholders;

h) failing to disclose that Omega's obligations under the written offer were contingent upon the accuracy of financial information which was already out-dated; and

i) failing to disclose that AFC would be paid a large "success fee" in the event that a merger between Omega and Clearfield was ultimately consummated.

55. The improper interference with the contractual agreements between Plaintiffs and Clearfield by Defendants Anonick and AFC did result in Clearfield's aforesaid breaches of those agreements.

56. The improper interference with the contractual agreements between Plaintiffs and Clearfield by Defendants Anonick and AFC did result in the failure of the proposed merger between Plaintiffs and Clearfield.

57. All of the damages alleged above were caused by Defendant Anonick's and AFC's improper interference with the contractual agreements between Plaintiffs and Clearfield.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendants Timothy A. Anonick and Anonick Financial Corporation in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

Count III.

Plaintiffs vs. Defendants Anonick and AFC

Conspiracy

58. Paragraphs 1 through 57 above are incorporated herein by reference.

59. Defendants Anonick and AFC conspired with Omega and Mr. Moody to commit the aforesaid unlawful acts through express and/or tacit agreements to commit such acts.

60. Based upon information and belief, Plaintiffs allege that Defendants Anonick and AFC conspired with others, including directors of Clearfield, to commit the aforesaid unlawful acts either through express or tacit agreements to commit such acts or through acting in concert to commit them.

61. All of the damages alleged above were caused by Defendant Anonick's and AFC's conspiracy with others.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendants Timothy A. Anonick and Anonick Financial Corporation in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

SHUMAKER WILLIAMS, P.C.

Dated: 4/5/00

By _____
Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. ##82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:107199

EXECUTION COPY
12/31/98

AGREEMENT AND PLAN OF REORGANIZATION

AMONG

PENN LAUREL FINANCIAL CORP.

CSB BANK

AND

CLEARFIELD BANK & TRUST COMPANY

December 31, 1998

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EXHIBITS: AGREEMENT AND PLAN OF MERGER A-1
("BANK MERGER AGREEMENT")

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AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization ("Agreement") is dated and made this 31st day of December, 1998, by and among Penn Laurel Financial Corp., a Pennsylvania business corporation having its corporate headquarters at 434 State Street, Curwensville, Clearfield County, Pennsylvania 16833 ("Penn Laurel"), CSB Bank, a Pennsylvania chartered banking institution and the wholly-owned subsidiary of Penn Laurel, having its corporate headquarters at 434 State Street, Curwensville, Clearfield County, Pennsylvania 16833 ("CSB"), and Clearfield Bank & Trust Company, a Pennsylvania chartered bank and trust company having its corporate headquarters at 11 North Second Street, Clearfield County, Clearfield, Pennsylvania 16830 ("Clearfield").

Background:

Penn Laurel is a Pennsylvania business corporation and a registered bank holding company. CSB is a Pennsylvania chartered banking institution and a wholly-owned subsidiary of Penn Laurel. Clearfield is a Pennsylvania chartered bank and trust company. Penn Laurel, CSB and Clearfield wish to affiliate through a business combination to form a stronger, more effective community financial institution. Subject to the terms and conditions of this Agreement, the foregoing transaction will be accomplished by means of a reorganization and merger pursuant to which Clearfield will merge with CSB. The resulting bank of the merger shall change its name to Penn Laurel Bank & Trust, relocate its corporate headquarters to 11 North Second Street, Clearfield, Pennsylvania and all of the outstanding shares of capital stock of Clearfield, par value $1.5625 per share (the "Clearfield Common Stock") will be converted into and become the right to receive shares of common stock of Penn Laurel, par value $5.00 per share (the "Penn Laurel Common Stock") in the manner, on the terms, and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises, mutual promises, covenants, agreements, representations and warranties hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

AGREEMENT AND PLAN OF MERGER

Section 1.1. Agreement and Plan of Merger. Subject to the terms and conditions of this Agreement, Clearfield shall merge with CSB (the "Merger") in accordance with the Agreement and Plan of Merger attached as Exhibit A to this Agreement (the "Bank Merger Agreement") and pursuant to the provisions of the Pennsylvania Banking Code of 1965, as amended (the "Banking Code").

ARTICLE II

CONVERSION OF SHARES AND
EXCHANGE OF STOCK CERTIFICATES

Section 2.1. Conversion of Shares. On the Effective Date (as defined in Section 11.2 of this Agreement) the shares of Clearfield Common Stock then outstanding shall be converted into and become the right to receive shares of Penn Laurel Common Stock, as follows:

(a) General. Subject to the provisions of Section 2.1(b); 2.1(c) and 2.1(d) of this Article II, each share of Clearfield Common Stock issued and outstanding immediately before the Effective Date shall, on the Effective Date, be converted into and become, without any action on the part of the holder thereof, the right to receive .97 shares of Penn Laurel Common Stock. Subject to the provisions of Section 2.1(b), the aggregate number of shares of Penn Laurel Common Stock to be issued under this Agreement shall not exceed 559,505 shares.

(b) Anti-dilution Provision. In the event that Penn Laurel shall at any time before the Effective Date: (i) declare or pay a dividend in shares of Penn Laurel Common Stock, (ii) combine the outstanding shares of Penn Laurel Common Stock into a smaller number of shares, or (iii) subdivide the outstanding shares of Penn Laurel Common Stock into a greater number of shares, or (iv) reclassify the shares of Penn Laurel Common Stock, then the exchange provisions of Section 2.1 (a) of this Article II shall be proportionately adjusted.

(c) No Fractional Shares. No fractional shares of Penn Laurel Common Stock, and no scrip or certificates therefor, shall be issued in connection with the Merger. In lieu of the issuance of any fractional share to which a former shareholder would otherwise be entitled, the former shareholder shall receive, in cash, an amount equal to the fair market value of his fractional interest. The fair market value of the fractional interest shall be the arithmetic average of the average of the per share closing bid and asked reported prices for Penn Laurel Common Stock for the fifteen (15) trading days immediately preceding the date of receipt of the last required regulatory approval for the transactions contemplated by this Agreement and, the Bank Merger Agreement (the "Approval Date"), as reported i) by Ryan, Beck & Co. and by F. J. Morrissey & Co., Inc.; or, in the event that neither of these firms is then making a market in Penn Laurel Common Stock, (ii) by two brokerage firms then making a market in Penn Laurel Common Stock to be selected by Penn Laurel and approved by Clearfield. The foregoing fifteen (15) trading days being hereinafter sometimes referred to as the "Price Determination Period." (For example, if March 3, 1999 is the Approval Date, the Price Determination Period, would be February 7, 10, 11, 12, 13, 14, 18, 19, 20, 21, 22, 25, 26, 27 and 28, 1999).

(d) Clearfield Treasury Stock. Each share of Clearfield Common Stock issued and held in the treasury of Clearfield as of the Effective Date, if any, shall be canceled, and no cash, stock, or other property shall be delivered in exchange therefor.

(e) Penn Laurel Common Stock.

(i) Each share of Penn Laurel Common Stock issued and outstanding immediately prior to the Effective Date, shall, on and after the Effective Date, continue to be issued and outstanding as an identical share of Penn Laurel Common Stock.

(ii) Each share of Penn Laurel Common Stock issued and held in the treasury of Penn Laurel as of the Effective Date, if any, shall, on and after the Effective Date, continue to be issued and held in the treasury of Penn Laurel.

(f) Each share of Clearfield Common Stock owned by Penn Laurel or a wholly-owned subsidiary of Penn Laurel, other than shares held in trust, managed, custodial or nominee accounts and the like, that in any such case are beneficially owned by third parties, on the Effective Date, shall be cancelled and retired and shall cease to exist and no shares of Penn Laurel or other consideration shall be deliverable in exchange therefor.

Section 2.2. Exchange of Stock Certificates. Clearfield Common Stock certificates shall be exchanged for Penn Laurel Common Stock certificates in accordance with the following procedures:

(a) Exchange Agent. The transfer agent of Penn Laurel shall act as exchange agent (the "Exchange Agent") to receive Clearfield Common Stock certificates from the holders thereof and to exchange the certificates for Penn Laurel Common Stock certificates and (if applicable) to pay cash for fractional shares of Clearfield Common Stock pursuant to Section 2.1(c) above. The Exchange Agent shall, on or promptly after the Effective Date, mail to each former shareholder of Clearfield a notice specifying the procedures to be followed in surrendering Clearfield Common Stock certificates.

(b) Surrender of Certificates. As promptly as possible after receipt of the Exchange Agent's notice, each former shareholder of Clearfield shall surrender his Clearfield Common Stock certificates to the Exchange Agent; provided, that if any former shareholder of Clearfield shall be unable to surrender his Clearfield Common Stock certificates due to loss or mutilation thereof, he may make a constructive surrender by following procedures comparable to those customarily used by Penn Laurel for issuing replacement certificates to Penn Laurel shareholders whose Penn Laurel Common Stock certificates have been lost or mutilated. Upon receiving a proper actual or constructive surrender of Clearfield Common Stock certificates from a former Clearfield shareholder, the Exchange Agent shall issue to the shareholder, in exchange therefor, a Penn Laurel Common Stock certificate representing the whole number of shares of Penn Laurel Common Stock into which the shareholder's shares of Clearfield Common Stock have been converted in accordance with this Article II, together with a check in the amount of any cash to which the shareholder is entitled, pursuant to Section 2.1(c) of this Agreement, in lieu of the issuance of a fractional share.

(c) Dividend Withholding. Dividends, if any, payable by Penn Laurel after the Effective Date to any former shareholder of Clearfield who has not, prior to the payment date, surrendered his Clearfield Common Stock certificates may, at the option of Penn Laurel, be withheld. Any dividends so withheld shall be paid, without interest, to the former shareholder of Clearfield upon proper surrender of the Clearfield Common Stock certificates. Subject to the accounting rules regarding pooling of interest method of accounting, each party shall use their best efforts to cooperate in the declaration and timing of the payment of dividends to assure that neither a windfall nor a detriment to each party's respective shareholders shall occur concerning the amount and timing of the payment of dividends.

(d) Failure to Surrender Certificates. All Clearfield Common Stock certificates must be surrendered to the Exchange Agent within two (2) years after the Effective Date. In the event that any former shareholder of Clearfield shall not have properly surrendered his Clearfield Common Stock certificates within two (2) years after the Effective Date, the shares of Penn Laurel Common Stock that would otherwise have been issued to the shareholder may, at the option of Penn Laurel, be sold and the net proceeds of the sale, together with the cash (if any) to which the shareholder is entitled in lieu of the issuance of a fractional share and any previously accrued dividends, shall be held in a non-interest bearing account for the benefit of the former shareholder. From and after any sale, the sole right of the former shareholder of Clearfield shall be the right to collect the net proceeds, cash and accumulated dividends. Subject to all applicable laws of escheat, the net proceeds, cash and accumulated dividends shall be paid to the former shareholder of Clearfield, without interest, upon proper surrender of the former shareholder's certificates.

(e) Expenses of Share Surrender and Exchange. All costs and expenses associated with the foregoing surrender and exchange procedure shall be borne by Penn Laurel. Notwithstanding the foregoing, no party hereto will be liable to any holder of Clearfield Common Stock for any amount paid in good faith to a public official or agency pursuant to any applicable abandoned property, escheat or similar law.

(f) Exchange Procedures. Each certificate for shares of Clearfield Common Stock delivered for exchange under this Article II must be endorsed in blank by the registered holder thereof or be accompanied by a power of attorney to transfer the shares endorsed in blank by the holder. If more than one certificate is surrendered at one time and in one transmittal package for the same shareholder account, the number of whole shares of Penn Laurel Common Stock for which certificates will be issued pursuant to this Article II will be computed on the basis of the aggregate number of shares represented by the certificates so surrendered. If shares of Clearfield Common Stock or payments of cash are to be issued or made to a person other than the one in whose name the surrendered certificate is registered, the certificate so surrendered must be properly endorsed in blank, with signature(s) guaranteed, or otherwise in proper form for transfer, and the person to whom certificates for shares of Penn Laurel Common Stock is to be issued or to whom cash is to be paid shall pay any transfer or other taxes required by reason of the issuance or payment to a person other than the registered holder of the certificate for shares of Clearfield Common

Stock that are surrendered. As promptly as practicable after the Effective Date, Penn Laurel shall send or cause to be sent to each shareholder of record of Clearfield Common Stock transmittal materials for use in exchanging certificates representing Clearfield Common Stock for certificates representing Penn Laurel Common Stock into which the former have been converted in the Merger.

(g) Closing of Stock Transfer Books; Cancellation of Clearfield Certificates. Upon the Effective Date, the stock transfer books for Clearfield Common Stock will be closed and no further transfers of shares of Clearfield Common Stock will thereafter be made or recognized. All certificates for shares of Clearfield Common Stock surrendered pursuant to this Article II will be canceled by Penn Laurel.

(h) Rights Evidenced by Certificate. Each certificate for shares of Penn Laurel Common Stock issued in exchange for certificates for Clearfield Common Stock pursuant to Section 2.2(f) hereof will be dated as of the Effective Date and be entitled to dividends and all other rights and privileges pertaining to the shares of Penn Laurel Common Stock from and after the Effective Date. Until surrendered, each certificate theretofore evidencing shares of Clearfield Common Stock will, from and after the Effective Date, evidence solely the right to receive certificates for shares of Penn Laurel Common Stock pursuant to Section 2.2(f) of this Agreement. If certificates for shares of Clearfield Common Stock are exchanged for Penn Laurel Common Stock at a date following one or more record dates for the payment of dividends or of any other distribution on the shares of Penn Laurel Common Stock subsequent to the Effective Date, Penn Laurel will pay cash in an amount equal to dividends theretofore payable on the Penn Laurel Common Stock and pay or deliver any other distribution to which holders of shares of Penn Laurel Common Stock have theretofore become entitled. No interest will accrue or be payable in respect of dividends or cash otherwise payable under this Section 2.2 upon surrender of certificates for shares of Penn Laurel Common Stock. Notwithstanding the foregoing, no party hereto will be liable to any holder of Clearfield Common Stock for any amount paid in good faith to a public official or agency pursuant to any applicable abandoned property, escheat or similar law. Until the certificates for shares of Clearfield Common Stock are surrendered by a Clearfield shareholder to Penn Laurel for exchange, Penn Laurel shall have the right to withhold dividends or any other distributions, without interest, on the shares of the Penn Laurel Common Stock issuable to the shareholder.

(i) Payment Procedures. As soon as practical after the Effective Date, Penn Laurel shall make payment of the cash consideration provided for in Section 2.1(c) to each person entitled thereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF CLEARFIELD

Clearfield represents and warrants to Penn Laurel and CSB, as of this date, as follows:

Section 3.1. Authority. Clearfield has all requisite corporate power and authority to enter into and perform all of its obligations under this Agreement and the Bank Merger Agreement. The execution and delivery of this Agreement and the Bank Merger Agreement and the performance of the transactions contemplated herein and therein have been duly and validly authorized by the Board of Directors of Clearfield and, except for the approval of this Agreement and the Bank Merger Agreement by its shareholders, Clearfield has taken all corporate action necessary on its part to authorize this Agreement and the Bank Merger Agreement and the performance of the transactions contemplated herein and therein. This Agreement and the Bank Merger Agreement have been duly executed and delivered by Clearfield and, assuming due authorization, execution and delivery by Penn Laurel and CSB, constitute valid and binding obligations of Clearfield, in each case enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles. Neither the execution and delivery of this Agreement and the Bank Merger Agreement, nor consummation of the transactions contemplated hereby or thereby, nor compliance by Clearfield with any of the provisions hereof or thereof (i) conflict with or result in a breach of any provisions of the Articles of Incorporation or By-laws of Clearfield, (ii) constitute or result in a material breach of any term, condition or provisions of, or constitute a default under or give rise to any right of termination, cancellation or acceleration with respect to, or result in the creation of any lien, charge, security interest or other encumbrance upon any property or assets of Clearfield pursuant to any note, bond, mortgage, indenture, deed of trust, license, agreement or other instrument or obligation, which will have, in the aggregate, a material adverse effect on Clearfield, or (iii) violate any order, writ, injunction, decree, statute, code, ordinance, rule, regulation or judgment applicable to Clearfield.

Section 3.2. Organization and Standing. Clearfield is a duly organized bank and trust company, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Clearfield has full power and authority to carry out its business as now conducted and is duly qualified to do business in the states of the United States and foreign jurisdictions where its ownership or leasing of property or the conduct of its business requires qualification and where failure to so qualify would have a material adverse effect on the financial condition, results of operations, business or prospects of Clearfield.

Section 3.3. No Subsidiaries. Except as previously disclosed, Clearfield owns no subsidiaries, directly or indirectly.

Section 3.4. Capitalization. The authorized capital stock of Clearfield consists solely of 617,600 shares of capital stock, par value $1.5625 per share, Clearfield Common Stock, of which, at the date hereof, 576,809 shares are issued and outstanding. All outstanding shares of Clearfield Common Stock have been duly authorized and are validly issued, fully paid and nonassessable.

None of the shares of Clearfield Common Stock have been issued in violation of the preemptive rights of any person or entity. At the date hereof, there are no authorized, issued and outstanding options, convertible securities, warrants or other rights to purchase or acquire any of the Clearfield Common Stock from Clearfield. There are no outstanding agreements, restrictions, contracts, commitments or demands of any character to which Clearfield is a party, that relate to the transfer or restrict the transfer of any shares of Clearfield Common Stock. There are no shareholder agreements, understandings or commitments relating to the right of Clearfield to vote or dispose of its shares.

Section 3.5. Articles of Incorporation, Bylaws and Minute Books. The copies of the Articles of Incorporation and Bylaws of Clearfield that have been delivered to Penn Laurel and CSB are true, correct and complete. Except as previously disclosed, all minute books of Clearfield have been made available to Penn Laurel and CSB for inspection and are true, correct and complete in all material respects and record the actions taken by the Board of Directors of Clearfield at the meetings documented in the minutes.

Section 3.6. Consents. Except for the consents, approvals, filings and registrations contemplated by Sections 8.1(a) and (c) hereof, and compliance with any conditions contained therein, and the approval of this Agreement and the Bank Merger Agreement by the shareholders of Clearfield, no consents or approvals of, or filings or registrations with, any public body or authority are necessary, and no consents or approvals of any third parties are necessary, or will be, in connection with the execution and delivery of this Agreement or the Bank Merger Agreement by Clearfield, and the consummation by Clearfield of the transactions contemplated hereby. Clearfield has no reason to believe that any required consents or approvals will not be received or will be received with conditions, limitations or restrictions unacceptable to it or that would adversely impact Clearfield's ability to consummate the transactions contemplated by this Agreement.

Section 3.7. Financial Statements and Regulatory Reports. Clearfield has delivered to Penn Laurel and CSB its (i) Balance Sheets, Statements of Income, Statements of Stockholders' Equity and Statements of Cash Flows as of and for the years ended December 31, 1997 and December 31, 1996, certified by Young, Oakes, Brown & Company, P.C., of Altoona, Pennsylvania, Clearfield's independent auditors, and set forth in the Annual Report to the Shareholders of Clearfield for the year ended on December 31, 1997 (the "Clearfield Financial Statements") and (ii) Call Reports, Consolidated Reports of Condition and Income, (the aforementioned consolidated report of condition and income as of September 30, 1998, is referred to herein as the "Clearfield Balance Sheet") and accompanying schedules, filed by Clearfield with any regulatory authority for each calendar quarter, beginning with the quarter ended September 30, 1998, through the Effective Date ("Clearfield Regulatory Reports"). Each of the foregoing financial statements fairly presents the financial condition, assets and liabilities, and results of operations of Clearfield at their respective dates and for the respective periods then ended and have been prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise noted in a footnote thereto and subject, in the case of the interim financial statements contained in the aforesaid Clearfield Regulatory Report, to normal recurring year-end adjustments, that are not material in any case or in the aggregate. The books and records of Clearfield are

maintained in accordance with generally accepted accounting principles consistently applied. The Clearfield Regulatory Reports have been, or will be, prepared in accordance with applicable regulatory accounting principles and practices applied on a consistent basis throughout the periods covered by the statements, and fairly present, or will fairly present, the financial position, results of operations and changes in shareholders' equity of Clearfield as of and for the periods ended on the dates thereof, in accordance with applicable regulatory accounting principles applied on a consistent basis.

Section 3.8. Absence of Undisclosed Liabilities. Except as previously disclosed, or as reflected, noted or adequately reserved against in the Clearfield Balance Sheet, as at September 30, 1998, Clearfield had no liabilities (whether accrued, absolute, contingent or otherwise) or asset impairment that are required to be reflected, noted or reserved against therein under generally accepted accounting principles or that are, in any case or in the aggregate, material. Except as previously disclosed, since September 30, 1998, Clearfield has not incurred any liability, other than liabilities of the same nature as those set forth in the Clearfield Balance Sheet, all of which have been reasonably incurred in the ordinary course of business consistent with customary business practices of prudently managed banks (hereinafter referred to as "Ordinary Course of Business").

Section 3.9. Absence of Changes. Since September 30, 1998, Clearfield has conducted its business in the Ordinary Course of Business and, except as previously disclosed, Clearfield has not undergone any change in condition (financial or otherwise), assets, liabilities, business or operations, other than changes in the Ordinary Course of Business that have not been, either in any case or in the aggregate, materially adverse.

Section 3.10. Dividends, Distributions and Stock Purchases. Except as previously disclosed, since September 30, 1998, Clearfield has not declared, set aside, made or paid any dividend or other distribution in respect of the Clearfield Common Stock, or purchased, issued or sold any shares of Clearfield Common Stock.

Section 3.11. Taxes. Clearfield has filed all federal, state, county, municipal and foreign tax returns, reports and declarations that are required to be filed by Clearfield. Except as previously disclosed, (i) Clearfield has paid all taxes, penalties and interest that have become due pursuant thereto or that became due pursuant to assessments, and (ii) Clearfield has not received any notice of deficiency or assessment of additional taxes and no tax audits are in process. The Internal Revenue Service (the "IRS") has not, to the knowledge of Clearfield, commenced, or given notice of its intention to commence any examination or audit of the federal income tax returns of Clearfield for any year through and including the year ended December 31, 1997. Clearfield has not granted any waiver of any statute of limitations or otherwise agreed to any extension of a period for the assessment of any federal, state, county, municipal or foreign income tax. Except as previously disclosed, the accruals and reserves reflected in the Clearfield Balance Sheet are adequate to cover all taxes (including interest and penalties, if any, thereon) payable or accrued as a result of its operations for all periods prior to the date of the Clearfield Balance Sheet.

Section 3.12. Title to and Condition of Assets. Clearfield has good and marketable title to all real and personal properties and assets reflected in the Clearfield Balance Sheet or acquired subsequent to September 30, 1998 (other than property and assets disposed of in the Ordinary Course of Business), free and clear of all liens or encumbrances of any kind whatsoever other than: (i) as reflected in the Clearfield Balance Sheet; (ii) liens of current taxes not yet due; and (iii) imperfections of title, encumbrances and easements, if any, that are not substantial in character, amount or extent and do not materially detract from the value, or interfere with the present or proposed use, of the properties and assets subject thereto. The structures and other improvements to real estate, furniture, fixtures and equipment reflected in the Clearfield Balance Sheet or acquired subsequent to September 30, 1998, are in good operating condition and repair (ordinary wear and tear excepted) and comply in all material respects with all applicable laws, ordinances and regulations, including without limitation all building codes, zoning ordinances and other similar laws. Clearfield owns or has the right to use all real and personal properties and assets necessary to the conduct of its business as now conducted.

Section 3.13. Contracts. All contracts, agreements, leases, licenses and other commitments are valid and in full force and effect, and all parties thereto have in all material respects performed all obligations required to be performed by them to date and are not in default in any material respect.

Except as disclosed on Schedule 3.13, Clearfield is not a party to or subject to (i) any employment, consulting or severance contract or arrangement with any past or present officer, director or employee, except for "at will" arrangements (ii) any plan, arrangement or contract providing for bonuses, options, deferred compensation, profit sharing or similar arrangements for or with any past or present officers, directors or employees of Clearfield; (iii) any collective bargaining agreement with any labor union relating to employees of Clearfield; (iv) any agreement that by its terms limits the payment of dividends by Clearfield; (v) any instrument evidencing or related to indebtedness for borrowed money in excess of $20,000, whether directly or indirectly, by way of purchase money obligation, conditional sale, lease purchase, guaranty or otherwise, in respect of which Clearfield is an obligor to any person, which instrument evidences or relates to indebtedness other than deposits, repurchase agreements, bankers acceptances and "treasury tax and loan" accounts established in the Ordinary Course of Business and transactions in federal funds or that contains financial covenants or other restrictions (other than those relating to the payment of principal and interest when due) that would be applicable on or after the Effective Date to Penn Laurel or any Penn Laurel subsidiary; (vi) any contract (other than this Agreement) limiting the freedom of Clearfield to engage in any type of banking or banking-related business permissible under law; or (vii) any contract, plan or arrangement that provides for payments or benefits in certain circumstances that, together with other payments or benefits payable to any participant therein or party thereto, might render any portion of any payments or benefits subject to disallowance of deduction therefor as a result of the application of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

No party to any material contract, plan, arrangement or instrument that requires annual payments in excess of $10,000 will have the right to terminate any or all of the provisions of any

contract, plan, arrangement or instrument as a result of the transactions contemplated by this Agreement, and none of the employees of Clearfield possess the right to terminate their employment as a result of the execution of this Agreement. Except as otherwise previously disclosed, no plan, employment agreement, termination agreement, or similar agreement or arrangement to which Clearfield is a party or under which Clearfield may be liable contains provisions that permit an employee or independent contractor to terminate it without cause and continue to accrue future benefits thereunder. No agreement, plan or arrangement provides for acceleration in the vesting of benefits or payments due thereunder upon the occurrence of a change in ownership or control of Clearfield absent the occurrence of a subsequent event; provides for benefits that may cause the disallowance of a federal income tax deduction under Section 280G of the Code; or requires Clearfield to provide a benefit in the form of Clearfield Common Stock or determined by reference to the value of Clearfield Common Stock.

Section 3.14. Litigation and Governmental Directives. There is no litigation, investigation or proceeding pending, or to the knowledge of Clearfield threatened, that involves Clearfield or its properties and that, if determined adversely, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield; there are no outstanding orders, writs, injunctions, judgments, decrees, regulations, directives, consent agreements or memoranda of understanding issued by any federal, state or local court or governmental authority or arbitration tribunal issued against or with the consent of Clearfield that materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield or that in any manner restrict Clearfield's right to conduct its business as presently conducted, or challenge the validity or propriety of any of the transactions contemplated by the Agreement, or that could adversely affect the ability of Clearfield to perform under this Agreement; and Clearfield is not aware of any fact or condition presently existing that might give rise to any litigation, investigation or proceeding that, if determined adversely to Clearfield, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield.

Section 3.15. Compliance with Laws; Governmental Authorizations. Clearfield is in compliance with all statutes, laws, ordinances, rules, regulations, judgments, orders, decrees, directives, consent agreements, memoranda of understanding, permits, concessions, grants, franchises, licenses, and other governmental authorizations or approvals applicable to Clearfield or to any of its properties; all permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals necessary for the conduct of the business of Clearfield as presently conducted have been duly obtained and are in full force and effect, and there are no proceedings pending, or to the knowledge of Clearfield threatened, that may result in the revocation, cancellation, suspension or materially adverse modification of any thereof; and Clearfield has not received any notification or communication from any regulatory authority (A) asserting that it is not in substantial compliance with any of the statues, regulations or ordinances that the regulatory authorities enforce; (B) requiring or threatening to require Clearfield, or indicating that Clearfield may be required, to enter into a cease and desist order, agreement or memorandum of understanding or any other agreement restricting or limiting, or purporting to restrict or limit, in any manner the operations of Clearfield, including without limitation, any restriction on the payment of dividends (any notice,

communication, memorandum, agreement or order described herein is referred to as a "Regulatory Agreement"); (C) threatening to revoke any license, franchise, permit or governmental authorization that is material to Clearfield; (D) requiring Clearfield to enter into any Regulatory Agreement; or (E) requesting that board resolutions be adopted pursuant to regulatory action.

Section 3.16. Insurance. All policies of insurance, including all policies of title insurance and financial institutions bonds, held by or on behalf of Clearfield are in full force and effect and no notices of cancellation have been received in connection therewith. All the policies of insurance have been issued by reputable insurers and, in respect of amounts, types and risks, the insurance is customary with industry practices for the business conducted by Clearfield.

Section 3.17. Financial Institutions Bonds. Since January 1, 1991, Clearfield has continuously maintained in full force and effect a financial institutions bond insuring Clearfield against acts of dishonesty by each of its employees. Except as previously disclosed, no claim has been made under any bond, and Clearfield is not aware of any fact or condition presently existing that might form the basis of a claim under any bond. Clearfield has no reason to believe that its present financial institutions bond will not be renewed by its carrier on substantially the same terms and at the same rate as now in effect.

Section 3.18. Labor Relations. Clearfield is not a party to or bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is Clearfield the subject of a proceeding asserting that Clearfield has committed an unfair labor practice or seeking to compel Clearfield to bargain with any labor organization as to wages and conditions of employment, nor is there any strike or other labor dispute involving Clearfield pending, or to the knowledge of Clearfield, threatened, that might materially adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield. Clearfield is not subject to or a party in any Complaint or action before the Pennsylvania Human Relations Commission, the Equal Employment Opportunity Commission, or the Department of Labor. There are no labor disputes pending, or to the knowledge of Clearfield threatened, that might materially and adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield.

Section 3.19. Employee Benefit Plans. Each "employee benefit plan", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that now covers any employee of Clearfield, its predecessors or affiliates, complies in all material respects with all applicable requirements of ERISA, the Code and other applicable laws. Neither Clearfield nor any of its predecessors or affiliates has engaged in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) or any breach of fiduciary responsibility under Part 4 of Title I of ERISA, with respect to which a prohibited transaction is likely to result in any material penalties or taxes under Section 502 of ERISA or Section 4975 of the Code, or any material liability to any participant or beneficiary of the plan. No material liability to the Pension Benefit Guaranty Corporation has been or is expected to be incurred by Clearfield with respect to itself or its predecessors or affiliates with respect to any plan that is subject to Title IV of ERISA, or with respect to any "single employer plan" (as defined in Section 4001(a)(15) of ERISA) currently or

formerly maintained. No plan had an "accumulated funding deficiency" (as defined in Section 302 of ERISA) (whether or not waived) as of the last day of the end of the most recent plan year ending prior to the date hereof. The fair market value of the assets of each plan exceeds the present value of the "benefit liabilities" (as defined in Section 4001(a)(16) of ERISA) under each plan as of the end of the most recent plan year, calculated on the basis of the actuarial assumptions used in the most recent actuarial valuation for each plan. No notice of a "reportable event" (as defined in Section 4043 of ERISA) for which the 30-day reporting requirement has not been waived has been required to be filed for any of the plans within the 12-month period ending on the date hereof. Neither Clearfield, its predecessors or affiliates has provided, or is required to provide, security to any plans pursuant to Section 401(a)(29) of the Code. Clearfield, its predecessors and affiliates have contributed to no "multi-employer plan", as defined in Section 3(37) of ERISA, on or after September 26, 1980. All actuarial valuations and other documents and information concerning benefit plans delivered or made available in connection with this Agreement are true and correct as of the date(s) shown thereon, and all actuarial methods and assumptions are appropriate for the plans, and are consistent with the methods and assumptions permitted by the Code and ERISA. All the plans are funded to the extent that the assets of each plan would then be sufficient to pay all vested accrued benefits thereunder, and there would be no employer liability under Title IV of ERISA. Except as previously disclosed, since 1990, there has been no audit of any benefit plan of Clearfield by the Department of Labor, the IRS or the Pension Benefit Guaranty Corporation ("PBGC"). There has not been any audit of the Pension Plan or any of Clearfield's other employee benefit plans by the Department of Labor, the IRS or the PBGC since 1988. Clearfield, its predecessors and affiliates, have no obligation for retiree health and life benefits under any benefit plan, contract, or arrangement. Clearfield has no obligation for any post-retirement benefits under any plan, contract or arrangement except as previously disclosed on Schedule 3.19.

Section 3.20. Related Party Transactions. Except as previously disclosed, Clearfield has no contract, extension of credit, business arrangement or other relationship of any kind with any of the following persons: (i) any present or former officer or director of Clearfield; (ii) any shareholder owning five percent or more of the outstanding Clearfield Common Stock; and (iii) any "associate" (as defined in Rule 405 promulgated by the Securities and Exchange Commission (the "Commission")) of the foregoing persons or any business in which any of the foregoing persons is an officer, director, employee or five percent or greater equity owner. Each extension of credit previously disclosed has been made in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than a normal risk of collectibility or present other unfavorable features.

Section 3.21. Complete and Accurate Disclosure. Neither this Agreement (insofar as it relates to Clearfield, Clearfield Common Stock and Clearfield's involvement in the transactions contemplated hereby) nor any financial statement, schedule, certificate, or other statement or document delivered by Clearfield to Penn Laurel or CSB in connection herewith contains any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omits to state any material fact necessary to make the statements contained herein or therein not false or misleading. In particular, without limiting the

generality of the foregoing sentence, the information provided and the representations made by Clearfield to Penn Laurel and CSB in connection with the Registration Statement (as defined in Section 7.2(b) of this Agreement), both at the time the information and representations are provided and made and at the Effective Date, will be true and accurate in all material respects and will not contain any false or misleading statement with respect to any material fact or omit to state any material fact necessary (i) to make the statements made therein not false or misleading, or (ii) to correct any statement contained in an earlier communication with respect to the information or representations that has become false or misleading.

Section 3.22. Beneficial Ownership of Penn Laurel Common Stock. Prior to the Effective Date, Clearfield and its officers and directors will not beneficially own, in the aggregate, (within the meaning of Commission Rule 13d-3(d)(1)) more than five percent of the outstanding shares of Penn Laurel Common Stock, except as may be held by the Clearfield Trust Department.

Section 3.23. Environmental Matters. For purposes of this Section 3.23 and Section 4.22 below, the following terms shall have the indicated meaning:

"Environmental Law" means any federal, state or local law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to: the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, subsurface soil, plant and animal life or any other natural resource); and the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Substances. The term Environmental Law includes without limitation: the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601, et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, et seq., the Clean Air Act, as amended, 42 U.S.C. §7401, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq., the Toxic Substances Control Act, as amended, 15 U.S.C. §9601, et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. §11001, et seq., the Safe Drinking Water Act, 42 U.S.C. §300f, et seq., and all comparable state and local laws; and any common law (including without limitation common law that may impose strict liability) that may impose liability or obligation for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Substance.

"Hazardous Substance" means any substance presently listed, defined, designated or classified as hazardous, toxic, radioactive or dangerous or otherwise regulated under any Environmental Law, whether by type or by quantity, including any material containing any such substance as a component. Hazardous Substances include, without limitation, petroleum or any derivative or by-product thereof, asbestos, radioactive material, and polychlorinated biphenyls.

"Loan Portfolio Properties and Other Properties Owned" means those properties serving as collateral for loans in CSB's or Clearfield's loan portfolio as the case may be, or properties owned or operated by CSB or Clearfield (including, without limitation, in a fiduciary capacity), as the case may be.

Except as previously disclosed:

(a) Clearfield has not been and is not in violation of or liable under any Environmental Law.

(b) To the knowledge of Clearfield, , none of the Loan Portfolio Properties and Other Properties Owned have been or are in violation of or liable under any Environmental Law.

(c) Clearfield has no knowledge that any environmental contaminant, pollutant, toxic or hazardous waste or other similar substance has been generated, used, stored, processed, disposed of or discharged onto any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield, except as previously disclosed. In particular, without limiting the generality of the foregoing sentence, except as previously disclosed, Clearfield has no knowledge that: (i) any materials containing asbestos have been used or incorporated in any building or other structure or improvement located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield; (ii) any electrical transformers, fluorescent light fixtures with ballasts or other equipment containing PCB's are or have been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield; (iii) any underground storage tanks for the storage of gasoline, petroleum products or other toxic or hazardous substances are or have ever been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield.

(d) Except as previously disclosed, there is no legal, administrative, arbitration or other proceeding, claim, action, or to the knowledge of Clearfield cause of action or governmental investigation of any nature seeking to impose, or that could result in the imposition, on Clearfield of any liability arising under any local, state or federal environmental statute, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, pending or to the knowledge of Clearfield threatened against Clearfield; there is no reasonable basis for any such proceeding, claim, action or governmental investigation; and Clearfield is not subject to any agreement, order,

judgment, decree or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any such liability.

Section 3.24. Proxy Statement/Prospectus. At the time the Proxy Statement/Prospectus (as defined in Section 7.2(b) of this Agreement) is mailed to the shareholders of Clearfield, and at all times subsequent to the mailing, up to and including the Effective Date, the Proxy Statement/Prospectus(including any pre- and post-effective amendments and supplements thereto), with respect to all information relating to Clearfield, Clearfield Common Stock, and actions taken and statements made by Clearfield in connection with the transactions contemplated herein (except for information provided by Penn Laurel and CSB) will: (i) comply in all material respects with applicable provisions of the Securities Act of 1933, as amended (the "Securities Act"), and the pertinent rules and regulations thereunder; and (ii) not contain any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact that is necessary to be stated therein in order (A) to make the statements therein not false or misleading, or (B) to correct any statement in an earlier communication with respect to the Proxy Statement/Prospectusthat has become false or misleading.

Section 3.25. Non-Registration Under the Securities Exchange Act of 1934. Clearfield Common Stock is neither registered nor required to be registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not subject to the periodic reporting requirements imposed by Section 13 or 15(d) of the Exchange Act.

Section 3.26. Deposit Insurance. The deposits of Clearfield are insured by the Bank Insurance Fund, as administered by the Federal Deposit Insurance Corporation (the "FDIC") in accordance with the Federal Deposit Insurance Act, as amended (the "FDIA") and Clearfield has paid all assessments and filed all reports required by the FDIA.

Section 3.27. Repurchase Agreements. With respect to any agreement, pursuant to which Clearfield has purchased securities subject to an agreement to resell, if any, Clearfield has a valid, perfected first lien or security interest in the government securities or other collateral securing the repurchase agreement, and the value of the collateral equals or exceeds the amount of the debt secured thereby.

Section 3.28. Assumability of Contracts and Leases. Except as previously disclosed, all Material Contracts between Clearfield and any other entity or person are assumable and assignable and do not contain any term or provision that would accelerate or increase payments that would otherwise be due by Clearfield to the person or entity, or change or modify the provisions or terms of the leases, contracts and agreements by reason of this Agreement or the transactions contemplated hereby. Except as previously disclosed, each lease pursuant to which Clearfield, as lessee, leases real or personal property is valid and in effect in accordance with its respective terms, and there is not, under any of the leases, on the part of the lessee any material existing default or any event that, with notice or lapse of time, or both, would constitute a default, other than defaults that would not individually or in the aggregate have a material adverse effect on the financial condition, business, prospects, or operating results of Clearfield.

Section 3.29. Loans. Except as previously disclosed, each loan reflected as an asset on Clearfield's financial statements as of September 30, 1998, or acquired since that date, is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. All loans, and the collateral and other security therefor, and the documentation for the same, meet the requirements, rules, regulations or directives of the FDIC, or other applicable governmental authorities.

Section 3.30. Adjustable Rate Mortgages. Clearfield has made all interest rate adjustments to any mortgage loan according to the terms of said mortgage loan and has complied and is in compliance in all material respects with all federal, state and other applicable laws, rules and regulations, including orders, writs, decrees, injunctions and other requirements of any court or governmental authorities having jurisdiction over adjustable rate mortgages.

Section 3.31. CRA Compliance. Clearfield has received a satisfactory compliance rating and has received a satisfactory Community Reinvestment Act rating. Clearfield has no knowledge of any facts or circumstances that would prevent it from receiving satisfactory ratings upon its next appropriate examination.

Section 3.32. Loan Loss Reserve. The loan loss reserve of Clearfield is and shall remain adequate in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the Banking Department of the Commonwealth of Pennsylvania (the "Banking Department") and the FDIC. No regulatory authority requested Clearfield to increase the allowance for loan losses during 1998, 1997 or 1996.

Section 3.33. Trust Department and Fiduciary Relationships. Clearfield has established, maintained and administered all fiduciary and custodian relationships, accounts and agreements; and undertaken and performed all fiduciary and custodian duties, obligations, and responsibilities in compliance with all applicable laws, statutes, rules, regulations and the governing instruments of the fiduciary and custodian relationships.

Section 3.34. Member Federal Reserve System. Clearfield is not a member of the Federal Reserve System.

Section 3.35. Year 2000 Compliance. Clearfield is in compliance with all requirements announced or promulgated by the Clearfield Regulatory Agencies and by the Federal Financial Institutions Examination Council in connection with Year 2000 preparedness and compliance.

Section 3.36. Accuracy of Representations. Clearfield will promptly notify Penn Laurel if any of the representations contained in this Article III cease to be true and correct subsequent to the date hereof. Further, no representations made by Clearfield pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PENN LAUREL

Penn Laurel represents and warrants to Clearfield, as of this date, as follows:

Section 4.1. Authority. Penn Laurel has all requisite corporate power and authority to enter into and perform all of its obligations under this Agreement and the Bank Merger Agreement. The execution and delivery of this Agreement and the Bank Merger Agreement and the consummation of the transactions contemplated herein and therein have been duly and validly authorized by the Board of Directors of Penn Laurel, and no other corporate action on the part of Penn Laurel, except approval by the shareholders of Penn Laurel, is necessary to authorize this Agreement and the Bank Merger Agreement or the consummation of the transactions contemplated herein and therein. This Agreement and the Bank Merger Agreement have been duly executed and delivered by Penn Laurel and, assuming due authorization, execution and delivery by Clearfield, and receipt of all required regulatory and shareholder approvals, constitutes a valid and binding obligation of Penn Laurel. Assuming regulatory and shareholder approval, the execution, delivery and consummation of this Agreement will not constitute a violation or breach of or default under the Articles of Incorporation or the Bylaws of Penn Laurel or any statute, rule, regulation, order, decree, directive, agreement, indenture or other instrument to which Penn Laurel is a party or by which Penn Laurel or any of its properties are bound.

Section 4.2. Organization and Standing. Penn Laurel is a business corporation that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Penn Laurel is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and has full power and lawful authority to own and hold its properties and to carry on its present business. Penn Laurel owns all of the issued and outstanding shares of capital stock of CSB. CSB is a Pennsylvania chartered banking institution validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and is duly authorized to engage in the banking business as an insured bank under the FDIA.

Section 4.3. Subsidiaries. Except for CSB and CSB Financial Services, Inc., except as previously disclosed, Penn Laurel owns no subsidiaries, directly or indirectly.

Section 4.4. Capitalization. The authorized capital stock of Penn Laurel consists of 2,500,000 shares of Penn Laurel Common Stock, par value $5.00 per share, of which, at September 30, 1998, 346,587 shares were issued and outstanding. All outstanding shares of Penn Laurel Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. The shares of Penn Laurel Common Stock to be issued in connection with the Merger have been duly authorized and, when issued in accordance with the terms of this Agreement and the Bank Merger Agreement, will be validly issued, fully paid and nonassessable. Other than 9,000 options to purchase shares of its Common Stock and its K-SOP Plan, Penn Laurel has no other outstanding options, agreements, convertible securities, warrants or other rights to purchase its stock.

Section 4.5. Articles of Incorporation, Bylaws and Minute Books. The copies of the Articles of Incorporation and Bylaws of Penn Laurel and CSB that have been delivered to Clearfield are true, correct and complete. Except as previously disclosed, all minute books of Penn Laurel and CSB have been made available to Clearfield for inspection and are true, correct and complete in all material respects and record the actions taken by the Board of Directors of Penn Laurel and CSB at the meetings documented in the minutes.

Section 4.6. Consents. Except for the consents, approvals, filings and registrations contemplated by Sections 8.1(a) and (c) hereof, and compliance with any conditions contained therein, and the approval of this Agreement and the Bank Merger Agreement by the Board of Directors and shareholders of Penn Laurel and the shareholder of CSB, no consents or approvals of, or filings or registrations with, any public body or authority are necessary, and no consents or approvals of any third parties are necessary, or will be, in connection with the execution and delivery of this Agreement or the Bank Merger Agreement by Penn Laurel and CSB, and the consummation by Penn Laurel and CSB of the transactions contemplated hereby. Penn Laurel and CSB have no reason to believe that any required consents or approvals will not be received or will be received with conditions, limitations or restrictions unacceptable to it or that would adversely impact Penn Laurel's or CSB's ability to consummate the transactions contemplated by this Agreement.

Section 4.7. Financial Statements and Regulatory Reports. Penn Laurel has delivered to Clearfield its: (i) Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Shareholders' Equity, and Consolidated Statements of Cash Flows as of and for the years ended December 31, 1997 and December 31, 1996, certified by Walter Hopkins and Company, Public Accountants, of Clearfield, Pennsylvania, Penn Laurel's independent auditors, and set forth in the Annual Report to the shareholders of Penn Laurel for the year ended on December 31, 1997 (the "Penn Laurel Financial Statements"); and (ii) Call Reports, Consolidated Reports of Condition and Income (the foregoing Consolidated Statement of Condition being hereinafter referred to as the "Penn Laurel Balance Sheet"). Each of the foregoing financial statements fairly presents the consolidated financial position, assets, liabilities and results of operations of Penn Laurel at their respective dates and for the respective periods then ended and has been prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise noted in a footnote thereto and subject, in the case of the interim financial statements contained in the aforesaid Penn Laurel Regulatory Reports, to normal recurring year-end adjustments, that are not material in any case or in the aggregate. The books and records of Penn Laurel and CSB are maintained in accordance with generally accepted accounting principles consistently applied. The Penn Laurel Regulatory Reports have been, or will be, prepared in accordance with applicable regulatory accounting principles and practices applied on a consistent basis throughout the periods covered by the statements, and fairly present, or will fairly present, the financial position, results of operations and changes in shareholders' equity of Penn Laurel or CSB, as the case may be, as of and for the periods ended on the dates thereof, in accordance with applicable regulatory accounting principles applied on a consistent basis.

Section 4.8. Absence of Undisclosed Liabilities. Except as previously disclosed, or as reflected, noted or adequately reserved against in the Penn Laurel Balance Sheet, at September 30, 1998, Penn Laurel had no material liabilities (whether accrued, absolute, contingent or otherwise) that are required to be reflected, noted or reserved against therein under generally accepted accounting principles or which are in any case or in the aggregate material. Except as previously disclosed, since September 30, 1998, Penn Laurel has not incurred any such liability other than liabilities of the same nature as those set forth in the Penn Laurel Balance Sheet, all of which have been reasonably incurred in the Ordinary Course of Business.

Section 4.9. Absence of Changes. Since September 30, 1998, Penn Laurel and CSB have conducted their business in the Ordinary Course of Business and, except as previously disclosed, Penn Laurel and CSB have not undergone any change in condition (financial or otherwise), assets, liabilities, business or operations, other than changes in the Ordinary Course of Business that have not been, either in any case or in the aggregate, materially adverse.

Section 4.10. Dividends, Distributions and Stock Purchases. Except as previously disclosed, since September 30, 1998, Penn Laurel has not declared, set aside, made or paid any dividend or other distribution in respect of the Penn Laurel Common Stock, or purchased, issued or sold any shares of Penn Laurel Common Stock.

Section 4.11. Taxes. Penn Laurel has filed all federal, state, county, municipal and foreign tax returns, reports and declarations that are required to be filed by Penn Laurel. Except as previously disclosed, (i) Penn Laurel has paid all taxes, penalties and interest that have become due pursuant thereto or that became due pursuant to assessments, and (ii) Penn Laurel has not received any notice of deficiency or assessment of additional taxes and no tax audits are in process. The IRS has not, to the knowledge of Penn Laurel, commenced, or given notice of its intention to commence any examination or audit of the federal income tax returns of Penn Laurel for any year through and including the year ended December 31, 1997. Penn Laurel has not granted any waiver of any statute of limitations or otherwise agreed to any extension of a period for the assessment of any federal, state, county, municipal or foreign income tax. Except as previously disclosed, the accruals and reserves reflected in the Penn Laurel Balance Sheet are adequate to cover all taxes (including interest and penalties, if any, thereon) payable or accrued as a result of its operations for all periods prior to the date of the Penn Laurel Balance Sheet.

Section 4.12. Title to and Condition of Assets. Penn Laurel has good and marketable title to all real and personal properties and assets reflected in the Penn Laurel Balance Sheet or acquired subsequent to September 30, 1998 (other than property and assets disposed of in the Ordinary Course of Business), free and clear of all liens or encumbrances of any kind whatsoever other than: (i) as reflected in the Penn Laurel Balance Sheet; (ii) liens of current taxes not yet due; and (iii) imperfections of title, encumbrances and easements, if any, that are not substantial in character, amount or extent and do not materially detract from the value, or interfere with the present or proposed use, of the properties and assets subject thereto. The structures and other improvements to real estate, furniture, fixtures and equipment reflected in the Penn Laurel Balance Sheet or acquired subsequent to September 30, 1998, are in good operating condition and repair (ordinary wear and

tear excepted) and comply in all material respects with all applicable laws, ordinances and regulations, including without limitation all building codes, zoning ordinances and other similar laws. Penn Laurel and CSB own or have the right to use all real and personal properties and assets necessary to the conduct of their business as now conducted.

Section 4.13. Contracts. All contracts, agreements, leases, licenses and other commitments are valid and in full force and effect, and all parties thereto have in all material respects performed all obligations required to be performed by them to date and are not in default in any material respect.

Except as previously disclosed, neither Penn Laurel nor CSB is a party to or subject to (i) any employment, consulting or severance contract or arrangement with any past or present officer, director or employee, except for "at will" arrangements (ii) any plan, arrangement or contract providing for bonuses, options, deferred compensation, profit sharing or similar arrangements for or with any past or present officers, directors or employees of Penn Laurel or CSB; (iii) any collective bargaining agreement with any labor union relating to employees of Penn Laurel or CSB; (iv) any agreement that by its terms limits the payment of dividends by Penn Laurel or CSB; (v) any instrument evidencing or related to indebtedness for borrowed money in excess of $20,000, whether directly or indirectly, by way of purchase money obligation, conditional sale, lease purchase, guaranty or otherwise, in respect of which Penn Laurel or CSB is an obligor to any person, which instrument evidences or relates to indebtedness other than deposits, repurchase agreements, bankers acceptances and "treasury tax and loan" accounts established in the Ordinary Course of Business and transactions in federal funds or that contains financial covenants or other restrictions (other than those relating to the payment of principal and interest when due) that would be applicable on or after the Effective Date to Penn Laurel or any Penn Laurel subsidiary; (vi) any contract (other than this Agreement) limiting the freedom of Penn Laurel or CSB to engage in any type of banking or banking-related business permissible under law; or (vii) any contract, plan or arrangement that provides for payments or benefits in certain circumstances that, together with other payments or benefits payable to any participant therein or party thereto, might render any portion of any payments or benefits subject to disallowance of deduction therefor as a result of the application of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

No party to any material contract, plan, arrangement or instrument that requires annual payments in excess of $10,000 will have the right to terminate any or all of the provisions of any contract, plan, arrangement or instrument as a result of the transactions contemplated by this Agreement, and except as previously disclosed, none of the employees of Penn Laurel or CSB possess the right to terminate their employment as a result of the execution of this Agreement. No plan, employment agreement, termination agreement, or similar agreement or arrangement to which Penn Laurel or CSB is a party or under which Penn Laurel or CSB may be liable contains provisions that permit an employee or independent contractor to terminate it without cause and continue to accrue future benefits thereunder. Except as previously disclosed, no agreement, plan or arrangement provides for acceleration in the vesting of benefits or payments due thereunder upon the occurrence of a change in ownership or control of Penn Laurel or CSB absent the occurrence of a subsequent event; provides for benefits that may cause the disallowance of a federal income tax

deduction under Section 280G of the Code; or requires Penn Laurel or CSB to provide a benefit in the form of Penn Laurel Common Stock or determined by reference to the value of Penn Laurel Common Stock.

Section 4.14. Litigation and Governmental Directives. Except as previously disclosed, there is no litigation, investigation or proceeding pending, or to the knowledge of Penn Laurel threatened, that involves Penn Laurel or CSB or their properties and that, if determined adversely, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB; there are no outstanding orders, writs, injunctions, judgments, decrees, regulations, directives, consent agreements or memoranda of understanding issued by any federal, state or local court or governmental authority or arbitration tribunal issued against or with the consent of Penn Laurel or CSB hat materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB or that in any manner restrict Penn Laurel's or CSB's right to conduct its business as presently conducted, or challenge the validity or propriety of any of the transactions contemplated by the Agreement, or that could adversely affect the ability of Penn Laurel or CSB to perform under this Agreement; and Penn Laurel is not aware of any fact or condition presently existing that might give rise to any litigation, investigation or proceeding that, if determined adversely to Penn Laurel or CSB, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB.

Section 4.15. Compliance with Laws; Governmental Authorizations. Penn Laurel and CSB are in compliance with all statutes, laws, ordinances, rules, regulations, judgments, orders, decrees, directives, consent agreements, memoranda of understanding, permits, concessions, grants, franchises, licenses, and other governmental authorizations or approvals applicable to Penn Laurel or CSB or to any of their properties; all permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals necessary for the conduct of the business of Penn Laurel and of CSB, as presently conducted, have been duly obtained and are in full force and effect, and there are no proceedings pending, or to the knowledge of Penn Laurel threatened, that may result in the revocation, cancellation, suspension or materially adverse modification of any thereof; and Penn Laurel has not received any notification or communication from any regulatory authority (A) asserting that Penn Laurel or CSB is not in substantial compliance with any of the statues, regulations or ordinances that the regulatory authorities enforce; (B) requiring or threatening to require Penn Laurel or CSB, or indicating that Penn Laurel or CSB may be required, to enter into a cease and desist order, agreement or memorandum of understanding or any other agreement restricting or limiting, or purporting to restrict or limit, in any manner the operations of Penn Laurel or CSB, including without limitation, any restriction on the payment of dividends (any notice, communication, memorandum, agreement or order described herein is referred to as a "Regulatory Agreement"); (C) threatening to revoke any license, franchise, permit or governmental authorization that is material to Penn Laurel or CSB; (D) requiring Penn Laurel to enter into any Regulatory Agreement or; (E) requesting board resolutions be adopted pursuant to regulatory action.

Section 4.16. Insurance. All policies of insurance, including all policies of title insurance and financial institutions bonds, held by or on behalf of Penn Laurel or CSB are in full force and

effect and no notices of cancellation have been received in connection therewith. All the policies of insurance have been issued by reputable insurers and, in respect of amounts, types and risks, the insurance is customary with industry practices for the business conducted by Penn Laurel or CSB, as the case may be.

Section 4.17. Labor Relations. Neither Penn Laurel nor CSB is a party to or bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is Penn Laurel or CSB the subject of a proceeding asserting that Penn Laurel or CSB has committed an unfair labor practice or seeking to compel Penn Laurel or CSB to bargain with any labor organization as to wages and conditions of employment, nor is there any strike or other labor dispute involving Penn Laurel or CSB pending, or to the knowledge of Penn Laurel or CSB, threatened, that might materially adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB, as the case may be. Neither Penn Laurel nor CSB is subject to or a party in any Complaint or action before the Pennsylvania Human Relations Commission, the Equal Employment Opportunity Commission, or the Department of Labor. There are no labor disputes pending, or to the knowledge of Penn Laurel threatened, that might materially and adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB.

Section 4.18. Employee Benefit Plans. Each "employee benefit plan", as defined in Section 3(3) of ERISA, that now covers any employee of Penn Laurel or CSB, its predecessors or affiliates, complies in all material respects with all applicable requirements of ERISA, the Code and other applicable laws. Neither Penn Laurel nor any of its predecessors or affiliates has engaged in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) or any breach of fiduciary responsibility under Part 4 of Title I of ERISA, with respect to which a prohibited transaction is likely to result in any material penalties or taxes under Section 502 of ERISA or Section 4975 of the Code, or any material liability to any participant or beneficiary of the plan. No material liability to the Pension Benefit Guaranty Corporation has been or is expected to be incurred by Penn Laurel with respect to itself or its predecessors or affiliates with respect to any plan that is subject to Title IV of ERISA, or with respect to any "single employer plan" (as defined in Section 4001(a)(15) of ERISA) currently or formerly maintained. No plan had an "accumulated funding deficiency" (as defined in Section 302 of ERISA) (whether or not waived) as of the last day of the end of the most recent plan year ending prior to the date hereof. The fair market value of the assets of each plan exceeds the present value of the "benefit liabilities" (as defined in Section 4001(a)(16) of ERISA) under each plan as of the end of the most recent plan year, calculated on the basis of the actuarial assumptions used in the most recent actuarial valuation for each plan. No notice of a "reportable event" (as defined in Section 4043 of ERISA) for which the 30-day reporting requirement has not been waived has been required to be filed for any of the plans within the 12-month period ending on the date hereof. Neither Penn Laurel, its predecessors nor affiliates has provided, or is required to provide, security to any plans pursuant to Section 401(a)(29) of the Code. Penn Laurel, its predecessors and affiliates have contributed to no "multi-employer plan", as defined in Section 3(37) of ERISA, on or after September 26, 1980. All actuarial valuations and other documents and information concerning benefit plans delivered or made available in connection with this Agreement are true and correct as of the date(s) shown thereon, and all actuarial methods and

assumptions are appropriate for the plans, and are consistent with the methods and assumptions permitted by the Code and ERISA. All the plans are funded to the extent that the assets of each plan would then be sufficient to pay all vested accrued benefits thereunder, and there would be no employer liability under Title IV of ERISA. Since 1990, there has been no audit of any benefit plan of Penn Laurel or of CSB by the Department of Labor, the IRS or the PBGC. There has not been any audit of the Pension Plan or any of Penn Laurel's or CSB's other employee benefit plans by the Department of Labor, the IRS or the PBGC since 1988. Except as previously disclosed, Penn Laurel, its predecessors and affiliates, have no obligation for retiree health and life benefits under any benefit plan, contract, or arrangement. Penn Laurel and CSB have no obligation for any post-retirement benefits under any plan, contract or arrangement except as previously disclosed.

Section 4.19. Related Party Transactions. Except as previously disclosed, Penn Laurel and CSB have no contract, extension of credit, business arrangement or other relationship of any kind with any of the following persons: (i) any present or former officer or director of Penn Laurel or CSB; (ii) any shareholder owning five percent or more of the outstanding Penn Laurel Common Stock; and (iii) any "associate" (as defined in Rule 405 promulgated by the Commission of the foregoing persons or any business in which any of the foregoing persons is an officer, director, employee or five percent or greater equity owner. Each extension of credit previously disclosed has been made in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than a normal risk of collectibility or present other unfavorable features.

Section 4.20. Complete and Accurate Disclosure. Neither this Agreement (insofar as it relates to Penn Laurel, CSB, Penn Laurel Common Stock and Penn Laurel's and CSB's involvement in the transactions contemplated hereby) nor any financial statement, schedule, certificate, or other statement or document delivered by Penn Laurel or CSB to Clearfield in connection herewith contains any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omits to state any material fact necessary to make the statements contained herein or therein not false or misleading. In particular, without limiting the generality of the foregoing sentence, the information provided and the representations made by Penn Laurel or CSB to Clearfield in connection with the Registration Statement (as defined in Section 7.2b) of this Agreement), both at the time the information and representations are provided and made and at the Effective Date, will be true and accurate in all material respects and will not contain any false or misleading statement with respect to any material fact or omit to state any material fact necessary (i) to make the statements made therein not false or misleading, or (ii) to correct any statement contained in an earlier communication with respect to the information or representations that has become false or misleading.

Section 4.21. Beneficial Ownership of Clearfield Common Stock. Prior to the Effective Date, Penn Laurel, CSB and their officers and directors will not beneficially own, in the aggregate, (within the meaning of Commission Rule 13d-3(d)(1)) more than five percent of the outstanding shares of Clearfield Common Stock.

Section 4.22. Environmental Matters. Except as previously disclosed:

(a) Penn Laurel and CSB have not been and are not in violation of or liable under any Environmental Law.

(b) To the knowledge of Penn Laurel,, none of the Loan Portfolio Properties and Other Properties Owned have been or are in violation of or liable under any Environmental Law.

(c) Penn Laurel has no knowledge that any environmental contaminant, pollutant, toxic or hazardous waste or other similar substance has been generated, used, stored, processed, disposed of or discharged onto any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel, except as previously disclosed. In particular, without limiting the generality of the foregoing sentence, except as previously disclosed, Penn Laurel has no knowledge that: (i) any materials containing asbestos have been used or incorporated in any building or other structure or improvement located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB; (ii) any electrical transformers, fluorescent light fixtures with ballasts or other equipment containing PCB's are or have been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB; (iii) any underground storage tanks for the storage of gasoline, petroleum products or other toxic or hazardous substances are or have ever been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB.

(d) Except as previously disclosed, there is no legal, administrative, arbitration or other proceeding, claim, action, or to the knowledge of Penn Laurel cause of action or governmental investigation of any nature seeking to impose, or that could result in the imposition, on Penn Laurel or CSB of any liability arising under any local, state or federal environmental statute, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, pending or to the knowledge of Penn Laurel threatened against Penn Laurel or CSB; there is no reasonable basis for any such proceeding, claim, action or governmental investigation; and neither Penn Laurel nor CSB is subject to any agreement, order, judgment, decree or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any such liability.

Section 4.23. Proxy Statement/Prospectus. At the time the Proxy Statement/Prospectus (as defined in Section 7.2b) of this Agreement) is mailed to the shareholders of Clearfield, and at all times subsequent to the mailing, up to and including the Effective Date, the Proxy Statement/Prospectus (including any pre- and post-effective amendments and supplements thereto), (other than information provided by Clearfield), will: (i) comply in all material respects with applicable provisions of the Securities Act and the Exchange Act and the pertinent rules and regulations thereunder; and (ii) not contain any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact that is necessary to be stated therein in order (A) to make the statements therein not false or misleading, or (B) to correct any statement in an earlier communication with respect to the Proxy Statement/Prospectusthat has become false or misleading.

Section 4.24. Non-Registration Under the Securities Exchange Act of 1934. Penn Laurel Common Stock is neither registered nor required to be registered under Section 12 of the Exchange Act and is not subject to the periodic reporting requirements imposed by Section 13 or 15(d) of the Exchange Act.

Section 4.25. Repurchase Agreements. With respect to any agreement, pursuant to which Penn Laurel or CSB has purchased securities subject to an agreement to resell, if any, Penn Laurel or CSB, as the case may be, has a valid, perfected first lien or security interest in the government securities or other collateral securing the repurchase agreement, and the value of the collateral equals or exceeds the amount of the debt secured thereby.

Section 4.26. Assumability of Contracts and Leases. Except as previously disclosed, all Material Contracts between Penn Laurel or CSB, as the case may be, and any other entity or person do not contain any term or provision that would accelerate or increase payments that would otherwise be due by Penn Laurel or CSB to the person or entity, or change or modify the provisions or terms of the leases, contracts and agreements by reason of this Agreement or the transactions contemplated hereby. Except as previously disclosed, each lease pursuant to which Penn Laurel or CSB, as lessee, leases real or personal property is valid and in effect in accordance with its respective terms, and there is not, under any of the leases, on the part of the lessee any material existing default or any event that, with notice or lapse of time, or both, would constitute a default, other than defaults that would not individually or in the aggregate have a material adverse effect on the financial condition, business, prospects, or operating results of Penn Laurel or CSB.

Section 4.27. Accuracy of Representations. Penn Laurel will promptly notify Clearfield if any of the representations contained in this Article IV cease to be true and correct subsequent to the date hereof. Further, no representations made by Penn Laurel pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF CSB

CSB represents and warrants to Clearfield, as this date, as follows:

Section 5.1. Capital Structure of CSB. CSB is authorized to issue 150,000 shares of capital stock, par value $5.00 per share, of which 120,000 shares are outstanding and held by Penn Laurel.

Section 5.2. Organization and Standing. CSB is a Pennsylvania chartered banking institution that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. CSB has full power and lawful authority to own and hold its properties and to carry on its present business.

Section 5.3. Authorized and Effective Agreement. The execution, delivery and performance of this Agreement and the Bank Merger Agreement have been duly and validly authorized by the Board of Directors of CSB. Subject to appropriate shareholder and regulatory approvals, neither the execution and delivery of this Agreement or the Bank Merger Agreement nor the consummation of the transactions provided for herein or therein will violate any agreement to which CSB is a party or by which it is bound or any law, regulation, order, decree or any provision of its Articles of Incorporation or By-laws.

Section 5.4. Financial Institutions Bonds. Since January 1, 1991, CSB has continuously maintained in full force and effect a financial institutions bond insuring CSB against acts of dishonesty by each of its employees. Except as previously disclosed, no claim has been made under any bond, and CSB is not aware of any fact or condition presently existing that might form the basis of a claim under any bond. CSB has no reason to believe that its present financial institutions bond will not be renewed by its carrier on substantially the same terms and at the same rate as now in effect.

Section 5.5. Deposit Insurance. The deposits of CSB are insured by the Bank Insurance Fund, as administered by the FDIC in accordance with the FDIA and CSB has paid all assessments and filed all reports required by the FDIA.

Section 5.6. Loans. Except as previously disclosed, each loan reflected as an asset on CSB's financial statements as of September 30, 1998, or acquired since that date, is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. All loans, and the collateral and other security therefor, and the documentation for the same, meet the requirements, rules, regulations or directives of the FDIC, or other applicable governmental authorities.

Section 5.7. Adjustable Rate Mortgages. CSB has made all interest rate adjustments to any mortgage loan according to the terms of said mortgage loan and has complied and is in compliance in all material respects with all federal, state and other applicable laws, rules and regulations, including orders, writs, decrees, injunctions and other requirements of any court or governmental authorities having jurisdiction over adjustable rate mortgages.

Section 5.8. CRA Compliance. CSB has received a satisfactory compliance rating and has received a satisfactory Community Reinvestment Act rating. CSB has no knowledge of any facts or circumstances that would prevent it from receiving satisfactory ratings upon its next appropriate examination.

Section 5.9. Loan Loss Reserve. The loan loss reserve of CSB is and shall remain adequate in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the Banking Department and the FDIC. No regulatory authority requested CSB to increase the allowance for loan losses during 1998, 1997, 1996 or 1995.

Section 5.10. Member Federal Reserve System. CSB is not a member of the Federal Reserve System.

Section 5.11. Year 2000 Compliance. CSB is in compliance with all requirements announced or promulgated by the CSB Regulatory Agencies and by the Federal Financial Institutions Examination Council in connection with Year 2000 preparedness and compliance.

Section 5.12. Accuracy of Representations. CSB will promptly notify Clearfield if any of the representations contained in this Article V cease to be true and correct subsequent to the date hereof. Further, no representations made by CSB pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE VI

COVENANTS OF CLEARFIELD

From the date of this Agreement until the Effective Date (as defined in Section 11.2 of this Agreement), Clearfield covenants and agrees to do the following:

Section 6.1. Conduct of Business. Except as otherwise consented to by Penn Laurel and CSB in writing, Clearfield shall:

(a) use all reasonable efforts to carry on its business in, and only in, the Ordinary Course of Business, consistent with past practices and written policies;

(b) to the extent consistent with prudent business judgment, use all reasonable efforts to preserve its present business organization, to retain the services of its present officers and employees, to maintain good relationships with its employees, and to maintain its relationships with customers, suppliers and others having business dealings with Clearfield;

(c) maintain all of Clearfield's structures, equipment and other real property and tangible personal property in good repair, order and condition, except for ordinary wear and tear and damage by unavoidable casualty;

(d) use all reasonable efforts to preserve or collect all material claims and causes of action belonging to Clearfield;

(e) keep in full force and effect all insurance policies now carried by Clearfield;

(f) perform in all material respects each of Clearfield's obligations under all material agreements, contracts, instruments and other commitments to which Clearfield is a party or by which Clearfield may be bound or that relate to or affect its properties, assets and business;

(g) maintain its books of account and other records in the Ordinary Course of Business;

(h) comply in all material respects with all statutes, laws, ordinances, rules and regulations, decrees, orders, consent agreements, examination reports, memoranda of understanding and other federal, state, county, local and municipal governmental directives applicable to Clearfield and to the conduct of its business;

(i) not amend Clearfield's Articles of Incorporation or Bylaws;

(j) except in the Ordinary Course of Business, not enter into or assume any material contract, incur any material liability or obligation, make any material commitment, acquire or dispose of any property or asset or engage in any transaction or subject any of Clearfield's properties or assets to any material lien, claim, charge, or encumbrance of any kind whatsoever;

(k) not take or permit to be taken any action that would constitute a breach of any representation, warranty or covenant set forth in this Agreement;

(l) not declare, set aside or pay any dividend or make any other distribution in respect of Clearfield Common Stock, except as provided in Section 6.9 of this Article VI;

(m) not authorize, purchase, issue or sell (or authorize, issue or grant options, warrants or rights to purchase or sell) any shares of Clearfield Common Stock or any other equity or debt securities of Clearfield or any securities convertible into Clearfield Common Stock;

(n) except in the Ordinary Course of Business and consistent with past practice, not increase the rate of compensation of, pay a bonus or severance compensation to, or enter into any employment, severance, deferred compensation or other agreement with any officer, director, employee or consultant of Clearfield;

(o) not enter into any related party transaction of the kind contemplated in Section 3.20 of Article III of this Agreement except related party transactions relating to extensions of credit made in accordance with all applicable laws, regulations and rules and in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than the normal risk of collectibility or present other unfavorable features and after disclosure of such to Penn Laurel;

(p) not change the presently outstanding number of shares or declare or effect any capitalization, reclassification, stock dividend, stock split or like change in capitalization;

(q) not enter into or substantially modify (except as may be required by applicable law) any pension, retirement, stock option, stock warrant, stock purchase, stock appreciation right, savings, profit sharing, deferred compensation, severance, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, or plan or arrangement, or any trust agreement related thereto, in respect to any of its directors, officers, or other employees;

(r) not merge with or into, or consolidate with, or be purchased or acquired by, any other corporation, financial institution, entity, or person (or agree to any merger, consolidation, affiliation, purchase or acquisition) or permit (or agree to permit) any other corporation, financial institution, entity or person to be merged with it or consolidate or affiliate with any other corporation, financial institution, entity or person; acquire control over any other firm, financial institution, corporation or organization or create any subsidiary; acquire, liquidate, sell or dispose (or agree to acquire, liquidate, sell or dispose) of any assets, other than in the Ordinary Course of Business and consistent with prior practice;

(s) not solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning any acquisition or purchase of all or a substantial equity interest or portion of the assets in or of Clearfield or any business combination with Clearfield, other than as contemplated by this Agreement, or authorize or permit any officer, director, agent or affiliate of it to do any of the above; or fail to notify Penn Laurel immediately if any inquiries or proposals are received

by, any information is requested from, or any negotiations are sought to be initiated with Clearfield;

(t) not change any method, practice or principle of accounting except as may be required by generally accepted accounting principles or any applicable regulator;

(u) not make any loan or other credit facility commitment in excess of $400,000 (including without limitation, lines of credit and letters of credit) to any affiliate as defined in Regulation O or compromise, expand, or modify any such commitment outstanding;

(v) not enter into any swap or similar commitment, agreement or arrangement which is not consistent with past practice and which increases the credit or interest rate risk over the levels existing at September 30, 1998;

(w) not enter into any derivative, cap or floor or similar commitment, agreement or arrangement, except in the ordinary course of business and consistent with past practices;

(x) take any action that would result in any of the representations and warranties of Clearfield set forth in this Agreement becoming untrue as of any date after the date hereof;

(y) not sell, exchange or otherwise dispose of any investment securities or loans that are held for sale, prior to scheduled maturity and other than pursuant to policies agreed upon from time to time by the parties;

(z) not purchase any security for its investment portfolio not rated "A" or higher by either Standard & Poor's Corporation or Moody's Investor Services, Inc.;

(aa) not waive, release, grant or transfer any rights of value or modify or change, in any material respect, any existing agreement to which Clearfield is a party, other than in the ordinary course of business consistent with past practice;

(bb) not knowingly take any action that would, under any statute, regulation or administrative practice of any regulatory agency, materially or adversely affect the ability of any party to this Agreement to obtain any required approvals for consummation of the transactions contemplated by this Agreement; and

(cc) not agree to any of the foregoing items (a) through (bb).

Section 6.2. Best Efforts. Clearfield shall cooperate with Penn Laurel and CSB and shall use its best efforts to do or cause to be done all things necessary or appropriate on its part in order to fulfill the conditions precedent set forth in Article VIII of this Agreement and to consummate this Agreement. In particular, without limiting the generality of the foregoing sentence, Clearfield shall:

(a) cooperate with Penn Laurel and CSB in the preparation of all required applications for regulatory approval of the transactions contemplated by this Agreement and in the preparation of the Registration Statement (as defined in Section 7.1(b) of this Agreement);

(b) call a special or annual meeting of its shareholders and take, in good faith, all actions that are necessary or appropriate on its part in order to secure the approval and adoption of this Agreement and the Bank Merger Agreement by its shareholders at the meeting, including recommending the approval of this Agreement and the Bank Merger Agreement by the shareholders of Clearfield;

(c) cooperate with Penn Laurel and CSB in making Clearfield's employees reasonably available for training prior to the Effective Date, to the extent that training is deemed reasonably necessary;

(d) make additions to loan loss reserves and make loan write-offs, write-downs and other adjustments that reasonably should be made by Clearfield in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the FDIC, Department of Banking, and Board of Governors of the Federal Reserve System (the "FRB"), prior to the closing of Clearfield's books of account for its fiscal year ending December 31, 1998, and for the period from that date until the Effective Date;

(e) suspend any dividend reinvestment and/or stock repurchase plan, as soon as practicable;

(f) modify the Articles of Incorporation or Bylaws or any other documents of Clearfield as reasonably necessary to effectuate the transactions contemplated hereby; and

(g) use its best efforts to assure that the directors of Clearfield shall have executed and delivered the Support Agreement in the form attached hereto as Exhibit B.

Section 6.3. Access to Properties and Records. Clearfield shall give to Penn Laurel, CSB and their authorized representatives (including, without limitation, their counsel, accountants, economic and environmental consultants and other designated representatives) reasonable access during normal business hours to all properties, books, contracts, documents and records of Clearfield as Penn Laurel or CSB may reasonably request, subject to the obligation of Penn Laurel, CSB and their authorized representatives to maintain the confidentiality of all non-public information concerning Clearfield obtained by reason of such access.

Section 6.4. Subsequent Financial Statements. Between the date of execution of this Agreement and the Effective Date, Clearfield shall promptly prepare and deliver to Penn Laurel and CSB, as soon as practicable, all internal monthly and quarterly financial statements, reports to shareholders and reports to regulatory authorities prepared by or for Clearfield, including all audit

reports submitted to Clearfield by independent auditors in connection with each annual, interim or special audit of the books of Clearfield made by the accountants. In particular, without limiting the generality of the foregoing sentence, Clearfield shall deliver to Penn Laurel and CSB, as soon as practicable, a balance sheet as of December 31, 1998, and a related statement of income for the twelve (12) months then ended (which financial statements are hereinafter referred to as the "December 31, 1998 Clearfield Financial Statements"). The representations and warranties set forth in Sections 3.7, 3.8 and 3.9 of this Agreement shall apply to the December 31, 1998, Clearfield Financial Statements.

Section 6.5. Board and Committee Minutes. Clearfield shall provide to Penn Laurel, within 10 days after any meeting of the Board of Directors, or any committee thereof, or any senior or executive management committee, a copy of the minutes of the meeting.

Section 6.6. Update Information. Clearfield shall promptly disclose to Penn Laurel and CSB, in writing, any change, addition, deletion or other modification to the information previously disclosed.

Section 6.7. Notice. Clearfield shall promptly notify Penn Laurel and CSB, in writing, of any actions, claims, investigations, proceedings or other developments that, if pending or in existence on the date of this Agreement, would have been required to be disclosed to Penn Laurel and CSB in order to ensure the accuracy of the representations and warranties set forth in this Agreement or that otherwise could materially and adversely affect the condition (financial or otherwise), assets, liabilities, business operations or future prospects of Clearfield.

Section 6.8. Other Proposals. Clearfield shall not, nor shall it permit any officer, director, employee, agent, consultant, counsel or other representative, to directly or indirectly solicit, encourage, initiate or engage in discussions or negotiations with, or respond to requests for information, inquiries or other communications from, any person, other than Penn Laurel, concerning the fact of, or the terms and conditions of, this Agreement, or concerning any transaction with Clearfield, or any assets or business thereof (except that Clearfield's officers may respond to inquiries from analysts, regulatory authorities and holders of Clearfield Common Stock in the Ordinary Course of Business); and Clearfield shall notify Penn Laurel immediately if any discussions or negotiations are sought to be initiated with Clearfield by any person other than Penn Laurel or if any requests for information, inquiries, proposals or communications are received from any person other than Penn Laurel

Section 6.9. Dividends. Between the date of this Agreement and the Effective Date, Clearfield shall only declare and pay cash dividends as provided herein. Clearfield shall only pay regular quarterly cash dividends in amounts and on dates consistent with past practices.

Section 6.10. Core Deposits. Clearfield shall use commercially reasonable efforts to maintain deposits.

Section 6.11. Affiliate Letters. Clearfield shall deliver or cause to be delivered to Penn Laurel and CSB, at or before the Effective Date (as defined in Section 11.2 of this Agreement), a letter or agreement from each officer, director and shareholder of Clearfield who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Clearfield, in form and substance satisfactory to Penn Laurel and CSB, under the terms of which each officer, director or shareholder, as the case may be, acknowledges and agrees to abide by all limitations imposed by the Securities Act and by all rules, regulations and releases promulgated thereunder with respect to the sale or other disposition of the shares of Penn Laurel Common Stock to be received by the person pursuant to the terms of this Agreement.

Section 6.12. No Purchases or Sales of Penn Laurel Common Stock During Price Determination Period. Neither Clearfield nor any executive officer or director of Clearfield nor any shareholder of Clearfield who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Clearfield shall purchase or sell or submit a bid to purchase or an offer to sell, directly or indirectly, any shares of Penn Laurel Common Stock or any options, rights or other securities convertible into shares of Penn Laurel Common Stock within 20 business days of the Effective Date.

Section 6.13. Accounting Treatment. Clearfield acknowledges that the parties intend to treat the business combination contemplated by this Agreement as a "pooling of interests" for financial reporting purposes. Clearfield shall not take (and shall use its best efforts not to permit any of its directors, officers, employees, shareholders, agents, consultants or other representatives to take) any action that would preclude treating the business combination as a "pooling of interests" for financial reporting purposes.

Section 6.14. Press Releases. Clearfield shall not issue any press release related to this Agreement and the Bank Merger Agreement or the transactions contemplated hereby or thereby as to which Penn Laurel has not given its prior written consent, and shall consult with Penn Laurel as to the form and substance of other public disclosures related thereto.

Section 6.15. Phase I Environmental Audit. Clearfield shall permit, if Penn Laurel elects to do, at its own expense, a "phase I environmental audit" to be performed at any physical location owned or occupied by Clearfield on the date hereof.

ARTICLE VII

COVENANTS OF PENN LAUREL AND CSB

From the date of this Agreement until the Effective Date (as defined in Section 11.2 of this Agreement), Penn Laurel and CSB covenant and agree to do the following:

Section 7.1. Conduct of Business. Except as otherwise consented to by Clearfield in writing, Penn Laurel and CSB shall:

(a) use all reasonable efforts to carry on their business in, and only in, the Ordinary Course of Business, consistent with past practices and written policies;

(b) to the extent consistent with prudent business judgment, use all reasonable efforts to preserve their present business organizations, to retain the services of their present officers and employees, to maintain good relationships with their employees, and to maintain their relationships with customers, suppliers and others having business dealings with Penn Laurel or CSB, as the case may be;

(c) maintain all of Penn Laurel's and CSB's structures, equipment and other real property and tangible personal property in good repair, order and condition, except for ordinary wear and tear and damage by unavoidable casualty;

(d) use all reasonable efforts to preserve or collect all material claims and causes of action belonging to Penn Laurel or CSB, as the case may be;

(e) keep in full force and effect all insurance policies now carried by Penn Laurel and CSB;

(f) perform in all material respects each of Penn Laurel's and CSB's obligations under all material agreements, contracts, instruments and other commitments to which they are a party or by which they may be bound or that relate to or affect their properties, assets and business;

(g) maintain their books of account and other records in the Ordinary Course of Business;

(h) comply in all material respects with all statutes, laws, ordinances, rules and regulations, decrees, orders, consent agreements, examination reports, memoranda of understanding and other federal, state, county, local and municipal governmental directives applicable to Penn Laurel or CSB, as the case may be, and to the conduct of their business;

(i) not amend their Articles of Incorporation or Bylaws;

(j) except in the Ordinary Course of Business, not enter into or assume any material contract, incur any material liability or obligation, make any material commitment, acquire or dispose of any property or asset or engage in any transaction or subject any of Penn Laurel's or CSB's properties or assets to any material lien, claim, charge, or encumbrance of any kind whatsoever;

(k) not take or permit to be taken any action that would constitute a breach of any representation, warranty or covenant set forth in this Agreement;

(l) not declare, set aside or pay any dividend or make any other distribution in respect of Penn Laurel Common Stock, except as provided in Section 7.9 of this Article VII;

(m) not authorize, purchase, issue or sell (or authorize, issue or grant options, warrants or rights to purchase or sell) any shares of Penn Laurel Common Stock or any other equity or debt securities of Penn Laurel or any securities convertible into Penn Laurel Common Stock, except pursuant to stock options previously issued or awarded prior to the date hereof;

(n) except in the Ordinary Course of Business and consistent with past practice, not increase the rate of compensation of, pay a bonus or severance compensation to, or enter into any employment, severance, deferred compensation or other agreement with any officer, director, employee or consultant of Penn Laurel or CSB;

(o) not enter into any related party transaction of the kind contemplated in Section 4.20 of Article IV of this Agreement except related party transactions relating to extensions of credit made in accordance with all applicable laws, regulations and rules and in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than the normal risk of collectibility or present other unfavorable features and after disclosure of such to Clearfield;

(p) not change the presently outstanding number of shares or declare or effect any capitalization, reclassification, stock dividend, stock split or like change in capitalization, except pursuant to stock options previously issued or awarded prior to the date hereof;

(q) not enter into or substantially modify (except as may be required by applicable law) any pension, retirement, stock option, stock warrant, stock purchase, stock appreciation right, savings, profit sharing, deferred compensation, severance, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, or plan or arrangement, or any trust agreement related thereto, in respect to any of their directors, officers, or other employees;

(r) not merge with or into, or consolidate with, or be purchased or acquired by, any other corporation, financial institution, entity, or person (or agree to any merger, consolidation, affiliation, purchase or acquisition) or permit (or agree to permit) any other corporation, financial institution, entity or person to be merged with it or consolidate or affiliate with any other corporation, financial institution, entity or person; acquire control over any other firm, financial institution, corporation or organization or create any subsidiary; acquire, liquidate, sell or dispose (or agree to acquire, liquidate, sell or dispose) of any assets, other than in the Ordinary Course of Business and consistent with prior practice;

(s) not solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning any acquisition or purchase of all or a substantial equity interest or portion of the assets in or of Penn Laurel or CSB or any business combination with Penn Laurel or CSB, other than as contemplated by this Agreement, or authorize or permit any officer, director, agent or affiliate of it to do any of the above; or fail to notify Clearfield immediately if any inquiries or proposals are received by, any information is requested from, or any negotiations are sought to be initiated with Penn Laurel;

(t) not change any method, practice or principle of accounting except as may be required by generally accepted accounting principles or any applicable regulator;

(u) not make any loan or other credit facility commitment in excess of $400,000 (including without limitation, lines of credit and letters of credit) to any affiliate as defined in Regulation O or compromise, expand, or modify any such commitment outstanding;

(v) not enter into any swap or similar commitment, agreement or arrangement which is not consistent with past practice and which increases the credit or interest rate risk over the levels existing at September 30, 1998;

(w) not enter into any derivative, cap or floor or similar commitment, agreement or arrangement, except in the ordinary course of business and consistent with past practices;

(x) take any action that would result in any of the representations and warranties of Penn Laurel or CSB set forth in this Agreement becoming untrue as of any date after the date hereof;

(y) not sell, exchange or otherwise dispose of any investment securities or loans that are held for sale, prior to scheduled maturity and other than pursuant to policies agreed upon from time to time by the parties;

(z) not purchase any security for its investment portfolio not rated "A" or higher by either Standard & Poor's Corporation or Moody's Investor Services, Inc.;

(aa) not waive, release, grant or transfer any rights of value or modify or change in any material respect, any existing agreement to which Penn Laurel or CSB is a party, other than in the ordinary course of business consistent with past practice;

(bb) not knowingly take any action that would, under any statute, regulation or administrative practice of any regulatory agency, materially or adversely affect the ability of any party to this Agreement to obtain any required approvals for consummation of the transactions contemplated by this Agreement; and

(cc) not agree to any of the foregoing items (a) through (bb).

Section 7.2. Best Efforts. Penn Laurel and CSB shall cooperate with Clearfield and shall use their best efforts to do or cause to be done all things necessary or appropriate on their part in order to fulfill the conditions precedent set forth in Article VIII of this Agreement and to consummate this Agreement. In particular, without limiting the generality of the foregoing sentence, Penn Laurel and CSB shall:

(a) Penn Laurel and CSB shall promptly prepare and file, with the cooperation and assistance of Clearfield, all required applications for regulatory approval of the transactions contemplated by this Agreement and the Bank Merger Agreement;

(b) Penn Laurel shall promptly prepare, with the cooperation and assistance of Clearfield, and file with the Commission a registration statement under the Securities Act (the "Registration Statement") for the purpose of registering the shares of Penn Laurel Common Stock to be issued under the provisions of this Agreement. Penn Laurel may rely upon all information provided to it by Clearfield in this connection, and Penn Laurel shall not be liable for any untrue statement of a material fact or any omission to state a material fact in the Registration Statement or in the proxy statement and prospectus (the "Proxy Statement/Prospectus") that is prepared as a part of the Registration Statement, if the statement is made by Penn Laurel in reliance upon any information provided to Penn Laurel by Clearfield or by its agents and representatives. Penn Laurel will advise Clearfield, after it receives notice thereof, of the time when the Registration Statement or any Pre- or Post-Effective Amendment thereto has become effective or any supplement or amendment, thereto has been filed;

(c) Penn Laurel and CSB, with the cooperation of Clearfield, shall promptly take all actions that may be necessary or appropriate in order to comply with all applicable securities laws of any state having jurisdiction over the transactions contemplated by this Agreement;

(d) Penn Laurel and CSB, with the cooperation of Clearfield, shall make the Penn Laurel and CSB, as the case may be, employees reasonably available for training prior to the Effective Date, to the extent that training is deemed reasonably necessary;

(e) make additions to loan loss reserves and make loan write-offs, write-downs and other adjustments that reasonably should be made by CSB in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the FDIC, Department of Banking, and Board of Governors of the Federal Reserve System (the "FRB"), prior to the closing of CSB's books of account for its fiscal year ending December 31, 1998, and for the period from that date until the Effective Date;

(f) modify the Articles of Incorporation or Bylaws or any other documents of Penn Laurel and CSB reasonably necessary to effectuate the transactions contemplated hereby; and

(g) call a special or annual meeting of Penn Laurel's shareholders and take, in good faith, all actions that are necessary or appropriate on its part in order to secure the approval and adoption of this Agreement and the Bank Merger Agreement by its shareholders at the meeting, including recommending the approval of this Agreement and the Bank Merger Agreement by the shareholders of Penn Laurel;

(h) Support Agreement. Use its best efforts to assure that the directors of Penn Laurel shall have executed and delivered the Support Agreement in the form attached hereto as Exhibit C.

Section 7.3. Access to Properties and Records. Penn Laurel and CSB shall give to Clearfield and to its authorized representatives (including without limitation Clearfield's counsel, accountants, economic and environmental consultants and other designated representatives) reasonable access during normal business hours to all properties, books, contracts, documents and records of Penn Laurel and CSB as Clearfield may reasonably request, subject to the obligation of Clearfield and its authorized representatives to maintain the confidentiality of all non-public information concerning Penn Laurel or CSB obtained by reason of such access.

Section 7.4. Subsequent Financial Statements. Between the date of execution of this Agreement and the Effective Date, Penn Laurel and CSB shall promptly prepare and deliver to Clearfield, as soon as practicable, all internal monthly and quarterly financial statements, reports to shareholders and reports to regulatory authorities prepared by or for Penn Laurel or CSB, including all audit reports submitted to Penn Laurel or CSB by independent auditors in connection with each annual, interim or special audit of the books of Penn Laurel or CSB made by the accountants. In particular, without limiting the generality of the foregoing sentence, Penn Laurel or CSB, as the case may be, shall deliver to Clearfield, as soon as practicable, a balance sheet as of December 31, 1998, and a related statement of income for the twelve (12) months then ended (which financial statements are hereinafter referred to as the "December 31, 1998 Penn Laurel Financial Statements"). The representations and warranties set forth in Sections 4.7, 4.8 and 4.9 of this Agreement shall apply to the December 31, 1998 Penn Laurel Financial Statements.

Section 7.5. Board and Committee Minutes. Penn Laurel or CSB shall provide to Clearfield, within 10 days after any meeting of the Board of Directors, or any committee thereof, or any senior or executive management committee, a copy of the minutes of the meeting.

Section 7.6. Update Information. Penn Laurel and CSB shall promptly disclose to Clearfield, in writing, any change, addition, deletion or other modification to the information previously disclosed.

Section 7.7. Notice. Penn Laurel and CSB shall promptly notify Clearfield, in writing, of any actions, claims, investigations or other developments that, if pending or in existence on the date of this Agreement, would have been required to be disclosed to Clearfield in order to ensure the accuracy of the representations and warranties set forth in this Agreement or that otherwise could

materially and adversely affect the condition (financial or otherwise), assets, liabilities, business operations, or future prospects of Penn Laurel or CSB.

Section 7.8. Other Proposals. Penn Laurel and CSB shall not, nor shall they permit any officer, director, employee, agent, consultant, counsel or other representative, to directly or indirectly solicit, encourage, initiate or engage in discussions or negotiations with, or respond to requests for information, inquiries or other communications from, any person, other than Clearfield, concerning the fact of, or the terms and conditions of, this Agreement, or concerning any transaction with Penn Laurel or CSB, or any assets or business thereof (except that Penn Laurel's officers may respond to inquiries from analysts, regulatory authorities and holders of Penn Laurel Common Stock in the Ordinary Course of Business); and Penn Laurel or CSB, as the case may be, shall notify Clearfield immediately if any discussions or negotiations are sought to be initiated with Penn Laurel or CSB by any person other than Clearfield or if any requests for information, inquiries, proposals or communications are received from any person other than Clearfield.

Section 7.9. Dividends. Between the date of this Agreement and the Effective Date, Penn Laurel and CSB shall only declare and pay cash dividends as provided herein. Penn Laurel and CSB shall only pay regular quarterly cash dividends in amounts and on dates consistent with past practices.

Section 7.10. Core Deposits. CSB shall use commercially reasonable efforts to maintain deposits.

Section 7.11. No Purchase or Sales of Penn Laurel Common Stock During Price Determination Period. Neither Penn Laurel nor any subsidiary of Penn Laurel, nor any executive officer or director of Penn Laurel or any subsidiary of Penn Laurel, nor any shareholder of Penn Laurel who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Penn Laurel, shall purchase or sell, directly or indirectly, any shares of Penn Laurel Common Stock or any options, rights or other securities convertible into shares of Penn Laurel Common Stock within 20 days of the Effective Date; provided, however, that Penn Laurel may purchase shares of Penn Laurel Common Stock in the Ordinary Course of Business during this period pursuant to Penn Laurel's employee benefit plans or Penn Laurel's stock option plan.

Section 7.12. Accounting Treatment. Penn Laurel and CSB acknowledge that the parties intend to treat the business combination contemplated by this Agreement as a "pooling of interests" for financial reporting purposes. Penn Laurel and CSB shall not take (and shall use their best efforts not to permit any of their directors, officers, employees, shareholders, agents, consultants or other representatives to take) any action that would preclude treating the business combination as a "pooling of interests" for financial reporting purposes.

Section 7.13. Press Releases. Penn Laurel and CSB shall not issue any press release related to this Agreement and the Bank Merger Agreement or the transactions contemplated hereby or

thereby as to which Clearfield has not given its prior written consent, and shall consult with Clearfield as to the form and substance of other public disclosures related thereto.

Section 7.14. Phase I Environmental Audit. Penn Laurel and CSB shall permit, if Clearfield elects to do, at its own expense, a "phase I environmental audit" to be performed at any physical location owned or occupied by Penn Laurel or CSB on the date hereof.

ARTICLE VIII

CONDITIONS PRECEDENT

Section 8.1. Common Conditions. The obligations of the parties to consummate this Agreement shall be subject to the satisfaction of each of the following common conditions prior to or as of the Effective Date, except to the extent that any condition shall have been waived in accordance with the provisions of Section 9.4 of this Agreement:

(a) Shareholder and Regulatory Approvals. The parties hereto are not under any obligation to consummate the Agreement until receipt of approval of the FRB (or waiver thereof), of the Banking Department, of the Federal Deposit Insurance Corporation and of any other approvals that may be necessary or required by the federal or state regulators, and all conditions and waiting periods required by the approvals, if any, have been satisfied or have expired, and until receipt of any other approvals required under the Articles of Incorporation or Bylaws of Clearfield, Penn Laurel or CSB, or from the shareholders of Clearfield or Penn Laurel or CSB, as the case may be. Provided, however, that no approval shall have imposed any condition or requirement that, in the opinion of the Board of Directors of Penn Laurel or the Board of Directors of Clearfield, renders consummation of the transactions contemplated herein inadvisable.

(b) Tax Matters. There shall have been received an opinion of counsel from Shumaker Williams, P.C., reasonably satisfactory in form and substance to Penn Laurel, CSB and Clearfield, to the effect that:

(i) The transactions contemplated by this Agreement and by the Bank Merger Agreement will constitute a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E)the Code;

(ii) No gain or loss will be recognized by Penn Laurel or CSB or by Clearfield as a result of the reorganization;

(iii) No gain or loss will be recognized by the shareholders of Clearfield upon receipt of Penn Laurel Common Stock in exchange for Clearfield Common Stock pursuant to the provisions of this Agreement (except in respect of cash that is received in lieu of the issuance of fractional shares of Penn Laurel Common Stock

and any shareholder of Clearfield who receives payment in cash as a dissenting shareholder);

(iv) The tax basis of the Penn Laurel Common Stock to be received by the shareholders of Clearfield pursuant to the provisions of this Agreement will be the same as the tax basis of the Clearfield Common Stock surrendered in exchange therefor;

(v) The holding periods of the Penn Laurel Common Stock to be received by the shareholders of Clearfield pursuant to the provisions of this Agreement will include the holding periods of the Clearfield Common Stock surrendered in exchange therefor, provided that the Clearfield Common Stock is held as a capital asset on the Effective Date; and

(vi) Clearfield as the surviving bank to the Merger, will carry-over and take into account all accounting items and tax attributes of CSB, including, but not limited, to earnings and profits, methods of accounting, and tax basis and holding periods of the assets of CSB.

(c) Registration Statement. The Registration Statement shall have been declared effective by the Commission; the information contained therein shall be true, complete and correct in all material respects as of the date of mailing of the Proxy Statement/Prospectus to the shareholders of Clearfield; regulatory clearance for the offering contemplated by the Registration Statement (the "Offering") shall have been received from each federal and state regulatory authority having jurisdiction over the Offering, and no stop order shall have been issued or proceedings instituted or threatened by any federal or state regulatory authority to suspend or terminate the effectiveness of the Registration Statement or the Offering.

(d) Fairness Opinions. Each of Penn Laurel and Clearfield shall have obtained from an independent financial advisor selected by the Board of Directors of Penn Laurel or Clearfield, as the case may be, an opinion, dated as of a date no later than that of the Proxy Statement/Prospectus for the special or annual meetings of Clearfield's and Penn Laurel's shareholders, contemplated by Sections 6.2(b) and 7.2(g) respectively, of this Agreement, stating that the exchange ratio of the consideration to be received by the holders of Clearfield Common Stock and given by Penn Laurel, is fair from a financial point of view, to the shareholders of the respective entities.

(e) No Suits. No action, suit or proceeding shall be pending or threatened before any federal, state or local court or governmental authority or before any arbitration tribunal that seeks to modify, enjoin or prohibit or otherwise adversely and materially affect the transactions contemplated by this Agreement.

(f) Statutes; Orders. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any governmental authority that

prohibits, restricts or makes illegal the consummation of the transactions contemplated by this Agreement.

(g) Antitrust Laws. All applicable notifications, statutory and regulatory Antitrust Law requirements have been met.

(h) Other Requirements. All other requirements prescribed by law, and the Articles of Incorporation, Bylaws and contracts of the parties hereto that are necessary to the consummation of the transactions contemplated by this Agreement shall have been satisfied.

(i) Dissenting Shareholders. Holders of no more than nine percent (9%) of the issued and outstanding shares of Clearfield or Penn Laurel shall have exercised their statutory appraisal or Dissenters' Rights.

Section 8.2. Conditions Precedent to Obligations of Penn Laurel and CSB. The obligations of Penn Laurel and CSB to consummate this Agreement shall be subject to the satisfaction of each of the following conditions prior to or as of the Effective Date, except to the extent that the condition shall have been waived by Penn Laurel and CSB in accordance with the provisions of Section 9.4 of this Agreement:

(a) Accuracy of Representations and Warranties. All of the representations and warranties of Clearfield, as set forth in this Agreement and the information contained in all Clearfield Closing Documents (as defined in Section 8.2(g) of this Agreement), shall be true and correct in all material respects as of the Effective Date as if made on that date (or on the date to which it relates in the case of any representation or warranty that expressly relates to an earlier date).

(b) Covenants Performed. Clearfield shall have performed or complied in all material respects with each of the covenants required by this Agreement to be performed or complied with by it.

(c) Opinion of Counsel for Clearfield. Clearfield shall have delivered to Penn Laurel and CSB an opinion of its special counsel in form and substance reasonably satisfactory to Penn Laurel and CSB, to the effect that, as of the Effective Date:

(i) Clearfield is a Pennsylvania chartered bank and trust company, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has full power and lawful authority to own and hold its properties and to carry on its present business;

(ii) Clearfield is an insured bank under the provisions of the FDIA;

(iii) the authorized capital of Clearfield consists exclusively of _____ shares of common stock, par value $____ per share, of which _____ shares are

validly issued, _____ shares are outstanding, fully paid and non-assessable and ___ shares are held as treasury shares; and, to the knowledge of counsel after reasonable inquiry, there are no outstanding obligations, options or rights of any kind entitling other persons to purchase or sell the shares granted by Clearfield, and there are no outstanding securities or other instruments of any kind convertible into the shares that have been granted by Clearfield;

(iv) Clearfield has full corporate power and authority to execute and deliver this Agreement and the Bank Merger Agreement and to carry out the transactions contemplated herein and therein, and all corporate actions required to be taken by Clearfield to authorize the execution and delivery of this Agreement and the performance of the transactions contemplated herein have been taken;

(v) this Agreement and the Bank Merger Agreement have been duly executed and delivered by Clearfield and, assuming due authorization, execution and delivery by Penn Laurel and CSB, constitute valid and binding obligations of Clearfield and are enforceable against Clearfield in accordance with their terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles;

(vi) the performance of this Agreement and the Bank Merger Agreement by Clearfield will not violate the Articles of Incorporation or the Bylaws of Clearfield or, to the knowledge of counsel after reasonable inquiry, any applicable statute, rule, regulation, order, decree, directive, consent agreement, memorandum of understanding or to the knowledge of counsel, any material contract, material indenture or other material instrument to which Clearfield is a party or by which its properties are bound;

(vii) to the knowledge of counsel after reasonable inquiry, there is no action, suit or proceeding, pending or threatened, of the kind contemplated under Section 8.1(e) of this Agreement;

(viii) to the knowledge of counsel after reasonable inquiry, there is no action, suit or proceeding pending or threatened against Clearfield (except as previously disclosed or in counsel's opinion) that, if determined adversely to Clearfield, would have a material and adverse effect upon the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield;

(ix) no consent, approval, authorization or order of any federal, state or local court or governmental authority is required to be obtained by Clearfield in connection with the consummation of the transactions contemplated in this Agreement, other than consents, approvals, authorizations and orders as have been obtained prior to the Effective Date; and

(x) other legal matters incident to the matters contemplated hereby as may reasonably be requested by Penn Laurel and CSB.

For purposes of Clause (viii) above, any action, suit or proceeding seeking to recover from Clearfield damages, fines, penalties or other relief having a monetary value of $50,000 or more shall be deemed to be "material." In giving the foregoing opinion, counsel may rely as to matters of fact without independent investigation, to the extent counsel deems reliance necessary, appropriate, and reasonable, provided, however, that reliance is expressly noted in the opinion, and on certificates of federal, state or local governmental officials and on certificates of officers and directors of Clearfield. Counsel may expressly exclude any opinions as to choice of law matters and antitrust matters and may add other qualifications and explanations of the basis of its opinions as are reasonably acceptable to Penn Laurel and CSB.

The opinion of counsel shall be governed by the Legal Opinion Accord ("Accord") of the American Bar Association Section of Business Law (1991). The term "Actual Knowledge" as used herein shall have the meaning set forth in the Accord. In addition, the opinion may be limited to present statutes, regulations, rulings and formal agency and judicial interpretations and to facts as they presently exist; in rendering the opinion, counsel need assume no obligation to revise or supplement it should the present laws be changed by the legislative or regulatory action, judicial decision or otherwise after the opinion is rendered. Counsel may assume that any agreement is the valid and binding obligation of any parties to the agreement other than Clearfield. In giving the opinion, counsel may rely as to all matters of facts or certificates of officers or directors of Clearfield and certificates of public officials, so long as such reliance and the facts thereunder are expressly stated. Counsel's opinion shall be limited to matters governed by federal laws and by the laws of the Commonwealth of Pennsylvania. With respect to matters involving the application of law other than the law of the Commonwealth of Pennsylvania, counsel may rely, to the extent it deems proper and as specified in its opinion, upon the opinion of local counsel.

(d) Accounting Treatment. Penn Laurel, CSB and their accountants shall have established to their satisfaction that, as of the Effective Date, the transactions contemplated by this Agreement can be accounted for as a "pooling of interests" for financial reporting purposes.

(e) Federal and State Securities and Antitrust Laws. Penn Laurel, CSB and their counsel shall have determined to their satisfaction that, as of the Effective Date, all applicable securities and antitrust laws of the federal government and of any state government having jurisdiction over the transactions contemplated by this Agreement shall have been complied with.

(f) Environmental Matters. No environmental problem of the kind contemplated in Section 3.25 of Article III of this Agreement, and not previously disclosed shall have been discovered that would, or that potentially could, materially and adversely affect the condition

(financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield. The result of any "Phase I environmental audit" conducted pursuant to Section 6.16 with respect to owned or occupied bank premises shall be reasonably satisfactory to Penn Laurel

(g) Closing Documents. Clearfield shall have delivered to Penn Laurel and CSB: (i) a certificate signed by Clearfield's Chairman of the Board or President and by its Secretary, or other designated and authorized officers, verifying that, to the best of their knowledge after reasonable investigation, all of the representations and warranties of Clearfield set forth in this Agreement are true and correct in all material respects as of the Effective Date and that Clearfield has performed in all material respects each of the covenants required to be performed by it under this Agreement; (ii) all consents and authorizations of landlords and other persons that are necessary to permit this Agreement to be consummated without violation of any lease or other agreement to which Clearfield is a party or by which Clearfield or any of its properties are bound; and (iii) other certificates and documents as Penn Laurel, CSB and their counsel may reasonably request (all of the foregoing certificates and other documents being herein referred to as the "Clearfield Closing Documents").

(h) Support Agreement. A majority of the Directors of Clearfield shall have executed and delivered to Penn Laurel a "Support Agreement" in the form attached hereto as Exhibit "B".

(i) Shareholder Approval. Penn Laurel shareholders, if required, have approved and/or adopted this Agreement and the transactions contemplated thereby.

Section 8.3. Conditions Precedent to the Obligations of Clearfield. The obligation of Clearfield to consummate this Agreement shall be subject to the satisfaction of each of the following conditions prior to or as of the Effective Date, except to the extent that any such condition shall have been waived by Clearfield in accordance with the provisions of Section 9.4 of this Agreement:

(a) Accuracy of Representations and Warranties. All of the representations and warranties of Penn Laurel and CSB, as set forth in this Agreement and in the Penn Laurel Closing Documents (as defined in Section 8.3(j) of this Agreement), shall be true and correct in all material respects as of the Effective Date as if made on that date (or on the date to which it relates in the case of any representation or warranty that expressly relates to an earlier date).

(b) Covenants Performed. Penn Laurel and CSB shall have performed or complied in all material respects with each of the covenants required by this Agreement to be performed or complied with by them.

(c) Opinion of Counsel for Penn Laurel and CSB. Penn Laurel and CSB shall have delivered to Clearfield an opinion of its special counsel, Shumaker Williams, P.C., in form and substance reasonably satisfactory to Clearfield, to the effect that, as of the Effective Date:

(i) Penn Laurel is a business corporation that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;

(ii) Penn Laurel is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and has full corporate power and authority to own and hold its properties and to carry on its present business;

(iii) CSB is a Pennsylvania chartered banking institution that is duly organized and validly existing under the laws of the Commonwealth of Pennsylvania and of the United States and has full corporate power and authority to own and hold its properties and to carry on its present business;

(iv) Penn Laurel and CSB have full corporate power and authority to execute and deliver this Agreement and the Bank Merger Agreement and to carry out the transactions contemplated herein and therein, and all corporate actions required to be taken by Penn Laurel and CSB to authorize the execution and delivery of this Agreement and the performance of the transactions contemplated herein and therein have been taken;

(v) this Agreement and the Bank Merger Agreement have been duly authorized, executed and delivered by Penn Laurel and CSB and, assuming due authorization, execution and delivery by Clearfield, constitute valid and binding obligations of each of Penn Laurel and CSB and are enforceable against Penn Laurel in accordance with their terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles;

(vi) to the knowledge of counsel, there is no action, suit, or proceeding pending or threatened against Penn Laurel or CSB (except as described in a schedule to this Agreement or in counsel's opinion) that, if determined adversely to Penn Laurel or CSB, would have a material and adverse affect upon the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB;

(vii) to the knowledge of counsel after reasonable investigation, there is no action, suit or proceeding pending or threatened of the kind contemplated under Section 8.1(e) of this Agreement;

(viii) the shares of Penn Laurel Common Stock to be issued under this Agreement have been duly authorized and, when issued in accordance with the Agreement, will be validly issued, fully paid and non-assessable;

(ix) no consent, approval, authorization or order of any federal, state or local court or governmental authority is required to be obtained by Penn Laurel or CSB in connection with the consummation of the transactions contemplated in this Agreement, other than the consents, approvals, authorizations and orders as have been obtained prior to the Effective Date; and

(x) other legal matters incident to the matters contemplated hereby as may reasonably be requested by Clearfield.

For purposes of Clause (vi) above, any action, suit or proceeding seeking to recover from Penn Laurel damages, fines, penalties or other relief having a monetary value of $50,000 or more shall be deemed to be "material." In giving the foregoing opinion, counsel may rely as to matters of fact without reasonable investigation, to the extent counsel deems reliance necessary, appropriate and reasonable, provided, however, that such reliance is expressly noted in the opinion, and on certificates of federal, state or local governmental officials and on certificates of officers and directors of Penn Laurel and CSB. Counsel may exclude any opinions as to choice of law matters and antitrust matters and may add other qualifications and explanations of the basis of its opinions as are reasonably acceptable to Clearfield.

The opinion of counsel shall be governed by the Legal Opinion Accord ("Accord") of the American Bar Association Section of Business Law (1991). The term "Actual Knowledge" as used herein shall have the meaning set forth in the Accord. In addition, the opinion may be limited to present statutes, regulations, rulings and formal agency and judicial interpretations and to facts as they presently exist; in rendering the opinion, counsel need assume no obligation to revise or supplement it should the present laws be changed by the legislative or regulatory action, judicial decision or otherwise after the opinion is rendered. Counsel may assume that any agreement is the valid and binding obligation of any parties to the agreement other than Penn Laurel or CSB. In giving the opinion, counsel may rely as to all matters of facts or certificates of officers or directors of Penn Laurel or CSB and certificates of public officials, so long as such reliance and the facts thereunder are expressly stated. Counsel's opinion shall be limited to matters governed by federal laws and by the laws of the Commonwealth of Pennsylvania. With respect to matters involving the application of Pennsylvania law, counsel may rely, to the extent it deems proper and as specified in its opinion, upon the opinion of local counsel.

(d) Accounting Treatment. Clearfield and its accountants shall have established to its satisfaction that, as of the Effective Date, the transactions contemplated by this Agreement can be accounted for as a "pooling of interests" for financial reporting purposes.

(e) Federal and State Securities and Antitrust Laws. Clearfield and its counsel shall have determined to their satisfaction that, as of the Effective Date, all applicable securities and antitrust laws of the federal government and of any state government having jurisdiction over the transactions contemplated by this Agreement shall have been complied with.

(f) Environmental Matters. No environmental problem of the kind contemplated in Section 4.25 of Article IV of this Agreement, and not previously disclosed shall have been discovered that would, or that potentially could, materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB, as the case may be: The result of any "Phase I environmental audit" conducted pursuant to Section 7.16 with respect to owned or occupied premises shall be reasonably satisfactory to Clearfield.

(g) Closing Documents. Penn Laurel and CSB shall have delivered to Clearfield: (i) a certificate from each of Penn Laurel and CSB signed by its President and by its Secretary, or other designated and authorized officers, verifying that, to the best of their knowledge after reasonable investigation, all of the representations and warranties of Penn Laurel or CSB, as the case may be, set forth in this Agreement are true and correct in all material respects as of the Effective Date and that Penn Laurel or CSB, as the case may be, has performed in all material respects each of the covenants required to be performed by it under this Agreement; (ii) all consents and authorizations of landlords and other persons that are necessary to permit this Agreement to be consummated without violation of any lease or other agreement to which Penn Laurel or CSB, as the case may be, is a party or by which Penn Laurel or CSB or any of its properties are bound; and (iii) other certificates and documents as Clearfield and its counsel may reasonably request (all of the foregoing certificates and other documents being herein referred to as the "Penn Laurel Closing Documents").

(h) Support Agreement. A majority of the Directors of Penn Laurel shall have executed and delivered to Clearfield a "Support Agreement" in the form attached hereto as Exhibit "C".

(i) Shareholder Approval. Clearfield's shareholders shall have approved and/or adopted this Agreement and the transactions contemplated hereunder.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVER

Section 9.1. Termination. This Agreement may be terminated at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders) as follows:

(a) Mutual Consent. This Agreement may be terminated by mutual consent of the parties upon the affirmative vote of a majority of each of the Boards of Directors of Clearfield and Penn Laurel, followed by written notices given to each of the other parties.

(b) Unilateral Action by Penn Laurel and CSB. This Agreement may be terminated unilaterally by the affirmative vote of a majority of the Board of Directors of Penn Laurel, followed by written notice given to Clearfield, if: (i) there has been a material breach by Clearfield of any representation, warranty or covenant set forth in this Agreement and the breach has not been cured within thirty (30) days after written notice of the breach has been given by Penn Laurel to Clearfield; or (ii) any condition precedent to Penn Laurel's and CSB's obligations, as set forth in Article VIII of this Agreement, remains unsatisfied, through no fault of Penn Laurel or CSB, on October 31, 1999.

(c) Unilateral Action By Clearfield. This Agreement may be terminated unilaterally by the affirmative vote of a majority of the Board of Directors of Clearfield, followed by written notice given to Penn Laurel and CSB, if: (i) there has been a material breach by Penn Laurel or CSB of any representation, warranty or covenant set forth in this Agreement and the breach has not been cured within thirty (30) days after written notice of the breach has been given to Penn Laurel and CSB; or (ii) any condition precedent to Clearfield's obligations as set forth in Article VIII of this Agreement remains unsatisfied, through no fault of Clearfield, on October 31, 1999.

(d) Automatic Termination. If, for any reason, this transaction shall not have been consummated by October 31, 1999, this Agreement shall terminate automatically as of that date unless extended, in writing, prior thereto.

Section 9.2. Effect of Termination.

(a) Effect. In the event of termination, this Agreement shall become null and void and the transactions contemplated herein shall thereupon be abandoned, except that the provisions relating to limited liability and confidentiality set forth in Sections 9.2(b) and 9.2(c) of this Agreement shall survive the termination.

(b) Limited Liability. The termination of this Agreement in accordance with the terms of Section 9.1 shall create no liability on the part of any party, or on the part of any party's directors, officers, shareholders, agents or representatives, except that, if this Agreement is terminated by Penn Laurel and CSB by reason of a material breach by Clearfield, or, if this Agreement is terminated by Clearfield by reason of a material breach by Penn Laurel or CSB, and the breach involves an intentional, willful or grossly negligent misrepresentation or breach of covenant, the breaching party shall be liable to the non-breaching party or parties for all costs and expenses reasonably incurred by the non-breaching party or parties in connection with the preparation, execution and consummation of this Agreement, including the fees of its or their counsel, accountants, consultants and other representatives.

(c) Confidentiality. In the event of the termination of this Agreement, the parties shall not use or disclose to any other person any confidential information obtained by them during the course of their investigation of the other party or parties.

Section 9.3. Amendment. To the extent permitted by law, this Agreement may be amended at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders of Penn Laurel or Clearfield) by a written instrument duly authorized, executed and delivered by Penn Laurel and CSB and by Clearfield; provided, however, that any amendment to the provisions of Article II of this Agreement relating to the consideration to be received by the shareholders of Clearfield in exchange for their shares of Clearfield Common Stock shall not take effect until the amendment has been approved, adopted or ratified by the shareholders of Clearfield and Penn Laurel in accordance with applicable federal and state law.

Section 9.4. Waiver. Any term or condition of this Agreement may be waived, to the extent permitted by law, by the party or parties entitled to the benefit thereof at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders of Clearfield) by a written instrument duly authorized, executed and delivered by the party or parties.

ARTICLE X

RIGHTS OF DISSENTING SHAREHOLDERS

Section 10.1. Rights of Dissenting Shareholders. The shareholders of Clearfield and Penn Laurel shall be entitled to and may exercise dissenters' rights if and to the extent they are entitled to do so under the provisions of applicable law.

ARTICLE XI

CLOSING AND EFFECTIVE DATE

Section 11.1. Closing. Provided that all conditions precedent set forth in Article VIII of this Agreement shall have been satisfied or shall have been waived in accordance with Section 9.4 of this Agreement, the parties shall hold a closing (the "Closing") at the offices of Penn Laurel at 434 State Street, Curwensville, Pennsylvania, or another mutually agreed upon location, within thirty (30) days after the last to occur of the: (1) receipt of all required regulatory approvals and after the expiration of all applicable waiting periods; (2) approval by the Clearfield and Penn Laurel shareholders, respectively at which time the parties shall deliver the Clearfield Closing Documents, the Penn Laurel/CSB Closing Documents, and other documents and instruments as may be necessary or appropriate to effectuate the purposes of this Agreement.

Section 11.2. Effective Date. The Merger shall become effective and this Agreement and the Bank Merger Agreement shall be consummated on the date upon which Articles of Merger shall

be filed with the Pennsylvania Department of State, or such later date as shall be specified as the Effective Date in the Articles of Merger pursuant to the mutual agreement of Penn Laurel, CSB and Clearfield and in accordance with the Pennsylvania Banking Code (the "Effective Date"). At the Effective Date, CSB shall cease to exist as a separate banking institution, and Clearfield shall become the surviving institution in the Merger with the name Penn Laurel Bank & Trust.

ARTICLE XII

NO SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Section 12.1. No Survival. The representations and warranties of Clearfield and of Penn Laurel and CSB set forth in this Agreement shall expire and be terminated on the Effective Date upon consummation of the transactions contemplated by this Agreement, and no such representation or warranty shall thereafter survive.

ARTICLE XIII

POST-MERGER AGREEMENTS

Section 13.1. Employees.

(a) Immediately after the Effective Date, Penn Laurel Bank & Trust shall employ all of the Clearfield employees and all of the CSB employees who are in good standing, actively at work, and employed by Clearfield and CSB, respectively, as of the Effective Date on such terms as the resulting Board of Directors shall approve. It is understood and agreed by the parties to this Agreement that this Section 13.1(a) shall not create any implied or express rights of employment to any employee.

(b) After the Effective Date, all benefit, health, welfare and insurance plans of the resulting bank will be agreed upon and/or revised, modified, amended or supplemented only with the approval of the resulting Board of Directors or as otherwise required by law.

Section 13.2. Officers. Immediately after the Effective Date, William L. Bertram shall be appointed and employed as the Chairman of the Board of Directors of Penn Laurel and of Penn Laurel Bank & Trust for a term of two years; Larry W. Brubaker shall be appointed and employed as the President and Chief Executive Officer of Penn Laurel and of Penn Laurel Bank & Trust for a term of three years, and Wesley M. Weymers and Sherwood C. Moody shall each be appointed and employed as an Executive Vice President of Penn Laurel and of Penn Laurel Bank & Trust, for a term of three years. Each of the above named executives (the "Executives") shall be employed pursuant to an employment agreement that is mutually agreeable to the parties hereof and the Executives, respectively. Such agreements shall be subject to the appoval of, and executed by the

parties and each of the Executives, respectively, within 90 days of the date hereof, but no later than prior to the Effective Date.

Section 13.3. Board Appointments.

a. Immediately after the Effective Date, the Board of Directors of Penn Laurel and Penn Laurel Bank & Trust, shall consist of all persons who were members of the Board of Directors of Penn Laurel and Clearfield on the date hereof, with the addition of Mr. Wesley M. Weymers, to each respective Board of Directors. After the Effective Date, each Director of Penn Laurel and Clearfield shall serve on the Board of Directors of Penn Laurel , as Penn Laurel Bank & Trust, in the Class of Director that they currently serve of their respective companies' Board of Directors.

b. Prior to the Effective Date, Penn Laurel, CSB and Clearfield shall each amend, if necessary, their respective bylaws so that the retirement age for director service shall be 72, or the end of a Directors' term if during said term, he or she shall have attained the age of 72. Any director who is currently grandfathered from any director service age restriction of either Penn Laurel, CSB or Clearfield shall continue to be grandfathered. The number of directors serving as directors of Penn Laurel and Penn Laurel Bank & Trust shall only be reduced as a result of attrition, i.e., death, resignation, non-grandfathered age restrictions or regulatory action.

ARTICLE XIV

GENERAL PROVISIONS

Section 14.1. Expenses. Except as provided in Section 9.2(b) of this Agreement, each party shall pay its own expenses incurred in connection with this Agreement and the consummation of the transactions contemplated herein except for such expenses as have been mutually agreed upon, i.e., preparation of all documentation. For purposes of this Section 14.1, the cost of printing the Proxy Statement/Prospectus shall be deemed to be an expense of Penn Laurel and Clearfield.

Section 14.2 Access; Confidentiality. The parties hereby agree to conduct the investigations and discussions contemplated by Section 6.3 and Section 7.2 of this Agreement in a manner that will not interfere unreasonably with normal operations and customer and employee relationships. If the transactions contemplated by this Agreement are not consummated, the parties hereby agree to destroy or return all documents and records obtained from the other or their respective representatives, during the course of any investigation and will cause all information with respect to the other party obtained pursuant to this Agreement or preliminarily thereto to be kept confidential, except to the extent the information becomes public through no fault of the party that has obtained the information or any of its respective representatives or agents and except to the extent disclosure of such information is legally required. Each party hereby agrees to give the other party prompt notice of any contemplated disclosure where disclosure is so legally required.

Section 14.3. Notices. All notices, claims, requests, demands and other communications that are required or permitted to be given under this Agreement shall be in writing and shall be

deemed to have been duly delivered if delivered in person, transmitted by facsimile machine (but only if receipt is acknowledged in writing), mailed by registered or certified mail, return receipt requested or sent by recognized overnight delivery service guaranteeing next day delivery addressed as follows:

(a) If to Penn Laurel Financial Corp. and/or CSB to:

Penn Laurel Financial Corp.
434 State Street
Curwensville, Pennsylvania 16833
Attention: Larry W. Brubaker

With a copy to:

Shumaker Williams, P.C.
3425 Simpson Ferry Road
Camp Hill, Pennsylvania 17011
Attention: Nicholas Bybel, Jr.

(b) If to Clearfield Bank & Trust Company to:

Clearfield Bank & Trust Company
11 North Second Street
Clearfield, Pennsylvania 16830
Attention: Sherwood C. Moody

With a copy to:

Tucker Arensberg, P.C.
1500 One PPG Place
Pittsburgh, Pennsylvania 15222
Attention: William T. Harvey

Section 14.4. Captions. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement.

Section 14.5. Counterparts. This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all the counterparts together shall be deemed to be one and the same instrument.

Section 14.6. Severability. If any provision of this Agreement or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of the provisions to other parties or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 14.7. Parties in Interest. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that the rights and obligations of any party under this Agreement may not be assigned or delegated by that party without the prior written consent of each other party.

Section 14.8. Entire Agreement. This Agreement, including the documents and other writings referred to herein or delivered pursuant hereto, sets forth the entire understanding and agreement of the parties hereto and supersedes any and all prior agreements, arrangements and understandings, oral or written, relating to the subject matter hereof.

Section 14.9. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic internal laws of the Commonwealth of Pennsylvania, without regard to the conflict laws principles thereof.

IN WITNESS WHEREOF, intending to be legally bound hereby, this Agreement is executed as of the day and year first above written.

ATTEST:

PENN LAUREL FINANCIAL CORP.

By: _____

By: _____

[CORPORATE SEAL]

ATTEST:

CSB BANK

By: _____

By: _____

[BANK SEAL]

ATTEST:

CLEARFIELD BANK & TRUST COMPANY

By: _____

By: _____

[BANK SEAL]

:91359

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EXECUTION COPY
12/31/98

AGREEMENT AND PLAN OF MERGER
of
CLEARFIELD BANK & TRUST COMPANY
and
CSB BANK

THIS AGREEMENT AND PLAN OF MERGER (the "Merger Agreement") is dated as of December 31, 1998, by and between CSB BANK ("CSB"), a Pennsylvania chartered bank, having its principal office at 434 State Street, Curwensville, Pennsylvania 16833, and CLEARFIELD BANK & TRUST COMPANY ("Clearfield"), a Pennsylvania chartered bank and trust company, having its principal office at 11 North Second Street, Clearfield, Pennsylvania 16830 (the two parties being sometimes collectively referred to as the "Constituent Banks") each acting pursuant to resolutions approved and adopted by the vote of a majority of its directors.

BACKGROUND:

WHEREAS, Clearfield and CSB are parties to an Agreement and Plan of Reorganization of even date herewith (the "Reorganization Agreement") that provides, among other things, for the execution of the Merger Agreement and the merger of Clearfield and CSB (the "Merger") in accordance with the terms and conditions set forth therein and herein; and

WHEREAS, the respective Boards of Directors of Clearfield and CSB deem the Merger of Clearfield and CSB in accordance with the Reorganization Agreement and pursuant to the terms and conditions herein set forth or referred to, desirable and in the best interests of the Constituent Banks and their respective shareholders; and

WHEREAS, the respective Boards of Directors of Clearfield and CSB have adopted resolutions approving and adopting this Merger Agreement, and the respective Boards of Directors of CSB, Penn Laurel Financial Corp., a Pennsylvania corporation and parent of CSB ("Penn Laurel") and Clearfield have adopted resolutions approving and adopting the Reorganization Agreement, and the Boards of Directors of Clearfield and CSB have directed that this Merger Agreement be submitted to their respective shareholders;

WHEREAS, the approval of this Merger Agreement and the Reorganization Agreement requires the approval of the shareholders of the Constituent Banks, as required by applicable laws and by each party's Articles of Incorporation and Bylaws;

WHEREAS, one hundred percent (100%) of the outstanding shares of capital stock of CSB (the "CSB Common Stock") are held by its sole shareholder, Penn Laurel;

NOW, THEREFORE, in consideration of their mutual covenants and agreements contained herein and in the Reorganization Agreement, and for the purpose of stating the method, terms and conditions of the Merger, and such other details and provisions as are deemed desirable, the parties hereto, intending to be legally bound hereby, agree as follows:

1. The Merger. Subject to the terms and conditions of this Merger Agreement and the Reorganization Agreement, and in accordance with the laws of the Commonwealth of Pennsylvania, on the Effective Date (as defined in Section 11.2 of the Reorganization Agreement, and referred to herein as the "Effective Date"), CSB shall be merged with and into Clearfield pursuant to the Pennsylvania Banking Code of 1965, as amended (the "Banking Code"), and Clearfield shall be the surviving institution. On the Effective Date, the separate existence of CSB shall cease, and Clearfield shall be the surviving institution (the "Surviving Institution"), the principal and branch offices of CSB shall become authorized offices of Clearfield; and all the property (real, personal and mixed), rights, powers, duties, and obligations of Clearfield and CSB shall be taken and deemed to be transferred to and vested in the Surviving Institution, without further act or deed, as provided by applicable laws and regulations.

2. Name. The name of the Surviving Institution shall be "Penn Laurel Bank & Trust Company," and the location of its principal office shall be 11 North Second Street, Clearfield, Pennsylvania 16830.

3. Articles of Incorporation. The Articles of Incorporation of Clearfield as in effect immediately prior to the Effective Date, as may be amended in furtherance of the Reorganization Agreement and the Merger Agreement at the Effective Date, shall be the Articles of Incorporation of the Surviving Institution, until amended in accordance with applicable law.

4. Bylaws. The Bylaws of CSB as in effect immediately prior to the Effective Date, as may be amended in furtherance of the Reorganization Agreement and the Merger Agreement, at the Effective Date, shall be the Bylaws of the Surviving Institution, until amended in accordance with applicable law.

5. Conversion of Shares. The manner and basis of converting shares of common stock of the Constituent Banks shall be as follows:

5.1 Conversion of Clearfield Common Stock. On the Effective Date, the shares of Clearfield Common Stock then outstanding and eligible for conversion under Article II of the Reorganization Agreement shall be converted into the right to receive shares of common stock of Penn Laurel, par value $5.00 per share (the "Penn Laurel Common Stock") in accordance with the terms of and as provided in Section 2.1(a) of the Reorganization Agreement.

5.2 Stock of CSB. The shares of CSB Common Stock issued and outstanding immediately prior to the Effective Date shall continue to be issued and outstanding shares of common stock of the Surviving Institution. From and after the Effective Date, each certificate that, prior to the Effective Date, represented shares of CSB Common Stock, shall evidence ownership of shares of such common stock of the Surviving Institution.

6. Surrender and Exchange of Clearfield Certificates. On the Effective Date, the outstanding shares of Clearfield Common Stock shall be exchanged for and shall become the right to receive shares of Penn Laurel Common Stock in accordance with and as provided for in Section 2.2 of the Reorganization Agreement.

7. Effect of Merger. On the Effective Date, the Surviving Institution shall succeed, without further act or deed, to all of the property, rights, powers, duties and obligations of the Constituent Banks in accordance with the Banking Code. Any claim existing or action pending by or against either of the Constituent Banks may be prosecuted to judgment as if the Merger had not taken place, and the Surviving Institution may be substituted in its place.

8. Continuation of Business. The Surviving Institution shall continue in business with the assets and liabilities of each of the Constituent Banks. The Surviving Institution shall be a bank and trust company organized and having perpetual existence under the laws of the Commonwealth of Pennsylvania. The branch offices of the Surviving Institution shall consist of CSB's and Clearfield's present branch offices and any other branch office or offices that CSB and Clearfield may be authorized to have as of the Effective Date. The headquarters of the Surviving Institution shall be at 11 North Second Street, Clearfield, Pennsylvania 16830.

9. Board of Directors and Officers. The Directors of CSB and of Clearfield as in effect immediately prior to the Effective Date shall be the Directors of the Surviving Institution, until such time as their successors have been elected, qualified, or appointed. Each director shall serve in the Class of Director that he or she currently serves, provided, however, that all classes of Directors shall be as equal as possible. The Officers of the Surviving Institution shall be as follows:

William L. Bertram	Chairman of the Board
Larry W. Brubaker	President
Sherwood C. Moody	Executive Vice President
Wesley M. Wymers	Executive Vice President

The officers of the Surviving Institution shall serve until their successors are appointed.

10. Dissenters' Rights of Clearfield's Shareholders. The rights and remedies of a dissenting shareholder under the Banking Code and Subchapter D of Chapter 15 of the Pennsylvania Business Corporation Law of 1988, as amended (15 Pa. C.S. §1571, et seq.), shall be afforded to any

holder of Clearfield Common Stock who objects to this Merger and who takes the necessary steps to perfect the rights of a dissenting shareholder, to the extent required under such laws.

11. Effective Date of the Merger. The Effective Date of the Merger shall be as defined and provided for in Section 11.2 of the Reorganization Agreement.

12. Further Assurances. If at any time the Surviving Institution shall consider or be advised that any further assignments, conveyances or assurances are necessary or desirable to vest, perfect or confirm in the Surviving Institution title to any property or rights of Clearfield or CSB, or otherwise carry out the provisions hereof, the proper officers and directors of Clearfield or CSB, as of the Effective Date, on behalf of Clearfield or CSB, respectively, shall execute and deliver any and all proper assignments, conveyances and assurances, and do all things necessary or desirable to vest, perfect or confirm title to such property or rights in the Surviving Institution and otherwise carry out the provisions hereof.

13. Shareholder Approval. This Merger Agreement shall be approved and adopted by the affirmative vote of the shareholders of each Constituent Bank as required by applicable law and by the Constituent Banks' Articles of Incorporation and Bylaws.

14. Termination and Amendment. Notwithstanding prior approval by the respective shareholders of Clearfield and CSB, this Merger Agreement shall be terminated and the Merger shall be abandoned in the event that, prior to the Effective Date, the Reorganization Agreement is terminated, as provided therein. If there is such termination after the delivery of Articles of Merger to the Pennsylvania Department of State, the parties shall execute and file with the Pennsylvania Department of State, prior to the Effective Date, a statement of termination, pursuant to Section 1902 of the Pennsylvania Business Corporation Law of 1988, as amended. Notwithstanding prior approval by the shareholders of Clearfield and CSB, this Agreement may be amended in any respect in the manner and subject only to the limitations set forth in Section 9.3 of the Reorganization Agreement.

15. Counterparts; Headings. This Merger Agreement may be executed in several counterparts, and by the parties hereto on separate counterparts, each of which will constitute an original. The headings and captions contained herein are for reference purposes only and do not constitute a part hereof.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, by their officers thereunto duly authorized, have executed this Merger Agreement as of the day and year first above written.

ATTEST:

CLEARFIELD BANK & TRUST COMPANY

By: _____ By: Sherwood C. Moody
Asst Cashier & CEO

[BANK SEAL]

ATTEST:

CSB BANK

By: _____ By: _____

[BANK SEAL]

:90150

VERIFICATION

The undersigned, Larry W. Brubaker, hereby verifies and states that:

1. He is President and CEO of Penn Laurel Financial Corporation and Chairman of the Board of CSB Bank;

2. He is authorized to make this Verification on their behalf;

3. The facts set forth in the foregoing Complaint are true and correct to the best of his knowledge, information and belief; and

4. He is aware that any false statements herein are made subject to the penalties of 18 Pa.C.S.A. §4904, relating to unsworn falsification to authorities.

Dated: April 4, 2000

Larry W. Brubaker

:107300

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00 - 414 - CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	)	

ORDER

NOW, this 13th day of September, 2001, based upon the attached correspondence, IT IS HEREBY ORDERED as follows:

1. The depositions previously agreed upon between the parties, scheduled for September 18 and 19, 2001, shall be held as scheduled, and counsel are directed to make available the individuals whose depositions are to be taken.

2. Notwithstanding Paragraph 1, counsel shall appear before the undersigned in Court Room No. 1 of the **Clinton County Courthouse** at 8:30 a.m. on Tuesday, September 18, 2001, for a conference/argument on all outstanding matters.

BY THE COURT:

J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xxc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Court Administrator

FILED
SEP 17 2001
William A. Shaw
Prothonotary

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street Lancaster, Pennsylvania 17602-2913 TEL 717-392-1100 FAX 717-392-4385 kkag@kkaglaw.com

HOWARD L. KELIN E-MAIL:kelin@kkaglaw.com

September 7, 2001

Via Facsimile and First Class Mail

The Honorable J. Michael Williamson
Clinton County Court of Common Pleas
230 E. Water Street
Lock Haven, PA 17745

Re: Penn Laurel v. Clearfield and Anonick

Dear Judge Williamson:

I received Larry Dague's facsimile to you of today.

By e-mail on August 21, 2001, Mr. Dague represented to me and Brad Tupi that he would contact your chambers to schedule oral argument on the pending motions during the week of September 17. I was unaware Mr. Dague had declined to follow through on his representation until receiving his letter of September 4, 2001, stating that Penn Laurel planned to file a federal lawsuit and abandon its state court litigation.

We request that the Court schedule a status conference among counsel for the week of September 17. We believe Penn Laurel's abandonment of the state court case reflects its acknowledgement that it has failed to adduce through discovery evidence sufficient to establish a prima facie case. In your Order dated March 27, 2001, you established a six-month timeframe for completion of discovery. That period is nearly over. This matter is now ripe for summary judgment, pursuant to Pa. R. Civ. P. 1035.2(2).

We would like the opportunity to discuss such issues with the Court in conference.

Sincerely,

Howard L. Kelin

HLK/kas:26175.1.

cc (by facsimile): Laurence W. Dague, Esq.
Brad S. Tupi, Esq.

TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

John E. Graf 412-594-5605
jgraf@tuckerlaw.com

September 7, 2001

VIA FEDERAL EXPRESS

Hon. J. Michael Williamson
Judge, Specially Presiding
25th Judicial District of Pennsylvania
Court House
230 East Water Street
Lock Haven, PA 17745

Re: Penn Laurel Financial Corporation v. Clearfield Bank & Trust, et al.
Common Pleas Court of Clearfield County, Docket No. 00-414-CD
Our File No.: 013828-023676

Dear Judge Williamson:

I am a partner of Bradley S. Tupi, Esquire, working with him representing Defendants Clearfield Bank & Trust Company and Sherwood C. Moody in the above action. You have received today by facsimile a letter from Larry Dague, representing Penn Laurel Financial Corporation, and copies of correspondence circulated among counsel this week.

As an initial matter, I believe that it is important to clear up a misstatement which appears in Mr. Dague's letter to the Court. Mr. Dague states that the parties had not contacted the Court because the parties disagreed about the scheduling of depositions. This is not the case. By e-mail to Mr. Tupi of August 21, 2001, a copy of which I attach to this letter, Mr. Dague stated that he would contact the Court to arrange a conference in light of counsel's inability to agree to pending discovery matters. Mr. Dague has apparently not contacted the Court, as promised. Although we are not aware of the specific reason that Mr. Dague did not contact the Court, it is curious that this week he has announced Penn Laurel's intent to wrest jurisdiction over this matter from this Court and transfer it to federal court

In Mr. Dague's letter of September 4, 2001, he states that it is Penn Laurel's intention to file an action, based in part upon the Sherman Act, against a variety of defendants, including our client, Mr. Moody. While we strongly object to the filing of such a blatantly frivolous lawsuit, we obviously do not have control over what Mr. Dague and his client choose to do. If Penn Laurel files such an action, we will defend it with all vigor. Any filing by Penn Laurel of an action in federal court is, of course, outside this Court's purview.

Mr. Dague is not content with filing a second action in federal court, however. He also wishes to stay this action, and to relitigate Penn Laurel's claims in the federal action. This is an untenable position, one which asks the Court and the parties to declare that the last year and half's worth of litigation had no meaning, that it was a trial run.

This action has been pending for a year and a half, and is well on its way to completion. The Court indicated earlier this year that six months should be sufficient to complete discovery, and that discovery should be completed by the end of this month. Our clients have invested tens of thousands of dollars into defending this matter, and we believe it is very nearly ripe for disposition through summary judgment. All of the time, money and effort by our clients will have been for naught, however, should Penn Laurel receive its wish and obtain a stay of this action. Any resolution of this matter, which should be around the corner in this forum, will certainly be delayed years in federal court. Further, much of the discovery taken to date -- depositions, etc. -- will need to be re-taken with the new parties. Moreover, Penn Laurel is asking this Court to declare that the time it has invested into this matter to date was for no purpose, a clear waste of the valuable resources of the Court.

Mr. Dague has stated in correspondence to Mr. Kelin and me that he will not produce Larry Brubaker for the continuation of his deposition. This deposition, set for September 18, had been agreed to previously by Mr. Dague. Nevertheless, without any order of Court, Mr. Dague has unilaterally stated that he will not produce a key witness whose deposition has already begun.

It is our clients wish that this matter proceed under the timetable set by the Court, and to do so in this forum. It is our wish to obtain Mr. Brubaker's deposition as soon as possible, hopefully on September 18, the day previously agreed to.

We would request that the Court schedule a status conference at the Court's earliest convenience so that we may discuss these matters in greater depth. As always, we thank the Court for its consideration.

Respectfully yours,

TUCKER ARENSBERG, P.C.

John E. Graf

JEG/dc

Enclosure

LIT:233976-1 013828-023676

Graf, John

From: Larry Dague [LWD@shumakerwilliams.com]
Sent: Tuesday, August 21, 2001 11:47 AM
To: kelin@kkaglaw.com; btupi@tuckerlaw.com
Cc: jgraf@tuckerlaw.com
Subject: RE: September deposition schedule

It seems that Mr. Woolridge could be described in the same terms that you have used to describe Mrs. Woolridge, but I do not think that his deposition was completely unproductive. We could, of course, simply subpoena her for a deposition, but we do not wish to be unreasonable. Is her condition worse than Mr. Woolridge's, and, if so, from what conditions does she suffer and can you provide us with a letter from a physician to that effect?

Your understanding is correct with one exception. Mr. Brubaker is only scheduled for the 18th at this point, as I had informed you in my e-mail of August 10, 2001.

As I also indicated in my previous e-mails, there is no other witness we can schedule until the outstanding discovery disputes have been resolved at or following the oral argument.

We'll contact the Judge's secretary.

>>> "Tupi, Bradley" <btupi@tuckerlaw.com> 08/21/01 11:35AM >>>
That scheduling sounds fine. But we will not produce Mrs. Woolridge. She is 84, in poor health, and her lucidity comes and goes. With this in mind, Larry, do you have another witness? As I understand our plans, we have Mr. Brubaker set for Sept. 18 (and hopefully part of 19 if necessary), Bill Wood and Don Mikesell. Is that right?
Thanks.

> -----Original Message-----
> From: Kelin, Howard L. [SMTP:kelin@kkaglaw.com]
> Sent: Tuesday, August 21, 2001 11:25 AM
> To: 'Larry Dague'; btupi@tuckerlaw.com
> Subject: RE: September deposition schedule
>
> Sounds grand.
>
> -----Original Message-----
> From: Larry Dague [<mailto:LWD@shumakerwilliams.com]>
> Sent: Tuesday, August 21, 2001 11:11 AM
> To: kelin@kkaglaw.com; btupi@tuckerlaw.com
> Subject: September deposition schedule
>
>
> Thanks to a judge's overcrowded calendar, I can now confirm our September
> deposition schedule for the 18th thru 21st. [In fact, my trial isn't
> until 12/3 through 5.] We should now contact Judge Williamson's chambers
> to attempt to schedule oral argument as his Order directed. We would
> suggest that Wednesday or Thursday morning would be the best time, and it
> seems most appropriate to inquire about the Judge's availability on either
> of those days, leaving the final selection up to him. Do either of you
> disagree?
>

SHUMAKER WILLIAMS P.C.
LEGAL AND BUSINESS COUNSEL

WRITER'S DIRECT DIAL NUMBER: 717.909.1645
WRITER'S E-MAIL: dague@shumakerwilliams.com

September 7, 2001

The Honorable J. Michael Williamson
CLINTON COUNTY COURTHOUSE
230 East Water Street
Lock Haven, PA 17745

VIA TELECOPIER

Re: Penn Laurel Financial Corp. and CSB Bank v.
Clearfield Bank & Trust Company, Timothy A. Anonick,
Anonick Financial Corporation & Sherwood Moody
No. 00-414-CD
Our File No. 653-00(2)

Dear Judge Williamson:

In response to your letter of September 4, 2001, we would note that we have not contacted you concerning the scheduling of oral argument on the outstanding motions to compel in the above-referenced matter because counsel disagree about the scheduling of depositions and, in fact, about the pursuit of this matter. Enclosed are copies of an exchange of correspondence among counsel, specifically, my letters of September 4 and today, Mr. Kelin's letter of September 4, and Mr. Graf's letter of September 5. We believe those letters sufficiently explain the positions of each party in connection with the scheduling of depositions and oral argument at this time but would be glad to provide any additional information the Court would deem appropriate.

Very truly yours,

Laurence W. Dague

By Laurence W. Dague

LWD:135059
Enclosures
cc: Bradley S. Tupi, Esquire (w/o enclosures)(Via Telecopier)
Howard L. Kelin, Esquire (w/o enclosures)(Via Telecopier)

CORRESPONDENCE:
P.O. BOX 88
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SHUMAKER WILLIAMS P.C.
LEGAL AND BUSINESS COUNSEL

WRITER'S DIRECT DIAL NUMBER: 717.909.1645
WRITER'S E-MAIL: dague@shumakerwilliams.com

September 4, 2001

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM, LLP
24 North Lime Street
Lancaster, Pennsylvania 17602-2913

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Gentlemen:

Some very significant developments related to the above-referenced action ("state action") have led us to conclude that it would be unwise to continue with the proposed schedule for depositions and oral argument during the week of September 17, 2001. In addition, we wish to raise several issues concerning those developments so that your clients will have ample opportunity to consider those issues before decisions about them are necessary.

As you may already be aware, we initiated an action against County National Bank ("CNB") by filing a Praecipe for Writ of Summons in state court on August 23, 2001. That filing was made in order to avoid any argument concerning the possible running of the statute of limitations, even though we believe that any such argument would be meritless. We then began researching and analyzing our potential claims against CNB in order to draft a complaint. As a result of that process, a decision has now been made to initiate a new action in federal court.

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The federal court action is necessary because we intend to bring antitrust claims as to which exclusive jurisdiction exists in federal court. Specifically, we will be filing claims under Section 1 of the Sherman Antitrust Act against CNB, Omega Financial Corporation ("Omega"), Sherwood C. Moody, Timothy A. Anonick, and Anonick Financial Corporation, and we will be evaluating whether any other parties are appropriate or necessary on those claims.

The federal court case will obviously involve the same facts and many of the same legal issues that are involved in the state action; and, with the one exception of Clearfield Bank & Trust Company ("CBT"), all of the parties to the state action will necessarily be parties in the federal action. Therefore, we intend to re-state all of the state action claims, including the claims against CBT, in the federal action as pendent claims under the court's supplemental jurisdiction in the interests of judicial economy and to avoid all of our clients' having to incur unjustifiably duplicative burden and expense. We will then seek to stay all proceedings in the state action, as well as the action initiated against CNB by Praecipe, pending the outcome of the federal action; and we will, of course, dismiss the state actions in the event that the federal action results in an adjudication of the merits of the state action's claims.

In light of the foregoing, proceeding with depositions or oral argument in the state action at this time appears likely to result in a waste of all of our clients' time and money. If you care to discuss this matter, please do not hesitate to contact us.

Very truly yours,

Larry

By Laurence W. Dague

LWD/mac:134907
cc: Peter F. Smith, Esquire (Via Telecopier)
John E. Graf, Esquire (Via Telecopier)

SHUMAKER WILLIAMS P.C.
LEGAL AND BUSINESS COUNSEL

WRITER'S DIRECT DIAL NUMBER: 717.909.1645
WRITER'S E-MAIL: dague@shumakerwilliams.com

September 7, 2001

John E. Graf, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM, LLP
24 North Lime Street
Lancaster, Pennsylvania 17602-2913

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Gentlemen:

Howard's letter of September 4 and John's letter of September 5 arrived while I was out of town for two days, so this is the earliest opportunity I have had to respond to them. Initially, I should note that this firm does not need to be reminded of the provisions of Rule 11 of the Federal Rules of Civil Procedure. More importantly, however, neither of you gentlemen cite a single precedent, statute, nor other authority to show that our proposed action under Section 1 of the Sherman Act is legally deficient. While John makes assertions about the scope of that Section without authority, his statement is blatantly incorrect. For example, while an action under Section 2 alleging monopolization does require proof of a specific intent, there is no requirement under Section 1 that it be proven that each conspirator had such a specific intent. Capital Imaging Assoc., P.C. v. Mohawk Valley Medical Assoc., Inc., 996 F.2d 537 (2d Cir.), cert. denied, 510 U.S. 947, 114 S. Ct. 388 (1993); United States v. Champion Intern. Corp, 557 F.2d 1270 (9th Cir.), cert. denied, 434 U.S. 938, 98 S. Ct. 428 (1977). Even more fundamentally, everyone knowledgeable about antitrust law knows that the "rule of reason" does not create any burden in cases involving per se violations under Section 1. United States v. Trenton Potteries Co., 273 U.S. 392, 398, 47 S. Ct. 377, 379, 71 L.Ed. 700, 705 (1927).

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The assertion in John's letter there is not "one sliver of evidence" to support an antitrust claim is patently absurd and can only be either disingenuous or a result of a failure to review and consider the documents produced by County National Bank in response to our subpoena. It also ignores the blatant destruction or concealment of documents under subpoena that has occurred.

As always, we are willing to consider any views that either of you care to communicate. However, neither of you have produced any authority nor cited any facts that demonstrate our intended federal court action is defective in any respect. Therefore, you have given us no reason to reconsider our stated intention, and we will be proceeding to draft and file that action. Thus, the issue is not whether the federal court action will be initiated but whether it will be necessary to litigate the claims arising from the same body of operative facts in two lawsuits or in only one. If we had the option of merely adding additional claims in the state court action, we would certainly be inclined to do so; but, as we have previously pointed out, the state court cannot hear our antitrust claims.

This hardly means, as John's letter asserts, that our clients' time, effort, or money has been wasted, nor, for that matter, the time of the state court. We have made substantial progress in the discovery process, particularly in relation to the production of documents, and that progress will be of direct benefit in the federal action. Although we do not believe that any party is in a position at this time to maintain in good faith that they are entitled to summary judgment and that no material facts are in genuine dispute, any party would certainly be entitled to do so immediately following the filing of the new action in federal court. The only true waste would occur if two courts are required to consider cases arising from the same facts and involving many of the same claims at the same time.

However, we continue to believe that taking depositions and conducting oral argument solely in the one state court action when two are pending and when it is known that both may be superceded by the filing of a federal action would result in a waste of all of our clients' time and

money. Therefore, we will not be proceeding with the deposition that had been tentatively scheduled for the week of September 17. Rather, it is our intention to file the federal court action, and we hope to do so within the next two weeks. We will then file appropriate motions to stay the state court actions. Of course, you are free to oppose those motions.

Very truly yours,

By Laurence W. Dague

LWD/mac:135056
cc: Peter F. Smith, Esquire (Via Telecopier)
Brad S. Tupi, Esquire (Via Telecopier)

KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street Lancaster, Pennsylvania 17602-2913 TEL 717-392-1100 FAX 717-392-4385 kkag@kkaglaw.com

HOWARD L. KELIN E-MAIL:kelin@kkaglaw.com

September 4, 2001

Laurence W. Dague, Esq.
Shumaker Williams, P.C.
P. O. Box 88
Harrisburg, PA 17108

Re: Penn Laurel Financial Corp. et al. v. Clearfield B&T Company et al.

Dear Larry:

Your facsimile of today is shocking. I urge you to reconsider this frivilous filing, and remind you of your Rule 11 obligations.

Sincerely,

Howard L. Kelin

HLK/kas:15649.6

cc: Brad S. Tupi, Esq.
Peter F. Smith, Esq. (w/enc.)
Leonard Dubin, Esq. (w/enc.)
Mr. David Lee (w/enc.)
Mr. Timothy A. Anonick (w/enc.)

SEP - 5 2001

TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

John E. Graf 412-594-5605
jgraf@tuckerlaw.com

September 5, 2001

BY FACSIMILE TRANSMISSION

Laurence Dague, Esquire
Shumaker Williams, P.C.
The Pennsylvania Center
3425 Simpson Ferry Road
Camp Hill, PA 17011

Re: Penn Laurel Financial Corp. v. Clearfield Bank & Trust
Our File No. 13828-23676

Dear Larry:

Brad Tupi and I were, to say the least, surprised when we read your letter of yesterday. As I understand your letter, after an investment of a year and a half, thousands of dollars of attorneys' fees and costs, and much strife and tribulation on the part of all involved, it is Penn Laurel's intention to file a brand new lawsuit in federal court and start over again. This position is obviously unacceptable both to Clearfield Bank and Trust and Sherwood Moody.

First, there is absolutely no basis in the law or in the facts developed during the discovery phase of this action which could in any way, shape or form support an action under Section 1 of the Sherman Act. Section 1, as I am sure you are aware, makes illegal any conspiracy, combinations or agreements which unreasonably restrain trade. This is a violation which involves proof of specific intent to restrain trade. Apparently, Penn Laurel is positing that our client, Mr. Moody, conspired with County National Bank, Timothy Anonick, Anonick Financial Corporation, and Omega Financial Corporation to somehow restrain competition in the banking industry in some relevant market. This is patently absurd, and there is not one sliver of evidence which in any way supports such a theory. I would request that you reconsider your client's decision to pursue a Sherman Act action, given the utter lack of factual and legal support for such an action and your duties under Rule 11 of the Federal Rules of Civil Procedure.

Second, neither Clearfield nor Mr. Moody have any intention of consenting to any stay of the present matter. We are now 18 months into this action, and our clients have invested a great deal into defending it. The matter is, we believe, very nearly ripe for summary judgment. Staying the present action, and pursuing the claims in a federal court action, would be costly and inefficient to our clients, and would only serve to unduly delay a resolution of the claims involved here. It will also have wasted a good deal of the resources of the Clearfield County Court of Common Pleas.

TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

It is Clearfield and Sherwood Moody's position that this matter should move forward as previously scheduled and as expeditiously as possible. Discovery presently scheduled, including Mr. Brubaker's deposition, should move forward without delay. We will continue to make witnesses and documents available within the requirements of the Pennsylvania Rules of Civil Procedure. If it is your intention not to move forward with discovery in this action, in particular the deposition of Mr. Brubaker, kindly notify me immediately so that we may bring the matter to the attention of Judge Williamson.

On the subject of Judge Williamson, I understand from Brad Tupi that you were to schedule a conference with him to discuss, among other issues, your outstanding Motions to Compel regarding the telephone records of our firm and County National Bank. Please advise me whether you expect to schedule this conference, and if so, when.

Very truly yours,

TUCKER ARENSBERG, P.C.

John E. Graf

JEG/dc

c: William Wood
Bradley S. Tupi, Esquire
Howard Kelin, Esquire

LIT214423.1

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00 - 414 - CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	)	

ORDER

For some time, pursuant to an assignment through the Administrative Unit, we have attempted to understand this litigation. Just when we had begun to feel some degree of comfort, we were advised by Plaintiff's counsel that two additional suits have been filed, the first in Clearfield County by Penn Laurel against CNB Financial and County National Bank, and the second in the United States District Court for the Western District of Pennsylvania by Penn Laurel against these and numerous other Defendants. Additionally, during a status conference on September 18, 2001, Plaintiffs orally requested that we stay all further proceedings pending the resolution of their new federal action.

While initially less than favorably inclined to put this and the new Clearfield County case on hold, we have reconsidered our petition after reading the Opinion and Order of Federal District Judge D. Brook Smith in the matter of Clearfield Bank and Trust v. Omega Financial Corporation, No. 99-180J, filed September 10, 1999. That Opinion, filed following an evidentiary hearing held on August 24 and 25, 1999, comprehensively resolved preliminary skirmishing between Clearfield, Penn Laurel, and Omega. Because of Plaintiffs' new federal

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

FILED
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William A. Shaw
Prothonotary

litigation and the familiarity of the federal court with this dispute and because we have serious concern with our ability to select an impartial jury from Clearfield County, we believe it appropriate to defer to the federal action.

NOW, this 24th day of September, 2001, IT IS HEREBY ORDERED as follows:

1. This litigation and the state suit filed last week in Clearfield County captioned Penn Laurel Financial Corporation and CSB Bank v. CNB Financial Corporation and County National Bank are consolidated for all further proceedings.

2. All proceedings, including discovery, in the consolidated suits are stayed until further Order.

BY THE COURT:

J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

JUDGES CHAMBERS
TWENTY-FIFTH JUDICIAL DISTRICT OF PENNSYLVANIA
LOCK HAVEN, PENNSYLVANIA 17745

J. MICHAEL WILLIAMSON
JUDGE

570-893-4014
FAX 570-893-4126

September 25, 2001

William Shaw, Prothonotary
Clearfield County Courthouse
230 East Market Street
Clearfield, PA 16830

Re: Penn Laurel v. Clearfield Bank & Trust
No. 00 - 414 - CD

Dear Mr. Shaw:

Please file the enclosed Order in the above referenced matter. All copies have been distributed.

Thank you.

Very truly yours,

Carol E. Miller
Secretary to Judge Williamson

Enclosure

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00 - 414 - CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	)	

- a n d -

PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	)	
v.	)	NO. 01 - 1376 - CD
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK, Defendants	)	

ORDER

NOW, this 4th day of October, 2001, based upon the attached correspondence, leave is granted to any party to file a timely Motion for Reconsideration.

BY THE COURT:

J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

xc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Peter F. Smith, Esquire
File Copy to No. 01-1376-CD
Court Administrator

FILED
OCT 09 2001
William A. Shaw
Prothonotary

PETER F. SMITH
ATTORNEY
30 SOUTH SECOND STREET
P.O. BOX 130
CLEARFIELD, PENNSYLVANIA 16830

(814) 765-5595
FAX (814) 765-6662

E-mail
pfsatty@mail.uplink.net

October 1, 2001

Honorable Judge J. Michael Williamson
230 East Water Street
Lock Haven, PA 17745

RE: Penn Laurel v CNB Financial Corp. et al.
Clearfield County Docket No. 01-1376-CD

Dear Judge Williamson:

Attorney Dague faxed me a copy of an Order which you entered on September 24th in the Penn Laurel case against Clearfield Bank & Trust Company at Clearfield County Number 00-414-CD. That Order consolidated these two cases and stayed all further proceedings.

I appreciate the scope of the Court's discretion under Pa.R.C.P. 213. Although I am generally aware of developments in the other case, I had not received notice that my case had been assigned, and I received no notice that these issued where under consideration in my clients' case.

My first inclination is to file a Motion for Reconsideration. However, the proceedings are stayed. At the very least, I would like an opportunity to address the Court on these issues. I can be available at the Court's convenience.

Sincerely,

Peter F. Smith

PFS:jac

Mr. William F. Falger, President & CEO, CNB
Laurence W. Dague, Esquire
Howard L. Kelin, Esquire
John E. Graff, Esquire

JUDGES CHAMBERS
TWENTY-FIFTH JUDICIAL DISTRICT OF PENNSYLVANIA
LOCK HAVEN, PENNSYLVANIA 17745

J. MICHAEL WILLIAMSON
JUDGE

570-893-4014
FAX 570-893-4126

October 5, 2001

William Shaw, Prothonotary
Clearfield County Courthouse
230 East Market Street
Clearfield, PA 16830

Re: Penn Laurel v. Clearfield Bank and Trust
No. 00 - 414 - CD
Penn Laurel v. CNB Financial Corporation
No. 01 - 1376 - CD

Dear Mr. Shaw:

Please file the enclosed Order in the above referenced matters. All copies have been distributed.

Thank you.

Very truly yours,

Carol E. Miller

Carol E. Miller
Secretary to Judge Williamson

Enclosure

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 2001-01376-CD
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK Defendants	: CIVIL ACTION - LAW

PLAINTIFFS' RESPONSE TO MOTION FOR RECONSIDERATION OF DEFENDANTS CLEARFIELD BANK & TRUST COMPANY AND SHERWOOD C. MOODY

NOW COME Plaintiffs by and through their counsel, Shumaker Williams, P.C., to make the following response to the Motion for Reconsideration of this Honorable Court's Order of September 24, 2001, of Defendants Clearfield Bank & Trust Company ("CB&T") and Sherwood C. Moody:

1. Admitted with clarification. This Court certainly has a wide range of discretion to reconsider its prior rulings. However, requests for such reconsideration are generally based upon information that was not available or was not considered when a court entered an order. Defendants' Motion is based upon matters which were well known to and considered by the Court, many of which were also previously argued by Defendants at oral argument on September 18, 2001.

FILED
OCT 17 2001
William A. Shaw
Prothonotary

2. Admitted in part and denied in part. It is admitted only that discovery has occurred in this case and, therefore, that expenses have been incurred in performing such discovery. The assertion that any expenditures will be "wasted" is ridiculous but nevertheless has been previously argued by Defendants. To the contrary, any discovery which has been undertaken in this action will be of value and will be utilized in the action pending in the United States District Court for the Western District of Pennsylvania denominated Penn Laurel Financial Corporation, et. al. vs. CNB Financial Corporation, et al. (No. 01-293J) (the "federal action"), in which all Defendants in this action are parties. In addition, the "causation issue" to which this paragraph refers is a matter that was discussed at length and in depth in the letter from Plaintiffs' counsel to this Court of August 8, 2001, which demonstrated that Defendants' characterization of such an issue is without any legal foundation. As the Court noted at oral argument on September 18, Defendants never responded to that letter.

3. Admitted in part and denied in part. It is admitted that Defendants make such requests but denied that those requests have any merit.

4. Denied. The argument set forth in this paragraph completely misstates the allegations and arguments of Plaintiffs and, therefore, the nature of this action. The Complaint sets forth Plaintiffs' allegation and causes of action, and Plaintiffs' letter of August 8 elucidates those allegations and causes and sets forth some of the ample evidence which Plaintiffs have compiled to date to support those allegations. The report of Plaintiffs' expert witness, which was forwarded to counsel and the Court under cover of a letter of September 14, 2001, further supports Plaintiffs' claims.

5-7. Denied. Defendants have again chosen to completely ignore rather than respond to Plaintiffs' letter to this Court of August 8, 2001, which not only addressed the Court's March 21 comments and addressed the issue which Defendants allege to be "dispositive" but cited authority directly relating to that matter. Plaintiffs repeated and persistent failure to address the arguments and authority cited therein can be attributable only to the fact that they do not have any basis for disputing those arguments or authority. Therefore, any motion for summary judgment based upon the very issue that Defendants have repeatedly refused to address would be frivolous.

8. Admitted in part and denied in part. The first sentence of this paragraph is admitted, as is the first portion of the second sentence. The allegation that this Court did anything to permit the filing of the federal court action is denied; to the contrary, Plaintiffs had already forwarded the filings in that case to the federal court prior to September 18 and had, in fact, notified Defendants that they would be filing the federal court action by letter on September 4, 2001. That action is certainly not frivolous but is very well-founded, as is demonstrated by Plaintiffs' (again unanswered) letter to counsel of September 7, 2001, which was also forwarded to this Court.

9. Denied. The above responses to paragraphs 2, 4, and 5-7 are incorporated herein by reference. In addition, any "summary judgment on causation" would not be "fatal" to Plaintiffs' federal court action. To the contrary, the federal court action involves statutory claims which are not involved in this action and different parties, even though the facts and some other claims are identical, so no such judgment would constitute "collateral estoppel," as Defendants allege. Furthermore, no such judgment would be final. The instant Motion, in fact, seems to presuppose that the federal court action can be stopped by this Court, which is clearly not the case. Plaintiffs intend to and will pursue the federal court action, and the only question, which this Court has already

properly resolved, is whether actions involving the same facts and some of the same issues should be litigated simultaneously in federal court and this Court, a prospect that is clearly contrary to the interests of judicial economy.

10. Denied. The earlier motion for summary judgment was properly adjudicated by this Court, and there is no point in revisiting it, since Defendants fail to point out any issue that was not known, argued, and considered by the Court.

11. Denied. The allegations set forth in the first sentence of this paragraph are erroneous. Furthermore, Defendants appear to be intentionally misstating matters again by wholly ignoring the fact that their arguments concerning a limitation on damages never applied to Plaintiffs' tort claims against Defendants Moody, Anonick, and Anonick Financial Corporation. The allegation that Plaintiffs have filed litigation in federal court because their prospects of success have diminished is ludicrous. Furthermore, if Defendants genuinely believe that Plaintiffs' antitrust claims are without merit for some reasons that they have failed to ever state (even as a response to Plaintiffs' letter of September 7), those arguments **must** be address to the federal court which has exclusive jurisdiction over those claims.

12. Denied. The Court's observation that the federal court is familiar with some of the matters from which this case arises is correct, and Defendants fail to show that observation is inaccurate. However, that familiarity is certainly not the only reason to stay this action pending the outcome of the federal court action. All of the claims in this case are present in the federal court action, but all of the federal claims are not involved in this action and, in fact, cannot be, since this Court would not have jurisdiction to hear Plaintiffs' claims under the Sherman Act. All of the parties in this action are parties in the federal action, but not all of the parties in federal court are

parties in this case. Thus, the federal action **will** go on and is likely to finally resolve **all** of the claims present in this action, but if this action continues, it cannot and will not resolve all of Plaintiffs' claims and will, therefore, only constitute a violation of the principle of judicial economy.

13. Denied. Consolidation is clearly appropriate and in the interests of judicial economy because the facts involved in both cases before this Court are virtually identical. In fact, the Defendants in the more recently filed action, CNB Financial Corporation and County National Bank, are specifically alleged to have been co-conspirators of Defendants Moody, Anonick, and Anonick Financial Corporation in the same conspiracy that gives rise to claims in this case. Not to consolidate such cases would result in an unjustifiable and absurd waste of this Court's resources.

14. Admitted with clarification. Plaintiffs once again note that, while Defendants have made such requests, they have altogether failed to show any reasons for reconsideration, since they have not pointed to any fact that was not known nor argument that was not made prior to this Court's entirely appropriate Order of September 24, 2001.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court deny Defendants' Motion for Reconsideration.

SHUMAKER WILLIAMS, P.C.

Dated: 10/16/01

By Laurence W. Dague

Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121
Attorneys for Penn Laurel Financial Corp. and CSB Bank

:136186

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiffs' Response to Motion for Reconsideration of Defendants Clearfield Bank & Trust Company and Sherwood C. Moody on this date by depositing a copy of the same in the possession of the United States mail, first-class, postage prepaid, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

Peter F. Smith, Esquire
30 S. Second Street
P.O. Box 130
Clearfield, PA 16830
(Attorney for CNB Financial Corporation and County National Bank)

SHUMAKER WILLIAMS, P.C.

Dated: 10/16/01

By Laurence W. Dague
Laurence W. Dague, I.D. #19715
P.O. Box 88
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ATTORNEYS AT LAW

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PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	:	Civil Action No. 2001-01376-CD
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK Defendants	:	CIVIL ACTION - LAW

PLAINTIFFS' RESPONSE TO MOTION FOR RECONSIDERATION OF DEFENDANTS TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION

NOW COME Plaintiffs by and through their counsel, Shumaker Williams, P.C., to make the response set forth below to the Motion for Reconsideration of this Honorable Court's Order of September 24, 2001, of Defendants Timothy A. Anonick and Anonick Financial Corporation (the "Anonick Defendants"). In addition, Plaintiffs incorporate herein by reference their Response to Motion for Reconsideration of Defendants Clearfield Bank & Trust Company and Moody ("Response to CB&T").

FILED
OCT 17 2001
William A. Shaw
Prothonotary

1-2. Denied. Paragraphs 2, 4, and 5-7 of the Response to CB&T are incorporated herein by reference. In addition, the Anonick Defendants have never responded to Plaintiffs' letter of August 8, 2001, and their failure to address the arguments and authority cited therein even while troubling this Court with a Motion for Reconsideration which is premised on a position completely contrary to those arguments and authority demonstrates at once both the correctness of Plaintiffs' position and the lack of merit of the instant Motion.

3. Denied. No discovery deadline has ever been established by this Court. Furthermore, if the Stay established by the Court's Order of September 24 is lifted, the two Motions to Compel Discovery which were filed by Plaintiffs and on which oral argument was presented on September 18, 2001, would then have to be determined. In addition, after Plaintiffs receive whatever documents are produced as a result of those Motions to Compel, they would then have to take the depositions of the witnesses who were identified in their letter to counsel of July 10, 2001. The assertion that this Court should reconsider its decision is also denied; to the contrary, the Anonick Defendants have altogether failed to show any reasons for reconsideration, since they have not pointed to any fact that was not known nor argument that was not made prior to this Court's entirely appropriate Order of September 24. The assertions that the parties "... will not need to incur additional costs relitigating such claims in Penn Laurel's new federal action" is denied; to the contrary, paragraphs 2, 8, 9, and 12 of the CB&T Response are incorporated herein by reference. The federal action will be pursued regardless of the disposition of the instant Motion or of any motion for summary judgment which

Defendants have been proposing to file for months but which they never filed despite the fact that they could have done so at any time prior to the Court's Order of September 24.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court deny the Motion for Reconsideration of Defendants Timothy A. Anonick and Anonick Financial Corporation.

SHUMAKER WILLIAMS, P.C.

Dated: 10/16/01

By Laurence W. Dague

Laurence W. Dague, I.D.#19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
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(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:136199

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiffs' Response to Motion for Reconsideration of Defendants Timothy A. Anonick and Anonick Financial Corporation on this date by depositing a copy of the same in the possession of the United States mail, first-class, postage prepaid, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
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Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

Peter F. Smith, Esquire
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P.O. Box 130
Clearfield, PA 16830
(Attorney for CNB Financial Corporation and County National Bank)

SHUMAKER WILLIAMS, P.C.

Dated: 10/16/01

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PETER F. SMITH
ATTORNEY
CLEARFIELD, PA. 16830
814 - 765-5595

CERTIFIED TRUE AND CORRECT COPY

ATTORNEY FOR

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

PENN LAUREL FINANCIAL CORP. and CSB BANK Plaintiffs	:	**No. 00-414-CD**
vs.	:	
CLEARFIELD BANK & TRUST, COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION Defendants	:	
vs.	-and-	
PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	:	**No. 01-1376-CD**
vs.	:	
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK Defendants	:	

CERTIFICATE OF SERVICE

I, Peter F. Smith, attorney for COUNTY NATIONAL BANK and CNB FINANCIAL CORPORATION, Defendants in the above-captioned matter, certify that I sent by First Class Mail, postage prepaid, a true and correct copies of their Motion to reconsider as follows:

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P.O. Box 88
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Counsel for Plaintiffs

Bradley S. Tupi
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Counsel for Clearfield Bank & Trust Co. and Sherwood Moody

FILED
OCT 17 2001
0/3:20/m
William A. Shaw
Prothonotary
No c/c

Howard L. Kelin
24 North Lime Street
Lancaster, PA 17602-2913
Counsel for Anonick Financial &
Timothy A. Anonick

Date: 10-16-01

By _____
Peter F. Smith, Esquire
P.O. Box 130 / 30 South Second Street
Clearfield, PA 16830

Counsel for CNB Financial and CNB

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P.O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

::::::

CB&T") and to the Motion for Reconsideration of Defendants Timothy A. Anonick and Anonick Financial Corporation ("Response to the Anonick Defendants").

1-2. Admitted.

3. Denied. It is denied that the CNB Defendants could reasonably believe that they would suffer any prejudice from this Court's Order of September 24 because no prejudice would be suffered by them. Furthermore, in alleging what prejudice might occur, the instant Motion **presupposes** that one aspect of that Order - - the staying of both cases pending the final adjudication of the action pending in the United States District Court for the Western District of Pennsylvania denominated Penn Laurel Financial Corporation, et. al. vs. CNB Financial Corporation, et al. (No. 01-293J) (the "federal action") - - will not only be reconsidered but will be set aside. If the Stay is in place, none of the CNB Defendants' unfounded allegations concerning prejudice could possibly occur. Plaintiffs respond to the subparagraphs of this paragraph as follows:

A. Denied. The consolidation will not increase the numbers of parties nor the complexity of the case because this case is stayed pending the outcome of the federal case. The federal case has more parties than are involved even in these consolidated cases and has more claims. A final resolution of the federal court case will result in application of issue preclusion principles to avoid any litigation ever having to be pursued in these consolidated cases, and only the unlikely event of the federal court adjudicating less than all the claims involved would necessitate the

eventual pursuit of the consolidated case. If that unlikely event ever occurs, consolidation is only appropriate under Pa.R.Civ.P. 213(a), which provides:

> In actions pending in a county which involve common questions of law or fact or which arise from the same transaction or occurrence, the court on its own motion or on the motion of any party may order a joint hearing or trial of any matter in issue in the actions, may order the actions consolidated, and may make orders that avoid unnecessary cost or delay.

These cases involve common questions of law and fact and arise from the same transactions and occurrences. In fact, the CNB Defendants are expressly alleged to have engaged in an unlawful conspiracy with three of the other Defendants (the Anonick Defendants and Moody) and the allegations expressly allege that the targets of that conspiracy were both the Plaintiffs but the remaining Defendant, Clearfield Bank & Trust ("CB&T"). The other claim against the CNB Defendants is that they, along with the Anonick Defendants and Moody, interfered with the contractual relations between the Plaintiffs and CB&T. Thus, all defendants would ultimately be involved in some capacity in both of the above-captioned actions regardless of whether they are consolidated, and the issues will be the same.

B. Denied. A jury trial will be required in both of the above-captioned cases as well as the federal court case. In fact, the difficulty in selecting a jury in the above-captioned cases was one of the factors considered by this Court in deciding to stay them. The federal action will be pursued and will proceed regardless of the outcome of this and the other Motions for Reconsideration, so the only issue is

whether this Court's resources should be wasted by hearing a case that is simultaneously being heard in federal court, since all of the claims in this action are also pending in the federal action. The only claim in the federal court action against the parties to these consolidated cases that is not present in these cases is a claim under the Sherman Act, as to which the federal court has exclusive jurisdiction.

C. Denied. Although some discovery has occurred, discovery is not complete, and there is no reason why the CNB Defendants would suffer any prejudice. In fact, unless the Stay entered by this Court is lifted, no prejudice will occur because extensive discovery and, presumably, a full trial will take place in the federal action before the CNB Defendants are required to do **anything** - - even file an Answer - - in this litigation. If the Stay is lifted, ample opportunity to perform all appropriate discovery can be afforded the CNB Defendants, and, if anything, they will benefit from the discovery already conducted, particularly from the compilation of the extremely numerous documents (in excess of twenty-five thousand pages) which have been produced by the parties.

D. Denied. To argue that any denial of due process has been suffered by the CNB Defendants before any substantive action has occurred in this action - - before they have even had to file an Answer to Plaintiffs' Complaint - - is ridiculous.

4. As the CNB Defendants are well aware, Plaintiffs only learned of their illegal and wrongful actions relatively recently as a result of discovery in the first action captioned above.

Furthermore, Plaintiffs' determination to bring action against the CNB Defendants was only made after their most recent (July of 2001), illegal action: the intentional destruction or concealment of documents that had been properly subpoenaed. See Plaintiffs' Complaint at 9-10 (¶¶52-57). In addition, Plaintiffs notified the CNB Defendants that they intended to file the federal action almost two weeks before any Complaint was filed in this Court and, in fact, filed the federal action before the Complaint was filed. See letter of September 4, 2001, from Plaintiffs' counsel, a copy of which is attached hereto.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court deny Defendants' Motion for Reconsideration.

SHUMAKER WILLIAMS, P.C.

Dated: 10/18/01

By Laurence W. Dague

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:136298

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiffs' Response to Motion for Reconsideration of Defendants CNB Financial Corporation and County National Bank on this date by depositing a copy of the same in the possession of the United States mail, first-class, postage prepaid, addressed as follows:

Bradley S. Tupi, Esquire
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(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

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Peter F. Smith, Esquire
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P.O. Box 130
Clearfield, PA 16830
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SHUMAKER WILLIAMS, P.C.

Dated: 10/18/01

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Shumaker Williams P.C.
ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 2001-01376-CD
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK Defendants	: CIVIL ACTION - LAW

FILED
OCT 19 2001
William A. Shaw
Prothonotary

PLAINTIFFS' RESPONSE TO MOTION FOR RECONSIDERATION OF DEFENDANTS CNB FINANCIAL CORPORATION AND COUNTY NATIONAL BANK

NOW COME Plaintiffs by and through their counsel, Shumaker Williams, P.C., to make the response set forth below to the Motion for Reconsideration of Defendants CNB Financial Corporation and County National Bank ("CNB Defendants") challenging that portion of this Honorable Court's Order of September 24, 2001, which consolidated the above-captioned cases. In addition, Plaintiffs incorporate herein by reference their Responses to the Motion for Reconsideration of Defendants Clearfield Bank & Trust Company and Moody ("Response to

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP.
and CSB BANK,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST
COMPANY, TIMOTHY A. ANONICK,
ANONICK FINANCIAL CORPORATION,
and SHERWOOD C. MOODY,

Defendants.

CIVIL ACTION - LAW

Civil Action No. 00-414-CD

DEFENDANTS' OPPOSITION TO PLAINTIFFS' MOTION FOR BIFURCATION AND DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT

Filed on behalf of Defendants,
Clearfield Bank & Trust Company
and Sherwood C. Moody

Counsel of Record for these Parties:

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FILED

APR 20 2001

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IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	

DEFENDANTS' OPPOSITION TO PLAINTIFFS' MOTION FOR BIFURCATION AND DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT

Defendants, Clearfield Bank & Trust Company ("Clearfield") and Sherwood C. Moody, by their attorneys, Tucker Arensberg, P.C., file this Opposition to Plaintiffs' Motion for Bifurcation and move for Partial Summary Judgment on the proper measure of damages under Pa.R.C.P. 1035.2.

1. At the March 21, 2001 status conference, the Court inquired about Plaintiffs' lost profits claim. Attorney Dague replied that Plaintiffs would have to hire an expert witness to calculate this claim. The Court then inquired about the feasibility of bifurcation.

2. The limitation of liability provision of the December 31, 1998 Agreement and Plan Of Reorganization ("Reorganization Agreement"), bars Plaintiffs' claim for lost profits. Therefore, the lost profits claim should be dismissed and cannot justify bifurcation.

3. The other damages claimed by Plaintiffs (the fees of lawyers, investment bankers and other representatives) are easily proven without expert testimony or lengthy computation, so bifurcation is not warranted.

4. Clearfield and Moody oppose bifurcation and move for partial summary judgment on the proper measure of damages permitted by the Reorganization Agreement.

5. The following facts material to this Motion for Partial Summary Judgment are undisputed.

6. Paragraph 6 of Plaintiffs' Complaint alleged that Plaintiffs and Clearfield entered into the Reorganization Agreement. Paragraph 6 of Clearfield's Answer, New Matter and Counterclaim admitted the execution of the Reorganization Agreement.

7. Plaintiffs' Complaint cited several provisions of the Reoganization Agreement and attached it as an Exhibit. For the convenience of the Court, a copy of the Reorganization Agreement is attached to this Motion as Exhibit 1.

8. Section 14.1 of the Reorganization Agreement provided that, as a general rule, each party would bear its own expenses:

> Expenses. Except as provided in Section 9.2(b) of this Agreement, each party shall pay its own expenses incurred in connection with this Agreement and the consummation of the transactions contemplated herein except for such expenses as have been mutually agreed upon, i.e. preparation of all documentation. . . .

9. Section 9.2 provided, in pertinent part:

> (a) Effect. In the event of termination, this Agreement shall become null and void and the transactions contemplated herein shall thereupon be abandoned, except that the provisions relating to limited liability and confidentiality set forth in Sections 9.2(b) and 9.2(c) of this Agreement shall survive the termination.
>
> (b) Limited Liability. The termination of this Agreement in accordance with the terms of Section 9.1 shall create no liability on the part of any party, or on the part of any party's directors, officers, shareholders, agents or representatives, except that, if this Agreement is terminated by Penn Laurel and CSB by reason of a material breach by Clearfield, or, if this Agreement is terminated by Clearfield by reason of a material breach by Penn Laurel or CSB, and the breach involved an intentional, willful or grossly negligent misrepresentation or breach of covenant, the breaching party shall be liable to the non-breaching party or parties for all costs and expenses reasonably incurred by the non-

> breaching party or parties in connection with the preparation, execution and consummation of this Agreement, including the fees of its or their counsel, accountants, consultants and other representatives.

10. Section 9.1 of the Agreement provided for termination by mutual consent, by unilateral action of one party on account of the other's breach, by unilateral action of one party if any condition precedent remained unsatisfied as of October 31, 1999, or automatically if the transaction had not been consummated by October 31, 1999.

11. Section 8.3(i) provided that approval by Clearfield's shareholders was a condition precedent to Clearfield's obligations.

12. On September 27, 1999, Clearfield's shareholders failed to approve the merger. Plaintiffs' Complaint, ¶ 28.

13. As a result, the merger agreement terminated automatically on October 31, 1999, pursuant to Section 9.1(d) of the Agreement.

14. Partial summary judgment is appropriate with respect to Plaintiffs' lost profits claim because the terms of the Reorganization Agreement are undisputed. Therefore "there is no genuine issue of any material fact as to a necessary element of the cause of action . . . which could be established by additional discovery or expert report. . . ." Pa.R.C.P. 1035.2.

15. Partial summary judgment is also appropriate with respect to Plaintiffs' lost profits claim because construction of the limitation of liability provision of the Reorganization Agreement is a matter of law for the Court.

16. Because the Court must examine the record in the light most favorable to Plaintiffs and resolve any doubts about the existence of a genuine issue of material fact in Plaintiffs' favor, this Motion for Partial Summary Judgment assumes, solely for purposes of the Motion, that Plaintiffs will be able to establish a breach of contract by Clearfield and Moody, as alleged in Plaintiffs' pleadings.

17. The issue presented--purely a question of law for the Court--is whether Plaintiffs may recover lost profits even if they can establish liability.

18. The undisputed and unambiguous language of Section 9.2(b) of the Reorganization Agreement explicitly limits the damages either party may recover in case of a breach to "costs and expenses reasonably incurred by the non-breaching party or parties in connection with the preparation, execution and consummation of this Agreement, including the fees of its or their counsel, accountants, consultants and other representatives." The plain meaning of this language precludes Plaintiffs' lost profits claim.

19. Because Plaintiffs' claim for lost profits is barred by the express terms of the Reorganization Agreement, Defendants' Motion for Partial Summary Judgment to preclude Plaintiffs' lost profits claim should be granted.

20. Absent the lost profits claim, there is no justification for a bifurcation of this action. Therefore, Plaintiffs' Motion For Bifurcation should be denied.

21. In the alternative, in the event the Court determines that Plaintiffs' lost profits claim may proceed to trial notwithstanding the limitation of liability provision of the Reorganization Agreement, then Clearfield and Moody would support bifurcation.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By:_____

Bradley S. Tupi, Esquire
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John E. Graf, Esquire
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Attorneys for Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody
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LIT 222987 04/18/01

EXHIBIT 1

December 31, 1998 Agreement and Plan Of Reorganization

EXECUTION COPY
12/31/98

AGREEMENT AND PLAN OF REORGANIZATION

AMONG

PENN LAUREL FINANCIAL CORP.

CSB BANK

AND

CLEARFIELD BANK & TRUST COMPANY

December 31, 1998

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EXHIBITS: AGREEMENT AND PLAN OF MERGER A-1
("BANK MERGER AGREEMENT")

AGREEMENT AND PLAN OF REORGANIZATION

This Agreement and Plan of Reorganization ("Agreement") is dated and made this 31st day of December, 1998, by and among Penn Laurel Financial Corp., a Pennsylvania business corporation having its corporate headquarters at 434 State Street, Curwensville, Clearfield County, Pennsylvania 16833 ("Penn Laurel"), CSB Bank, a Pennsylvania chartered banking institution and the wholly-owned subsidiary of Penn Laurel, having its corporate headquarters at 434 State Street, Curwensville, Clearfield County, Pennsylvania 16833 ("CSB"), and Clearfield Bank & Trust Company, a Pennsylvania chartered bank and trust company having its corporate headquarters at 11 North Second Street, Clearfield County, Clearfield, Pennsylvania 16830 ("Clearfield").

Background:

Penn Laurel is a Pennsylvania business corporation and a registered bank holding company. CSB is a Pennsylvania chartered banking institution and a wholly-owned subsidiary of Penn Laurel. Clearfield is a Pennsylvania chartered bank and trust company. Penn Laurel, CSB and Clearfield wish to affiliate through a business combination to form a stronger, more effective community financial institution. Subject to the terms and conditions of this Agreement, the foregoing transaction will be accomplished by means of a reorganization and merger pursuant to which Clearfield will merge with CSB. The resulting bank of the merger shall change its name to Penn Laurel Bank & Trust, relocate its corporate headquarters to 11 North Second Street, Clearfield, Pennsylvania and all of the outstanding shares of capital stock of Clearfield, par value $1.5625 per share (the "Clearfield Common Stock") will be converted into and become the right to receive shares of common stock of Penn Laurel, par value $5.00 per share (the "Penn Laurel Common Stock") in the manner, on the terms, and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises, mutual promises, covenants, agreements, representations and warranties hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

AGREEMENT AND PLAN OF MERGER

Section 1.1. Agreement and Plan of Merger. Subject to the terms and conditions of this Agreement, Clearfield shall merge with CSB (the "Merger") in accordance with the Agreement and Plan of Merger attached as Exhibit A to this Agreement (the "Bank Merger Agreement") and pursuant to the provisions of the Pennsylvania Banking Code of 1965, as amended (the "Banking Code").

ARTICLE II

CONVERSION OF SHARES AND
EXCHANGE OF STOCK CERTIFICATES

Section 2.1. Conversion of Shares. On the Effective Date (as defined in Section 11.2 of this Agreement) the shares of Clearfield Common Stock then outstanding shall be converted into and become the right to receive shares of Penn Laurel Common Stock, as follows:

(a) General. Subject to the provisions of Section 2.1(b); 2.1(c) and 2.1(d) of this Article II, each share of Clearfield Common Stock issued and outstanding immediately before the Effective Date shall, on the Effective Date, be converted into and become, without any action on the part of the holder thereof, the right to receive .97 shares of Penn Laurel Common Stock. Subject to the provisions of Section 2.1(b), the aggregate number of shares of Penn Laurel Common Stock to be issued under this Agreement shall not exceed 559,505 shares.

(b) Anti-dilution Provision. In the event that Penn Laurel shall at any time before the Effective Date: (i) declare or pay a dividend in shares of Penn Laurel Common Stock, (ii) combine the outstanding shares of Penn Laurel Common Stock into a smaller number of shares, or (iii) subdivide the outstanding shares of Penn Laurel Common Stock into a greater number of shares, or (iv) reclassify the shares of Penn Laurel Common Stock, then the exchange provisions of Section 2.1 (a) of this Article II shall be proportionately adjusted.

(c) No Fractional Shares. No fractional shares of Penn Laurel Common Stock, and no scrip or certificates therefor, shall be issued in connection with the Merger. In lieu of the issuance of any fractional share to which a former shareholder would otherwise be entitled, the former shareholder shall receive, in cash, an amount equal to the fair market value of his fractional interest. The fair market value of the fractional interest shall be the arithmetic average of the average of the per share closing bid and asked reported prices for Penn Laurel Common Stock for the fifteen (15) trading days immediately preceding the date of receipt of the last required regulatory approval for the transactions contemplated by this Agreement and, the Bank Merger Agreement (the "Approval Date"), as reported i) by Ryan, Beck & Co. and by F. J. Morrissey & Co., Inc.; or, in the event that neither of these firms is then making a market in Penn Laurel Common Stock, (ii) by two brokerage firms then making a market in Penn Laurel Common Stock to be selected by Penn Laurel and approved by Clearfield. The foregoing fifteen (15) trading days being hereinafter sometimes referred to as the "Price Determination Period." (For example, if March 3, 1999 is the Approval Date, the Price Determination Period, would be February 7, 10, 11, 12, 13, 14, 18, 19, 20, 21, 22, 25, 26, 27 and 28, 1999).

(d) Clearfield Treasury Stock. Each share of Clearfield Common Stock issued and held in the treasury of Clearfield as of the Effective Date, if any, shall be canceled, and no cash, stock, or other property shall be delivered in exchange therefor.

(e) Penn Laurel Common Stock.

(i) Each share of Penn Laurel Common Stock issued and outstanding immediately prior to the Effective Date, shall, on and after the Effective Date, continue to be issued and outstanding as an identical share of Penn Laurel Common Stock.

(ii) Each share of Penn Laurel Common Stock issued and held in the treasury of Penn Laurel as of the Effective Date, if any, shall, on and after the Effective Date, continue to be issued and held in the treasury of Penn Laurel.

(f) Each share of Clearfield Common Stock owned by Penn Laurel or a wholly-owned subsidiary of Penn Laurel, other than shares held in trust, managed, custodial or nominee accounts and the like, that in any such case are beneficially owned by third parties, on the Effective Date, shall be cancelled and retired and shall cease to exist and no shares of Penn Laurel or other consideration shall be deliverable in exchange therefor.

Section 2.2. Exchange of Stock Certificates. Clearfield Common Stock certificates shall be exchanged for Penn Laurel Common Stock certificates in accordance with the following procedures:

(a) Exchange Agent. The transfer agent of Penn Laurel shall act as exchange agent (the "Exchange Agent") to receive Clearfield Common Stock certificates from the holders thereof and to exchange the certificates for Penn Laurel Common Stock certificates and (if applicable) to pay cash for fractional shares of Clearfield Common Stock pursuant to Section 2.1(c) above. The Exchange Agent shall, on or promptly after the Effective Date, mail to each former shareholder of Clearfield a notice specifying the procedures to be followed in surrendering Clearfield Common Stock certificates.

(b) Surrender of Certificates. As promptly as possible after receipt of the Exchange Agent's notice, each former shareholder of Clearfield shall surrender his Clearfield Common Stock certificates to the Exchange Agent; provided, that if any former shareholder of Clearfield shall be unable to surrender his Clearfield Common Stock certificates due to loss or mutilation thereof, he may make a constructive surrender by following procedures comparable to those customarily used by Penn Laurel for issuing replacement certificates to Penn Laurel shareholders whose Penn Laurel Common Stock certificates have been lost or mutilated. Upon receiving a proper actual or constructive surrender of Clearfield Common Stock certificates from a former Clearfield shareholder, the Exchange Agent shall issue to the shareholder, in exchange therefor, a Penn Laurel Common Stock certificate representing the whole number of shares of Penn Laurel Common Stock into which the shareholder's shares of Clearfield Common Stock have been converted in accordance with this Article II, together with a check in the amount of any cash to which the shareholder is entitled, pursuant to Section 2.1(c) of this Agreement, in lieu of the issuance of a fractional share.

(c) Dividend Withholding. Dividends, if any, payable by Penn Laurel after the Effective Date to any former shareholder of Clearfield who has not, prior to the payment date, surrendered his Clearfield Common Stock certificates may, at the option of Penn Laurel, be withheld. Any dividends so withheld shall be paid, without interest, to the former shareholder of Clearfield upon proper surrender of the Clearfield Common Stock certificates. Subject to the accounting rules regarding pooling of interest method of accounting, each party shall use their best efforts to cooperate in the declaration and timing of the payment of dividends to assure that neither a windfall nor a detriment to each party's respective shareholders shall occur concerning the amount and timing of the payment of dividends.

(d) Failure to Surrender Certificates. All Clearfield Common Stock certificates must be surrendered to the Exchange Agent within two (2) years after the Effective Date. In the event that any former shareholder of Clearfield shall not have properly surrendered his Clearfield Common Stock certificates within two (2) years after the Effective Date, the shares of Penn Laurel Common Stock that would otherwise have been issued to the shareholder may, at the option of Penn Laurel, be sold and the net proceeds of the sale, together with the cash (if any) to which the shareholder is entitled in lieu of the issuance of a fractional share and any previously accrued dividends, shall be held in a non-interest bearing account for the benefit of the former shareholder. From and after any sale, the sole right of the former shareholder of Clearfield shall be the right to collect the net proceeds, cash and accumulated dividends. Subject to all applicable laws of escheat, the net proceeds, cash and accumulated dividends shall be paid to the former shareholder of Clearfield, without interest, upon proper surrender of the former shareholder's certificates.

(e) Expenses of Share Surrender and Exchange. All costs and expenses associated with the foregoing surrender and exchange procedure shall be borne by Penn Laurel. Notwithstanding the foregoing, no party hereto will be liable to any holder of Clearfield Common Stock for any amount paid in good faith to a public official or agency pursuant to any applicable abandoned property, escheat or similar law.

(f) Exchange Procedures. Each certificate for shares of Clearfield Common Stock delivered for exchange under this Article II must be endorsed in blank by the registered holder thereof or be accompanied by a power of attorney to transfer the shares endorsed in blank by the holder. If more than one certificate is surrendered at one time and in one transmittal package for the same shareholder account, the number of whole shares of Penn Laurel Common Stock for which certificates will be issued pursuant to this Article II will be computed on the basis of the aggregate number of shares represented by the certificates so surrendered. If shares of Clearfield Common Stock or payments of cash are to be issued or made to a person other than the one in whose name the surrendered certificate is registered, the certificate so surrendered must be properly endorsed in blank, with signature(s) guaranteed, or otherwise in proper form for transfer, and the person to whom certificates for shares of Penn Laurel Common Stock is to be issued or to whom cash is to be paid shall pay any transfer or other taxes required by reason of the issuance or payment to a person other than the registered holder of the certificate for shares of Clearfield Common

Stock that are surrendered. As promptly as practicable after the Effective Date, Penn Laurel shall send or cause to be sent to each shareholder of record of Clearfield Common Stock transmittal materials for use in exchanging certificates representing Clearfield Common Stock for certificates representing Penn Laurel Common Stock into which the former have been converted in the Merger.

(g) Closing of Stock Transfer Books; Cancellation of Clearfield Certificates. Upon the Effective Date, the stock transfer books for Clearfield Common Stock will be closed and no further transfers of shares of Clearfield Common Stock will thereafter be made or recognized. All certificates for shares of Clearfield Common Stock surrendered pursuant to this Article II will be canceled by Penn Laurel.

(h) Rights Evidenced by Certificate. Each certificate for shares of Penn Laurel Common Stock issued in exchange for certificates for Clearfield Common Stock pursuant to Section 2.2(f) hereof will be dated as of the Effective Date and be entitled to dividends and all other rights and privileges pertaining to the shares of Penn Laurel Common Stock from and after the Effective Date. Until surrendered, each certificate theretofore evidencing shares of Clearfield Common Stock will, from and after the Effective Date, evidence solely the right to receive certificates for shares of Penn Laurel Common Stock pursuant to Section 2.2(f) of this Agreement. If certificates for shares of Clearfield Common Stock are exchanged for Penn Laurel Common Stock at a date following one or more record dates for the payment of dividends or of any other distribution on the shares of Penn Laurel Common Stock subsequent to the Effective Date, Penn Laurel will pay cash in an amount equal to dividends theretofore payable on the Penn Laurel Common Stock and pay or deliver any other distribution to which holders of shares of Penn Laurel Common Stock have theretofore become entitled. No interest will accrue or be payable in respect of dividends or cash otherwise payable under this Section 2.2 upon surrender of certificates for shares of Penn Laurel Common Stock. Notwithstanding the foregoing, no party hereto will be liable to any holder of Clearfield Common Stock for any amount paid in good faith to a public official or agency pursuant to any applicable abandoned property, escheat or similar law. Until the certificates for shares of Clearfield Common Stock are surrendered by a Clearfield shareholder to Penn Laurel for exchange, Penn Laurel shall have the right to withhold dividends or any other distributions, without interest, on the shares of the Penn Laurel Common Stock issuable to the shareholder.

(i) Payment Procedures. As soon as practical after the Effective Date, Penn Laurel shall make payment of the cash consideration provided for in Section 2.1(c) to each person entitled thereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF CLEARFIELD

Clearfield represents and warrants to Penn Laurel and CSB, as of this date, as follows:

Section 3.1. Authority. Clearfield has all requisite corporate power and authority to enter into and perform all of its obligations under this Agreement and the Bank Merger Agreement. The execution and delivery of this Agreement and the Bank Merger Agreement and the performance of the transactions contemplated herein and therein have been duly and validly authorized by the Board of Directors of Clearfield and, except for the approval of this Agreement and the Bank Merger Agreement by its shareholders, Clearfield has taken all corporate action necessary on its part to authorize this Agreement and the Bank Merger Agreement and the performance of the transactions contemplated herein and therein. This Agreement and the Bank Merger Agreement have been duly executed and delivered by Clearfield and, assuming due authorization, execution and delivery by Penn Laurel and CSB, constitute valid and binding obligations of Clearfield, in each case enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles. Neither the execution and delivery of this Agreement and the Bank Merger Agreement, nor consummation of the transactions contemplated hereby or thereby, nor compliance by Clearfield with any of the provisions hereof or thereof (i) conflict with or result in a breach of any provisions of the Articles of Incorporation or By-laws of Clearfield, (ii) constitute or result in a material breach of any term, condition or provisions of, or constitute a default under or give rise to any right of termination, cancellation or acceleration with respect to, or result in the creation of any lien, charge, security interest or other encumbrance upon any property or assets of Clearfield pursuant to any note, bond, mortgage, indenture, deed of trust, license, agreement or other instrument or obligation, which will have, in the aggregate, a material adverse effect on Clearfield, or (iii) violate any order, writ, injunction, decree, statute, code, ordinance, rule, regulation or judgment applicable to Clearfield.

Section 3.2. Organization and Standing. Clearfield is a duly organized bank and trust company, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Clearfield has full power and authority to carry out its business as now conducted and is duly qualified to do business in the states of the United States and foreign jurisdictions where its ownership or leasing of property or the conduct of its business requires qualification and where failure to so qualify would have a material adverse effect on the financial condition, results of operations, business or prospects of Clearfield.

Section 3.3. No Subsidiaries. Except as previously disclosed, Clearfield owns no subsidiaries, directly or indirectly.

Section 3.4. Capitalization. The authorized capital stock of Clearfield consists solely of 617,600 shares of capital stock, par value $1.5625 per share, Clearfield Common Stock, of which, at the date hereof, 576,809 shares are issued and outstanding. All outstanding shares of Clearfield Common Stock have been duly authorized and are validly issued, fully paid and nonassessable.

None of the shares of Clearfield Common Stock have been issued in violation of the preemptive rights of any person or entity. At the date hereof, there are no authorized, issued and outstanding options, convertible securities, warrants or other rights to purchase or acquire any of the Clearfield Common Stock from Clearfield. There are no outstanding agreements, restrictions, contracts, commitments or demands of any character to which Clearfield is a party, that relate to the transfer or restrict the transfer of any shares of Clearfield Common Stock. There are no shareholder agreements, understandings or commitments relating to the right of Clearfield to vote or dispose of its shares.

Section 3.5. Articles of Incorporation, Bylaws and Minute Books. The copies of the Articles of Incorporation and Bylaws of Clearfield that have been delivered to Penn Laurel and CSB are true, correct and complete. Except as previously disclosed, all minute books of Clearfield have been made available to Penn Laurel and CSB for inspection and are true, correct and complete in all material respects and record the actions taken by the Board of Directors of Clearfield at the meetings documented in the minutes.

Section 3.6. Consents. Except for the consents, approvals, filings and registrations contemplated by Sections 8.1(a) and (c) hereof, and compliance with any conditions contained therein, and the approval of this Agreement and the Bank Merger Agreement by the shareholders of Clearfield, no consents or approvals of, or filings or registrations with, any public body or authority are necessary, and no consents or approvals of any third parties are necessary, or will be, in connection with the execution and delivery of this Agreement or the Bank Merger Agreement by Clearfield, and the consummation by Clearfield of the transactions contemplated hereby. Clearfield has no reason to believe that any required consents or approvals will not be received or will be received with conditions, limitations or restrictions unacceptable to it or that would adversely impact Clearfield's ability to consummate the transactions contemplated by this Agreement.

Section 3.7. Financial Statements and Regulatory Reports. Clearfield has delivered to Penn Laurel and CSB its (i) Balance Sheets, Statements of Income, Statements of Stockholders' Equity and Statements of Cash Flows as of and for the years ended December 31, 1997 and December 31, 1996, certified by Young, Oakes, Brown & Company, P.C., of Altoona, Pennsylvania, Clearfield's independent auditors, and set forth in the Annual Report to the Shareholders of Clearfield for the year ended on December 31, 1997 (the "Clearfield Financial Statements") and (ii) Call Reports, Consolidated Reports of Condition and Income, (the aforementioned consolidated report of condition and income as of September 30, 1998, is referred to herein as the "Clearfield Balance Sheet") and accompanying schedules, filed by Clearfield with any regulatory authority for each calendar quarter, beginning with the quarter ended September 30, 1998, through the Effective Date ("Clearfield Regulatory Reports"). Each of the foregoing financial statements fairly presents the financial condition, assets and liabilities, and results of operations of Clearfield at their respective dates and for the respective periods then ended and have been prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise noted in a footnote thereto and subject, in the case of the interim financial statements contained in the aforesaid Clearfield Regulatory Report, to normal recurring year-end adjustments, that are not material in any case or in the aggregate. The books and records of Clearfield are

maintained in accordance with generally accepted accounting principles consistently applied. The Clearfield Regulatory Reports have been, or will be, prepared in accordance with applicable regulatory accounting principles and practices applied on a consistent basis throughout the periods covered by the statements, and fairly present, or will fairly present, the financial position, results of operations and changes in shareholders' equity of Clearfield as of and for the periods ended on the dates thereof, in accordance with applicable regulatory accounting principles applied on a consistent basis.

Section 3.8. Absence of Undisclosed Liabilities. Except as previously disclosed, or as reflected, noted or adequately reserved against in the Clearfield Balance Sheet, as at September 30, 1998, Clearfield had no liabilities (whether accrued, absolute, contingent or otherwise) or asset impairment that are required to be reflected, noted or reserved against therein under generally accepted accounting principles or that are, in any case or in the aggregate, material. Except as previously disclosed, since September 30, 1998, Clearfield has not incurred any liability, other than liabilities of the same nature as those set forth in the Clearfield Balance Sheet, all of which have been reasonably incurred in the ordinary course of business consistent with customary business practices of prudently managed banks (hereinafter referred to as "Ordinary Course of Business").

Section 3.9. Absence of Changes. Since September 30, 1998, Clearfield has conducted its business in the Ordinary Course of Business and, except as previously disclosed, Clearfield has not undergone any change in condition (financial or otherwise), assets, liabilities, business or operations, other than changes in the Ordinary Course of Business that have not been, either in any case or in the aggregate, materially adverse.

Section 3.10. Dividends, Distributions and Stock Purchases. Except as previously disclosed, since September 30, 1998, Clearfield has not declared, set aside, made or paid any dividend or other distribution in respect of the Clearfield Common Stock, or purchased, issued or sold any shares of Clearfield Common Stock.

Section 3.11. Taxes. Clearfield has filed all federal, state, county, municipal and foreign tax returns, reports and declarations that are required to be filed by Clearfield. Except as previously disclosed, (i) Clearfield has paid all taxes, penalties and interest that have become due pursuant thereto or that became due pursuant to assessments, and (ii) Clearfield has not received any notice of deficiency or assessment of additional taxes and no tax audits are in process. The Internal Revenue Service (the "IRS") has not, to the knowledge of Clearfield, commenced, or given notice of its intention to commence any examination or audit of the federal income tax returns of Clearfield for any year through and including the year ended December 31, 1997. Clearfield has not granted any waiver of any statute of limitations or otherwise agreed to any extension of a period for the assessment of any federal, state, county, municipal or foreign income tax. Except as previously disclosed, the accruals and reserves reflected in the Clearfield Balance Sheet are adequate to cover all taxes (including interest and penalties, if any, thereon) payable or accrued as a result of its operations for all periods prior to the date of the Clearfield Balance Sheet.

Section 3.12. Title to and Condition of Assets. Clearfield has good and marketable title to all real and personal properties and assets reflected in the Clearfield Balance Sheet or acquired subsequent to September 30, 1998 (other than property and assets disposed of in the Ordinary Course of Business), free and clear of all liens or encumbrances of any kind whatsoever other than: (i) as reflected in the Clearfield Balance Sheet; (ii) liens of current taxes not yet due; and (iii) imperfections of title, encumbrances and easements, if any, that are not substantial in character, amount or extent and do not materially detract from the value, or interfere with the present or proposed use, of the properties and assets subject thereto. The structures and other improvements to real estate, furniture, fixtures and equipment reflected in the Clearfield Balance Sheet or acquired subsequent to September 30, 1998, are in good operating condition and repair (ordinary wear and tear excepted) and comply in all material respects with all applicable laws, ordinances and regulations, including without limitation all building codes, zoning ordinances and other similar laws. Clearfield owns or has the right to use all real and personal properties and assets necessary to the conduct of its business as now conducted.

Section 3.13. Contracts. All contracts, agreements, leases, licenses and other commitments are valid and in full force and effect, and all parties thereto have in all material respects performed all obligations required to be performed by them to date and are not in default in any material respect.

Except as disclosed on Schedule 3.13, Clearfield is not a party to or subject to (i) any employment, consulting or severance contract or arrangement with any past or present officer, director or employee, except for "at will" arrangements (ii) any plan, arrangement or contract providing for bonuses, options, deferred compensation, profit sharing or similar arrangements for or with any past or present officers, directors or employees of Clearfield; (iii) any collective bargaining agreement with any labor union relating to employees of Clearfield; (iv) any agreement that by its terms limits the payment of dividends by Clearfield; (v) any instrument evidencing or related to indebtedness for borrowed money in excess of $20,000, whether directly or indirectly, by way of purchase money obligation, conditional sale, lease purchase, guaranty or otherwise, in respect of which Clearfield is an obligor to any person, which instrument evidences or relates to indebtedness other than deposits, repurchase agreements, bankers acceptances and "treasury tax and loan" accounts established in the Ordinary Course of Business and transactions in federal funds or that contains financial covenants or other restrictions (other than those relating to the payment of principal and interest when due) that would be applicable on or after the Effective Date to Penn Laurel or any Penn Laurel subsidiary; (vi) any contract (other than this Agreement) limiting the freedom of Clearfield to engage in any type of banking or banking-related business permissible under law; or (vii) any contract, plan or arrangement that provides for payments or benefits in certain circumstances that, together with other payments or benefits payable to any participant therein or party thereto, might render any portion of any payments or benefits subject to disallowance of deduction therefor as a result of the application of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

No party to any material contract, plan, arrangement or instrument that requires annual payments in excess of $10,000 will have the right to terminate any or all of the provisions of any

contract, plan, arrangement or instrument as a result of the transactions contemplated by this Agreement, and none of the employees of Clearfield possess the right to terminate their employment as a result of the execution of this Agreement. Except as otherwise previously disclosed, no plan, employment agreement, termination agreement, or similar agreement or arrangement to which Clearfield is a party or under which Clearfield may be liable contains provisions that permit an employee or independent contractor to terminate it without cause and continue to accrue future benefits thereunder. No agreement, plan or arrangement provides for acceleration in the vesting of benefits or payments due thereunder upon the occurrence of a change in ownership or control of Clearfield absent the occurrence of a subsequent event; provides for benefits that may cause the disallowance of a federal income tax deduction under Section 280G of the Code; or requires Clearfield to provide a benefit in the form of Clearfield Common Stock or determined by reference to the value of Clearfield Common Stock.

Section 3.14. Litigation and Governmental Directives. There is no litigation, investigation or proceeding pending, or to the knowledge of Clearfield threatened, that involves Clearfield or its properties and that, if determined adversely, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield; there are no outstanding orders, writs, injunctions, judgments, decrees, regulations, directives, consent agreements or memoranda of understanding issued by any federal, state or local court or governmental authority or arbitration tribunal issued against or with the consent of Clearfield that materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield or that in any manner restrict Clearfield's right to conduct its business as presently conducted, or challenge the validity or propriety of any of the transactions contemplated by the Agreement, or that could adversely affect the ability of Clearfield to perform under this Agreement; and Clearfield is not aware of any fact or condition presently existing that might give rise to any litigation, investigation or proceeding that, if determined adversely to Clearfield, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield.

Section 3.15. Compliance with Laws; Governmental Authorizations. Clearfield is in compliance with all statutes, laws, ordinances, rules, regulations, judgments, orders, decrees, directives, consent agreements, memoranda of understanding, permits, concessions, grants, franchises, licenses, and other governmental authorizations or approvals applicable to Clearfield or to any of its properties; all permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals necessary for the conduct of the business of Clearfield as presently conducted have been duly obtained and are in full force and effect, and there are no proceedings pending, or to the knowledge of Clearfield threatened, that may result in the revocation, cancellation, suspension or materially adverse modification of any thereof; and Clearfield has not received any notification or communication from any regulatory authority (A) asserting that it is not in substantial compliance with any of the statues, regulations or ordinances that the regulatory authorities enforce; (B) requiring or threatening to require Clearfield, or indicating that Clearfield may be required, to enter into a cease and desist order, agreement or memorandum of understanding or any other agreement restricting or limiting, or purporting to restrict or limit, in any manner the operations of Clearfield, including without limitation, any restriction on the payment of dividends (any notice,

communication, memorandum, agreement or order described herein is referred to as a "Regulatory Agreement"); (C) threatening to revoke any license, franchise, permit or governmental authorization that is material to Clearfield; (D) requiring Clearfield to enter into any Regulatory Agreement; or (E) requesting that board resolutions be adopted pursuant to regulatory action.

Section 3.16. Insurance. All policies of insurance, including all policies of title insurance and financial institutions bonds, held by or on behalf of Clearfield are in full force and effect and no notices of cancellation have been received in connection therewith. All the policies of insurance have been issued by reputable insurers and, in respect of amounts, types and risks, the insurance is customary with industry practices for the business conducted by Clearfield.

Section 3.17. Financial Institutions Bonds. Since January 1, 1991, Clearfield has continuously maintained in full force and effect a financial institutions bond insuring Clearfield against acts of dishonesty by each of its employees. Except as previously disclosed, no claim has been made under any bond, and Clearfield is not aware of any fact or condition presently existing that might form the basis of a claim under any bond. Clearfield has no reason to believe that its present financial institutions bond will not be renewed by its carrier on substantially the same terms and at the same rate as now in effect.

Section 3.18. Labor Relations. Clearfield is not a party to or bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is Clearfield the subject of a proceeding asserting that Clearfield has committed an unfair labor practice or seeking to compel Clearfield to bargain with any labor organization as to wages and conditions of employment, nor is there any strike or other labor dispute involving Clearfield pending, or to the knowledge of Clearfield, threatened, that might materially adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield. Clearfield is not subject to or a party in any Complaint or action before the Pennsylvania Human Relations Commission, the Equal Employment Opportunity Commission, or the Department of Labor. There are no labor disputes pending, or to the knowledge of Clearfield threatened, that might materially and adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield.

Section 3.19. Employee Benefit Plans. Each "employee benefit plan", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that now covers any employee of Clearfield, its predecessors or affiliates, complies in all material respects with all applicable requirements of ERISA, the Code and other applicable laws. Neither Clearfield nor any of its predecessors or affiliates has engaged in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) or any breach of fiduciary responsibility under Part 4 of Title I of ERISA, with respect to which a prohibited transaction is likely to result in any material penalties or taxes under Section 502 of ERISA or Section 4975 of the Code, or any material liability to any participant or beneficiary of the plan. No material liability to the Pension Benefit Guaranty Corporation has been or is expected to be incurred by Clearfield with respect to itself or its predecessors or affiliates with respect to any plan that is subject to Title IV of ERISA, or with respect to any "single employer plan" (as defined in Section 4001(a)(15) of ERISA) currently or

formerly maintained. No plan had an "accumulated funding deficiency" (as defined in Section 302 of ERISA) (whether or not waived) as of the last day of the end of the most recent plan year ending prior to the date hereof. The fair market value of the assets of each plan exceeds the present value of the "benefit liabilities" (as defined in Section 4001(a)(16) of ERISA) under each plan as of the end of the most recent plan year, calculated on the basis of the actuarial assumptions used in the most recent actuarial valuation for each plan. No notice of a "reportable event" (as defined in Section 4043 of ERISA) for which the 30-day reporting requirement has not been waived has been required to be filed for any of the plans within the 12-month period ending on the date hereof. Neither Clearfield, its predecessors or affiliates has provided, or is required to provide, security to any plans pursuant to Section 401(a)(29) of the Code. Clearfield, its predecessors and affiliates have contributed to no "multi-employer plan", as defined in Section 3(37) of ERISA, on or after September 26, 1980. All actuarial valuations and other documents and information concerning benefit plans delivered or made available in connection with this Agreement are true and correct as of the date(s) shown thereon, and all actuarial methods and assumptions are appropriate for the plans, and are consistent with the methods and assumptions permitted by the Code and ERISA. All the plans are funded to the extent that the assets of each plan would then be sufficient to pay all vested accrued benefits thereunder, and there would be no employer liability under Title IV of ERISA. Except as previously disclosed, since 1990, there has been no audit of any benefit plan of Clearfield by the Department of Labor, the IRS or the Pension Benefit Guaranty Corporation ("PBGC"). There has not been any audit of the Pension Plan or any of Clearfield's other employee benefit plans by the Department of Labor, the IRS or the PBGC since 1988. Clearfield, its predecessors and affiliates, have no obligation for retiree health and life benefits under any benefit plan, contract, or arrangement. Clearfield has no obligation for any post-retirement benefits under any plan, contract or arrangement except as previously disclosed on Schedule 3.19.

Section 3.20. Related Party Transactions. Except as previously disclosed, Clearfield has no contract, extension of credit, business arrangement or other relationship of any kind with any of the following persons: (i) any present or former officer or director of Clearfield; (ii) any shareholder owning five percent or more of the outstanding Clearfield Common Stock; and (iii) any "associate" (as defined in Rule 405 promulgated by the Securities and Exchange Commission (the "Commission")) of the foregoing persons or any business in which any of the foregoing persons is an officer, director, employee or five percent or greater equity owner. Each extension of credit previously disclosed has been made in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than a normal risk of collectibility or present other unfavorable features.

Section 3.21. Complete and Accurate Disclosure. Neither this Agreement (insofar as it relates to Clearfield, Clearfield Common Stock and Clearfield's involvement in the transactions contemplated hereby) nor any financial statement, schedule, certificate, or other statement or document delivered by Clearfield to Penn Laurel or CSB in connection herewith contains any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omits to state any material fact necessary to make the statements contained herein or therein not false or misleading. In particular, without limiting the

generality of the foregoing sentence, the information provided and the representations made by Clearfield to Penn Laurel and CSB in connection with the Registration Statement (as defined in Section 7.2(b) of this Agreement), both at the time the information and representations are provided and made and at the Effective Date, will be true and accurate in all material respects and will not contain any false or misleading statement with respect to any material fact or omit to state any material fact necessary (i) to make the statements made therein not false or misleading, or (ii) to correct any statement contained in an earlier communication with respect to the information or representations that has become false or misleading.

Section 3.22. Beneficial Ownership of Penn Laurel Common Stock. Prior to the Effective Date, Clearfield and its officers and directors will not beneficially own, in the aggregate, (within the meaning of Commission Rule 13d-3(d)(1)) more than five percent of the outstanding shares of Penn Laurel Common Stock, except as may be held by the Clearfield Trust Department.

Section 3.23. Environmental Matters. For purposes of this Section 3.23 and Section 4.22 below, the following terms shall have the indicated meaning:

> "Environmental Law" means any federal, state or local law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to: the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, subsurface soil, plant and animal life or any other natural resource); and the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Hazardous Substances. The term Environmental Law includes without limitation: the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601, et seq., the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, et seq., the Clean Air Act, as amended, 42 U.S.C. §7401, et seq., the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq., the Toxic Substances Control Act, as amended, 15 U.S.C. §9601, et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. §11001, et seq., the Safe Drinking Water Act, 42 U.S.C. §300f, et seq., and all comparable state and local laws; and any common law (including without limitation common law that may impose strict liability) that may impose liability or obligation for injuries or damages due to, or threatened as a result of, the presence of or exposure to any Hazardous Substance.
>
> "Hazardous Substance" means any substance presently listed, defined, designated or classified as hazardous, toxic, radioactive or dangerous or otherwise regulated under any Environmental Law, whether by type or by quantity, including any material containing any such substance as a component. Hazardous Substances include, without limitation, petroleum or any derivative or by-product thereof, asbestos, radioactive material, and polychlorinated biphenyls.

"Loan Portfolio Properties and Other Properties Owned" means those properties serving as collateral for loans in CSB's or Clearfield's loan portfolio as the case may be, or properties owned or operated by CSB or Clearfield (including, without limitation, in a fiduciary capacity), as the case may be.

Except as previously disclosed:

(a) Clearfield has not been and is not in violation of or liable under any Environmental Law.

(b) To the knowledge of Clearfield, , none of the Loan Portfolio Properties and Other Properties Owned have been or are in violation of or liable under any Environmental Law.

(c) Clearfield has no knowledge that any environmental contaminant, pollutant, toxic or hazardous waste or other similar substance has been generated, used, stored, processed, disposed of or discharged onto any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield, except as previously disclosed. In particular, without limiting the generality of the foregoing sentence, except as previously disclosed, Clearfield has no knowledge that: (i) any materials containing asbestos have been used or incorporated in any building or other structure or improvement located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield; (ii) any electrical transformers, fluorescent light fixtures with ballasts or other equipment containing PCB's are or have been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield; (iii) any underground storage tanks for the storage of gasoline, petroleum products or other toxic or hazardous substances are or have ever been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Clearfield.

(d) Except as previously disclosed, there is no legal, administrative, arbitration or other proceeding, claim, action, or to the knowledge of Clearfield cause of action or governmental investigation of any nature seeking to impose, or that could result in the imposition, on Clearfield of any liability arising under any local, state or federal environmental statute, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, pending or to the knowledge of Clearfield threatened against Clearfield; there is no reasonable basis for any such proceeding, claim, action or governmental investigation; and Clearfield is not subject to any agreement, order,

judgment, decree or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any such liability.

Section 3.24. Proxy Statement/Prospectus. At the time the Proxy Statement/ Prospectus (as defined in Section 7.2(b) of this Agreement) is mailed to the shareholders of Clearfield, and at all times subsequent to the mailing, up to and including the Effective Date, the Proxy Statement/Prospectus (including any pre- and post-effective amendments and supplements thereto), with respect to all information relating to Clearfield, Clearfield Common Stock, and actions taken and statements made by Clearfield in connection with the transactions contemplated herein (except for information provided by Penn Laurel and CSB) will: (i) comply in all material respects with applicable provisions of the Securities Act of 1933, as amended (the "Securities Act"), and the pertinent rules and regulations thereunder; and (ii) not contain any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact that is necessary to be stated therein in order (A) to make the statements therein not false or misleading, or (B) to correct any statement in an earlier communication with respect to the Proxy Statement/Prospectus that has become false or misleading.

Section 3.25. Non-Registration Under the Securities Exchange Act of 1934. Clearfield Common Stock is neither registered nor required to be registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not subject to the periodic reporting requirements imposed by Section 13 or 15(d) of the Exchange Act.

Section 3.26. Deposit Insurance. The deposits of Clearfield are insured by the Bank Insurance Fund, as administered by the Federal Deposit Insurance Corporation (the "FDIC") in accordance with the Federal Deposit Insurance Act, as amended (the "FDIA") and Clearfield has paid all assessments and filed all reports required by the FDIA.

Section 3.27. Repurchase Agreements. With respect to any agreement, pursuant to which Clearfield has purchased securities subject to an agreement to resell, if any, Clearfield has a valid, perfected first lien or security interest in the government securities or other collateral securing the repurchase agreement, and the value of the collateral equals or exceeds the amount of the debt secured thereby.

Section 3.28. Assumability of Contracts and Leases. Except as previously disclosed, all Material Contracts between Clearfield and any other entity or person are assumable and assignable and do not contain any term or provision that would accelerate or increase payments that would otherwise be due by Clearfield to the person or entity, or change or modify the provisions or terms of the leases, contracts and agreements by reason of this Agreement or the transactions contemplated hereby. Except as previously disclosed, each lease pursuant to which Clearfield, as lessee, leases real or personal property is valid and in effect in accordance with its respective terms, and there is not, under any of the leases, on the part of the lessee any material existing default or any event that, with notice or lapse of time, or both, would constitute a default, other than defaults that would not individually or in the aggregate have a material adverse effect on the financial condition, business, prospects, or operating results of Clearfield.

Section 3.29. Loans. Except as previously disclosed, each loan reflected as an asset on Clearfield's financial statements as of September 30, 1998, or acquired since that date, is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. All loans, and the collateral and other security therefor, and the documentation for the same, meet the requirements, rules, regulations or directives of the FDIC, or other applicable governmental authorities.

Section 3.30. Adjustable Rate Mortgages. Clearfield has made all interest rate adjustments to any mortgage loan according to the terms of said mortgage loan and has complied and is in compliance in all material respects with all federal, state and other applicable laws, rules and regulations, including orders, writs, decrees, injunctions and other requirements of any court or governmental authorities having jurisdiction over adjustable rate mortgages.

Section 3.31. CRA Compliance. Clearfield has received a satisfactory compliance rating and has received a satisfactory Community Reinvestment Act rating. Clearfield has no knowledge of any facts or circumstances that would prevent it from receiving satisfactory ratings upon its next appropriate examination.

Section 3.32. Loan Loss Reserve. The loan loss reserve of Clearfield is and shall remain adequate in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the Banking Department of the Commonwealth of Pennsylvania (the "Banking Department") and the FDIC. No regulatory authority requested Clearfield to increase the allowance for loan losses during 1998, 1997 or 1996.

Section 3.33. Trust Department and Fiduciary Relationships. Clearfield has established, maintained and administered all fiduciary and custodian relationships, accounts and agreements; and undertaken and performed all fiduciary and custodian duties, obligations, and responsibilities in compliance with all applicable laws, statutes, rules, regulations and the governing instruments of the fiduciary and custodian relationships.

Section 3.34. Member Federal Reserve System. Clearfield is not a member of the Federal Reserve System.

Section 3.35. Year 2000 Compliance. Clearfield is in compliance with all requirements announced or promulgated by the Clearfield Regulatory Agencies and by the Federal Financial Institutions Examination Council in connection with Year 2000 preparedness and compliance.

Section 3.36. Accuracy of Representations. Clearfield will promptly notify Penn Laurel if any of the representations contained in this Article III cease to be true and correct subsequent to the date hereof. Further, no representations made by Clearfield pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PENN LAUREL

Penn Laurel represents and warrants to Clearfield, as of this date, as follows:

Section 4.1. Authority. Penn Laurel has all requisite corporate power and authority to enter into and perform all of its obligations under this Agreement and the Bank Merger Agreement. The execution and delivery of this Agreement and the Bank Merger Agreement and the consummation of the transactions contemplated herein and therein have been duly and validly authorized by the Board of Directors of Penn Laurel, and no other corporate action on the part of Penn Laurel, except approval by the shareholders of Penn Laurel, is necessary to authorize this Agreement and the Bank Merger Agreement or the consummation of the transactions contemplated herein and therein. This Agreement and the Bank Merger Agreement have been duly executed and delivered by Penn Laurel and, assuming due authorization, execution and delivery by Clearfield, and receipt of all required regulatory and shareholder approvals, constitutes a valid and binding obligation of Penn Laurel. Assuming regulatory and shareholder approval, the execution, delivery and consummation of this Agreement will not constitute a violation or breach of or default under the Articles of Incorporation or the Bylaws of Penn Laurel or any statute, rule, regulation, order, decree, directive, agreement, indenture or other instrument to which Penn Laurel is a party or by which Penn Laurel or any of its properties are bound.

Section 4.2. Organization and Standing. Penn Laurel is a business corporation that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. Penn Laurel is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and has full power and lawful authority to own and hold its properties and to carry on its present business. Penn Laurel owns all of the issued and outstanding shares of capital stock of CSB. CSB is a Pennsylvania chartered banking institution validly existing and in good standing under the laws of the Commonwealth of Pennsylvania, and is duly authorized to engage in the banking business as an insured bank under the FDIA.

Section 4.3. Subsidiaries. Except for CSB and CSB Financial Services, Inc., except as previously disclosed, Penn Laurel owns no subsidiaries, directly or indirectly.

Section 4.4. Capitalization. The authorized capital stock of Penn Laurel consists of 2,500,000 shares of Penn Laurel Common Stock, par value $5.00 per share, of which, at September 30, 1998, 346,587 shares were issued and outstanding. All outstanding shares of Penn Laurel Common Stock have been duly authorized and are validly issued, fully paid and nonassessable. The shares of Penn Laurel Common Stock to be issued in connection with the Merger have been duly authorized and, when issued in accordance with the terms of this Agreement and the Bank Merger Agreement, will be validly issued, fully paid and nonassessable. Other than 9,000 options to purchase shares of its Common Stock and its K-SOP Plan, Penn Laurel has no other outstanding options, agreements, convertible securities, warrants or other rights to purchase its stock.

Section 4.5. Articles of Incorporation, Bylaws and Minute Books. The copies of the Articles of Incorporation and Bylaws of Penn Laurel and CSB that have been delivered to Clearfield are true, correct and complete. Except as previously disclosed, all minute books of Penn Laurel and CSB have been made available to Clearfield for inspection and are true, correct and complete in all material respects and record the actions taken by the Board of Directors of Penn Laurel and CSB at the meetings documented in the minutes.

Section 4.6. Consents. Except for the consents, approvals, filings and registrations contemplated by Sections 8.1(a) and (c) hereof, and compliance with any conditions contained therein, and the approval of this Agreement and the Bank Merger Agreement by the Board of Directors and shareholders of Penn Laurel and the shareholder of CSB, no consents or approvals of, or filings or registrations with, any public body or authority are necessary, and no consents or approvals of any third parties are necessary, or will be, in connection with the execution and delivery of this Agreement or the Bank Merger Agreement by Penn Laurel and CSB, and the consummation by Penn Laurel and CSB of the transactions contemplated hereby. Penn Laurel and CSB have no reason to believe that any required consents or approvals will not be received or will be received with conditions, limitations or restrictions unacceptable to it or that would adversely impact Penn Laurel's or CSB's ability to consummate the transactions contemplated by this Agreement.

Section 4.7. Financial Statements and Regulatory Reports. Penn Laurel has delivered to Clearfield its: (i) Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Shareholders' Equity, and Consolidated Statements of Cash Flows as of and for the years ended December 31, 1997 and December 31, 1996, certified by Walter Hopkins and Company, Public Accountants, of Clearfield, Pennsylvania, Penn Laurel's independent auditors, and set forth in the Annual Report to the shareholders of Penn Laurel for the year ended on December 31, 1997 (the "Penn Laurel Financial Statements"); and (ii) Call Reports, Consolidated Reports of Condition and Income (the foregoing Consolidated Statement of Condition being hereinafter referred to as the "Penn Laurel Balance Sheet"). Each of the foregoing financial statements fairly presents the consolidated financial position, assets, liabilities and results of operations of Penn Laurel at their respective dates and for the respective periods then ended and has been prepared in accordance with generally accepted accounting principles consistently applied, except as otherwise noted in a footnote thereto and subject, in the case of the interim financial statements contained in the aforesaid Penn Laurel Regulatory Reports, to normal recurring year-end adjustments, that are not material in any case or in the aggregate. The books and records of Penn Laurel and CSB are maintained in accordance with generally accepted accounting principles consistently applied. The Penn Laurel Regulatory Reports have been, or will be, prepared in accordance with applicable regulatory accounting principles and practices applied on a consistent basis throughout the periods covered by the statements, and fairly present, or will fairly present, the financial position, results of operations and changes in shareholders' equity of Penn Laurel or CSB, as the case may be, as of and for the periods ended on the dates thereof, in accordance with applicable regulatory accounting principles applied on a consistent basis.

Section 4.8. Absence of Undisclosed Liabilities. Except as previously disclosed, or as reflected, noted or adequately reserved against in the Penn Laurel Balance Sheet, at September 30, 1998, Penn Laurel had no material liabilities (whether accrued, absolute, contingent or otherwise) that are required to be reflected, noted or reserved against therein under generally accepted accounting principles or which are in any case or in the aggregate material. Except as previously disclosed, since September 30, 1998, Penn Laurel has not incurred any such liability other than liabilities of the same nature as those set forth in the Penn Laurel Balance Sheet, all of which have been reasonably incurred in the Ordinary Course of Business.

Section 4.9. Absence of Changes. Since September 30, 1998, Penn Laurel and CSB have conducted their business in the Ordinary Course of Business and, except as previously disclosed, Penn Laurel and CSB have not undergone any change in condition (financial or otherwise), assets, liabilities, business or operations, other than changes in the Ordinary Course of Business that have not been, either in any case or in the aggregate, materially adverse.

Section 4.10. Dividends, Distributions and Stock Purchases. Except as previously disclosed, since September 30, 1998, Penn Laurel has not declared, set aside, made or paid any dividend or other distribution in respect of the Penn Laurel Common Stock, or purchased, issued or sold any shares of Penn Laurel Common Stock.

Section 4.11. Taxes. Penn Laurel has filed all federal, state, county, municipal and foreign tax returns, reports and declarations that are required to be filed by Penn Laurel. Except as previously disclosed, (i) Penn Laurel has paid all taxes, penalties and interest that have become due pursuant thereto or that became due pursuant to assessments, and (ii) Penn Laurel has not received any notice of deficiency or assessment of additional taxes and no tax audits are in process. The IRS has not, to the knowledge of Penn Laurel, commenced, or given notice of its intention to commence any examination or audit of the federal income tax returns of Penn Laurel for any year through and including the year ended December 31, 1997. Penn Laurel has not granted any waiver of any statute of limitations or otherwise agreed to any extension of a period for the assessment of any federal, state, county, municipal or foreign income tax. Except as previously disclosed, the accruals and reserves reflected in the Penn Laurel Balance Sheet are adequate to cover all taxes (including interest and penalties, if any, thereon) payable or accrued as a result of its operations for all periods prior to the date of the Penn Laurel Balance Sheet.

Section 4.12. Title to and Condition of Assets. Penn Laurel has good and marketable title to all real and personal properties and assets reflected in the Penn Laurel Balance Sheet or acquired subsequent to September 30, 1998 (other than property and assets disposed of in the Ordinary Course of Business), free and clear of all liens or encumbrances of any kind whatsoever other than: (i) as reflected in the Penn Laurel Balance Sheet; (ii) liens of current taxes not yet due; and (iii) imperfections of title, encumbrances and easements, if any, that are not substantial in character, amount or extent and do not materially detract from the value, or interfere with the present or proposed use, of the properties and assets subject thereto. The structures and other improvements to real estate, furniture, fixtures and equipment reflected in the Penn Laurel Balance Sheet or acquired subsequent to September 30, 1998, are in good operating condition and repair (ordinary wear and

tear excepted) and comply in all material respects with all applicable laws, ordinances and regulations, including without limitation all building codes, zoning ordinances and other similar laws. Penn Laurel and CSB own or have the right to use all real and personal properties and assets necessary to the conduct of their business as now conducted.

Section 4.13. Contracts. All contracts, agreements, leases, licenses and other commitments are valid and in full force and effect, and all parties thereto have in all material respects performed all obligations required to be performed by them to date and are not in default in any material respect.

Except as previously disclosed, neither Penn Laurel nor CSB is a party to or subject to (i) any employment, consulting or severance contract or arrangement with any past or present officer, director or employee, except for "at will" arrangements (ii) any plan, arrangement or contract providing for bonuses, options, deferred compensation, profit sharing or similar arrangements for or with any past or present officers, directors or employees of Penn Laurel or CSB; (iii) any collective bargaining agreement with any labor union relating to employees of Penn Laurel or CSB; (iv) any agreement that by its terms limits the payment of dividends by Penn Laurel or CSB; (v) any instrument evidencing or related to indebtedness for borrowed money in excess of $20,000, whether directly or indirectly, by way of purchase money obligation, conditional sale, lease purchase, guaranty or otherwise, in respect of which Penn Laurel or CSB is an obligor to any person, which instrument evidences or relates to indebtedness other than deposits, repurchase agreements, bankers acceptances and "treasury tax and loan" accounts established in the Ordinary Course of Business and transactions in federal funds or that contains financial covenants or other restrictions (other than those relating to the payment of principal and interest when due) that would be applicable on or after the Effective Date to Penn Laurel or any Penn Laurel subsidiary; (vi) any contract (other than this Agreement) limiting the freedom of Penn Laurel or CSB to engage in any type of banking or banking-related business permissible under law; or (vii) any contract, plan or arrangement that provides for payments or benefits in certain circumstances that, together with other payments or benefits payable to any participant therein or party thereto, might render any portion of any payments or benefits subject to disallowance of deduction therefor as a result of the application of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code").

No party to any material contract, plan, arrangement or instrument that requires annual payments in excess of $10,000 will have the right to terminate any or all of the provisions of any contract, plan, arrangement or instrument as a result of the transactions contemplated by this Agreement, and except as previously disclosed, none of the employees of Penn Laurel or CSB possess the right to terminate their employment as a result of the execution of this Agreement. No plan, employment agreement, termination agreement, or similar agreement or arrangement to which Penn Laurel or CSB is a party or under which Penn Laurel or CSB may be liable contains provisions that permit an employee or independent contractor to terminate it without cause and continue to accrue future benefits thereunder. Except as previously disclosed, no agreement, plan or arrangement provides for acceleration in the vesting of benefits or payments due thereunder upon the occurrence of a change in ownership or control of Penn Laurel or CSB absent the occurrence of a subsequent event; provides for benefits that may cause the disallowance of a federal income tax

deduction under Section 280G of the Code; or requires Penn Laurel or CSB to provide a benefit in the form of Penn Laurel Common Stock or determined by reference to the value of Penn Laurel Common Stock.

Section 4.14. Litigation and Governmental Directives. Except as previously disclosed, there is no litigation, investigation or proceeding pending, or to the knowledge of Penn Laurel threatened, that involves Penn Laurel or CSB or their properties and that, if determined adversely, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB; there are no outstanding orders, writs, injunctions, judgments, decrees, regulations, directives, consent agreements or memoranda of understanding issued by any federal, state or local court or governmental authority or arbitration tribunal issued against or with the consent of Penn Laurel or CSB hat materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB or that in any manner restrict Penn Laurel's or CSB's right to conduct its business as presently conducted, or challenge the validity or propriety of any of the transactions contemplated by the Agreement, or that could adversely affect the ability of Penn Laurel or CSB to perform under this Agreement; and Penn Laurel is not aware of any fact or condition presently existing that might give rise to any litigation, investigation or proceeding that, if determined adversely to Penn Laurel or CSB, would materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB.

Section 4.15. Compliance with Laws; Governmental Authorizations. Penn Laurel and CSB are in compliance with all statutes, laws, ordinances, rules, regulations, judgments, orders, decrees, directives, consent agreements, memoranda of understanding, permits, concessions, grants, franchises, licenses, and other governmental authorizations or approvals applicable to Penn Laurel or CSB or to any of their properties; all permits, concessions, grants, franchises, licenses and other governmental authorizations and approvals necessary for the conduct of the business of Penn Laurel and of CSB, as presently conducted, have been duly obtained and are in full force and effect, and there are no proceedings pending, or to the knowledge of Penn Laurel threatened, that may result in the revocation, cancellation, suspension or materially adverse modification of any thereof; and Penn Laurel has not received any notification or communication from any regulatory authority (A) asserting that Penn Laurel or CSB is not in substantial compliance with any of the statues, regulations or ordinances that the regulatory authorities enforce; (B) requiring or threatening to require Penn Laurel or CSB, or indicating that Penn Laurel or CSB may be required, to enter into a cease and desist order, agreement or memorandum of understanding or any other agreement restricting or limiting, or purporting to restrict or limit, in any manner the operations of Penn Laurel or CSB, including without limitation, any restriction on the payment of dividends (any notice, communication, memorandum, agreement or order described herein is referred to as a "Regulatory Agreement"); (C) threatening to revoke any license, franchise, permit or governmental authorization that is material to Penn Laurel or CSB; (D) requiring Penn Laurel to enter into any Regulatory Agreement or; (E) requesting board resolutions be adopted pursuant to regulatory action.

Section 4.16. Insurance. All policies of insurance, including all policies of title insurance and financial institutions bonds, held by or on behalf of Penn Laurel or CSB are in full force and

effect and no notices of cancellation have been received in connection therewith. All the policies of insurance have been issued by reputable insurers and, in respect of amounts, types and risks, the insurance is customary with industry practices for the business conducted by Penn Laurel or CSB, as the case may be.

Section 4.17. Labor Relations. Neither Penn Laurel nor CSB is a party to or bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is Penn Laurel or CSB the subject of a proceeding asserting that Penn Laurel or CSB has committed an unfair labor practice or seeking to compel Penn Laurel or CSB to bargain with any labor organization as to wages and conditions of employment, nor is there any strike or other labor dispute involving Penn Laurel or CSB pending, or to the knowledge of Penn Laurel or CSB, threatened, that might materially adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB, as the case may be. Neither Penn Laurel nor CSB is subject to or a party in any Complaint or action before the Pennsylvania Human Relations Commission, the Equal Employment Opportunity Commission, or the Department of Labor. There are no labor disputes pending, or to the knowledge of Penn Laurel threatened, that might materially and adversely affect the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB.

Section 4.18. Employee Benefit Plans. Each "employee benefit plan", as defined in Section 3(3) of ERISA, that now covers any employee of Penn Laurel or CSB, its predecessors or affiliates, complies in all material respects with all applicable requirements of ERISA, the Code and other applicable laws. Neither Penn Laurel nor any of its predecessors or affiliates has engaged in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) or any breach of fiduciary responsibility under Part 4 of Title I of ERISA, with respect to which a prohibited transaction is likely to result in any material penalties or taxes under Section 502 of ERISA or Section 4975 of the Code, or any material liability to any participant or beneficiary of the plan. No material liability to the Pension Benefit Guaranty Corporation has been or is expected to be incurred by Penn Laurel with respect to itself or its predecessors or affiliates with respect to any plan that is subject to Title IV of ERISA, or with respect to any "single employer plan" (as defined in Section 4001(a)(15) of ERISA) currently or formerly maintained. No plan had an "accumulated funding deficiency" (as defined in Section 302 of ERISA) (whether or not waived) as of the last day of the end of the most recent plan year ending prior to the date hereof. The fair market value of the assets of each plan exceeds the present value of the "benefit liabilities" (as defined in Section 4001(a)(16) of ERISA) under each plan as of the end of the most recent plan year, calculated on the basis of the actuarial assumptions used in the most recent actuarial valuation for each plan. No notice of a "reportable event" (as defined in Section 4043 of ERISA) for which the 30-day reporting requirement has not been waived has been required to be filed for any of the plans within the 12-month period ending on the date hereof. Neither Penn Laurel, its predecessors nor affiliates has provided, or is required to provide, security to any plans pursuant to Section 401(a)(29) of the Code. Penn Laurel, its predecessors and affiliates have contributed to no "multi-employer plan", as defined in Section 3(37) of ERISA, on or after September 26, 1980. All actuarial valuations and other documents and information concerning benefit plans delivered or made available in connection with this Agreement are true and correct as of the date(s) shown thereon, and all actuarial methods and

assumptions are appropriate for the plans, and are consistent with the methods and assumptions permitted by the Code and ERISA. All the plans are funded to the extent that the assets of each plan would then be sufficient to pay all vested accrued benefits thereunder, and there would be no employer liability under Title IV of ERISA. Since 1990, there has been no audit of any benefit plan of Penn Laurel or of CSB by the Department of Labor, the IRS or the PBGC. There has not been any audit of the Pension Plan or any of Penn Laurel's or CSB's other employee benefit plans by the Department of Labor, the IRS or the PBGC since 1988. Except as previously disclosed, Penn Laurel, its predecessors and affiliates, have no obligation for retiree health and life benefits under any benefit plan, contract, or arrangement. Penn Laurel and CSB have no obligation for any post-retirement benefits under any plan, contract or arrangement except as previously disclosed.

Section 4.19. Related Party Transactions. Except as previously disclosed, Penn Laurel and CSB have no contract, extension of credit, business arrangement or other relationship of any kind with any of the following persons: (i) any present or former officer or director of Penn Laurel or CSB; (ii) any shareholder owning five percent or more of the outstanding Penn Laurel Common Stock; and (iii) any "associate" (as defined in Rule 405 promulgated by the Commission of the foregoing persons or any business in which any of the foregoing persons is an officer, director, employee or five percent or greater equity owner. Each extension of credit previously disclosed has been made in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than a normal risk of collectibility or present other unfavorable features.

Section 4.20. Complete and Accurate Disclosure. Neither this Agreement (insofar as it relates to Penn Laurel, CSB, Penn Laurel Common Stock and Penn Laurel's and CSB's involvement in the transactions contemplated hereby) nor any financial statement, schedule, certificate, or other statement or document delivered by Penn Laurel or CSB to Clearfield in connection herewith contains any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact or omits to state any material fact necessary to make the statements contained herein or therein not false or misleading. In particular, without limiting the generality of the foregoing sentence, the information provided and the representations made by Penn Laurel or CSB to Clearfield in connection with the Registration Statement (as defined in Section 7.2b) of this Agreement), both at the time the information and representations are provided and made and at the Effective Date, will be true and accurate in all material respects and will not contain any false or misleading statement with respect to any material fact or omit to state any material fact necessary (i) to make the statements made therein not false or misleading, or (ii) to correct any statement contained in an earlier communication with respect to the information or representations that has become false or misleading.

Section 4.21. Beneficial Ownership of Clearfield Common Stock. Prior to the Effective Date, Penn Laurel, CSB and their officers and directors will not beneficially own, in the aggregate, (within the meaning of Commission Rule 13d-3(d)(1)) more than five percent of the outstanding shares of Clearfield Common Stock.

Section 4.22. Environmental Matters. Except as previously disclosed:

(a) Penn Laurel and CSB have not been and are not in violation of or liable under any Environmental Law.

(b) To the knowledge of Penn Laurel,, none of the Loan Portfolio Properties and Other Properties Owned have been or are in violation of or liable under any Environmental Law.

(c) Penn Laurel has no knowledge that any environmental contaminant, pollutant, toxic or hazardous waste or other similar substance has been generated, used, stored, processed, disposed of or discharged onto any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel, except as previously disclosed. In particular, without limiting the generality of the foregoing sentence, except as previously disclosed, Penn Laurel has no knowledge that: (i) any materials containing asbestos have been used or incorporated in any building or other structure or improvement located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB; (ii) any electrical transformers, fluorescent light fixtures with ballasts or other equipment containing PCB's are or have been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB; (iii) any underground storage tanks for the storage of gasoline, petroleum products or other toxic or hazardous substances are or have ever been located on any of the real estate now or previously owned or acquired (including without limitation any real estate acquired by means of foreclosure or exercise of any other creditor's right) or leased by Penn Laurel or CSB.

(d) Except as previously disclosed, there is no legal, administrative, arbitration or other proceeding, claim, action, or to the knowledge of Penn Laurel cause of action or governmental investigation of any nature seeking to impose, or that could result in the imposition, on Penn Laurel or CSB of any liability arising under any local, state or federal environmental statute, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, pending or to the knowledge of Penn Laurel threatened against Penn Laurel or CSB; there is no reasonable basis for any such proceeding, claim, action or governmental investigation; and neither Penn Laurel nor CSB is subject to any agreement, order, judgment, decree or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any such liability.

Section 4.23. Proxy Statement/Prospectus. At the time the Proxy Statement/ Prospectus (as defined in Section 7.2b) of this Agreement) is mailed to the shareholders of Clearfield, and at all times subsequent to the mailing, up to and including the Effective Date, the Proxy Statement/Prospectus (including any pre- and post-effective amendments and supplements thereto), (other than information provided by Clearfield), will: (i) comply in all material respects with applicable provisions of the Securities Act and the Exchange Act and the pertinent rules and regulations thereunder; and (ii) not contain any statement that, at the time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omits to state any material fact that is necessary to be stated therein in order (A) to make the statements therein not false or misleading, or (B) to correct any statement in an earlier communication with respect to the Proxy Statement/Prospectus that has become false or misleading.

Section 4.24. Non-Registration Under the Securities Exchange Act of 1934. Penn Laurel Common Stock is neither registered nor required to be registered under Section 12 of the Exchange Act and is not subject to the periodic reporting requirements imposed by Section 13 or 15(d) of the Exchange Act.

Section 4.25. Repurchase Agreements. With respect to any agreement, pursuant to which Penn Laurel or CSB has purchased securities subject to an agreement to resell, if any, Penn Laurel or CSB, as the case may be, has a valid, perfected first lien or security interest in the government securities or other collateral securing the repurchase agreement, and the value of the collateral equals or exceeds the amount of the debt secured thereby.

Section 4.26. Assumability of Contracts and Leases. Except as previously disclosed, all Material Contracts between Penn Laurel or CSB, as the case may be, and any other entity or person do not contain any term or provision that would accelerate or increase payments that would otherwise be due by Penn Laurel or CSB to the person or entity, or change or modify the provisions or terms of the leases, contracts and agreements by reason of this Agreement or the transactions contemplated hereby. Except as previously disclosed, each lease pursuant to which Penn Laurel or CSB, as lessee, leases real or personal property is valid and in effect in accordance with its respective terms, and there is not, under any of the leases, on the part of the lessee any material existing default or any event that, with notice or lapse of time, or both, would constitute a default, other than defaults that would not individually or in the aggregate have a material adverse effect on the financial condition, business, prospects, or operating results of Penn Laurel or CSB.

Section 4.27. Accuracy of Representations. Penn Laurel will promptly notify Clearfield if any of the representations contained in this Article IV cease to be true and correct subsequent to the date hereof. Further, no representations made by Penn Laurel pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF CSB

CSB represents and warrants to Clearfield, as this date, as follows:

Section 5.1. Capital Structure of CSB. CSB is authorized to issue 150,000 shares of capital stock, par value $5.00 per share, of which 120,000 shares are outstanding and held by Penn Laurel.

Section 5.2. Organization and Standing. CSB is a Pennsylvania chartered banking institution that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania. CSB has full power and lawful authority to own and hold its properties and to carry on its present business.

Section 5.3. Authorized and Effective Agreement. The execution, delivery and performance of this Agreement and the Bank Merger Agreement have been duly and validly authorized by the Board of Directors of CSB. Subject to appropriate shareholder and regulatory approvals, neither the execution and delivery of this Agreement or the Bank Merger Agreement nor the consummation of the transactions provided for herein or therein will violate any agreement to which CSB is a party or by which it is bound or any law, regulation, order, decree or any provision of its Articles of Incorporation or By-laws.

Section 5.4. Financial Institutions Bonds. Since January 1, 1991, CSB has continuously maintained in full force and effect a financial institutions bond insuring CSB against acts of dishonesty by each of its employees. Except as previously disclosed, no claim has been made under any bond, and CSB is not aware of any fact or condition presently existing that might form the basis of a claim under any bond. CSB has no reason to believe that its present financial institutions bond will not be renewed by its carrier on substantially the same terms and at the same rate as now in effect.

Section 5.5. Deposit Insurance. The deposits of CSB are insured by the Bank Insurance Fund, as administered by the FDIC in accordance with the FDIA and CSB has paid all assessments and filed all reports required by the FDIA.

Section 5.6. Loans. Except as previously disclosed, each loan reflected as an asset on CSB's financial statements as of September 30, 1998, or acquired since that date, is the legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general equity principles. All loans, and the collateral and other security therefor, and the documentation for the same, meet the requirements, rules, regulations or directives of the FDIC, or other applicable governmental authorities.

Section 5.7. Adjustable Rate Mortgages. CSB has made all interest rate adjustments to any mortgage loan according to the terms of said mortgage loan and has complied and is in compliance in all material respects with all federal, state and other applicable laws, rules and regulations, including orders, writs, decrees, injunctions and other requirements of any court or governmental authorities having jurisdiction over adjustable rate mortgages.

Section 5.8. CRA Compliance. CSB has received a satisfactory compliance rating and has received a satisfactory Community Reinvestment Act rating. CSB has no knowledge of any facts or circumstances that would prevent it from receiving satisfactory ratings upon its next appropriate examination.

Section 5.9. Loan Loss Reserve. The loan loss reserve of CSB is and shall remain adequate in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the Banking Department and the FDIC. No regulatory authority requested CSB to increase the allowance for loan losses during 1998, 1997, 1996 or 1995.

Section 5.10. Member Federal Reserve System. CSB is not a member of the Federal Reserve System.

Section 5.11. Year 2000 Compliance. CSB is in compliance with all requirements announced or promulgated by the CSB Regulatory Agencies and by the Federal Financial Institutions Examination Council in connection with Year 2000 preparedness and compliance.

Section 5.12. Accuracy of Representations. CSB will promptly notify Clearfield if any of the representations contained in this Article V cease to be true and correct subsequent to the date hereof. Further, no representations made by CSB pursuant to this Agreement contain any untrue statement of material fact or omit to state a material fact necessary to make the statements not misleading.

ARTICLE VI

COVENANTS OF CLEARFIELD

From the date of this Agreement until the Effective Date (as defined in Section 11.2 of this Agreement), Clearfield covenants and agrees to do the following:

Section 6.1. Conduct of Business. Except as otherwise consented to by Penn Laurel and CSB in writing, Clearfield shall:

(a) use all reasonable efforts to carry on its business in, and only in, the Ordinary Course of Business, consistent with past practices and written policies;

(b) to the extent consistent with prudent business judgment, use all reasonable efforts to preserve its present business organization, to retain the services of its present officers and employees, to maintain good relationships with its employees, and to maintain its relationships with customers, suppliers and others having business dealings with Clearfield;

(c) maintain all of Clearfield's structures, equipment and other real property and tangible personal property in good repair, order and condition, except for ordinary wear and tear and damage by unavoidable casualty;

(d) use all reasonable efforts to preserve or collect all material claims and causes of action belonging to Clearfield;

(e) keep in full force and effect all insurance policies now carried by Clearfield;

(f) perform in all material respects each of Clearfield's obligations under all material agreements, contracts, instruments and other commitments to which Clearfield is a party or by which Clearfield may be bound or that relate to or affect its properties, assets and business;

(g) maintain its books of account and other records in the Ordinary Course of Business;

(h) comply in all material respects with all statutes, laws, ordinances, rules and regulations, decrees, orders, consent agreements, examination reports, memoranda of understanding and other federal, state, county, local and municipal governmental directives applicable to Clearfield and to the conduct of its business;

(i) not amend Clearfield's Articles of Incorporation or Bylaws;

(j) except in the Ordinary Course of Business, not enter into or assume any material contract, incur any material liability or obligation, make any material commitment, acquire or dispose of any property or asset or engage in any transaction or subject any of Clearfield's properties or assets to any material lien, claim, charge, or encumbrance of any kind whatsoever;

(k) not take or permit to be taken any action that would constitute a breach of any representation, warranty or covenant set forth in this Agreement;

(l) not declare, set aside or pay any dividend or make any other distribution in respect of Clearfield Common Stock, except as provided in Section 6.9 of this Article VI;

(m) not authorize, purchase, issue or sell (or authorize, issue or grant options, warrants or rights to purchase or sell) any shares of Clearfield Common Stock or any other equity or debt securities of Clearfield or any securities convertible into Clearfield Common Stock;

(n) except in the Ordinary Course of Business and consistent with past practice, not increase the rate of compensation of, pay a bonus or severance compensation to, or enter into any employment, severance, deferred compensation or other agreement with any officer, director, employee or consultant of Clearfield;

(o) not enter into any related party transaction of the kind contemplated in Section 3.20 of Article III of this Agreement except related party transactions relating to extensions of credit made in accordance with all applicable laws, regulations and rules and in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than the normal risk of collectibility or present other unfavorable features and after disclosure of such to Penn Laurel;

(p) not change the presently outstanding number of shares or declare or effect any capitalization, reclassification, stock dividend, stock split or like change in capitalization;

(q) not enter into or substantially modify (except as may be required by applicable law) any pension, retirement, stock option, stock warrant, stock purchase, stock appreciation right, savings, profit sharing, deferred compensation, severance, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, or plan or arrangement, or any trust agreement related thereto, in respect to any of its directors, officers, or other employees;

(r) not merge with or into, or consolidate with, or be purchased or acquired by, any other corporation, financial institution, entity, or person (or agree to any merger, consolidation, affiliation, purchase or acquisition) or permit (or agree to permit) any other corporation, financial institution, entity or person to be merged with it or consolidate or affiliate with any other corporation, financial institution, entity or person; acquire control over any other firm, financial institution, corporation or organization or create any subsidiary; acquire, liquidate, sell or dispose (or agree to acquire, liquidate, sell or dispose) of any assets, other than in the Ordinary Course of Business and consistent with prior practice;

(s) not solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning any acquisition or purchase of all or a substantial equity interest or portion of the assets in or of Clearfield or any business combination with Clearfield, other than as contemplated by this Agreement, or authorize or permit any officer, director, agent or affiliate of it to do any of the above; or fail to notify Penn Laurel immediately if any inquiries or proposals are received

by, any information is requested from, or any negotiations are sought to be initiated with Clearfield;

(t) not change any method, practice or principle of accounting except as may be required by generally accepted accounting principles or any applicable regulator;

(u) not make any loan or other credit facility commitment in excess of $400,000 (including without limitation, lines of credit and letters of credit) to any affiliate as defined in Regulation O or compromise, expand, or modify any such commitment outstanding;

(v) not enter into any swap or similar commitment, agreement or arrangement which is not consistent with past practice and which increases the credit or interest rate risk over the levels existing at September 30, 1998;

(w) not enter into any derivative, cap or floor or similar commitment, agreement or arrangement, except in the ordinary course of business and consistent with past practices;

(x) take any action that would result in any of the representations and warranties of Clearfield set forth in this Agreement becoming untrue as of any date after the date hereof;

(y) not sell, exchange or otherwise dispose of any investment securities or loans that are held for sale, prior to scheduled maturity and other than pursuant to policies agreed upon from time to time by the parties;

(z) not purchase any security for its investment portfolio not rated "A" or higher by either Standard & Poor's Corporation or Moody's Investor Services, Inc.;

(aa) not waive, release, grant or transfer any rights of value or modify or change, in any material respect, any existing agreement to which Clearfield is a party, other than in the ordinary course of business consistent with past practice;

(bb) not knowingly take any action that would, under any statute, regulation or administrative practice of any regulatory agency, materially or adversely affect the ability of any party to this Agreement to obtain any required approvals for consummation of the transactions contemplated by this Agreement; and

(cc) not agree to any of the foregoing items (a) through (bb).

Section 6.2. Best Efforts. Clearfield shall cooperate with Penn Laurel and CSB and shall use its best efforts to do or cause to be done all things necessary or appropriate on its part in order to fulfill the conditions precedent set forth in Article VIII of this Agreement and to consummate this Agreement. In particular, without limiting the generality of the foregoing sentence, Clearfield shall:

(a) cooperate with Penn Laurel and CSB in the preparation of all required applications for regulatory approval of the transactions contemplated by this Agreement and in the preparation of the Registration Statement (as defined in Section 7.1(b) of this Agreement);

(b) call a special or annual meeting of its shareholders and take, in good faith, all actions that are necessary or appropriate on its part in order to secure the approval and adoption of this Agreement and the Bank Merger Agreement by its shareholders at the meeting, including recommending the approval of this Agreement and the Bank Merger Agreement by the shareholders of Clearfield;

(c) cooperate with Penn Laurel and CSB in making Clearfield's employees reasonably available for training prior to the Effective Date, to the extent that training is deemed reasonably necessary;

(d) make additions to loan loss reserves and make loan write-offs, write-downs and other adjustments that reasonably should be made by Clearfield in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the FDIC, Department of Banking, and Board of Governors of the Federal Reserve System (the "FRB"), prior to the closing of Clearfield's books of account for its fiscal year ending December 31, 1998, and for the period from that date until the Effective Date;

(e) suspend any dividend reinvestment and/or stock repurchase plan, as soon as practicable;

(f) modify the Articles of Incorporation or Bylaws or any other documents of Clearfield as reasonably necessary to effectuate the transactions contemplated hereby; and

(g) use its best efforts to assure that the directors of Clearfield shall have executed and delivered the Support Agreement in the form attached hereto as Exhibit B.

Section 6.3. Access to Properties and Records. Clearfield shall give to Penn Laurel, CSB and their authorized representatives (including, without limitation, their counsel, accountants, economic and environmental consultants and other designated representatives) reasonable access during normal business hours to all properties, books, contracts, documents and records of Clearfield as Penn Laurel or CSB may reasonably request, subject to the obligation of Penn Laurel, CSB and their authorized representatives to maintain the confidentiality of all non-public information concerning Clearfield obtained by reason of such access.

Section 6.4. Subsequent Financial Statements. Between the date of execution of this Agreement and the Effective Date, Clearfield shall promptly prepare and deliver to Penn Laurel and CSB, as soon as practicable, all internal monthly and quarterly financial statements, reports to shareholders and reports to regulatory authorities prepared by or for Clearfield, including all audit

reports submitted to Clearfield by independent auditors in connection with each annual, interim or special audit of the books of Clearfield made by the accountants. In particular, without limiting the generality of the foregoing sentence, Clearfield shall deliver to Penn Laurel and CSB, as soon as practicable, a balance sheet as of December 31, 1998, and a related statement of income for the twelve (12) months then ended (which financial statements are hereinafter referred to as the "December 31, 1998 Clearfield Financial Statements"). The representations and warranties set forth in Sections 3.7, 3.8 and 3.9 of this Agreement shall apply to the December 31, 1998, Clearfield Financial Statements.

Section 6.5. Board and Committee Minutes. Clearfield shall provide to Penn Laurel, within 10 days after any meeting of the Board of Directors, or any committee thereof, or any senior or executive management committee, a copy of the minutes of the meeting.

Section 6.6. Update Information. Clearfield shall promptly disclose to Penn Laurel and CSB, in writing, any change, addition, deletion or other modification to the information previously disclosed.

Section 6.7. Notice. Clearfield shall promptly notify Penn Laurel and CSB, in writing, of any actions, claims, investigations, proceedings or other developments that, if pending or in existence on the date of this Agreement, would have been required to be disclosed to Penn Laurel and CSB in order to ensure the accuracy of the representations and warranties set forth in this Agreement or that otherwise could materially and adversely affect the condition (financial or otherwise), assets, liabilities, business operations or future prospects of Clearfield.

Section 6.8. Other Proposals. Clearfield shall not, nor shall it permit any officer, director, employee, agent, consultant, counsel or other representative, to directly or indirectly solicit, encourage, initiate or engage in discussions or negotiations with, or respond to requests for information, inquiries or other communications from, any person, other than Penn Laurel, concerning the fact of, or the terms and conditions of, this Agreement, or concerning any transaction with Clearfield, or any assets or business thereof (except that Clearfield's officers may respond to inquiries from analysts, regulatory authorities and holders of Clearfield Common Stock in the Ordinary Course of Business); and Clearfield shall notify Penn Laurel immediately if any discussions or negotiations are sought to be initiated with Clearfield by any person other than Penn Laurel or if any requests for information, inquiries, proposals or communications are received from any person other than Penn Laurel

Section 6.9. Dividends. Between the date of this Agreement and the Effective Date, Clearfield shall only declare and pay cash dividends as provided herein. Clearfield shall only pay regular quarterly cash dividends in amounts and on dates consistent with past practices.

Section 6.10. Core Deposits. Clearfield shall use commercially reasonable efforts to maintain deposits.

Section 6.11. Affiliate Letters. Clearfield shall deliver or cause to be delivered to Penn Laurel and CSB, at or before the Effective Date (as defined in Section 11.2 of this Agreement), a letter or agreement from each officer, director and shareholder of Clearfield who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Clearfield, in form and substance satisfactory to Penn Laurel and CSB, under the terms of which each officer, director or shareholder, as the case may be, acknowledges and agrees to abide by all limitations imposed by the Securities Act and by all rules, regulations and releases promulgated thereunder with respect to the sale or other disposition of the shares of Penn Laurel Common Stock to be received by the person pursuant to the terms of this Agreement.

Section 6.12. No Purchases or Sales of Penn Laurel Common Stock During Price Determination Period. Neither Clearfield nor any executive officer or director of Clearfield nor any shareholder of Clearfield who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Clearfield shall purchase or sell or submit a bid to purchase or an offer to sell, directly or indirectly, any shares of Penn Laurel Common Stock or any options, rights or other securities convertible into shares of Penn Laurel Common Stock within 20 business days of the Effective Date.

Section 6.13. Accounting Treatment. Clearfield acknowledges that the parties intend to treat the business combination contemplated by this Agreement as a "pooling of interests" for financial reporting purposes. Clearfield shall not take (and shall use its best efforts not to permit any of its directors, officers, employees, shareholders, agents, consultants or other representatives to take) any action that would preclude treating the business combination as a "pooling of interests" for financial reporting purposes.

Section 6.14. Press Releases. Clearfield shall not issue any press release related to this Agreement and the Bank Merger Agreement or the transactions contemplated hereby or thereby as to which Penn Laurel has not given its prior written consent, and shall consult with Penn Laurel as to the form and substance of other public disclosures related thereto.

Section 6.15. Phase I Environmental Audit. Clearfield shall permit, if Penn Laurel elects to do, at its own expense, a "phase I environmental audit" to be performed at any physical location owned or occupied by Clearfield on the date hereof.

ARTICLE VII

COVENANTS OF PENN LAUREL AND CSB

From the date of this Agreement until the Effective Date (as defined in Section 11.2 of this Agreement), Penn Laurel and CSB covenant and agree to do the following:

Section 7.1. Conduct of Business. Except as otherwise consented to by Clearfield in writing, Penn Laurel and CSB shall:

(a) use all reasonable efforts to carry on their business in, and only in, the Ordinary Course of Business, consistent with past practices and written policies;

(b) to the extent consistent with prudent business judgment, use all reasonable efforts to preserve their present business organizations, to retain the services of their present officers and employees, to maintain good relationships with their employees, and to maintain their relationships with customers, suppliers and others having business dealings with Penn Laurel or CSB, as the case may be;

(c) maintain all of Penn Laurel's and CSB's structures, equipment and other real property and tangible personal property in good repair, order and condition, except for ordinary wear and tear and damage by unavoidable casualty;

(d) use all reasonable efforts to preserve or collect all material claims and causes of action belonging to Penn Laurel or CSB, as the case may be;

(e) keep in full force and effect all insurance policies now carried by Penn Laurel and CSB;

(f) perform in all material respects each of Penn Laurel's and CSB's obligations under all material agreements, contracts, instruments and other commitments to which they are a party or by which they may be bound or that relate to or affect their properties, assets and business;

(g) maintain their books of account and other records in the Ordinary Course of Business;

(h) comply in all material respects with all statutes, laws, ordinances, rules and regulations, decrees, orders, consent agreements, examination reports, memoranda of understanding and other federal, state, county, local and municipal governmental directives applicable to Penn Laurel or CSB, as the case may be, and to the conduct of their business;

(i) not amend their Articles of Incorporation or Bylaws;

(j) except in the Ordinary Course of Business, not enter into or assume any material contract, incur any material liability or obligation, make any material commitment, acquire or dispose of any property or asset or engage in any transaction or subject any of Penn Laurel's or CSB's properties or assets to any material lien, claim, charge, or encumbrance of any kind whatsoever;

(k) not take or permit to be taken any action that would constitute a breach of any representation, warranty or covenant set forth in this Agreement;

(l) not declare, set aside or pay any dividend or make any other distribution in respect of Penn Laurel Common Stock, except as provided in Section 7.9 of this Article VII;

(m) not authorize, purchase, issue or sell (or authorize, issue or grant options, warrants or rights to purchase or sell) any shares of Penn Laurel Common Stock or any other equity or debt securities of Penn Laurel or any securities convertible into Penn Laurel Common Stock, except pursuant to stock options previously issued or awarded prior to the date hereof;

(n) except in the Ordinary Course of Business and consistent with past practice, not increase the rate of compensation of, pay a bonus or severance compensation to, or enter into any employment, severance, deferred compensation or other agreement with any officer, director, employee or consultant of Penn Laurel or CSB;

(o) not enter into any related party transaction of the kind contemplated in Section 4.20 of Article IV of this Agreement except related party transactions relating to extensions of credit made in accordance with all applicable laws, regulations and rules and in the Ordinary Course of Business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable arms' length transactions with other persons that do not involve more than the normal risk of collectibility or present other unfavorable features and after disclosure of such to Clearfield;

(p) not change the presently outstanding number of shares or declare or effect any capitalization, reclassification, stock dividend, stock split or like change in capitalization, except pursuant to stock options previously issued or awarded prior to the date hereof;

(q) not enter into or substantially modify (except as may be required by applicable law) any pension, retirement, stock option, stock warrant, stock purchase, stock appreciation right, savings, profit sharing, deferred compensation, severance, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, or plan or arrangement, or any trust agreement related thereto, in respect to any of their directors, officers, or other employees;

(r) not merge with or into, or consolidate with, or be purchased or acquired by, any other corporation, financial institution, entity, or person (or agree to any merger, consolidation, affiliation, purchase or acquisition) or permit (or agree to permit) any other corporation, financial institution, entity or person to be merged with it or consolidate or affiliate with any other corporation, financial institution, entity or person; acquire control over any other firm, financial institution, corporation or organization or create any subsidiary; acquire, liquidate, sell or dispose (or agree to acquire, liquidate, sell or dispose) of any assets, other than in the Ordinary Course of Business and consistent with prior practice;

(s) not solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning any acquisition or purchase of all or a substantial equity interest or portion of the assets in or of Penn Laurel or CSB or any business combination with Penn Laurel or CSB, other than as contemplated by this Agreement, or authorize or permit any officer, director, agent or affiliate of it to do any of the above; or fail to notify Clearfield immediately if any inquiries or proposals are received by, any information is requested from, or any negotiations are sought to be initiated with Penn Laurel;

(t) not change any method, practice or principle of accounting except as may be required by generally accepted accounting principles or any applicable regulator;

(u) not make any loan or other credit facility commitment in excess of $400,000 (including without limitation, lines of credit and letters of credit) to any affiliate as defined in Regulation O or compromise, expand, or modify any such commitment outstanding;

(v) not enter into any swap or similar commitment, agreement or arrangement which is not consistent with past practice and which increases the credit or interest rate risk over the levels existing at September 30, 1998;

(w) not enter into any derivative, cap or floor or similar commitment, agreement or arrangement, except in the ordinary course of business and consistent with past practices;

(x) take any action that would result in any of the representations and warranties of Penn Laurel or CSB set forth in this Agreement becoming untrue as of any date after the date hereof;

(y) not sell, exchange or otherwise dispose of any investment securities or loans that are held for sale, prior to scheduled maturity and other than pursuant to policies agreed upon from time to time by the parties;

(z) not purchase any security for its investment portfolio not rated "A" or higher by either Standard & Poor's Corporation or Moody's Investor Services, Inc.;

(aa) not waive, release, grant or transfer any rights of value or modify or change, in any material respect, any existing agreement to which Penn Laurel or CSB is a party, other than in the ordinary course of business consistent with past practice;

(bb) not knowingly take any action that would, under any statute, regulation or administrative practice of any regulatory agency, materially or adversely affect the ability of any party to this Agreement to obtain any required approvals for consummation of the transactions contemplated by this Agreement; and

(cc) not agree to any of the foregoing items (a) through (bb).

Section 7.2. Best Efforts. Penn Laurel and CSB shall cooperate with Clearfield and shall use their best efforts to do or cause to be done all things necessary or appropriate on their part in order to fulfill the conditions precedent set forth in Article VIII of this Agreement and to consummate this Agreement. In particular, without limiting the generality of the foregoing sentence, Penn Laurel and CSB shall:

(a) Penn Laurel and CSB shall promptly prepare and file, with the cooperation and assistance of Clearfield, all required applications for regulatory approval of the transactions contemplated by this Agreement and the Bank Merger Agreement;

(b) Penn Laurel shall promptly prepare, with the cooperation and assistance of Clearfield, and file with the Commission a registration statement under the Securities Act (the "Registration Statement") for the purpose of registering the shares of Penn Laurel Common Stock to be issued under the provisions of this Agreement. Penn Laurel may rely upon all information provided to it by Clearfield in this connection, and Penn Laurel shall not be liable for any untrue statement of a material fact or any omission to state a material fact in the Registration Statement or in the proxy statement and prospectus (the "Proxy Statement/Prospectus") that is prepared as a part of the Registration Statement, if the statement is made by Penn Laurel in reliance upon any information provided to Penn Laurel by Clearfield or by its agents and representatives. Penn Laurel will advise Clearfield, after it receives notice thereof, of the time when the Registration Statement or any Pre- or Post-Effective Amendment thereto has become effective or any supplement or amendment, thereto has been filed;

(c) Penn Laurel and CSB, with the cooperation of Clearfield, shall promptly take all actions that may be necessary or appropriate in order to comply with all applicable securities laws of any state having jurisdiction over the transactions contemplated by this Agreement;

(d) Penn Laurel and CSB, with the cooperation of Clearfield, shall make the Penn Laurel and CSB, as the case may be, employees reasonably available for training prior to the Effective Date, to the extent that training is deemed reasonably necessary;

(e) make additions to loan loss reserves and make loan write-offs, write-downs and other adjustments that reasonably should be made by CSB in light of generally accepted accounting principles, directives of governmental authorities, and all regulations, rules and directives of the FDIC, Department of Banking, and Board of Governors of the Federal Reserve System (the "FRB"), prior to the closing of CSB's books of account for its fiscal year ending December 31, 1998, and for the period from that date until the Effective Date;

(f) modify the Articles of Incorporation or Bylaws or any other documents of Penn Laurel and CSB reasonably necessary to effectuate the transactions contemplated hereby; and

(g) call a special or annual meeting of Penn Laurel's shareholders and take, in good faith, all actions that are necessary or appropriate on its part in order to secure the approval and adoption of this Agreement and the Bank Merger Agreement by its shareholders at the meeting, including recommending the approval of this Agreement and the Bank Merger Agreement by the shareholders of Penn Laurel;

(h) Support Agreement. Use its best efforts to assure that the directors of Penn Laurel shall have executed and delivered the Support Agreement in the form attached hereto as Exhibit C.

Section 7.3. Access to Properties and Records. Penn Laurel and CSB shall give to Clearfield and to its authorized representatives (including without limitation Clearfield's counsel, accountants, economic and environmental consultants and other designated representatives) reasonable access during normal business hours to all properties, books, contracts, documents and records of Penn Laurel and CSB as Clearfield may reasonably request, subject to the obligation of Clearfield and its authorized representatives to maintain the confidentiality of all non-public information concerning Penn Laurel or CSB obtained by reason of such access.

Section 7.4. Subsequent Financial Statements. Between the date of execution of this Agreement and the Effective Date, Penn Laurel and CSB shall promptly prepare and deliver to Clearfield, as soon as practicable, all internal monthly and quarterly financial statements, reports to shareholders and reports to regulatory authorities prepared by or for Penn Laurel or CSB, including all audit reports submitted to Penn Laurel or CSB by independent auditors in connection with each annual, interim or special audit of the books of Penn Laurel or CSB made by the accountants. In particular, without limiting the generality of the foregoing sentence, Penn Laurel or CSB, as the case may be, shall deliver to Clearfield, as soon as practicable, a balance sheet as of December 31, 1998, and a related statement of income for the twelve (12) months then ended (which financial statements are hereinafter referred to as the "December 31, 1998 Penn Laurel Financial Statements"). The representations and warranties set forth in Sections 4.7, 4.8 and 4.9 of this Agreement shall apply to the December 31, 1998 Penn Laurel Financial Statements.

Section 7.5. Board and Committee Minutes. Penn Laurel or CSB shall provide to Clearfield, within 10 days after any meeting of the Board of Directors, or any committee thereof, or any senior or executive management committee, a copy of the minutes of the meeting.

Section 7.6. Update Information. Penn Laurel and CSB shall promptly disclose to Clearfield, in writing, any change, addition, deletion or other modification to the information previously disclosed.

Section 7.7. Notice. Penn Laurel and CSB shall promptly notify Clearfield, in writing, of any actions, claims, investigations or other developments that, if pending or in existence on the date of this Agreement, would have been required to be disclosed to Clearfield in order to ensure the accuracy of the representations and warranties set forth in this Agreement or that otherwise could

materially and adversely affect the condition (financial or otherwise), assets, liabilities, business operations, or future prospects of Penn Laurel or CSB.

Section 7.8. Other Proposals. Penn Laurel and CSB shall not, nor shall they permit any officer, director, employee, agent, consultant, counsel or other representative, to directly or indirectly solicit, encourage, initiate or engage in discussions or negotiations with, or respond to requests for information, inquiries or other communications from, any person, other than Clearfield, concerning the fact of, or the terms and conditions of, this Agreement, or concerning any transaction with Penn Laurel or CSB, or any assets or business thereof (except that Penn Laurel's officers may respond to inquiries from analysts, regulatory authorities and holders of Penn Laurel Common Stock in the Ordinary Course of Business); and Penn Laurel or CSB, as the case may be, shall notify Clearfield immediately if any discussions or negotiations are sought to be initiated with Penn Laurel or CSB by any person other than Clearfield or if any requests for information, inquiries, proposals or communications are received from any person other than Clearfield.

Section 7.9. Dividends. Between the date of this Agreement and the Effective Date, Penn Laurel and CSB shall only declare and pay cash dividends as provided herein. Penn Laurel and CSB shall only pay regular quarterly cash dividends in amounts and on dates consistent with past practices.

Section 7.10. Core Deposits. CSB shall use commercially reasonable efforts to maintain deposits.

Section 7.11. No Purchase or Sales of Penn Laurel Common Stock During Price Determination Period. Neither Penn Laurel nor any subsidiary of Penn Laurel, nor any executive officer or director of Penn Laurel or any subsidiary of Penn Laurel, nor any shareholder of Penn Laurel who may be deemed to be an "affiliate" (as that term is defined for purposes of Commission Rules 145 and 405 under the Securities Act) of Penn Laurel, shall purchase or sell, directly or indirectly, any shares of Penn Laurel Common Stock or any options, rights or other securities convertible into shares of Penn Laurel Common Stock within 20 days of the Effective Date; provided, however, that Penn Laurel may purchase shares of Penn Laurel Common Stock in the Ordinary Course of Business during this period pursuant to Penn Laurel's employee benefit plans or Penn Laurel's stock option plan.

Section 7.12. Accounting Treatment. Penn Laurel and CSB acknowledge that the parties intend to treat the business combination contemplated by this Agreement as a "pooling of interests" for financial reporting purposes. Penn Laurel and CSB shall not take (and shall use their best efforts not to permit any of their directors, officers, employees, shareholders, agents, consultants or other representatives to take) any action that would preclude treating the business combination as a "pooling of interests" for financial reporting purposes.

Section 7.13. Press Releases. Penn Laurel and CSB shall not issue any press release related to this Agreement and the Bank Merger Agreement or the transactions contemplated hereby or

thereby as to which Clearfield has not given its prior written consent, and shall consult with Clearfield as to the form and substance of other public disclosures related thereto.

Section 7.14. Phase I Environmental Audit. Penn Laurel and CSB shall permit, if Clearfield elects to do, at its own expense, a "phase I environmental audit" to be performed at any physical location owned or occupied by Penn Laurel or CSB on the date hereof.

ARTICLE VIII

CONDITIONS PRECEDENT

Section 8.1. Common Conditions. The obligations of the parties to consummate this Agreement shall be subject to the satisfaction of each of the following common conditions prior to or as of the Effective Date, except to the extent that any condition shall have been waived in accordance with the provisions of Section 9.4 of this Agreement:

(a) Shareholder and Regulatory Approvals. The parties hereto are not under any obligation to consummate the Agreement until receipt of approval of the FRB (or waiver thereof), of the Banking Department, of the Federal Deposit Insurance Corporation and of any other approvals that may be necessary or required by the federal or state regulators, and all conditions and waiting periods required by the approvals, if any, have been satisfied or have expired, and until receipt of any other approvals required under the Articles of Incorporation or Bylaws of Clearfield, Penn Laurel or CSB, or from the shareholders of Clearfield or Penn Laurel or CSB, as the case may be. Provided, however, that no approval shall have imposed any condition or requirement that, in the opinion of the Board of Directors of Penn Laurel or the Board of Directors of Clearfield, renders consummation of the transactions contemplated herein inadvisable.

(b) Tax Matters. There shall have been received an opinion of counsel from Shumaker Williams, P.C., reasonably satisfactory in form and substance to Penn Laurel, CSB and Clearfield, to the effect that:

(i) The transactions contemplated by this Agreement and by the Bank Merger Agreement will constitute a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E)the Code;

(ii) No gain or loss will be recognized by Penn Laurel or CSB or by Clearfield as a result of the reorganization;

(iii) No gain or loss will be recognized by the shareholders of Clearfield upon receipt of Penn Laurel Common Stock in exchange for Clearfield Common Stock pursuant to the provisions of this Agreement (except in respect of cash that is received in lieu of the issuance of fractional shares of Penn Laurel Common Stock

and any shareholder of Clearfield who receives payment in cash as a dissenting shareholder);

(iv) The tax basis of the Penn Laurel Common Stock to be received by the shareholders of Clearfield pursuant to the provisions of this Agreement will be the same as the tax basis of the Clearfield Common Stock surrendered in exchange therefor;

(v) The holding periods of the Penn Laurel Common Stock to be received by the shareholders of Clearfield pursuant to the provisions of this Agreement will include the holding periods of the Clearfield Common Stock surrendered in exchange therefor, provided that the Clearfield Common Stock is held as a capital asset on the Effective Date; and

(vi) Clearfield as the surviving bank to the Merger, will carry-over and take into account all accounting items and tax attributes of CSB, including, but not limited, to earnings and profits, methods of accounting, and tax basis and holding periods of the assets of CSB.

(c) Registration Statement. The Registration Statement shall have been declared effective by the Commission; the information contained therein shall be true, complete and correct in all material respects as of the date of mailing of the Proxy Statement/Prospectus to the shareholders of Clearfield; regulatory clearance for the offering contemplated by the Registration Statement (the "Offering") shall have been received from each federal and state regulatory authority having jurisdiction over the Offering, and no stop order shall have been issued or proceedings instituted or threatened by any federal or state regulatory authority to suspend or terminate the effectiveness of the Registration Statement or the Offering.

(d) Fairness Opinions. Each of Penn Laurel and Clearfield shall have obtained from an independent financial advisor selected by the Board of Directors of Penn Laurel or Clearfield, as the case may be, an opinion, dated as of a date no later than that of the Proxy Statement/Prospectus for the special or annual meetings of Clearfield's and Penn Laurel's shareholders, contemplated by Sections 6.2(b) and 7.2(g) respectively, of this Agreement, stating that the exchange ratio of the consideration to be received by the holders of Clearfield Common Stock and given by Penn Laurel, is fair from a financial point of view, to the shareholders of the respective entities.

(e) No Suits. No action, suit or proceeding shall be pending or threatened before any federal, state or local court or governmental authority or before any arbitration tribunal that seeks to modify, enjoin or prohibit or otherwise adversely and materially affect the transactions contemplated by this Agreement.

(f) Statutes; Orders. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any governmental authority that

prohibits, restricts or makes illegal the consummation of the transactions contemplated by this Agreement.

(g) Antitrust Laws. All applicable notifications, statutory and regulatory Antitrust Law requirements have been met.

(h) Other Requirements. All other requirements prescribed by law, and the Articles of Incorporation, Bylaws and contracts of the parties hereto that are necessary to the consummation of the transactions contemplated by this Agreement shall have been satisfied.

(i) Dissenting Shareholders. Holders of no more than nine percent (9%) of the issued and outstanding shares of Clearfield or Penn Laurel shall have exercised their statutory appraisal or Dissenters' Rights.

Section 8.2. Conditions Precedent to Obligations of Penn Laurel and CSB. The obligations of Penn Laurel and CSB to consummate this Agreement shall be subject to the satisfaction of each of the following conditions prior to or as of the Effective Date, except to the extent that the condition shall have been waived by Penn Laurel and CSB in accordance with the provisions of Section 9.4 of this Agreement:

(a) Accuracy of Representations and Warranties. All of the representations and warranties of Clearfield, as set forth in this Agreement and the information contained in all Clearfield Closing Documents (as defined in Section 8.2(g) of this Agreement), shall be true and correct in all material respects as of the Effective Date as if made on that date (or on the date to which it relates in the case of any representation or warranty that expressly relates to an earlier date).

(b) Covenants Performed. Clearfield shall have performed or complied in all material respects with each of the covenants required by this Agreement to be performed or complied with by it.

(c) Opinion of Counsel for Clearfield. Clearfield shall have delivered to Penn Laurel and CSB an opinion of its special counsel in form and substance reasonably satisfactory to Penn Laurel and CSB, to the effect that, as of the Effective Date:

(i) Clearfield is a Pennsylvania chartered bank and trust company, duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has full power and lawful authority to own and hold its properties and to carry on its present business;

(ii) Clearfield is an insured bank under the provisions of the FDIA;

(iii) the authorized capital of Clearfield consists exclusively of _____ shares of common stock, par value $____ per share, of which _____ shares are

validly issued, _____ shares are outstanding, fully paid and non-assessable and ___ shares are held as treasury shares; and, to the knowledge of counsel after reasonable inquiry, there are no outstanding obligations, options or rights of any kind entitling other persons to purchase or sell the shares granted by Clearfield, and there are no outstanding securities or other instruments of any kind convertible into the shares that have been granted by Clearfield;

(iv) Clearfield has full corporate power and authority to execute and deliver this Agreement and the Bank Merger Agreement and to carry out the transactions contemplated herein and therein, and all corporate actions required to be taken by Clearfield to authorize the execution and delivery of this Agreement and the performance of the transactions contemplated herein have been taken;

(v) this Agreement and the Bank Merger Agreement have been duly executed and delivered by Clearfield and, assuming due authorization, execution and delivery by Penn Laurel and CSB, constitute valid and binding obligations of Clearfield and are enforceable against Clearfield in accordance with their terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles;

(vi) the performance of this Agreement and the Bank Merger Agreement by Clearfield will not violate the Articles of Incorporation or the Bylaws of Clearfield or, to the knowledge of counsel after reasonable inquiry, any applicable statute, rule, regulation, order, decree, directive, consent agreement, memorandum of understanding or to the knowledge of counsel, any material contract, material indenture or other material instrument to which Clearfield is a party or by which its properties are bound;

(vii) to the knowledge of counsel after reasonable inquiry, there is no action, suit or proceeding, pending or threatened, of the kind contemplated under Section 8.1(e) of this Agreement;

(viii) to the knowledge of counsel after reasonable inquiry, there is no action, suit or proceeding pending or threatened against Clearfield (except as previously disclosed or in counsel's opinion) that, if determined adversely to Clearfield, would have a material and adverse effect upon the condition (financial or otherwise), assets, liabilities, business or operations of Clearfield;

(ix) no consent, approval, authorization or order of any federal, state or local court or governmental authority is required to be obtained by Clearfield in connection with the consummation of the transactions contemplated in this Agreement, other than consents, approvals, authorizations and orders as have been obtained prior to the Effective Date; and

(x) other legal matters incident to the matters contemplated hereby as may reasonably be requested by Penn Laurel and CSB.

For purposes of Clause (viii) above, any action, suit or proceeding seeking to recover from Clearfield damages, fines, penalties or other relief having a monetary value of $50,000 or more shall be deemed to be "material." In giving the foregoing opinion, counsel may rely as to matters of fact without independent investigation, to the extent counsel deems reliance necessary, appropriate, and reasonable, provided, however, that reliance is expressly noted in the opinion, and on certificates of federal, state or local governmental officials and on certificates of officers and directors of Clearfield. Counsel may expressly exclude any opinions as to choice of law matters and antitrust matters and may add other qualifications and explanations of the basis of its opinions as are reasonably acceptable to Penn Laurel and CSB.

The opinion of counsel shall be governed by the Legal Opinion Accord ("Accord") of the American Bar Association Section of Business Law (1991). The term "Actual Knowledge" as used herein shall have the meaning set forth in the Accord. In addition, the opinion may be limited to present statutes, regulations, rulings and formal agency and judicial interpretations and to facts as they presently exist; in rendering the opinion, counsel need assume no obligation to revise or supplement it should the present laws be changed by the legislative or regulatory action, judicial decision or otherwise after the opinion is rendered. Counsel may assume that any agreement is the valid and binding obligation of any parties to the agreement other than Clearfield. In giving the opinion, counsel may rely as to all matters of facts or certificates of officers or directors of Clearfield and certificates of public officials, so long as such reliance and the facts thereunder are expressly stated. Counsel's opinion shall be limited to matters governed by federal laws and by the laws of the Commonwealth of Pennsylvania. With respect to matters involving the application of law other than the law of the Commonwealth of Pennsylvania, counsel may rely, to the extent it deems proper and as specified in its opinion, upon the opinion of local counsel.

(d) Accounting Treatment. Penn Laurel, CSB and their accountants shall have established to their satisfaction that, as of the Effective Date, the transactions contemplated by this Agreement can be accounted for as a "pooling of interests" for financial reporting purposes.

(e) Federal and State Securities and Antitrust Laws. Penn Laurel, CSB and their counsel shall have determined to their satisfaction that, as of the Effective Date, all applicable securities and antitrust laws of the federal government and of any state government having jurisdiction over the transactions contemplated by this Agreement shall have been complied with.

(f) Environmental Matters. No environmental problem of the kind contemplated in Section 3.25 of Article III of this Agreement, and not previously disclosed shall have been discovered that would, or that potentially could, materially and adversely affect the condition

(financial or otherwise), assets, liabilities, business, operations or future prospects of Clearfield. The result of any "Phase I environmental audit" conducted pursuant to Section 6.16 with respect to owned or occupied bank premises shall be reasonably satisfactory to Penn Laurel

(g) Closing Documents. Clearfield shall have delivered to Penn Laurel and CSB: (i) a certificate signed by Clearfield's Chairman of the Board or President and by its Secretary, or other designated and authorized officers, verifying that, to the best of their knowledge after reasonable investigation, all of the representations and warranties of Clearfield set forth in this Agreement are true and correct in all material respects as of the Effective Date and that Clearfield has performed in all material respects each of the covenants required to be performed by it under this Agreement; (ii) all consents and authorizations of landlords and other persons that are necessary to permit this Agreement to be consummated without violation of any lease or other agreement to which Clearfield is a party or by which Clearfield or any of its properties are bound; and (iii) other certificates and documents as Penn Laurel, CSB and their counsel may reasonably request (all of the foregoing certificates and other documents being herein referred to as the "Clearfield Closing Documents").

(h) Support Agreement. A majority of the Directors of Clearfield shall have executed and delivered to Penn Laurel a "Support Agreement" in the form attached hereto as Exhibit "B".

(i) Shareholder Approval. Penn Laurel shareholders, if required, have approved and/or adopted this Agreement and the transactions contemplated thereby.

Section 8.3. Conditions Precedent to the Obligations of Clearfield. The obligation of Clearfield to consummate this Agreement shall be subject to the satisfaction of each of the following conditions prior to or as of the Effective Date, except to the extent that any such condition shall have been waived by Clearfield in accordance with the provisions of Section 9.4 of this Agreement:

(a) Accuracy of Representations and Warranties. All of the representations and warranties of Penn Laurel and CSB, as set forth in this Agreement and in the Penn Laurel Closing Documents (as defined in Section 8.3(j) of this Agreement), shall be true and correct in all material respects as of the Effective Date as if made on that date (or on the date to which it relates in the case of any representation or warranty that expressly relates to an earlier date).

(b) Covenants Performed. Penn Laurel and CSB shall have performed or complied in all material respects with each of the covenants required by this Agreement to be performed or complied with by them.

(c) Opinion of Counsel for Penn Laurel and CSB. Penn Laurel and CSB shall have delivered to Clearfield an opinion of its special counsel, Shumaker Williams, P.C., in form and substance reasonably satisfactory to Clearfield, to the effect that, as of the Effective Date:

(i) Penn Laurel is a business corporation that is duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania;

(ii) Penn Laurel is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and has full corporate power and authority to own and hold its properties and to carry on its present business;

(iii) CSB is a Pennsylvania chartered banking institution that is duly organized and validly existing under the laws of the Commonwealth of Pennsylvania and of the United States and has full corporate power and authority to own and hold its properties and to carry on its present business;

(iv) Penn Laurel and CSB have full corporate power and authority to execute and deliver this Agreement and the Bank Merger Agreement and to carry out the transactions contemplated herein and therein, and all corporate actions required to be taken by Penn Laurel and CSB to authorize the execution and delivery of this Agreement and the performance of the transactions contemplated herein and therein have been taken;

(v) this Agreement and the Bank Merger Agreement have been duly authorized, executed and delivered by Penn Laurel and CSB and, assuming due authorization, execution and delivery by Clearfield, constitute valid and binding obligations of each of Penn Laurel and CSB and are enforceable against Penn Laurel in accordance with their terms, subject to bankruptcy, insolvency, and other laws of general applicability relating to or affecting creditors' rights and general equity principles;

(vi) to the knowledge of counsel, there is no action, suit, or proceeding pending or threatened against Penn Laurel or CSB (except as described in a schedule to this Agreement or in counsel's opinion) that, if determined adversely to Penn Laurel or CSB, would have a material and adverse affect upon the condition (financial or otherwise), assets, liabilities, business or operations of Penn Laurel or CSB;

(vii) to the knowledge of counsel after reasonable investigation, there is no action, suit or proceeding pending or threatened of the kind contemplated under Section 8.1(e) of this Agreement;

(viii) the shares of Penn Laurel Common Stock to be issued under this Agreement have been duly authorized and, when issued in accordance with the Agreement, will be validly issued, fully paid and non-assessable;

(ix) no consent, approval, authorization or order of any federal, state or local court or governmental authority is required to be obtained by Penn Laurel or CSB in connection with the consummation of the transactions contemplated in this Agreement, other than the consents, approvals, authorizations and orders as have been obtained prior to the Effective Date; and

(x) other legal matters incident to the matters contemplated hereby as may reasonably be requested by Clearfield.

For purposes of Clause (vi) above, any action, suit or proceeding seeking to recover from Penn Laurel damages, fines, penalties or other relief having a monetary value of $50,000 or more shall be deemed to be "material." In giving the foregoing opinion, counsel may rely as to matters of fact without reasonable investigation, to the extent counsel deems reliance necessary, appropriate and reasonable, provided, however, that such reliance is expressly noted in the opinion, and on certificates of federal, state or local governmental officials and on certificates of officers and directors of Penn Laurel and CSB. Counsel may exclude any opinions as to choice of law matters and antitrust matters and may add other qualifications and explanations of the basis of its opinions as are reasonably acceptable to Clearfield.

The opinion of counsel shall be governed by the Legal Opinion Accord ("Accord") of the American Bar Association Section of Business Law (1991). The term "Actual Knowledge" as used herein shall have the meaning set forth in the Accord. In addition, the opinion may be limited to present statutes, regulations, rulings and formal agency and judicial interpretations and to facts as they presently exist; in rendering the opinion, counsel need assume no obligation to revise or supplement it should the present laws be changed by the legislative or regulatory action, judicial decision or otherwise after the opinion is rendered. Counsel may assume that any agreement is the valid and binding obligation of any parties to the agreement other than Penn Laurel or CSB. In giving the opinion, counsel may rely as to all matters of facts or certificates of officers or directors of Penn Laurel or CSB and certificates of public officials, so long as such reliance and the facts thereunder are expressly stated. Counsel's opinion shall be limited to matters governed by federal laws and by the laws of the Commonwealth of Pennsylvania. With respect to matters involving the application of Pennsylvania law, counsel may rely, to the extent it deems proper and as specified in its opinion, upon the opinion of local counsel.

(d) Accounting Treatment. Clearfield and its accountants shall have established to its satisfaction that, as of the Effective Date, the transactions contemplated by this Agreement can be accounted for as a "pooling of interests" for financial reporting purposes.

(e) Federal and State Securities and Antitrust Laws. Clearfield and its counsel shall have determined to their satisfaction that, as of the Effective Date, all applicable securities and antitrust laws of the federal government and of any state government having jurisdiction over the transactions contemplated by this Agreement shall have been complied with.

(f) Environmental Matters. No environmental problem of the kind contemplated in Section 4.25 of Article IV of this Agreement, and not previously disclosed shall have been discovered that would, or that potentially could, materially and adversely affect the condition (financial or otherwise), assets, liabilities, business, operations or future prospects of Penn Laurel or CSB, as the case may be. The result of any "Phase I environmental audit" conducted pursuant to Section 7.16 with respect to owned or occupied premises shall be reasonably satisfactory to Clearfield.

(g) Closing Documents. Penn Laurel and CSB shall have delivered to Clearfield: (i) a certificate from each of Penn Laurel and CSB signed by its President and by its Secretary, or other designated and authorized officers, verifying that, to the best of their knowledge after reasonable investigation, all of the representations and warranties of Penn Laurel or CSB, as the case may be, set forth in this Agreement are true and correct in all material respects as of the Effective Date and that Penn Laurel or CSB, as the case may be, has performed in all material respects each of the covenants required to be performed by it under this Agreement; (ii) all consents and authorizations of landlords and other persons that are necessary to permit this Agreement to be consummated without violation of any lease or other agreement to which Penn Laurel or CSB, as the case may be, is a party or by which Penn Laurel or CSB or any of its properties are bound; and (iii) other certificates and documents as Clearfield and its counsel may reasonably request (all of the foregoing certificates and other documents being herein referred to as the "Penn Laurel Closing Documents").

(h) Support Agreement. A majority of the Directors of Penn Laurel shall have executed and delivered to Clearfield a "Support Agreement" in the form attached hereto as Exhibit "C".

(i) Shareholder Approval. Clearfield's shareholders shall have approved and/or adopted this Agreement and the transactions contemplated hereunder.

ARTICLE IX

TERMINATION, AMENDMENT AND WAIVER

Section 9.1. Termination. This Agreement may be terminated at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders) as follows:

(a) Mutual Consent. This Agreement may be terminated by mutual consent of the parties upon the affirmative vote of a majority of each of the Boards of Directors of Clearfield and Penn Laurel, followed by written notices given to each of the other parties.

(b) Unilateral Action by Penn Laurel and CSB. This Agreement may be terminated unilaterally by the affirmative vote of a majority of the Board of Directors of Penn Laurel, followed by written notice given to Clearfield, if: (i) there has been a material breach by Clearfield of any representation, warranty or covenant set forth in this Agreement and the breach has not been cured within thirty (30) days after written notice of the breach has been given by Penn Laurel to Clearfield; or (ii) any condition precedent to Penn Laurel's and CSB's obligations, as set forth in Article VIII of this Agreement, remains unsatisfied, through no fault of Penn Laurel or CSB, on October 31, 1999.

(c) Unilateral Action By Clearfield. This Agreement may be terminated unilaterally by the affirmative vote of a majority of the Board of Directors of Clearfield, followed by written notice given to Penn Laurel and CSB, if: (i) there has been a material breach by Penn Laurel or CSB of any representation, warranty or covenant set forth in this Agreement and the breach has not been cured within thirty (30) days after written notice of the breach has been given to Penn Laurel and CSB; or (ii) any condition precedent to Clearfield's obligations as set forth in Article VIII of this Agreement remains unsatisfied, through no fault of Clearfield, on October 31, 1999.

(d) Automatic Termination. If, for any reason, this transaction shall not have been consummated by October 31, 1999, this Agreement shall terminate automatically as of that date unless extended, in writing, prior thereto.

Section 9.2. Effect of Termination.

(a) Effect. In the event of termination, this Agreement shall become null and void and the transactions contemplated herein shall thereupon be abandoned, except that the provisions relating to limited liability and confidentiality set forth in Sections 9.2(b) and 9.2(c) of this Agreement shall survive the termination.

(b) Limited Liability. The termination of this Agreement in accordance with the terms of Section 9.1 shall create no liability on the part of any party, or on the part of any party's directors, officers, shareholders, agents or representatives, except that, if this Agreement is terminated by Penn Laurel and CSB by reason of a material breach by Clearfield, or, if this Agreement is terminated by Clearfield by reason of a material breach by Penn Laurel or CSB, and the breach involves an intentional, willful or grossly negligent misrepresentation or breach of covenant, the breaching party shall be liable to the non-breaching party or parties for all costs and expenses reasonably incurred by the non-breaching party or parties in connection with the preparation, execution and consummation of this Agreement, including the fees of its or their counsel, accountants, consultants and other representatives.

(c) Confidentiality. In the event of the termination of this Agreement, the parties shall not use or disclose to any other person any confidential information obtained by them during the course of their investigation of the other party or parties.

Section 9.3. Amendment. To the extent permitted by law, this Agreement may be amended at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders of Penn Laurel or Clearfield) by a written instrument duly authorized, executed and delivered by Penn Laurel and CSB and by Clearfield; provided, however, that any amendment to the provisions of Article II of this Agreement relating to the consideration to be received by the shareholders of Clearfield in exchange for their shares of Clearfield Common Stock shall not take effect until the amendment has been approved, adopted or ratified by the shareholders of Clearfield and Penn Laurel in accordance with applicable federal and state law.

Section 9.4. Waiver. Any term or condition of this Agreement may be waived, to the extent permitted by law, by the party or parties entitled to the benefit thereof at any time before the Effective Date (whether before or after authorization, approval and adoption by the shareholders of Clearfield) by a written instrument duly authorized, executed and delivered by the party or parties.

ARTICLE X

RIGHTS OF DISSENTING SHAREHOLDERS

Section 10.1. Rights of Dissenting Shareholders. The shareholders of Clearfield and Penn Laurel shall be entitled to and may exercise dissenters' rights if and to the extent they are entitled to do so under the provisions of applicable law.

ARTICLE XI

CLOSING AND EFFECTIVE DATE

Section 11.1. Closing. Provided that all conditions precedent set forth in Article VIII of this Agreement shall have been satisfied or shall have been waived in accordance with Section 9.4 of this Agreement, the parties shall hold a closing (the "Closing") at the offices of Penn Laurel at 434 State Street, Curwensville, Pennsylvania, or another mutually agreed upon location, within thirty (30) days after the last to occur of the: (1) receipt of all required regulatory approvals and after the expiration of all applicable waiting periods; (2) approval by the Clearfield and Penn Laurel shareholders, respectively at which time the parties shall deliver the Clearfield Closing Documents, the Penn Laurel/CSB Closing Documents, and other documents and instruments as may be necessary or appropriate to effectuate the purposes of this Agreement.

Section 11.2. Effective Date. The Merger shall become effective and this Agreement and the Bank Merger Agreement shall be consummated on the date upon which Articles of Merger shall

be filed with the Pennsylvania Department of State, or such later date as shall be specified as the Effective Date in the Articles of Merger pursuant to the mutual agreement of Penn Laurel, CSB and Clearfield and in accordance with the Pennsylvania Banking Code (the "Effective Date"). At the Effective Date, CSB shall cease to exist as a separate banking institution, and Clearfield shall become the surviving institution in the Merger with the name Penn Laurel Bank & Trust.

ARTICLE XII

NO SURVIVAL OF REPRESENTATIONS AND WARRANTIES

Section 12.1. No Survival. The representations and warranties of Clearfield and of Penn Laurel and CSB set forth in this Agreement shall expire and be terminated on the Effective Date upon consummation of the transactions contemplated by this Agreement, and no such representation or warranty shall thereafter survive.

ARTICLE XIII

POST-MERGER AGREEMENTS

Section 13.1. Employees.

(a) Immediately after the Effective Date, Penn Laurel Bank & Trust shall employ all of the Clearfield employees and all of the CSB employees who are in good standing, actively at work, and employed by Clearfield and CSB, respectively, as of the Effective Date on such terms as the resulting Board of Directors shall approve. It is understood and agreed by the parties to this Agreement that this Section 13.1(a) shall not create any implied or express rights of employment to any employee.

(b) After the Effective Date, all benefit, health, welfare and insurance plans of the resulting bank will be agreed upon and/or revised, modified, amended or supplemented only with the approval of the resulting Board of Directors or as otherwise required by law.

Section 13.2. Officers. Immediately after the Effective Date, William L. Bertram shall be appointed and employed as the Chairman of the Board of Directors of Penn Laurel and of Penn Laurel Bank & Trust for a term of two years; Larry W. Brubaker shall be appointed and employed as the President and Chief Executive Officer of Penn Laurel and of Penn Laurel Bank & Trust for a term of three years, and Wesley M. Weymers and Sherwood C. Moody shall each be appointed and employed as an Executive Vice President of Penn Laurel and of Penn Laurel Bank & Trust, for a term of three years. Each of the above named executives (the "Executives") shall be employed pursuant to an employment agreement that is mutually agreeable to the parties hereof and the Executives, respectively. Such agreements shall be subject to the appoval of, and executed by the

parties and each of the Executives, respectively, within 90 days of the date hereof, but no later than prior to the Effective Date.

Section 13.3. Board Appointments.

a. Immediately after the Effective Date, the Board of Directors of Penn Laurel and Penn Laurel Bank & Trust, shall consist of all persons who were members of the Board of Directors of Penn Laurel and Clearfield on the date hereof, with the addition of Mr. Wesley M. Weymers, to each respective Board of Directors. After the Effective Date, each Director of Penn Laurel and Clearfield shall serve on the Board of Directors of Penn Laurel , as Penn Laurel Bank & Trust, in the Class of Director that they currently serve of their respective companies' Board of Directors.

b. Prior to the Effective Date, Penn Laurel, CSB and Clearfield shall each amend, if necessary, their respective bylaws so that the retirement age for director service shall be 72, or the end of a Directors' term if during said term, he or she shall have attained the age of 72. Any director who is currently grandfathered from any director service age restriction of either Penn Laurel, CSB or Clearfield shall continue to be grandfathered. The number of directors serving as directors of Penn Laurel and Penn Laurel Bank & Trust shall only be reduced as a result of attrition, i.e., death, resignation, non-grandfathered age restrictions or regulatory action.

ARTICLE XIV

GENERAL PROVISIONS

Section 14.1. Expenses. Except as provided in Section 9.2(b) of this Agreement, each party shall pay its own expenses incurred in connection with this Agreement and the consummation of the transactions contemplated herein except for such expenses as have been mutually agreed upon, i.e., preparation of all documentation. For purposes of this Section 14.1, the cost of printing the Proxy Statement/Prospectus shall be deemed to be an expense of Penn Laurel and Clearfield.

Section 14.2 Access; Confidentiality. The parties hereby agree to conduct the investigations and discussions contemplated by Section 6.3 and Section 7.2 of this Agreement in a manner that will not interfere unreasonably with normal operations and customer and employee relationships. If the transactions contemplated by this Agreement are not consummated, the parties hereby agree to destroy or return all documents and records obtained from the other or their respective representatives, during the course of any investigation and will cause all information with respect to the other party obtained pursuant to this Agreement or preliminarily thereto to be kept confidential, except to the extent the information becomes public through no fault of the party that has obtained the information or any of its respective representatives or agents and except to the extent disclosure of such information is legally required. Each party hereby agrees to give the other party prompt notice of any contemplated disclosure where disclosure is so legally required.

Section 14.3. Notices. All notices, claims, requests, demands and other communications that are required or permitted to be given under this Agreement shall be in writing and shall be

deemed to have been duly delivered if delivered in person, transmitted by facsimile machine (but only if receipt is acknowledged in writing), mailed by registered or certified mail, return receipt requested or sent by recognized overnight delivery service guaranteeing next day delivery addressed as follows:

(a) If to Penn Laurel Financial Corp. and/or CSB to:

Penn Laurel Financial Corp.
434 State Street
Curwensville, Pennsylvania 16833
Attention: Larry W. Brubaker

With a copy to:

Shumaker Williams, P.C.
3425 Simpson Ferry Road
Camp Hill, Pennsylvania 17011
Attention: Nicholas Bybel, Jr.

(b) If to Clearfield Bank & Trust Company to:

Clearfield Bank & Trust Company
11 North Second Street
Clearfield, Pennsylvania 16830
Attention: Sherwood C. Moody

With a copy to:

Tucker Arensberg, P.C.
1500 One PPG Place
Pittsburgh, Pennsylvania 15222
Attention: William T. Harvey

Section 14.4. Captions. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement.

Section 14.5. Counterparts. This Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original, but all the counterparts together shall be deemed to be one and the same instrument.

Section 14.6. Severability. If any provision of this Agreement or the application thereof to any party or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of the provisions to other parties or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

Section 14.7. Parties in Interest. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that the rights and obligations of any party under this Agreement may not be assigned or delegated by that party without the prior written consent of each other party.

Section 14.8. Entire Agreement. This Agreement, including the documents and other writings referred to herein or delivered pursuant hereto, sets forth the entire understanding and agreement of the parties hereto and supersedes any and all prior agreements, arrangements and understandings, oral or written, relating to the subject matter hereof.

Section 14.9. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic internal laws of the Commonwealth of Pennsylvania, without regard to the conflict laws principles thereof.

IN WITNESS WHEREOF, intending to be legally bound hereby, this Agreement is executed as of the day and year first above written.

ATTEST:

PENN LAUREL FINANCIAL CORP.

By: _____

By: _____

[CORPORATE SEAL]

ATTEST:

CSB BANK

By: _____

By: _____

[BANK SEAL]

ATTEST:

CLEARFIELD BANK & TRUST COMPANY

By: _____

By: Sherwood C. Moody
President & CEO

[BANK SEAL]

:91359

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	

ORDER OF COURT

AND NOW, this _____ day of _____, 2001, upon consideration of the Motion for Partial Summary Judgment filed by Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody, it is HEREBY ORDERED, ADJUDGED AND DECREED that the Motion is GRANTED and Plaintiffs' claim for lost profits is DISMISSED with prejudice.

IT IS FURTHER ORDERED that Plaintiffs' Motion for Bifurcation is DENIED.

BY THE COURT:

_____, J.

LIT 222987

CERTIFICATE OF SERVICE

I hereby certify that Defendants' Opposition to Plaintiffs' Motion for Bifurcation and Motion for Partial Summary Judgment was served via first-class, U.S. mail, postage prepaid this 19th day of April, 2001, addressed as follows:

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Howard L. Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

Bradley S. Tupi
John E. Graf, Esquire

Just file

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	
Plaintiffs,	:	
	:	Civil Action No. 00-414-CO
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY,	:	
Defendants.	:	

FILED
OCT 16 2001
William A. Shaw
Prothonotary

MOTION FOR RECONSIDERATION ON BEHALF OF TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION

Defendants Timothy A. Anonick and Anonick Financial Corporation, by counsel, join in the Motion for Reconsideration filed on behalf of Defendants Clearfield Bank and Trust Company and Sherwood C. Moody, and in further support of such motion state as follows:

1. At a March 21, 2001 status conference, the Court questioned why counsel for Penn Laurel was deposing Clearfield's Board of Directors who had voted in favor of the merger. The Court observed that a critical issue is whether Defendants' alleged misconduct – if it occurred – caused Clearfield's shareholders to defeat the merger. The Court expressed surprise that Penn Laurel was not focusing discovery on whether an adequate number of Clearfield's shareholders who overwhelmingly defeated the merger did so because of Defendants' alleged misconduct.

2. Since that status conference over six months ago, Penn Laurel has continued its complete lack of effort toward producing facts to establish that Defendants' alleged misconduct

had caused Clearfield's shareholders to oppose the merger. For example, Penn Laurel has not taken the deposition of any Clearfield shareholder who voted against the merger.

3. The Court's discovery deadline for this case (September 26, 2001) has expired. Given Penn Laurel's failure to adduce evidence necessary to support its claims, this Court should reconsider its decision to stay these proceedings, and permit Defendants to file motions for summary judgment regarding Penn Laurel's state law claims. If such motions are granted, the parties will not need to incur additional costs relitigating such claims in Penn Laurel's new federal action.

KEGEL KELIN ALMY & GRIMM LLP

By: _____

Howard L. Kelin
Attorney I.D. No. 65124
24 N. Lime Street
Lancaster, PA 17602
(717) 392-1100

Counsel for Timothy A. Anonick and
Anonick Financial Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing MOTION FOR RECONSIDERATION ON BEHALF OF TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION was served this 15th day of October, 2001, by first class mail and facsimile, upon Laurence W. Dague, Esq., Shumaker Williams, P.C., P. O. Box 88, Harrisburg, PA 17108, and Bradley S. Tupi, Esq., Tucker Arensberg, P.C., One PPG Place, Suite 1500, Pittsburgh, PA 15222-5401

_____
Howard L. Kelin

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP.
and CSB BANK,
Plaintiffs,

v.

CLEARFIELD BANK & TRUST
COMPANY, TIMOTHY A. ANONICK,
ANONICK FINANCIAL CORPORATION,
and SHERWOOD C. MOODY,
Defendants.

CIVIL ACTION - LAW
Civil Action No. 00-414-CD

and

PENN LAUREL FINANCIAL CORP.
and CSB BANK,
Plaintiffs,

v.

CNB FINANCIAL CORPORATION and
COUNTY NATIONAL BANK,
Defendants.

CIVIL ACTION - LAW
Civil Action No. 01-1376-CD

MOTION FOR RECONSIDERATION

Served on behalf of Defendants,
Clearfield Bank & Trust Company
and Sherwood C. Moody

Counsel of Record for these Parties:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

(412) 566-1212

FILED

OCT 15 2001
m/123/nocc
William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP. and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	
and		
PENN LAUREL FINANCIAL CORP. and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 01-1376-CD
v.	:	
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK,	:	
Defendants.	:	

MOTION FOR RECONSIDERATION OF SEPTEMBER 24, 2001, ORDER

Defendants, Clearfield Bank & Trust Company ("Clearfield") and Sherwood C. Moody ("Moody"), by their attorneys, Tucker Arensberg, P.C., respectfully file this Motion for Reconsideration of the Court's September 24, 2001, Order consolidating these actions and staying further proceedings.

1. A trial court has the inherent authority, within its judicial discretion, to reconsider, vacate or reverse its own decisions. Marble v. Fred Hill & Sons, 425 Pa. Super. 149, 624 A.2d 190

(1993).. Here, Clearfield and Moody respectfully request that the Court reconsider and reverse the consolidation and stay order entered on September 24, 2001.

2. Clearfield and Moody have expended substantial defense costs in opposing Plaintiffs' claims over the last 18 months. They have been compelled to respond to discovery, conduct discovery, move (twice) to compel discovery, attend seven depositions, and appear before the Court on three occasions. These expenditures will be wasted unless this Court reverses its consolidation and stay order. Clearfield and Moody respectfully submit that they are entitled to have this Court determine the dispositive causation issue--an issue nearly ripe for summary judgment--rather than to have to start over again in another forum.

3. Accordingly, Clearfield and Moody ask this Court to reverse the consolidation and stay order, exercise active management control over Civil Action No. 00-414-CD, impose reasonable limits on discovery, schedule dispositive motions, and dispense justice to the parties on a timely and affordable basis.

4. This litigation is not particularly complicated. The case concerns the failed merger of Clearfield Bank & Trust Company and Penn Laurel Financial Corporation. The merger, announced on December 31, 1998, generated immediate and vociferous opposition from Clearfield shareholders. On September 27, 1999, Clearfield's shareholders voted to reject the merger. As a result, the merger agreement terminated automatically on October 31, 1999, by its terms. Penn Laurel and CSB filed suit, alleging that certain communications by Defendant Moody to Defendant Anonick undermined the merger effort. Since the filing of the Complaint, Plaintiffs have alleged (but have never substantiated) "machinations" and other communications in furtherance of a supposed conspiracy to defeat the merger.

5. The Court's September 24 order said that, "For some time, . . we have attempted to understand this litigation." We believe the Court was being too modest. The Court's comments at

the March 21, 2001 status conference demonstrated a complete understanding of the critical issue in this case. The Court noted that Clearfield's shareholders had rejected the merger, and so that Plaintiffs would be unable to prove causation if a sufficient number of Clearfield shareholders were to testify at trial that they would have voted against the merger regardless of defendants' alleged actions. Clearfield and Moody contend that the lack of "but for" causation is fatal to all of Plaintiffs' claims, both in this action and in the newly filed federal court case.

6. In the months that followed the March 21 conference, Plaintiffs' counsel studiously avoided discovery on the dispositive issue. Instead, Plaintiffs' counsel focused on discovering the telephone records of various alleged "conspirators," without any realistic hope of proving the content of the telephone conversations, and without any realistic hope of showing that these conversations had any effect whatsoever on the outcome of the merger effort.

7. Plaintiffs' refusal to focus discovery on causation raised the prospect of a motion for summary judgment at the close of discovery. To avoid this result, Plaintiffs took the strained position that causation was not an element of their prima facie case on liability, but could await the damages trial in this bifurcated action.

8. The September 18, 2001 conference gave the Court the opportunity to confirm that causation is indeed part of Plaintiffs' burden of proof on liability; to confirm a discovery deadline; and to schedule dispositive motions. Instead, the Court granted Mr. Dague's oral motion for consolidation and a stay of these proceedings, permitting a costly and frivolous journey to federal court.

9. Summary judgment on causation in this case would be fatal to many or all of Plaintiffs' claims in the federal action by virtue of collateral estoppel. For this Court to entertain dispositive motions in this case, where discovery is already advanced, would be far more cost-efficient than scrapping 18 months of litigation and starting over in another forum with new parties.

10. This Court also had an opportunity to manage the scope and cost of this litigation when Clearfield and Moody presented their Motion for Partial Summary Judgment on damages. The Motion showed that the Reorganization Agreement (merger agreement) excluded liability for lost profits, presumably Plaintiffs' largest claim. Section 9.2(b) provided that termination of the Agreement (such as by a failure of Clearfield shareholders to approve the merger) would create no liability on the part of any party (i.e., Clearfield) or its directors, officers, shareholders, agents or representatives (i.e., Moody). Only in the event of an intentional, willful or grossly negligent misrepresentation or breach would a party have any liability, and in that case liability would be limited to "costs and expenses reasonably incurred . . . in connection with the preparation, execution and consummation of this Agreement, including the fees of its or their counsel, accountants, consultants and other representatives."

11. The Court premised its May 25, 2001, denial of this Motion (without prejudice) on its desire to facilitate settlement. Granting the motion might have facilitated settlement by encouraging a realistic assessment of the case's verdict potential. But denying the motion had exactly the opposite effect. By declining to enforce the contractual limitation on Plaintiffs' possible recovery, the Court unintentionally encouraged Plaintiffs to continue an unreasonably expensive course of discovery, escalating Plaintiffs' own litigation costs to the point where no reasonable settlement figure could cover them. Plaintiffs' increasing litigation costs, together with diminishing prospects of success in the state court action, encouraged Plaintiffs to raise the stakes by pursuing treble damages in an unfounded Sherman Act conspiracy case.

12. In granting Plaintiffs' oral motion for a stay of this action, this Court referred to the "familiarity of the federal court with this dispute." This does not justify a stay of the instant case. First, Judge D. Brooks Smith, who handled the Omega suit in 1999, probably has limited recollection of the facts at this point. Second, whatever familiarity Judge Smith may retain, he has

now been nominated to serve on the Third Circuit Court of Appeals. Assuming he is confirmed, he may have no opportunity to apply his familiarity with the merger to the management of the new litigation. Third, the new litigation filed by Plaintiffs bears no resemblance to the case Judge Smith decided in 1999. The Sherman Act conspiracy theories that supposedly give rise to federal jurisdiction had not even been conceived at the time of the 1999 Omega case. To the contrary, at that time Clearfield and Penn Laurel were *working together* to defeat Omega's offer to purchase Clearfield stock.

13. Consolidation of these two actions, one where discovery is nearing its end, and one where discovery has yet to begin, is prejudicial to Clearfield and Moody. It wastes tens of thousands of dollars expended in discovery so far, because depositions taken to date would have to be repeated for the benefit of new parties. Upon reconsideration, consolidation should be denied.

14. Clearfield and Moody respectfully request that this Court enter the attached Order: reversing the September 24, 2001 consolidation and stay order; imposing a firm discovery deadline; and scheduling dispositive motions in Civil Action No. 00-414-CD.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By:_____

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

Attorneys for Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody
1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

lit 236381 10/11/01

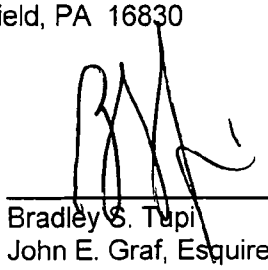
CERTIFICATE OF SERVICE

I certify that this **Motion for Reconsideration** was served via first-class, U.S. mail, postage prepaid this 11th day of October, 2001, addressed as follows:

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Howard L. Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

Peter F. Smith, Esquire
30 South Second Street
P. O. Box 130
Clearfield, PA 16830



Bradley S. Tupi
John E. Graf, Esquire

LIT 236381

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs,	:	CIVIL ACTION - LAW Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY, Defendants.	:	

- and -

PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs,	:	CIVIL ACTION - LAW Civil Action No. 01-1376-CD
v.	:	
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK, Defendants.	:	

ORDER

AND NOW, his _____ day of _____, 2001, upon consideration of the Motion filed by Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody, for Reconsideration of this Court's September 24, 2001, Order consolidating these actions and staying further proceedings, IT IS HEREBY ORDERED THAT the September 24, 2001, Order is vacated.

Discovery in Civil Action No. 00-414-CD shall be completed on or before _____, 2001. Dispositive motions, if any, shall be filed on or before _____, 2002.

_____
J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

lit 236381

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00-1414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	)	

FILED

OCT 19 2001
William A. Shaw
Prothonotary

- and -

PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	)	
v.	)	NO. 01 - 1376 - CD
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK, Defendants	)	

ORDER

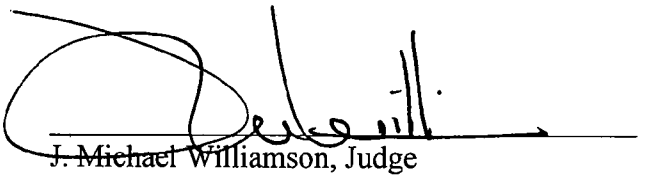
NOW, this 17th day of October, 2001, after considering the Motions for Reconsideration filed by Anonick, Clearfield, and Moody, IT IS HEREBY ORDERED as follows:

1. The Motions for Reconsideration are DENIED and the Order of September 24, 2001, is affirmed.

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

2. The September 24, 2001, Order shall also be entered with respect to the matter of Penn Laurel Financial Corporation, et al. v. CNB Financial Corporation, et al. to No. 01-1376-CD, a matter which we assume has been assigned to us through the Administrative Unit.

BY THE COURT:



J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Peter F. Smith, Esquire
File Copy to No. 01-1376-CD
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

::::::

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Praecipe for Discontinuance on this date by depositing a copy of the same in the possession of the United States mail, first-class, postage prepaid, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

Peter F. Smith, Esquire
30 S. Second Street
P.O. Box 130
Clearfield, PA 16830
(Attorney for CNB Financial Corporation and County National Bank)

SHUMAKER WILLIAMS, P.C.

Dated: 10/2/02

By Laurence W. Dague

Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY, PENNSYLVANIA

COPY

CIVIL DIVISION

PennLaurel Financial Corp.
CSB Bank
Vs. **No. 2000-00414-CD**
Clearfield Bank & Trust Company
Timothy A. Anonick, Anonick Financial Corporation,
and Sherwood C. Moody

PennLaurel Financial Corp.
CSB Bank
Vs. **No. 01-1376-CD**
CNB Financial Corporation and
County National Bank

CERTIFICATE OF DISCONTINUATION

Commonwealth of PA
County of Clearfield

I, William A. Shaw, Prothonotary of the Court of Common Pleas in and for the County and Commonwealth aforesaid do hereby certify that the above case was on October 3, 2002 marked:

Discontinued with Prejudice

Record costs in the sum of $234.67 have been paid in full by Lawrence W. Dague. Costs of $109.33 were paid to case number 00-414-CD; costs of $125.34 were paid to case number 01-1376-CD.

IN WITNESS WHEREOF, I have hereunto affixed my hand and seal of this Court at Clearfield, Clearfield County, Pennsylvania this 3rd day of October A.D. 2002.

William A. Shaw, Prothonotary

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

PENN LAUREL FINANCIAL CORP. and CSB BANK
Plaintiffs

vs.

CLEARFIELD BANK & TRUST, COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION
Defendants

No. 00-414-CD

TYPE OF CASE: CIVIL

TYPE OF PLEADING:
MOTION FOR RECONSIDERATION

-and-

PENN LAUREL FINANCIAL CORP. and CSB BANK,
Plaintiffs

No. 01-1376-CD

CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK
Defendants

Counsel for Defendants,
CNB Financial Corp & CNB:
Peter F. Smith, Esquire
Supreme Court No. 34291
30 South Second Street
P.O. Box 130
Clearfield, PA 16830
(814) 765-5595

FILED
OCT 17 2001
William A. Shaw
Prothonotary

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

PENN LAUREL FINANCIAL CORP. and CSB BANK Plaintiffs	:	**No. 00-414-CD**
vs.	:	
CLEARFIELD BANK & TRUST, COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION Defendants	:	
vs.	-and-	
PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	:	**No. 01-1376-CD**
vs.	:	
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK Defendants	:	

RULE RETURNABLE

AND NOW THIS ____ day of _____, 2001, upon consideration of the Defendant's Motion for Reconsideration, a Rule is entered upon the Plaintiffs, to show cause, if any, they may have why said Motion should not be granted.

Written response to this Motion is due by the ____ day of _____, 2001.

This Rule shall be Returnable in Court on the _____ day of _____, 2001.

By the Court,

_____
J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

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

PENN LAUREL FINANCIAL CORP. and CSB BANK Plaintiffs	:	**No. 00-414-CD**
vs.	:	
CLEARFIELD BANK & TRUST, COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION Defendants	:	
vs.	-and-	
PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	:	**No. 01-1376-CD**
vs.	:	
CNB FINANCIAL CORPORATION and COUNTY NATIONAL BANK Defendants	:	

MOTION FOR RECONSIDERATION

COMES NOW CNB Financial Corporation and County National Bank, by their Attorney Peter F. Smith, who support of this motion states:

1. By Order dated September 21, 2001 the Court consolidated this case with another case brought by Plaintiffs against other Defendants at Clearfield County Docket No. 00-414-CD. That order also stayed all further proceedings in both cases.

2. By Order dated October 4, 2001, the Court permitted any party to file a motion for reconsideration of its September 24, 2001 Order.

3. County National Bank and CNB Financial Corporation believe that the stay and consolidation will prejudice them because:

A. The consolidated case will increase the number of Defendants and issues. This in turn will cause the litigation to be more protracted and complex.

B. Plaintiff has demanded a jury trial in the federal case, and the moving parties intend to request trial by jury if the state case proceeds. The case as originally filed by Plaintiff against the moving parties alone can be presented to a jury much more quickly because the issue and parties will be more clearly identifiable.

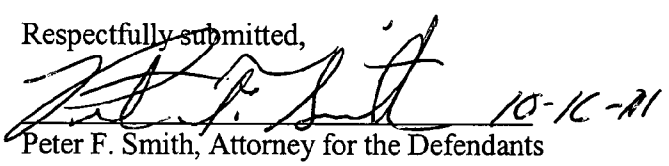
C. The proceedings and discovery in the other Clearfield County Case have been in progress for over 18 months. Consolidation at this point puts CNB Financial Corp and CNB at an extreme disadvantage to the other parties since they were not represented in the first 18 months of the other case.

D. This raises serious constitutional questions of whether CNB Financial Corp and CNB's constitutional right to due process and a fair trial has been impaired.

4. The Plaintiffs selected the court, the timing and the parties when they originally filed each action. The Plaintiffs should be held to their original decision. Plaintiffs should not permitted to test legal theories and strategies and then alter them to the prejudice of the other parties.

WHEREFORE, County National Bank and CNB Financial Corporation pray this Honorable Court to enter an Order lifting the stay and rescinding the Court's earlier order consolidating this case with Clearfield County Case No. 00-414-CD.

Respectfully submitted,



10-16-01

Peter F. Smith, Attorney for the Defendants
CNB Financial Corp and CNB

Lap over margin

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FILED
OCT 17 2001
01/3:20/NY
William A. Shaw
Prothonotary
NO CC.
E-mail to BOTH #'s

ORIGINAL

Shumaker Williams, P.C.
ATTORNEYS AT LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	:	CIVIL ACTION - LAW

NOTICE TO PLEAD

TO: CLEARFIELD BANK & TRUST COMPANY, Defendant
–and–
BRADLEY S. TUPI, Esquire, their attorneys

You are hereby notified to file a written response to the enclosed Counterclaims and New Matter within twenty (20) days from service hereof or a judgment may be entered against you.

SHUMAKER WILLIAMS, P.C.

Dated: 6/2/00

By Laurence W. Dague

Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
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Attorneys for Penn Laurel Financial Corp. and CSB Bank

FILED

JUN 05 2000

William A. Shaw
Prothonotary

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYVLANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	: CIVIL ACTION - LAW

REPLY WITH NEW MATTER TO ANSWER, NEW MATTER, AND COUNTERCLAIM OF DEFENDANT CLEARFIELD BANK & TRUST COMPANY

NOW COME Plaintiffs Penn Laurel Financial Corp. ("Penn Laurel") and CSB Bank ("CSB") to state the following Reply with New Matter to the "Answer, New Matter, Counterclaim and New Matter Pursuant to Pa.R.Civ.P. 2252(d)" of Defendant Clearfield Bank & Trust Company ("Clearfield") as follows:

62. Plaintiffs incorporate herein by reference their Complaint and the instant Reply with New Matter.

63. Admitted with clarification in part and denied in part. Subparagraphs (c)(i), (ii) and (iv), (d), (i), (j), (k), and (l) of this paragraph are admitted with the specific clarifications set forth below and with the clarification that, while Clearfield did take the actions alleged, it failed to take all actions which were appropriate and reasonable to secure the adoption and approval of the "Agreement and Plan of Reorganization" (the "Reorganization Agreement"), a number of which (e.g., joint meetings of the Boards of Clearfield and Penn Laurel) had been specifically requested by Plaintiffs. The opening paragraph of this paragraph is denied; to the contrary, Clearfield failed to take a number of actions which had been specifically requested by Plaintiffs and failed to take all actions which were appropriate and reasonable to secure adoption and approval of the

Reorganization Agreement. Subparagraph (a) is denied; to the contrary, Clearfield simply notified Plaintiffs that its Board of Directors had decided not to make any response to the May 10, 1999 letter from Omega Financial Corporation ("Omega"). Subparagraph (b) is denied; to the contrary, the May 10 letter was only an "expression of interest," the terms of which could not legally have been disclosed to shareholders, and paragraphs 94 through 101 of the New Matter below are incorporated herein by reference. Subparagraph (c)(iii) is denied on the basis that, after reasonable investigation, Plaintiffs are without knowledge or information sufficient to form a belief as to the truth of these averments. Subparagraph (e) is denied on the bases that it improperly seeks to summarize a written document (the Opinion and Order of September 10, 1999) which speaks for itself and that the summarization is inaccurate. Subparagraph (f) is admitted in part and denied in part on the basis that, while some such cooperation and consultation did occur, failures to cooperate and consult also occurred during the handling of the litigation in question. Subparagraph (g) is denied; to the contrary, Clearfield did not "work closely" with Plaintiffs' counsel in drafting the alleged letter. Subparagraph (h) is denied on the bases that it improperly seeks to summarize a written document (the August press release) which speaks for itself and that the summarization is inaccurate. Subparagraph (i) is admitted with the additional clarification that the "offer" referred to herein refers only to the Omega offer made directly to Clearfield's shareholders in August of 1999 and not to Omega's letter of May 10. Subparagraph (j) is admitted with the additional clarification that Clearfield refused to allow any representative of Plaintiffs to address that meeting and failed to consult Plaintiffs in any meaningful way concerning the presentation to be made at that meeting. Subparagraph (l) is admitted with the additional clarification that the extension referred to was primarily necessitated by concerns of the Federal Deposit Insurance Corporation ("FDIC") and the

Securities and Exchange Commission ("SEC") relating to the integration of the computer systems of Plaintiffs and Clearfield.

64. Denied. Each of the numerous averments of this paragraph are specifically denied on the bases set forth herein. The averments of the first sentence of this paragraph are denied on the basis that the May 10 letter was, in fact, only an "expression of interest" and could, therefore, only be identified as such in filings with the SEC, and paragraphs 94 through 101 of the New Matter below are incorporated herein by reference. The averments of the second sentence are denied on the bases that: (1) the May 10 letter was not a "contingent offer" but was only an "expression of interest"and (2) details concerning that expression of interest could not have been lawfully disclosed to Clearfield's shareholders, and paragraphs 94 through 101 of the New Matter below are incorporated herein by reference. The third sentence is denied on the basis that the Plaintiffs took the position in question because details concerning the expression of interest could not be lawfully communicated to Clearfield's shareholders, as alleged above, and paragraphs 94 through 101 of the New Matter below are incorporated herein by reference. The fourth sentence is denied on the bases that (1) after reasonable investigation, Plaintiffs are without knowledge or information sufficient to form a belief as to its truth and (2) if any of Clearfield's shareholders did have such feelings, those feelings resulted from Clearfield's failures to take all appropriate and reasonable actions to secure the adoption and approval of the Reorganization and Merger Agreements. The final sentence of this paragraph is also denied; to the contrary, the disapproval of the merger by Clearfield's shareholders resulted from Clearfield's failures to take all appropriate and reasonable actions to secure its adoption and approval and Clearfield's other violations of the Reorganization Agreement.

65. Denied. The averments of this paragraph are specifically denied; to the contrary, the communications in question did occur and were a substantial and material factor in causing the merger's failure.

66. Denied. The averments of this paragraph are specifically denied; to the contrary, the merger's failure was caused by Clearfield's failures to take all appropriate and reasonable actions to secure its adoption and approval and by Clearfield's other breaches of the parties' Agreements, including, but not limited to, the communications between Moody and Anonick. Among those breaches, Clearfield also failed to keep Plaintiffs properly informed concerning the identities of the alleged opponents and the extent of the alleged opposition. By way of further answer, after reasonable investigation, Plaintiffs are without knowledge or information sufficient to form a belief concerning the nature or extent of opposition prior to Anonick's actions.

67. Denied. The averments of this paragraph are specifically denied; to the contrary, the above answers to paragraphs 65 and 66 are incorporated herein by reference.

68. The averments of this paragraph state conclusions of law to which no response is required. In the event that a response is deemed to be required, said averments are denied on the bases that they improperly seek to summarize a written document [Rule 145(b)(1)] which speaks for itself and that the summarization is inaccurate.

69. Denied. The first two sentences are denied on the basis that they improperly seek to summarize a written document (Plaintiffs' Complaint) which speaks for itself. The final sentence is specifically denied; to the contrary, paragraph 30 through 38 of Plaintiffs' Complaint and paragraphs 63 through 67 above are incorporated herein by reference.

70. Denied. The averments of the first four sentences of this paragraph are denied on the basis that Plaintiffs were not guilty of any dilatory conduct in making any filings. To the contrary, any delay in the filing of the preliminary proxy statement was attributable to Clearfield's repeated failures to supply information and documents needed to make that filing and repeated failures to respond promptly to requests for comments and approvals of needed documents. In response to the fifth sentence of this paragraph, the above reply to paragraph 68 is incorporated herein by reference. The sixth sentence is denied; to the contrary, Clearfield and its officers and directors were not legally prevented from having some communications with its shareholders during the alleged period, and the above reply to paragraph 66 is incorporated herein by reference. The final sentence is also denied; to the contrary, Plaintiffs were not guilty of any dilatory conduct, and the above reply to paragraphs 66 is incorporated herein by reference.

71. Denied. The first sentence of this paragraph is denied on the basis that it improperly seeks to summarize a written document (the Reorganization Agreement) which speaks for itself and that the summarization is inaccurate. The remaining averments of this paragraph are specifically denied on the following bases:

(a) the press release in question was not issued by Plaintiffs but, rather, was jointly released by Clearfield and Plaintiffs;

(b) the contents of the joint press release were approved by Clearfield and its counsel;

(c) Clearfield reviewed drafts of the joint press release, made comments upon it, and requested changes in it which were made before it was issued;

(d) Plaintiffs are without knowledge or information sufficient to form a belief as to the impressions made by the joint press release upon Clearfield's shareholders solely because Clearfield repeatedly and routinely refused requests by Plaintiffs for detailed information concerning the attitudes of individual shareholders; and

(e) the above reply to paragraph 66 is incorporated herein by reference.

72. Denied. The averments of this paragraph are specifically denied on the following bases:

(a) the above reply to paragraph 70 is incorporated herein by reference;

(b) the SEC issued comments on the parties' preliminary proxy statement, and the FDIC raised questions and concerns relating to the parties' proposed merger following the filing of that statement on April 2, 1999;

(c) Plaintiffs were required to and did expend substantial time and effort between April 2, 1999, and July of 1999 to address the comments and questions of the SEC and FDIC and were successful in doing so;

(d) between April 2, 1999, and July of 1999, Clearfield and its officers, directors, and counsel were repeatedly and routinely dilatory in providing information and documents which were needed in order to make filings with the SEC, to resolve comments that had been made by the SEC and concerns that had been raised by the FDIC, to follow the timetable for approval of the merger, and to allow shareholders' meetings to be scheduled;

(e) any delay between the announcement of the proposed merger and the shareholders' meetings thereon which were attributable to any action by the parties (i.e.,

delay other than that caused by the comments and questions of the SEC and FDIC) were primarily caused by the dilatory actions of Clearfield and its officers, directors, and counsel;

(f) Plaintiffs are without knowledge or information sufficient to form a belief as to the impressions made by any delay upon Clearfield's shareholders solely because Clearfield repeatedly and routinely refused requests by Plaintiffs for detailed information concerning the attitudes of individual shareholders; and

(g) the above reply to paragraph 66 is incorporated herein by reference.

73. Admitted with clarification in part and denied in part. The first sentence of this paragraph is denied on the bases that it improperly seeks to characterize a written document which speaks for itself and that the characterization is inaccurate. The remaining averment of this paragraph is admitted with clarification. As Plaintiffs specifically notified Clearfield on October 26, 1999, the Reorganization Agreement was not "terminated" under Article IX thereof but, rather, was materially breached by Clearfield before any "termination" under that Article could or did occur; and, therefore, Section 9.2(b) is inapplicable to this matter.

74. Denied. The averments of this paragraph are specifically denied; to the contrary, some of Clearfield's numerous breaches of the Agreements between the parties were intentional, willful, and/or grossly negligent. In addition, the Reorganization Agreement was not "terminated" under Article IX thereof but, rather, was materially breached by Clearfield before any "termination" under that Article could or did occur.

75. Denied. The first sentence of this paragraph is denied on the bases that it improperly seeks to characterize a written document which speaks for itself and that the characterization is inaccurate. The remaining averments of this paragraph are specifically denied on the bases that (1)

Clearfield's breaches of the Agreements between the parties were material and (2) the Reorganization Agreement was not "terminated" under Article IX thereof but, rather, was materially breached by Clearfield before any "termination" under that Article could or did occur; and, therefore, Section 9.2(b) is inapplicable to this matter.

76. The averments of this paragraph constitute conclusions of law to which no responses are required. In the event that responses are deemed to be required, said averments are denied upon the following bases:

(a) the first sentence of this paragraph is denied on the bases that it improperly seeks to characterize a written document which speaks for itself and that the characterization is inaccurate;

(b) the Reorganization Agreement was not "terminated" under Article IX thereof but, rather, was materially breached by Clearfield before any "termination" under that Article could or did occur;

(c) Section 9.2(b) of the Reorganization Agreement is inapplicable to this matter; and

(d) the fees and expenses incurred by Plaintiffs were reasonably incurred as part of Plaintiffs' efforts to achieve a consummation of the Reorganization Agreement and are, therefore, recoverable even if Section 9.2(b) of that Agreement is deemed applicable.

77. Denied. The first sentence of this paragraph is denied on the bases that (1) it improperly seeks to characterize a written document which speaks for itself, (2) the characterization is inaccurate, (3) the Reorganization Agreement was not "terminated" under Article IX thereof but, rather, was materially breached by Clearfield before any "termination" under that Article could or

did occur, and (4) Section 9.2(b) of the Reorganization Agreement is inapplicable to this matter. The second and third sentences are specifically denied; to the contrary, Plaintiffs did not breach the Reorganization Agreement. The fourth sentence and the alleged breaches set forth in its individual subparagraphs are specifically denied seriatim as follows:

(a) the above responses to paragraphs 70 and 72 are incorporated herein by reference;

(b) the above response to paragraph 71 is incorporated herein by reference;

(c) the alleged exercise of the warrant did not jeopardize the pooling of interests and, therefore, did not constitute a breach because that exercise could and would have been rescinded if Clearfield's shareholders had approved the merger, a fact of which Clearfield was fully aware at all relevant times;

(d) the giving of notice concerning the exercise of the warrant did not constitute an acquisition of an interest in Clearfield's stock and the above response to subparagraph (c) is incorporated herein by reference;

(e) this subparagraph improperly and inaccurately attempts to summarize a document which speaks for itself (the Reorganization Agreement) and, furthermore, Plaintiffs fully complied with the specified provision by properly disclosing all such plans, arrangements, and/or contracts; and

(f) this subparagraph improperly and inaccurately attempts to summarize a document which speaks for itself (the Reorganization Agreement) and, furthermore, Plaintiffs did not breach any representation, warranty, and/or covenant of that Agreement.

78. Admitted in part and denied in part. The first two sentences of this paragraph are admitted. The last sentence is denied; to the contrary, paragraphs 14 through 17 and 22 of Plaintiffs' Complaint are incorporated herein by reference.

79. The averments of this paragraph constitute conclusions of law to which no responses are required. In the event that responses are deemed to be required, said averments are specifically denied. To the contrary, Clearfield effectively repudiated its obligations under the Reorganization Agreement by repeatedly violating them. In addition, as Plaintiffs specifically notified Clearfield on October 26, 1999, the Reorganization Agreement did not simply expire but, rather, was materially breached by Clearfield before any expiration could or did occur.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendant Clearfield Bank & Trust Company in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

Counterclaim

80. Paragraphs 62 through 79 above are incorporated herein by reference.

81. Denied. The above reply to paragraph 77 is incorporated herein by reference.

82. Denied. The above reply to paragraph 77 is incorporated herein by reference, and it is specifically denied that Plaintiffs committed any wrongful actions which were intentional, willful, and/or grossly negligent.

83. Denied. The above reply to paragraph 77 is incorporated herein by reference, and it is specifically denied that any actions by Plaintiff caused the failure of Clearfield's shareholders to approve the merger.

84. Denied. The above reply to paragraph 83 is incorporated herein by reference. The remaining averments of this paragraph are denied on the basis that, after reasonable investigation, Plaintiffs are without knowledge or information sufficient to form a belief as to their truth.

85. Denied. The above reply to paragraph 84 is incorporated herein by reference.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter judgment in their favor and against Defendant Clearfield Bank and Trust Company upon Defendant's Counterclaim.

New Matter Pursuant To Pa.R.Civ.P. 2252(d)

86-93. The averments of these paragraphs are specifically directed to parties other than Plaintiffs, and, therefore, no reply to these paragraphs by Plaintiffs is necessary or appropriate.

Plaintiffs' New Matter

94. In the related action in the United States District Court for the Western District of Pennsylvania (Civil Action No. 99-180J) (the "federal action") in which Plaintiffs and Clearfield were parties, Clearfield alleged and argued that Omega's letter of May 10, 1999, constituted an "expression of interest" and not an offer.

95. In the federal action, Clearfield argued that details concerning Omega's expression of interest of May 10, 1999, should not have been included in the proxy statement and other material filed with the SEC and forwarded to Clearfield's shareholders.

96. Clearfield is collaterally estopped from arguing or alleging in this action that Omega's letter of May 10, 1999, constituted anything other than an "expression of interest."

97. Clearfield is barred by its judicial admission in the federal action from arguing or alleging in this action that Omega's letter of May 10, 1999, constituted anything other than an "expression of interest."

98. Clearfield is barred by the doctrine of res judicata from arguing or alleging in this action that Omega's letter of May 10, 1999, constituted anything other than an "expression of interest."

99. Clearfield is collaterally estopped from arguing or alleging in this action that details concerning Omega's expression of interest of May 10, 1999, should have been included in the proxy statement and other material filed with the SEC and forwarded to Clearfield's shareholders.

100. Clearfield is barred by its judicial admission in the federal action from arguing or alleging in this action that details concerning Omega's expression of interest of May 10, 1999, should have been included in the proxy statement and other material filed with the SEC and forwarded to Clearfield's shareholders.

101. Clearfield is barred by the doctrine of res judicata from arguing or alleging in this action that details concerning Omega's expression of interest of May 10, 1999, should have been included in the proxy statement and other material filed with the SEC and forwarded to Clearfield's shareholders.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendant Clearfield Bank & Trust Company in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

SHUMAKER WILLIAMS, P.C.

Dated: 6/2/00

By Laurence W. Dague

Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:119634

VERIFICATION

The undersigned, Larry W. Brubaker, hereby verifies and states that.

1. He is President and CEO of Penn Laurel Financial Corporation and Chairman of the Board of CSB Bank;

2. He is authorized to make this Verification on their behalf;

3. The facts set forth in the foregoing Reply with New Matter are true and correct to the best of his knowledge, information and belief; and

4. He is aware that any false statements herein are made subject to the penalties of 18 Pa.C.S.A. §4904, relating to unsworn falsification to authorities.

Dated: 6/2/00

Larry W. Brubaker

107300

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Answer with New Matter to Answer, New Matter, and Counterclaim of Defendant Clearfield Bank & Trust Company on this date by overnight delivery, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and
Anonick Financial Corporation)

SHUMAKER WILLIAMS, P.C.

Dated: 6/2/00

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P.O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113, Defendants	:	CIVIL ACTION - LAW

PRELIMINARY OBJECTIONS TO NEW MATTER OF DEFENDANTS ANONICK AND ANONICK FINANCIAL CORPORATION

NOW COME Plaintiff Penn Laurel Financial Corporation (hereinafter "Penn Laurel") and purported Additional Defendants Larry W. Brubaker, Donald R. Fezell, Guy A. Graham, Frank J. Hoffman, Jr., Janice E. Kephart, Joseph P. Leyo, Richard L. Lininger, C. Ben Mullins, Jr., Henry A. Peterson, Laurance B. Seaman, Joseph A. Shaw, Darrell G. Spencer, Wesley M. Weymers and Richard A. Wilkinson (hereinafter collectively referred to as "Penn Laurel Officers and Directors") by their attorneys, Shumaker Williams, P.C., to make the following Preliminary Objections, pursuant to Pa.R.Civ.P. 1017 and 1028, to the "New Matter Pursuant to Pa. R. Civ. P. 2252" (hereinafter

FILED

MAY 31 2000

William A. Shaw
Prothonotary

"New Matter") of Defendants Timothy A. Anonick and Anonick Financial Corporation (hereinafter "AFC") in the above-captioned matter[1]:

A. Legal Insufficiency

1. No legally valid cause of action whatsoever is set forth in the New Matter.

2. No cause of action in tort nor any facts constituting a cause of action in tort are stated against Penn Laurel or the Penn Laurel Officers and Directors in the New Matter.

3. The only cause of action against Penn Laurel that has even been alleged by any of the pleadings filed to date is for alleged breaches of contract, and no cause of action other than ones related to Penn Laurel's alleged breaches of contract has even been suggested to exist against the Penn Laurel Officers and Directors.

4. While the claims stated against Defendants Anonick and AFC are based in tort (i.e., intentional interference with contract and conspiracy), Penn Laurel and the Penn Laurel Officers and Directors cannot be deemed to be joint tortfeasors with Defendants Anonick and AFC because the only claims that could conceivably be stated against them are for breaches of contract rather than torts.

5. Although paragraphs 5 and 9 appear to be attempts to state claims against Penn Laurel and the Penn Laurel Officers and Directors for contribution, such claims are legally insufficient and invalid because a cause of action for contribution exists only between joint tortfeasors.

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[1] Although the pleading filed by Defendants Anonick and AFC purports to change the caption through the addition of Additional Defendants, that change was made in clear violation of Pa.R.Civ.P. 2252(b) and, therefore, is not reflected in the caption set forth above.

6. Paragraphs 7 and 11 appear to be attempts to state claims for indemnification against Penn Laurel and the Penn Laurel Officers and Directors.

7. No legally sufficient or valid basis for a claim by Defendants Anonick or AFC for indemnification, either under contract or under common law, from Penn Laurel or the Penn Laurel Officers and Directors has been pled.[2]

8. No facts have been pled relating to any actions taken by any of the Penn Laurel Officers and Directors individually; and the only facts relating to them in any pleading are those which relate to actions taken by the Board of Directors of Penn Laurel rather than by any individual director.

9. Corporate officers and directors are not individually liable for alleged breaches of contract by the corporation.

10. Liability cannot be imposed upon individual corporate officers and directors for any action taken by the corporation even where those actions have been specifically authorized by the board of directors or officers.

11. If corporate directors have any liability for actions taken by them as directors, such liability is exclusively to the corporation itself, and Defendants Anonick and AFC have no standing to assert any such claims against the Penn Laurel Officers and Directors.

---

[2] If paragraph 7 is not intended to state a claim for indemnification, it fails to state any claim at all but merely sets forth a potential affirmative defense.

12. No basis for piercing the corporate veil of Penn Laurel in order to impose liability against its officers, directors, or shareholders has been stated or has even been attempted to be stated by Defendants Anonick and AFC.

WHEREFORE, Plaintiff Penn Laurel Financial Corporation and purported Additional Defendants Larry W. Brubaker, Donald R. Fezell, Guy A. Graham, Frank J. Hoffman, Jr., Janice E. Kephart, Joseph P. Leyo, Richard L. Lininger, C. Ben Mullins, Jr., Henry A. Peterson, Laurance B. Seaman, Joseph A. Shaw, Darrell G. Spencer, Wesley M. Weymers and Richard A. Wilkinson respectfully request, pursuant to Pa.R.Civ.P. 1028(a)(4), that this Honorable Court sustain its instant Preliminary Objection to the "New Matter Pursuant to Pa. R. Civ. P. 2252" of Defendants Timothy A. Anonick and Anonick Financial Corporation on the basis that it is legally insufficient.

B. Failure to Conform

13. Paragraphs 1 through 12 above are incorporated herein by reference.

14. Pa.R.Civ.P. 2252(a) limits the right to join additional defendants to claims premised upon the same cause of action alleged by plaintiffs in their complaint.

15. The attempted joinder of the Penn Laurel Officers and Directors and/or Penn Laurel by Defendants Anonick and AFC violates Pa.R.Civ.P. 2252(a) because the claims purportedly made against them are unrelated to the causes of action stated against Defendants Anonick and AFC in the Complaint.

16. Pa.R.Civ.P. 2252(b) provides that the exclusive methods for joining persons who are not already parties to an action as additional defendants is through the filing of a writ or a complaint.

17. Defendants Anonick and AFC have violated Pa.R.Civ.P. 2252(b) by failing to file either a writ or a complaint against the Penn Laurel Officers and Directors.

18. Pa.R.Civ.P. 1019(a) provides:

> The material facts on which a cause of action or defense is based shall be stated in a concise and summary form.

19. Defendants Anonick and AFC have violated Pa.R.Civ.P. 1019(a) by failing to state the material facts which support any cause of action purportedly stated in their New Matter.

WHEREFORE, Plaintiff Penn Laurel Financial Corporation and purported Additional Defendants Larry W. Brubaker, Donald R. Fezell, Guy A. Graham, Frank J. Hoffman, Jr., Janice E. Kephart, Joseph P. Leyo, Richard L. Lininger, C. Ben Mullins, Jr., Henry A. Peterson, Laurance B. Seaman, Joseph A. Shaw, Darrell G. Spencer, Wesley M. Weymers and Richard A. Wilkinson respectfully request, pursuant to Pa.R.Civ.P. 1028(a)(2), that this Honorable Court sustain its instant Preliminary Objection to the "New Matter Pursuant to Pa. R. Civ. P. 2252" of Defendants Timothy A. Anonick and Anonick Financial Corporation on the basis that it violates Pa.R.Civ.P. 2252(a) and (b) and 1019(a).

C. Insufficient Specificity

20. Paragraphs 1 through 19 above are incorporated herein by reference.

21. Assuming, arguendo, that the New Matter can be deemed to state any sufficient or valid cause of action against Penn Laurel or the Penn Laurel Officers and Directors, Defendants Anonick and AFC should be made to file a pleading which sets forth the material facts allegedly supporting said cause with more specificity.

WHEREFORE, Plaintiff Penn Laurel Financial Corporation and purported Additional Defendants Larry W. Brubaker, Donald R. Fezell, Guy A. Graham, Frank J. Hoffman, Jr., Janice E. Kephart, Joseph P. Leyo, Richard L. Lininger, C. Ben Mullins, Jr., Henry A. Peterson, Laurance B. Seaman, Joseph A. Shaw, Darrell G. Spencer, Wesley M. Weymers and Richard A. Wilkinson respectfully request, pursuant to Pa.R.Civ.P. 1028(a)(3), that this Honorable Court sustain its instant Preliminary Objection to the "New Matter Pursuant to Pa. R. Civ. P. 2252" of Defendants Timothy A. Anonick and Anonick Financial Corporation and direct Plaintiff to file a more specific pleading.

SHUMAKER WILLIAMS, P.C.

Dated: 5/30/00

By Laurence W. Dague

Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. ##82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp.,
CSB Bank, and the Penn Laurel Directors

119481

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Preliminary Objections to New Matter of Defendants Anonick and Anonick Financial Corporation by sending copies of same via UPS Overnight Mail, addressed as follows:

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
Attorneys for Timothy A. Anonick and Anonick Financial Corporation

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
Attorneys for Defendant, Clearfield Bank & Trust Company

SHUMAKER WILLIAMS, P.C.

Dated: 5/30/00

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

CA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,

Defendants.

Civil Action No. 00-414-CO

CIVIL ACTION - LAW

PRELIMINARY OBJECTIONS TO NEW MATTER PURSUANT TO PA. R. CIV. P. 2252 OF DEFENDANTS TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION

Filed on behalf of:
Defendants, Clearfield Bank & Trust Company

Counsel of Record for this Party:

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771
Vance E. Antonacci, Esquire
Pa. I.D. #83725

TUCKER ARENSBERG, P.C.
Firm No.: 287

1500 One PPG Place
Pittsburgh, PA 15222

(412) 566-1212

LIT198125

FILED

JUN 21 2000

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,	:	Civil Action No. 00-414-CO
Plaintiffs,	:	CIVIL ACTION - LAW
v.	:	
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,	:	
Defendants.	:	

PRELIMINARY OBJECTIONS TO NEW MATTER PURSUANT TO PA. R. CIV. P. 2252 OF DEFENDANTS TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION

Defendant Clearfield Bank and Trust Company and purported additional defendants Sherwood C. Moody, William T. Bertram, George L. Beard, D. Stephen Butler, William T. Davis, Robert W. Dotts, Craig L. Hile, Robert M. Kurtz, Jr., Michael R. Lytle, Barbara J. Hugney-Shope, Ray S. Walker, H. Rembrandt Woolridge, William A. Shiner, Gary E. Curry, Richard W. Ogden, and William E. Wood (collectively "Clearfield Officers and Directors"), by and through their attorneys, Tucker Arensberg, P.C., file the following Preliminary Objections to New Matter of Defendant Timothy A. Anonick and Anonick Financial Corporation (collectively "Anonick").[1]

[1] The facts as set forth in these Preliminary Objections recite the facts alleged in the Penn Laurel/CSB Complaint and to Anonick's Answer, New Matter and New Matter Pursuant to Pa. R. Civ. P. 2252. The Clearfield Officers and Directors recite these facts as alleged, and assume those facts are true solely for the purposes of challenging Anonick's New Matter Pursuant to Pa. R. Civ. P. 2252 through these preliminary objections. Defendant Clearfield Bank and Trust Company and the Clearfield Officers and Directors deny the allegations set forth in Plaintiffs' Complaint and Anonick's Answer, New Matter, and New Matter Pursuant to Pa. R. Civ. P. 2252.

1. In their Answer, New Matter and New Matter Pursuant to Pa. R. Civ. P. 2252, Anonick asserts claims for contribution and indemnity and alleges that the Clearfield Officers and Directors are jointly and severally liable with Anonick, not only against Clearfield but also against certain officers and directors of Clearfield, namely Sherwood C. Moody, William T. Bertram, George L. Beard, D. Stephen Butler, William T. Davis, Robert W. Dotts, Craig L. Hile, Robert M. Kurtz, Jr., Michael R. Lytle, Barbara J. Hugney-Shope, Ray S. Walker, H. Rembrandt Woolridge, William A. Shiner, Gary E. Curry, Richard W. Ogden, and William E. Wood.

I. PRELIMINARY OBJECTIONS IN THE NATURE OF A DEMURRER TO THE CLAIMS AGAINST THE CLEARFIELD OFFICERS AND DIRECTORS FOR CONTRIBUTION AND INDEMNITY

2. Pennsylvania statutory and common law only permit claims for contribution in the context of negligence actions.

3. Anonick cannot state a claim for contribution against the Clearfield Officers and Directors because there are no allegations in either Plaintiffs' Complaint or in Anonick's New Matter that the Clearfield Officers and Directors were negligent.

4. The claim of Anonick for contribution from the Clearfield Officers and Directors should be dismissed because the facts pleaded are clearly insufficient to establish Anonick's right to relief.

5. A right to indemnity only exists if there is some legal or equitable relationship existing between two parties that would obligate the first party to reimburse the second party for damages paid by the second party that are the legal and equitable responsibility of the first party.

6. Anonick cannot state a claim for indemnity against the Clearfield Officers and Directors because there are no allegations in either Penn Laurel's Complaint or in Anonick's New Matter that give rise to a legal or equitable relationship between Anonick and the Clearfield Officers and Directors sufficient to permit a claim for indemnity between them.

7. The claims of Anonick for indemnity should be dismissed because the facts pleaded are clearly insufficient to establish Anonick's right to relief.

WHEREFORE, purported Additional Defendants Clearfield Officers and Directors respectfully request that this Court grant their Preliminary Objections and issue an order dismissing the New Matter Pursuant to Pa. R. Civ. P. 2252 of Defendants Timothy Anonick and Anonick Financial Corporation.

II. PRELIMINARY OBJECTION IN THE NATURE OF A DEMURRER TO THE CLAIM THAT THE CLEARFIELD OFFICERS AND DIRECTORS ARE JOINTLY AND SEVERALLY LIABLE WITH ANONICK

8. In Paragraph 8 of its New Matter Pursuant to Pa. R. Civ. P. 2252, Anonick alleges that the Clearfield Officers and Directors are jointly and severally liable with Anonick for any harm allegedly suffered by Plaintiffs.

9. In order for joint and several liability to exist between two parties, there must exist a legal or equitable relationship between the parties that creates a joint responsibility between the two parties for alleged harm suffered by a third party.

10. The Clearfield Officers and Directors are not jointly and severally liable with Anonick because there are no allegations in either Penn Laurel's Complaint or in Anonick's New Matter that give rise to a legal or equitable relationship between Anonick and the Clearfield Officers and Directors.

11. The claim of Anonick that the Clearfield Officers and Directors are jointly and severally liable should be dismissed because the facts pleaded are clearly insufficient to establish Anonick's right to relief.

WHEREFORE, purported Additional Defendants Clearfield Officers and Directors respectfully request that this Court grant their Preliminary Objections and issue an order dismissing the New Matter Pursuant to Pa. R. Civ. P. 2252 of Defendants Timothy Anonick and Anonick Financial Corporation.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By _____

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771
Vance E. Antonacci, Esquire
Pa. I.D. #83725

1500 One PPG Place
Pittsburgh PA 15222
(412) 566-1212

Attorneys for Clearfield Bank & Trust Company

LIT 198125.1

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,	:	Civil Action No. 00-414-CO
Plaintiffs,	:	CIVIL ACTION - LAW
v.	:	
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,	:	
Defendants.	:	

ORDER

AND NOW, this _____ day of _____, 2000, IT IS HEREBY ORDERED that the Preliminary Objections of Sherwood C. Moody, William T. Bertram, George L. Beard, D. Stephen Butler, William T. Davis, Robert W. Dotts, Craig L. Hile, Robert M. Kurtz, Jr., Michael R. Lytle, Barbara J. Hugney-Shope, Ray S. Walker, H. Rembrandt Woolridge, William A. Shiner, Gary E. Curry, Richard W. Ogden, and William E. Wood are GRANTED, and that Defendants Timothy Anonick and Anonick Financial Corporation's New Matter Pursuant to Pa. R. Civ. P. 2252 as it relates to those persons is DISMISSED.

_____

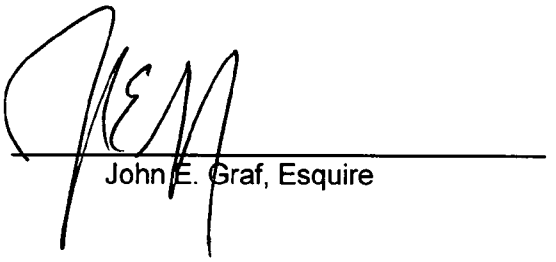
J.

CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the within Preliminary Objections to New Matter was served upon the following by Federal Express, postage prepaid, this 30th day of June, 2000:

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Howard L. Kelin, Esquire
Kegel, Kelin, Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602



John E. Graf, Esquire

LIT 198125.1

FILED

JUN 21 2000
m/10:29/no cc
William A. Shaw
Prothonotary

(2)

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	: CIVIL ACTION - LAW

AFFIDAVIT OF SERVICE

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF CUMBERLAND :

I, Michele A. Connor, being duly sworn according to law depose and say that on April 7, 2000, she served a Complaint upon Defendant Anonick Financial Corporation by depositing a true and correct copy of same in the possession of the United States mail, certified mail, return receipt requested, addressed at 12919 Ashtree Road, Midlothian, VA 23113. A copy of the signed return receipt card dated April 10, 2000 is attached hereto.

Michele A Connor
Michele A. Connor

Dated: 4/18/00

Sworn to and subscribed before me
this 18 day of April, 2000.

Kathleen D Snyder
Notary Public

My Commission Expires:

NOTARIAL SEAL
Kathleen D. Snyder, Notary Public
Camp Hill Boro. Cumberland Co.
My Commission Expires June 9, 2000

FILED
APR 20 2000
William A. Shaw
Prothonotary

:107763

SENDER:
- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write *"Return Receipt Requested"* on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Anonick Financial Corporation
12919 Ashtree Road
Midlothian, VA 23113

4a. Article Number
P 714 461 114

4b. Service Type
☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery
4/10/00

5. Received By: *(Print Name)*

8. Addressee's Address *(Only if requested and fee is paid)*

6. Signature: *(Addressee or Agent)*
X Carol Anonick

PS Form **3811**, December 1994 102595-98-B-0229 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	: CIVIL ACTION - LAW

AFFIDAVIT OF SERVICE

COMMONWEALTH OF PENNSYLVANIA :
: SS.
COUNTY OF CUMBERLAND :

I, Michele A. Connor, being duly sworn according to law depose and say that on April 7, 2000, she served a Complaint upon Defendant Timothy A. Anonick by depositing a true and correct copy of same in the possession of the United States mail, certified mail, return receipt requested, addressed at 12919 Ashtree Road, Midlothian, VA 23113. A copy of the signed return receipt card dated April 10, 2000 is attached hereto.

Dated: 4/18/00

Michele A. Connor

Sworn to and subscribed before me

this 18 day of April, 2000.

Kathleen D. Snyder
Notary Public

My Commission Expires:

NOTARIAL SEAL
Kathleen D. Snyder, Notary Public
Camp Hill Boro. Cumberland Co.
My Commission Expires June 9, 2000

FILED

APR 20 2000

William A. Shaw
Prothonotary

:107756

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write *"Return Receipt Requested"* on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Timothy A. Anonick
12919 Ashtree Road
Midlothian, VA 23113

4a. Article Number

P 714 461 111

4b. Service Type

☐ Registered ☒ Certified
☐ Express Mail ☐ Insured
☐ Return Receipt for Merchandise ☐ COD

7. Date of Delivery

4/10/00

5. Received By: *(Print Name)*

8. Addressee's Address *(Only if requested and fee is paid)*

6. Signature: *(Addressee or Agent)*

X [signature]

PS Form **3811**, December 1994 102595-98-B-0229 Domestic Return Receipt

Is your RETURN ADDRESS completed on the reverse side?

Thank you for using Return Receipt Service.

FILED

APR 20 2000
m 11:24/no cc
William A. Shaw
Prothonotary

(4)

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	
Plaintiffs,	:	
	:	**Civil Action No. 00-414-CO**
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK and ANONICK FINANCIAL CORPORATION,	:	
Defendants.	:	

PRAECIPE FOR ENTRY OF APPEARANCE

TO THE PROTHONOTARY:

Please enter the appearance of Kegel Kelin Almy & Grimm LLP as counsel on behalf of Defendants Timothy A. Anonick and Anonick Financial Corporation. Please serve any and all papers relating to this matter at 24 North Lime Street, Lancaster, Pennsylvania, 17602.

KEGEL KELIN ALMY & GRIMM LLP

By: _____

Howard L. Kelin
Attorney I.D. No. 65124
24 N. Lime Street
Lancaster, PA 17602
(717) 392-1100

Counsel for Timothy A. Anonick and
Anonick Financial Corporation

FILED

MAY 01 2000

William A. Shaw
Prothonotary

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing PRAECIPE FOR ENTRY OF APPEARANCE was served this 27th day of April, 2000, by first class mail, postage prepaid, upon the following person(s):

Laurence W. Dague, Esq.
Shumaker Williams, P.C.
P. O. Box 88
Harrisburg, PA 17108

Bradley S. Tupi, Esq.
Tucker Arensberg, P.C.
One PPG Place
Suite 1500
Pittsburgh, PA 15222-5401

Howard L. Kelin

(5)

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP. 00-414-CD
VS
CLEARFIELD BANK & TRUST

COMPLAINT

SHERIFF RETURNS

NOW APRIL 7, 2000 AT 9:59 AM DST SERVED THE WITHIN COMPLAINT ON CLEARFIELD BANK & TRUST COMPANY, DEFENDANT AT EMPLOYMENT 11 N. 2ND ST., CLEARFIELD, CLEARFIELD COUNTY, PENNSYLVANIA BY HANDING TO WILLIAM A. SHINER, PERSON IN CHARGE A TRUE AND ATTESTED COPY OF THE ORIGINAL COMPLAINT AND MADE KNOWN TO HIM THE CONTENTS THEREOF.
SERVED BY: DAVIS/MORGILLO

19.33 SHFF. HAWKINS PAID BY: ATTY.
10.00 SURCHARGE PAID BY: PLFF.

SWORN TO BEFORE ME THIS

3rd DAY OF May 2000

WILLIAM A. SHAW
Prothonotary
My Commission Expires
1st Monday in Jan. 2002
Clearfield Co., Clearfield, PA.

SO ANSWERS,
Chester A. Hawkins
by Marilyn Hamm
CHESTER A. HAWKINS
SHERIFF

FILED

MAY 03 2000
3:45
William A. Shaw
Prothonotary

(6)

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,

Defendants.

Civil Action - Law

Civil Action No. 00-414-00

ANSWER, NEW MATTER, COUNTERCLAIM AND NEW MATTER PURSUANT TO PA. R. CIV. P. 2252(d)

Filed on behalf of Defendant, Clearfield Bank & Trust Company

Counsel of Record for this Party:

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
Firm No.: 287

1500 One PPG Place
Pittsburgh, PA 15222

(412) 566-1212

TO Plaintiffs

YOU ARE HEREBY NOTIFIED TO PLEAD TO THE ENCLOSED REPLY TO NEW MATTER, ANSWER TO COUNTERCLAIM, AND NEW MATTER TO COUNTERCLAIM WITHIN TWENTY (20) DAYS FROM SERVICE HEREOF OR A DEFAULT JUDGMENT MAY BE ENTERED AGAINST YOU.

Attorney for Plaintiff

FILED

MAY 04 2000

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-00
v.	:	
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,	:	
Defendants.	:	

ANSWER, NEW MATTER, COUNTERCLAIM AND NEW MATTER PURSUANT TO PA. R. CIV. P. 2252(d)

Defendant Clearfield Bank and Trust Company ("Clearfield"), by its attorneys, Tucker Arensberg, P.C., files the following Answer, New Matter, Counterclaim and New Matter Pursuant to PA. R. CIV. P. 2252(d), and avers as follows:

ANSWER

1. Admitted.

2. Admitted.

3. Admitted.

4. Denied. Following a reasonable investigation, Clearfield is without sufficient information to admit or deny the allegations contained in Paragraph 4 of the Complaint, and such allegations are therefore denied.

5. Denied. Following a reasonable investigation, Clearfield is without sufficient information to admit or deny the allegations contained in Paragraph 5 of the Complaint, and such allegations are therefore denied.

6. Admitted.

7. Admitted.

8. Denied as stated. The allegations contained in Paragraph 8 of the Complaint attempt to paraphrase the provisions of the written Agreement and Plan of Merger ("Merger Agreement") and Agreement and Plan of Reorganization ("Reorganization Agreement"), both of which speak for themselves. The allegations contained in Paragraph 8 of the Complaint are therefore denied as stated.

9. Admitted.

10. Denied as stated. The portions of the Reorganization Agreement set forth in the Complaint are accurately transcribed. However, key portions of the Agreement have been omitted from the quoted portions, including language in Section 6.8 that permits Clearfield to speak to outside parties: "except that Clearfield's officers may respond to inquiries from analysts, regulatory authorities and holders of Clearfield Common Stock in the Ordinary Course

of Business." Because Plaintiffs have failed to include this pertinent language, the allegations in Paragraph 10 of the Complaint are denied as stated.

11. Admitted.

12. Admitted.

13. Admitted.

14. Admitted in part and denied in part. It is admitted that in January of 1999, Sherwood C. Moody ("Moody") was Clearfield's President and Chief Executive Officer, as well as a member of Clearfield's Board of Directors. It is denied that Moody discussed information relating to the merger of Clearfield and CSB/Penn Laurel with Defendant Timothy Anonick ("Anonick"). To the contrary, at no time did Moody transmit to or discuss with Anonick substantive information of any sort regarding the merger of Clearfield and CSB/Penn Laurel. Following a reasonable investigation, Clearfield is without sufficient information to admit or deny the remaining allegations set forth in Paragraph 14 of the Complaint, and such allegations are therefore denied.

15. Denied. It is denied that in February or March of 1999 Moody provided Anonick with "substantial information concerning the proposed merger" of Clearfield and CSB/Penn Laurel, including the definitive terms of the merger. To the contrary, as set forth previously in this Answer, New Matter, Counterclaim and New Matter Pursuant to Rule 2252(d), at no time did Moody divulge any substantive information to Anonick regarding the proposed merger of Clearfield and CSB/Penn Laurel.

16. Denied in part and denied as stated in part. It is denied as stated that any conversation between Moody and Anonick took place in early April. However, in mid-April of 1999, Moody received a telephone call from Anonick. It is denied that in that conversation Moody "again discussed the parties' proposed merger with Defendant Timothy Anonick." Moody did not provide to Anonick, during this telephone conversation or at any time, any substantive information regarding the terms or the status of the merger. To the contrary, Anonick told Moody about the terms and conditions of the proposed merger between Clearfield and CSB/Penn Laurel. It is denied that Anonick was left with the "impression" that Moody was not in favor of the merger. First, there is no way for Clearfield to discern what Anonick's subjective impressions were of his telephone conversations with Moody, and such allegation is therefore denied. Moreover, Moody did not in any way, shape or form, at any time during the period of time relevant to this case, take any action or make any statement that would lead an objective, reasonable observer to believe that Moody was not in favor of the merger between Clearfield and CSB/Penn Laurel. To the contrary, Moody at all times worked diligently in support of the merger.

17. Denied. It is denied that Moody met personally with Anonick. To the contrary, at no time during April of 1999, or any time during the period of time relevant to this Complaint, did Moody meet with Anonick in person. It is denied that Moody provided to Anonick information concerning the proposed merger. To the contrary, Moody did not provide Anonick with any substantive information regarding the proposed merger between Clearfield and CSB/Penn Laurel. It is denied that Moody told Anonick that certain Clearfield shareholders were opposed to the merger, and it is denied that Moody told Anonick the names of one or more shareholders who were opposed. To the contrary, Moody did not tell Anonick that certain Clearfield shareholders were opposed to the merger, and did not identify any persons as shareholders opposed to the merger.

18. Denied. It is denied that Anonick contacted Omega Financial Corporation ("Omega") on the basis of any information provided by or discussions with Moody. To the contrary, Moody provided no substantive information to Anonick regarding the merger between Clearfield and CSB/Penn Laurel. With regard to the remaining allegations, following a reasonable investigation, Clearfield is without sufficient information to admit or deny the allegations in Paragraph 18 of the Complaint, and such allegations are therefore denied.

19. Denied. It is denied that Anonick did provide or could have provided to Omega information supplied by Moody about Clearfield shareholders opposed to the proposed merger. To the contrary, Moody provided no substantive information regarding the Clearfield - CSB/Penn Laurel merger to Anonick. Moody further did not provide any information to Anonick regarding "the fact that some Clearfield shareholders were opposed to the merger." With regard to the remaining allegations in Paragraph 19 of the Complaint, following a reasonable investigation Clearfield is without sufficient information to admit or deny the substance of April 1999 discussions between Anonick and Omega officers, and such allegations are therefore denied.

20. Denied. It is denied that Moody provided any information to Anonick regarding purported shareholder opposition to the Clearfield - CSB/Penn Laurel merger. To the contrary, as set forth above, Moody provided no substantive information whatsoever to Anonick regarding the proposed Clearfield - CSB/Penn Laurel merger, and specifically did not provide any information regarding purported shareholder opposition to the proposed merger. With regard to the remaining allegations set forth in Paragraph 20 of the Complaint, following a reasonable investigation, Clearfield is without sufficient information to admit or deny the contents of Omega's discussions with Anonick regarding Clearfield as a potential merger target for Omega.

21. Admitted in part and denied in part. It is admitted that on or about May 10, 1999, Omega sent a letter to Clearfield. The remainder of the allegations contained within Paragraph 21 of the Complaint are denied as stated. These allegations attempt to paraphrase the contents of the letter of May 10, 1999, which speaks for itself, and such allegations are therefore denied as stated.

22. Admitted in part and denied as stated in part. It is denied that Moody had a conversation with Anonick on May 10, 1999. To the contrary, Anonick called Moody on May 11, 1999. It is admitted that during the May 11, 1999, conversation with Anonick, Moody confirmed receipt of the May 10, 1999 letter from Omega. It is admitted that during a telephone conversation in May of 1999 Moody informed Anonick that he had been advised not to speak to Anonick.

23. Denied. It is denied that Moody identified Jack Woolridge to Anonick as a Clearfield shareholder opposed to the proposed Clearfield - CSB/Penn Laurel merger. To the contrary, Moody did not identify Jack Woolridge to Anonick as a shareholder opposed to the proposed merger. Furthermore, Moody did not identify any shareholder to Anonick who was opposed to the proposed merger. With regard to the remainder of the allegations in Paragraph 23 of the Complaint, following a reasonable investigation, Clearfield is without sufficient information to admit or deny the allegations that Anonick contacted Jack Woolridge in July 1999 to discuss Omega's interest in acquiring Clearfield, and such allegations are therefore denied.

24. Denied. Following a reasonable investigation, Clearfield is without sufficient information to admit or deny the allegation in Paragraph 24 of the Complaint that Anonick met with Jack Woolridge in Clearfield on August 2, 1999 prior to a meeting with other Clearfield

shareholders. Such allegations are therefore denied. With regard to the remaining allegations in Paragraph 24 of the Complaint, following a reasonable investigation Clearfield is without sufficient information to admit or deny the events and discussions at the alleged meeting, and such allegations are therefore denied.

25. Denied. Following a reasonable investigation, Clearfield is unable to admit or deny the allegations contained in Paragraph 25 of the Complaint, and such allegations are therefore denied.

26. Denied as stated. It is denied that any member of Clearfield's Board of Directors had specific knowledge of any concerted effort on the part of Anonick and Jack Woolridge to foment opposition among Clearfield shareholders prior to the public meeting of August 2, 1999. To the contrary, the first that any member of the Clearfield Board of Directors learned of Anonick's and Jack Woolridge's activities aimed at contacting Clearfield shareholders directly with Omega's offer to purchase shares was after the public meeting with certain Clearfield shareholders of August 2, 1999. By way of further answer, Clearfield and its Board were aware of the opposition by certain Clearfield shareholders, including Jack Woolridge, to the proposed merger, and that opposition to the merger among shareholders was growing due, in whole or in part, to the actions and failures to act on the part of Plaintiffs, as set forth in the New Matter herein.

27. Denied. It is denied that any of Clearfield's directors or officers had knowledge of "Timothy Anonick's efforts to interest Omega in a potential merger with Clearfield prior to Omega's May 10, 1999 letter." To the contrary, Clearfield's directors and officers first became aware of Omega's interest in a merger with Clearfield only after delivery of the May 10, 1999 letter.

28. Admitted.

COUNT I: PLAINTIFFS VS. CLEARFIELD (BREACH OF CONTRACT)

29. The allegations set forth in Paragraphs 1 through 28 of this Answer, New Matter, Counterclaim and New Matter Pursuant to Rule 2252(d) are incorporated as if fully set forth herein.

30. Denied. The allegations contained within Paragraph 30 of the Complaint constitute conclusions of law to which no response is required, and which therefore are denied. In the event that a response is required, these allegations are denied. To the contrary, Clearfield, its officers and directors in no way violated the Reorganization Agreement. It is specifically denied that Clearfield's officers and directors improperly engaged in any discussions "concerning the facts of and terms and conditions of the Reorganization." To the contrary, the officers and directors of Clearfield had no improper discussions concerning the fact of or the terms and conditions of the "Reorganization."

31. Denied. The allegations in Paragraph 31 of the Complaint constitute conclusions of law to which no response is required, and which are therefore denied. In the event that a response is required, these allegations are denied. To the contrary, Clearfield did not violate the Reorganization Agreement in any way. Further, no officer and/or director of Clearfield engaged in any improper "discussions concerning the fact of and terms and conditions of the Reorganization."

32. The allegations in Paragraph 32 of the Complaint constitute conclusions of law to which no response is required, and which are therefore denied. In the event that a response is required, the allegations are denied. To the contrary, neither Clearfield, its officers nor its directors violated the Reorganization Agreement. Further, neither Clearfield, its officers nor its directors responded to requests for information, inquiries and other communications concerning the fact of or the terms and conditions of the Reorganization so as to constitute a violation of any contractual or other obligation to Plaintiffs.

33. The allegations in Paragraph 33 of the Complaint constitute conclusions of law to which no response is required, and which are therefore denied. In the event that a response is required, the allegations are denied. To the contrary, neither Clearfield, its officers nor its directors violated the Reorganization Agreement. Further, Clearfield did not permit its officers or directors to respond to requests for information, inquiries and other communications concerning the fact of or terms and conditions of the Reorganization so as to constitute a violation of any contractual or other obligation.

34. Denied. The allegations contained in Paragraph 34 of the Complaint constitute conclusions of law to which no response is required, and which are therefore denied. In the event that a response is required, the allegations are denied. To the contrary, Clearfield did not violate the Reorganization Agreement. Further, Clearfield did, in fact, notify CSB/Penn Laurel at the appropriate time of inquiries made by outside parties concerning the proposed merger between the parties and the Omega letter.

35. Denied. The allegations contained in Paragraph 35 of the Complaint constitute conclusions of law to which no response is required, and which are therefore denied. In the event that a response is required, the allegations are denied. To the contrary, neither Clearfield,

its officers nor its directors violated the Reorganization Agreement. Further, neither Clearfield, its officers nor its directors encouraged inquiries, furnished information or participated in discussions with any third parties with respect to the acquisition or purchase of all of or a substantial equity interest in Clearfield and/or with respect to business combinations with Clearfield.

36. Denied. The allegations contained in Paragraph 36 of the Complaint constitute conclusions of law to which no response is required, and which are therefore denied. In the event that a response is required, the allegations are denied. To the contrary, neither Clearfield, its officers nor its directors violated the Reorganization Agreement. Further, Clearfield did not permit any of its officers or directors to encourage inquiries, furnish information, or participate in discussions with any third parties with respect to the acquisition or purchase of all of or a substantial equity interest in Clearfield and/or with respect to business combinations with Clearfield.

37. Denied. The allegations contained in Paragraph 37 of the Complaint constitute conclusions of law to which no response is required, and which are therefore denied. In the event that a response is required, the allegations are denied. To the contrary, Clearfield did not violate the Reorganization Agreement. Further, Clearfield did, in fact, notify CSB/Penn Laurel at the appropriate time of inquiries made by outside parties.

38. Denied. The allegations contained in Paragraph 38 of the Complaint constitute conclusions of law to which no response is required, and which are therefore denied. In the event that a response is required, the allegations are denied. To the contrary, neither Clearfield nor its officers nor its directors violated the Reorganization Agreement. Further, Clearfield did exercise its best efforts to fulfill all conditions precedent in the Reorganization Agreement, and

did take, in good faith, all actions appropriate to secure approval of the Reorganization Agreement and the Merger Agreement by its shareholders. Clearfield specifically denies the allegations contained in subparagraph 38(a) through 38(e) of the Complaint:

(a) Clearfield denies that it failed to deal effectively and appropriately with shareholders that expressed opposition to or concerns about the proposed merger by fully informing them of the benefits that would result from the merger and the reasonableness of the terms of the Agreements. To the contrary, Clearfield, in cooperation and in active participation with CSB/Penn Laurel, made active efforts to contact and inform its shareholders of the value and benefits of the Clearfield - CSB/Penn Laurel merger within the constraints of Securities and Exchange Commission Rule 145(b)(1), which limits communications by a merging party to its shareholders;

(b) Clearfield denies that it failed to take active steps to assure that all of its officers and directors were in full compliance with the terms of the Reorganization Agreement and with the individual agreements dated December 31, 1998 that directors entered into with CSB/Penn Laurel. To the contrary, no Clearfield officer or director breached any duty, contractual or otherwise, to CSB/Penn Laurel. Further, Clearfield, with the full support of its Board of Directors took vigorous steps so that the proposed merger between Clearfield and CSB/Penn Laurel would be approved by its shareholders.

(c) Clearfield denies that it failed to take all reasonable steps to prevent Anonick from pursuing the course of action concerning the proposed merger in which he engaged. To the contrary, Clearfield took aggressive action to halt Anonick's activities. For instance, when it came to light that Anonick and Omega had made an illegal tender offer to Clearfield's shareholders for the purpose of encouraging shareholders to vote against the merger, Clearfield's Board immediately approved legal action against Omega ("the Omega Litigation"). Such action was initiated in the United States District Court for the Western District of Pennsylvania, and was ultimately successful.

(d) Clearfield denies that it failed to take all reasonable steps to prevent Omega from pursuing the course of action concerning the proposed merger in which it engaged. To the contrary, Clearfield took aggressive action to halt Omega's activities. For instance, when it came to light that Anonick and Omega had made an illegal tender offer to Clearfield's shareholders for the purpose of encouraging shareholders to vote against the merger, Clearfield's Board immediately approved the filing of the Omega Litigation. Such action was initiated and was ultimately successful.

(e) Clearfield denies that it failed to deal effectively and appropriately with shareholders who had expressed opposition to or concerns about the proposed merger by fully informing them of the benefits that would result from the merger and the reasonableness of the terms of the Agreements. To the contrary, Clearfield, in cooperation with and in active participation with CSB/Penn Laurel, made active efforts to contact and inform its shareholders of the value and benefits of the Clearfield - CSB/Penn Laurel merger. Clearfield denies that it failed to take all reasonable steps to timely and effectively communicate to all Clearfield shareholders the benefits that would result from the merger and the reasonableness of the terms of the Agreements. To the contrary, Clearfield did take all reasonable steps to so communicate to its shareholders within the constraints of Securities and Exchange Commission Rule 145(b)(1), which limits communications by a merging party to its shareholders.

39. Denied as stated. It is admitted that on or about October 26, 1999, Plaintiffs sent Clearfield a letter stating that Plaintiffs deemed Clearfield to have violated the Reorganization and Merger Agreements. It is denied that Clearfield did violate the Merger Agreement or Reorganization Agreement. To the contrary, Clearfield did not violate the Merger Agreement or Reorganization Agreement.

40. Denied. It is denied that Clearfield breached the Reorganization Agreement. To the contrary, Clearfield did not breach the Reorganization Agreement. It is further denied that any action on the part of Clearfield caused the failure of the proposed merger between Clearfield and CSB/Penn Laurel.

41. Denied and denied as stated. It is admitted that Plaintiffs expended substantial sums of money in pursuing the proposed merger between Clearfield and CSB/Penn Laurel for completion. By way of further answer, Clearfield likewise spent significant sums. It is denied that any sums expended by Plaintiff in moving the merger toward completion are recoverable as items of damage against Clearfield. To the contrary, Clearfield has breached no contractual or other obligation to CSB/Penn Laurel. Further, no action or inaction by Clearfield has resulted in any harm to Plaintiffs.

42. Admitted.

43. Denied in part and denied as stated in part. It is admitted that Plaintiffs filed a Motion to Intervene in the Omega Litigation. It is denied that this Motion to Intervene was filed with the "request and encouragement of Clearfield." To the contrary, Clearfield expressed reservations about CSB/Penn Laurel joining the action. By way of further answer, CSB/Penn Laurel filed its Motion to Intervene of its own initiative, and to protect its own interests. Their intervention was not for the benefit of Clearfield, and was duplicative of efforts already undertaken by Clearfield. Following reasonable investigation, Clearfield is without knowledge or information sufficient to admit or deny whether Plaintiffs incurred substantial attorneys' fees and expenses in the Omega Litigation. By way of further answer, if Plaintiffs did sustain such substantial attorneys' fees and expenses, it was of their own volition and to protect their own parochial interests.

44. Denied. It is denied that Plaintiffs' participation in the Omega Litigation was in fulfillment of its obligations under the "written Agreements between the parties." To the contrary, there was no legal or contractual obligation for Plaintiffs to join the Omega Litigation as intervenors. By way of further answer, it appears in hindsight that Plaintiffs' intervention was to pursue their own agenda, including but not limited to performing discovery for potential lawsuits against Clearfield and/or its officers and directors.

45. Denied. It is denied that any attorneys' fees and expenses incurred by Plaintiffs in joining the Omega Litigation as intervenors constitute damages based upon Clearfield's purported breaches of the Reorganization Agreement. To the contrary, the attorneys' fees and expenses incurred by Plaintiffs in intervening in the Omega Litigation were accrued strictly as a

result of Plaintiffs' own decision to join the action, a decision which, upon information and belief, was made to protect and enhance the interests of Plaintiffs alone. It is denied that Clearfield and its officers or directors breached any obligation to Plaintiffs, contractual or otherwise. To the contrary, Clearfield and its officers and directors committed no such breach. Further, as set forth in Paragraph 76 of the New Matter herein, Plaintiffs' attorneys' fees and expenses expended in intervening and participating in the Omega Litigation are not recoverable items of damage under paragraph 9.2(b) of the Reorganization Agreement.

46. Denied. Following reasonable investigation, Clearfield is without sufficient information to admit or deny the allegations in Paragraph 46 of the Complaint, and such allegations are therefore denied. Further, to the extent that the allegations in Paragraph 46 imply that Plaintiffs are due any portion of the monies expended in pursuing the merger with Clearfield as recoverable items of damage in this action, such allegations are denied. To the contrary, Plaintiffs are due no damages in this action.

47. Denied. It is denied that Plaintiffs have suffered any damage due to the loss of services of key officers and employees. To the contrary, Plaintiffs of their own volition pursued the proposed merger and reorganization, knowing that the merger could not take place without the approval of shareholders representing a two-thirds (2/3) majority of outstanding shares. At all relevant times, Plaintiffs were well aware of the possibility that the merger would not be approved by a sufficient number of Clearfield shareholders. It is denied that Plaintiffs have suffered any loss as a result of any breach of any obligation, contractual or otherwise, on the part of Clearfield, its officers or directors. To the contrary, Plaintiffs have suffered no loss as a result of any breach of any obligation, contractual or otherwise, on the part of Clearfield, its officers or directors.

48. Denied. It is denied that CSB/Penn Laurel and its shareholders have been damaged by any breach by Clearfield of the Reorganization Agreement, through the loss of benefits which would have accrued to them had the merger occurred. To the contrary, neither CSB/Penn Laurel nor its shareholders have suffered any damage or loss as a result of the actions or inactions of Clearfield, its officers or directors.

WHEREFORE, Defendant Clearfield Bank and Trust Company respectfully requests that this Honorable Court enter judgment in its favor and against the Plaintiffs Penn Laurel Financial Corporation and CSB Bank.

COUNT II: PLAINTIFFS VS. DEFENDANTS ANONICK AND AFC
(INTENTIONAL INTERFERENCE WITH CONTRACTUAL RELATIONS)

49. The allegations in Paragraphs 1 through 48 of this Answer, New Matter, Counterclaim and New Matter Pursuant to Rule 2252(d) are incorporated as if fully set forth herein.

50-57. The allegations set forth in Paragraphs 50-57 of the Complaint are directed toward other defendants, and no answer from Clearfield is therefore required.

WHEREFORE, Defendant Clearfield Bank and Trust Company respectfully requests that this Honorable Court enter judgment in its favor and against the Plaintiffs Penn Laurel Financial Corporation and CSB Bank.

COUNT III: PLAINTIFFS VS. TIMOTHY ANONICK AND AFC (CONSPIRACY)

58. The allegations in Paragraphs 1 through 57 of this Answer, New Matter, Counterclaim and Cross-Claim are incorporated as if fully set forth herein.

59. Denied. It is denied that there was any conspiracy among Omega, Anonick, AFC and Moody to commit any unlawful act. To the contrary, Moody did not enter into any agreement to perform or participate in any illegal act performed by Anonick, AFC or Omega.

60. Denied. It is denied that any Clearfield director agreed with Anonick or AFC to commit any illegal act. To the contrary, no Clearfield director agreed with Anonick or AFC to commit any illegal act.

61. Denied. Clearfield denies that Plaintiffs suffered any damage as a result of the "conspiracy" claimed in Count III of the Complaint. To the contrary, Plaintiffs have suffered no damages and there was no conspiracy involving any employee, officer or director of Clearfield to perform any illegal act.

WHEREFORE, Defendant Clearfield Bank and Trust Company respectfully requests that this Honorable Court enter judgment in its favor and against the Plaintiffs Penn Laurel Financial Corporation and CSB Bank.

NEW MATTER

62. The allegations in this Answer, New Matter, Counterclaim and New Matter Pursuant to Pa. R. Civ. P. 2252(d) are incorporated as if fully set forth herein.

63. Far from breaching its obligations under the Merger Agreement and Reorganization Agreement, Clearfield cooperated and assisted Plaintiffs in every respect in attempting to obtain the approval of the proposed merger by Clearfield shareholders. Such efforts and cooperation and assistance with Plaintiffs include, but are not limited to:

(a) Clearfield consulted with Plaintiffs and their counsel in responding to Omega's May 10, 1999 letter announcing Omega's interest in acquiring Clearfield and the possibility of a $65.00 per share purchase price by Omega;

(b) Clearfield, against the desires of its Board of Directors, acquiesced to the wishes of Plaintiffs and their counsel in identifying the proposal made by Omega in the May 10, 1999 letter, in filings with the Securities and Exchange Commission, as an expression of interest by an out-of-town bank which has made a proposal to acquire Clearfield shares. Clearfield did not, despite the desires of its own Board, identify with any specificity the amount and nature of Omega's offer to Clearfield's shareholders;

(c) In or around July 1999, representatives of Clearfield and its counsel participated in a number of meetings (both in person and by teleconference) with representatives of Plaintiffs and their counsel for the purposes of identifying a plan to move the merger forward to a shareholder vote and to persuade Clearfield shareholders of the benefits of the proposed merger so that the merger would be approved. This joint merger task force, as this group was called, put into place a number of action items to achieve these goals. Clearfield then acted on these items, either on its own or in conjunction with Plaintiffs. These action items were discussed and agreed to prior to the time that the improper offer to purchase shares was made by Omega on August 2, 1999. The task force agreed to move forward with the following action items (this list is not intended to be all inclusive):

(i) the hiring of a proxy solicitation firm, Kissel Blake of New York, New York, to coordinate communications with shareholders and to distribute proxy statements;

(ii) moving forward with the acquisition of an IBM mainframe computer, which was needed to coordinate data processing functions with Plaintiffs' computer system following the merger. The cost of this mainframe computer was $400,000 to $420,000. Clearfield agreed to move forward with the purchase of this mainframe computer despite the fact that it was possible that, if the merger was not approved, it would have been nevertheless obligated to retain and pay for the computer;

(iii) officers and directors of Clearfield made individual telephone calls to shareholders to persuade them to vote in favor of the merger; and

(iv) Clearfield, along with Plaintiffs, drafted and paid for a full page advertisement in the Clearfield Progress newspaper detailing to Clearfield shareholders the advantages of the proposed merger transaction in an effort to convince shareholders to vote in favor of the transaction.

(d) Within days of learning about the August 2, 1999 meeting at which Anonick and Omega made the illegal tender offer to certain Clearfield shareholders, which had been made to induce Clearfield shareholders to vote against the merger, the Clearfield Board of Directors authorized counsel to file the Omega Litigation, seeking an injunction against Omega. Within 10 days of the meeting, a Complaint had been filed in the United States District Court to enjoin Omega from making its offer to Clearfield shareholders, to order Omega to rescind any outstanding offers or agreements, and to apply for permission from the Pennsylvania Department of Banking before making any further offer for more than 10% of Clearfield's outstanding shares;

(e) Clearfield vigorously prosecuted the Omega Litigation and after a two-day trial obtained relief from the Court: (i) directing Omega to rescind any existing agreements for the voting of shares against the merger; (ii) directing Omega to inform shareholders that there was no existing offer by Omega to purchase shares and no obligation to vote against the merger; and (iii) forcing Omega to comply with the Pennsylvania Banking Code of 1965 and obtain approval from the Pennsylvania Department of Banking before making any offer for greater than 10% of the outstanding shares of Clearfield;

(f) Throughout the prosecution of the Omega Litigation, Clearfield cooperated and consulted with Plaintiffs and their counsel regarding litigation strategy;

(g) Clearfield worked closely with counsel for Plaintiffs in drafting a letter to Clearfield shareholders dated August 9, 1999 explaining that the Omega offer was unfair and deceptive;

(h) Clearfield participated with Plaintiffs in August 1999 in drafting and placing an advertisement putting shareholders on notice of Omega's actions and advising that they not sign any agreement with Omega;

(i) On or about August 23, 1999, Clearfield and Plaintiffs filed an Amendment to the SEC Form S-4 disclosing Omega's name and the amount of its offer, but stating that the offer appeared to be a tender offer and urging shareholders not to sign the Omega offer. Clearfield participated closely with Plaintiffs in drafting this amendment and seeing that it was properly filed.

(j) Convening a meeting of shareholders on September 3, 1999 at which William Wood, Clearfield's President and Chief Executive Officer, explained the benefits and merits of the proposed Clearfield - CSB/Penn Laurel merger and advocated its approval by shareholders;

(k) Clearfield, in consultation with and communication with Plaintiffs and their counsel, expended numerous manhours in preparing and filing a letter of protest with the Pennsylvania Department of Banking seeking to compel Omega's compliance with the Banking Code of 1965 and to bar Omega from making its offer to Clearfield shareholders;

(l) In or around July 1999, Plaintiffs requested that Clearfield agree to extend the termination date of the Reorganization Agreement beyond October 31, 1999. In an effort to ensure that the merger would go forward if approved, Clearfield's Board of Directors agreed that the date for the finalization of the merger could be extended from October 31, 1999 to March 31, 2000. Clearfield was under no obligation to agree to extend this date.

64. Clearfield, at the insistence of Plaintiffs and their counsel, identified Omega's May 10, 1999 letter in SEC filings only as expression of interest in acquiring Clearfield by an out-of-town bank. At the urging of Plaintiffs and their counsel, Clearfield did not disclose to its shareholders the name of the out-of-town bank or the amount of the contingent offer, $65.00 per share. Plaintiffs and their counsel explained that the reason that they demanded that the amount of the contingent offer and the identity of the offeror not be disclosed because Plaintiffs feared that Clearfield shareholders would vote against the merger. Upon information and belief, following the eventual disclosure of this information, some Clearfield shareholders felt angry and betrayed by Clearfield and voted against the merger on that basis. Accordingly, in whole or in

part, the merger was disapproved because Plaintiffs demanded that Clearfield not disclose relevant information to its shareholders.

65. Even if the alleged communications between Moody and Anonick took place, which is denied, such communications were not the cause of the merger's failure.

66. The merger would have been disapproved regardless of any communications between Moody and Anonick about the merger terms or the names of Clearfield shareholders opposed to the merger, because even before Anonick's meddling, a sufficient number of shareholders were opposed to defeat the merger.

67. Moody's alleged identification of shareholders opposed to the merger, which is denied, bears no causal connection to the failure of the proposed merger. Independent of any action by Anonick, a sufficient number of Clearfield shareholders opposed the merger (a) to provide the greater than the one-third (1/3) of outstanding shares necessary to vote down the merger; and (b) to provide the greater than 10% shareholders invoking their rights of dissent sufficient to prevent pooling of interest accounting and thereby render the merger untenable.

68. Securities and Exchange Commission Rule 145(b)(1), interpreting the Securities Act of 1933, severely limits the information that a party to a proposed merger may communicate to its shareholders in connection with the merger. Specifically, Rule 145(b)(1) prohibits a party to a proposed merger from touting or otherwise advocating the approval of the merger until the parties file a preliminary proxy statement, Form S-4, with the Securities and Exchange Commission. Even after the Form S-4 has been filed, Rule 145(b)(1) restricts the merging party from communicating any persuasive information to shareholders not contained in the Form S-4.

69. In Paragraph 38 of the Complaint, Plaintiffs allege that Clearfield failed to exercise its best efforts to fulfill the conditions precedent under the Reorganization Agreement and failed to take, in good faith all actions necessary to secure the approval of the merger by its shareholders. Among the actions Plaintiffs allege that Clearfield failed to take was to timely and effectively communicate with its Shareholders regarding the benefits from the merger and the reasonableness of the terms. By way of further answer to those allegations, Clearfield acted as expeditiously as possible, and communicated information regarding the benefits of the proposed merger to shareholders as persuasively as possible, within the restrictions set forth in Rule 145(b)(1).

70. Clearfield's ability to communicate effectively with its shareholders was severely hampered by Plaintiffs' dilatory conduct. Section 7.2(b) of the Reorganization Agreement required Plaintiff to use its best efforts to "promptly" prepare and file with the SEC the appropriate registration statements, including the preliminary proxy statement. In violation of its duties and responsibilities under section 7.2(b), Plaintiffs did not promptly and timely file a preliminary proxy statement. To the contrary, Plaintiffs filed the preliminary proxy statement on April 2, 1999 -- over three months after the initial signing of the Reorganization Agreement and the announcement of the proposed merger. During this three-month period, under Rule 145(b)(1), Clearfield was prevented from advocating the approval of the merger or touting the benefits of the merger to its shareholders. Upon information and belief, during this time period in which Clearfield could not communicate with its shareholders regarding the benefits of the merger, significant shareholder resistance to the proposed merger had developed, in sufficient numbers to result in the merger not being approved by Clearfield shareholders. Accordingly, the failure of the proposed merger to be approved by Clearfield shareholders was due in whole or in part to the dilatory conduct of Plaintiffs in preparing and filing the preliminary proxy

statement with the SEC, and otherwise in performing other duties required of them under the Reorganization Agreement.

71. Section 7.13 of the Reorganization Agreement required that Plaintiffs not issue any press release related to the merger without first submitting the press release to Clearfield for review and obtaining Clearfield's written approval of the press release. On or about December 31, 1998, Plaintiffs issued a press release to the Clearfield Progress newspaper and other media outlets. Plaintiffs did so without giving representatives of Clearfield a sufficient amount of time to review the press release and without receiving Clearfield's written approval of the press release. The press release was presented as having language which was non-negotiable. This press release, when it appeared as part of a news story in the Progress, was written in such a fashion that it was interpreted by many Clearfield shareholders that Clearfield, a significantly larger bank, was being acquired by CSB. The effect of this press release and the news stories based upon it was to engender immediate negative reaction among a significant number of Clearfield shareholders, who strongly believed that Clearfield, as the larger and more dominant bank, should be the surviving entity. Had the press release been submitted for proper review to Clearfield, Clearfield would have ensured that the press release was worded in such a manner as to make the merger as announced more attractive to Clearfield shareholders. As a direct result of Plaintiff's failure to permit Clearfield sufficient time to review the press release and to receive Clearfield's written approval, Plaintiffs generated significant antipathy toward the merger among Clearfield shareholders immediately after the merger was announced. Accordingly, the failure of the proposed merger to be approved by Clearfield shareholders was due in whole or in part to the conduct of Plaintiffs in issuing the initial press release announcing the proposed merger without permitting Clearfield sufficient review or obtaining Clearfield's written approval, in violation of the Reorganization Agreement.

72. Between the April 2, 1999 filing of the preliminary proxy statement and July 1999, Plaintiffs took little action to move the merger to the point where it could be voted upon by Clearfield shareholders. As noted above, under the Reorganization Agreement, it was Plaintiffs' duty and responsibility to file a registration statement and other documents with the SEC so that the shareholder vote could take place. The timetable for merger approval as late as April 1999 reflected that the Clearfield shareholders meeting regarding the proposed merger would take place in June 1999, and, in fact, in March 1999, Clearfield had sent a notice to shareholders indicating that the merger vote would take place in June. However, Plaintiffs did not file the appropriate amendments to the preliminary proxy statement with the SEC until well after the shareholder vote was to have taken place: the first amendment to the preliminary proxy statement was not filed until July 16, 1999, and the second amendment to the proxy statement (which was the final disclosure document) was not filed until August 2, 1999. The failure to make these filings in a timely fashion, in violation of section 7.2 of the Reorganization Agreement, was due to the inaction of Plaintiffs. Plaintiffs' failure to make timely filings with the SEC necessitated that the shareholders' vote be moved to September 1999. However, this long delay between the announcement of the proposed merger in December 1998 and the final vote in September 1999 caused a significant degree of antipathy toward the proposed merger on the part of a significant number of Clearfield shareholders, and caused those shareholders to vote against the merger. Accordingly, the failure of the proposed merger to be approved by Clearfield shareholders was due in whole or in part to the dilatory conduct of Plaintiffs in failing to make the appropriate filings with the SEC in a timely and expeditious manner in violation of the Reorganization Agreement, and thereby unduly delaying the final vote on the proposed merger by Clearfield shareholders.

73. Section 9.2(b) of the Reorganization Agreement limits liability in the event of termination of the Reorganization Agreement by one of the parties. Section 9.2(b) states:

> The termination of this Agreement in accordance with the terms of Section 9.1 shall create no liability on the part of any party, or on the part of any party's directors, officers, shareholders, agents or representatives, except that, if this Agreement is terminated by Penn Laurel and CSB by reason of material breach by Clearfield, or, if this Agreement is terminated by Clearfield by reason of material breach by Penn Laurel or CSB, and the breach involves an intentional, willful or grossly negligent misrepresentation or breach of covenant, the breaching party shall be liable to the non-breaching party or parties for all costs and expenses reasonably incurred by the non-breaching party or parties in connection with the preparation, execution and consummation of this Agreement, including the fees of its or their counsel, accountants, consultants, and other representatives.

74. Although Clearfield denies any breach of the covenants contained in the Reorganization Agreement or Merger Agreement, nevertheless, even assuming for the sake of argument that some breaches may have occurred, such breaches were not intentional, willful or grossly negligent sufficient to permit the imposition of damages against Clearfield.

75. Section 9.2(b) of the Reorganization Agreement requires, in addition, that for a non-breaching party to recover any of the damages specified in that section the breach of the Agreement must be "material." Although Clearfield denies any breach of the Reorganization Agreement or Merger Agreement, even assuming for the sake of argument that any such breach took place, said breach was not "material," and therefore does not provide the basis for recovery per the language of Section 9.2 of the Reorganization Agreement.

76. Section 9.2(b) of the Reorganization Agreement likewise limits the types of damages that a non-breaching party may recover. Assuming for the sake of argument that Plaintiffs were permitted to recover any damages, section 9.2(b) prevents Plaintiffs from recovering as an element of those damages the attorneys' fees they purportedly expended in

intervening in the Omega Litigation. Section 9.2(b) states explicitly that upon a breach, the non-breaching party may recover "all costs and expenses reasonably incurred by the non-breaching party or parties in connection with the preparation, execution and consummation of this Agreement. . . ." The intervention by Plaintiffs in the Omega Litigation, and the fees expended pursuant to that intervention and participation in the Omega Litigation, do not constitute expenses reasonably incurred in connection with the preparation, execution and consummation of the Reorganization Agreement. In consequence, Plaintiffs may not recover these fees and expenses as items of damage in this action, even if Plaintiffs are able to demonstrate a material breach of the Reorganization Agreement by Clearfield and harm as a result of such claimed breach.

77. Section 9.2(b) of the Reorganization Agreement states that only a "non-breaching party" may bring an action for damages against a breaching party. Here, Plaintiffs are not "non-breaching parties" who may recover damages from a breaching party. In fact, Plaintiffs did breach the Reorganization Agreement and Merger Agreements in several material respects prior to declaring Clearfield to be in breach. Such breaches of the relevant agreements include, but are not limited to:

(a) Section 7.2(b) and (c) of the Reorganization Agreement: These subsections require Penn Laurel and CSB to cooperate with Clearfield and use their best efforts so that the Agreement is consummated. In particular, subsection (b) requires Penn Laurel to "promptly" prepare and file with the Securities and Exchange Commission Registration Statement under the Securities Act of 1933. As set forth above at Paragraphs 70 and 72, Penn Laurel was dilatory in filing the appropriate documentation with the appropriate regulatory agencies, in breach of its duties and responsibilities under Section 7.2(b) of the Reorganization Agreement.

(b) Section 7.13 of the Reorganization Agreement: This section requires that Penn Laurel and CSB would not issue any press release related to the merger without Clearfield's prior written consent. As set forth above at Paragraph 71, Plaintiff's clearly violated this provision by sending out a press release to the Clearfield Progress and other newspapers regarding the merger without first receiving prior approval from Clearfield, or even submitting a press release to Clearfield for review.

(c) Section 7.12 of the Reorganization Agreement: This section requires that Plaintiffs take no action to jeopardize the pooling of interests accounting treatment necessary to make the merger economically feasible. In violation of this section, Penn Laurel took the following actions:

(i) On or about September 27, 1999, Plaintiffs delivered to Clearfield, prior to Clearfield's scheduled special shareholders meeting regarding the approval or disapproval of the merger, a number of warrants for the purchase of Clearfield stock. Plaintiffs demanded to purchase immediately approximately six percent of the outstanding shares of Clearfield stock pursuant to these warrants. At this time, Plaintiffs also tendered a check to Clearfield for the purchase price of the stock. Under the Investment Agreement, which was entered into in connection with the Reorganization Agreement, once the warrants were presented, Clearfield was obligated to transfer the shares to Penn Laurel.

(ii) This delivery of the warrants to Penn Laurel constitutes a violation of section 7.12 of the Reorganization Agreement, because the purchase of the stock by Plaintiffs prior to the approval of the merger would have made the use of pooling of interest accounting for the new entity impossible.

(iii) Without the pooling of interest accounting treatment of the transaction, the merger would become economically untenable. Accordingly, had the merger been approved by Clearfield's shareholders, it nevertheless would not have been able to move forward due to Plaintiffs' actions in tendering the warrants and demanding the transfer of Clearfield's stock for cash. These actions constitute a material breach of the Reorganization Agreement, in particular section 7.12, described above, and section 7.2, requiring that Penn Laurel and CSB take no actions to the detriment of the merger transaction and mandating cooperation with Clearfield.

(d) Section 4.21 of the Reorganization Agreement: This section requires that Plaintiffs not obtain actual or beneficial interest in more than five percent of Clearfield outstanding common stock prior to the consummation of the merger. As set forth above at Paragraph 76(c), Plaintiffs' actions in presenting its warrants to Clearfield prior to the vote by Clearfield shareholders obligated Clearfield to tender shares equaling six percent of Clearfield's stock, giving Plaintiffs beneficial interest in greater than five percent of Clearfield's outstanding shares, in violation of this provision.

(e) Section 4.13(ii) of the Reorganization Agreement: In this section, Plaintiffs represented that they were not parties to any plan, arrangement or contract providing for bonuses, options, deferred compensation, profit sharing or similar arrangements for or with any past or present officers, directors or employees of Penn Laurel or CSB. This representation was false. In fact, Plaintiffs' directors and officers had stock grants based

upon years of service; 401k plans; profit sharing; and an insurance annuity for officers that was fully vested upon a change of ownership.

(f) Section 7.1(k) of the Reorganization Agreement: This section required that Plaintiffs not take any action that constitutes a breach of any representation, warranty or covenant in the Reorganization Agreement. As set forth above, Plaintiffs were in breach of the representations, warranties and covenants in the Reorganization Agreement in a plethora of ways.

78. The preliminary proxy statement, filed on April 2, 1999 with the SEC, is and was a public document, readily available for review and analysis by anyone. The preliminary proxy statement included all pertinent information relating to the proposed merger, and attached as Exhibits the Reorganization Agreement, the Merger Agreement and all other pertinent agreements between the parties. Upon information and belief, to the extent that Anonick and Omega had any knowledge of the terms and conditions of the proposed merger, they gleaned them from the publicly available filings with the SEC.

79. The Reorganization Agreement was never repudiated by Clearfield and, in fact, pursuant to section 9.1 of the Agreement, simply expired by its own terms by the passing of the October 31, 1999, deadline without finalization of the merger.

WHEREFORE, Defendant Clearfield Bank and Trust Company respectfully requests that this Honorable Court enter judgment in its favor and against Plaintiffs Penn Laurel Financial Corporation and CSB Bank.

COUNTERCLAIM

80. Paragraphs 1 through 79 of this Answer, New Matter, Counterclaim and New Matter pursuant to Rule 2252(d) are incorporated as if fully set forth herein.

81. Plaintiffs/Counterclaim Defendants Penn Laurel and CSB have breached the terms of the Reorganization Agreement as set forth in Paragraph 77 Clearfield's New Matter.

82. Plaintiffs/Counterclaim Defendants' breaches of the terms of the Agreement are material, and Plaintiffs/Counterclaim Defendants' actions in breaching the Reorganization Agreement were intentional, willful and/or grossly negligent.

83. As a direct result of the breaches of the Reorganization Agreement committed by Penn Laurel and CSB, the merger proposed between the parties was not approved by Clearfield shareholders.

84. The failure to approve the proposed merger by Clearfield shareholders, caused by Plaintiffs/Counterclaim Defendants' breaches of the Reorganization Agreement, has resulted in severe economic harm to Clearfield. Such harm includes, but is not limited to, expenses incurred by Clearfield for legal and accounting fees, fees paid to the investment banking firm, fees paid to the proxy solicitation firm, and other various fees and expenses incurred in pursuing the consummation of the proposed merger.

85. Clearfield's damages as a result of the actions of Plaintiffs/Counterclaim defendants are in excess of $25,000.00.

WHEREFORE, Defendant/Counterclaim Plaintiff Clearfield Bank and Trust Company respectfully requests that this Honorable Court enter judgment in its favor and against Plaintiffs/Counterclaim Defendants CSB Bank and Penn Laurel Financial Corporation in an amount in excess of $25,000.00.

NEW MATTER PURSUANT TO PA. R. CIV. P. 2252(d)

86. The allegations contained in Paragraphs 1 through 85 of this Answer, New Matter, Counterclaim and New Matter Pursuant to Rule 2252(d) are incorporated as if fully set forth herein.

87. As set forth in Paragraphs 53 and 54 of the Complaint, Anonick and AFC engaged in a pattern of behavior intended to encourage shareholders of Clearfield to vote against the proposed merger with Penn Laurel/CSB and encourage those shareholders to exercise their shareholders rights of dissent. The goal of Anonick and AFC in performing these actions was to cause the termination of the Clearfield-Penn Laurel/CSB Merger Agreement so that Omega could then take steps to acquire Clearfield.

88. Anonick and AFC, with intent and knowledge, took deliberate, wrongful and illegal actions to induce Clearfield shareholders into exercising their dissenting shareholder rights and into voting against the proposed merger so that the proposed merger of Clearfield and Penn Laurel/CSB would not take place, and so that Omega could then take steps to acquire Clearfield.

89. Anonick and AFC's wrongful conduct includes, but is not limited to, the misrepresentations and/or material omissions of fact made in the tender offer of Omega to Clearfield shareholders on August 2, 1999, which constitute violations of the Securities Act of 1933 and the Pennsylvania Banking Code of 1965.

90. In the event it is determined at the time of trial that Clearfield is liable for Plaintiffs' alleged damages, which liability is expressly denied, Clearfield asserts a claim for contribution against, and avers that it is entitled to contribution from, Defendants Anonick and AFC.

91. In the event Plaintiffs prove they were damaged by the actions and conduct of Clearfield, which is expressly denied, then Defendants Anonick and AFC are primarily or solely liable to Plaintiffs and owe indemnity to Clearfield.

92. In the event Plaintiffs prove the allegations in their Complaint, Defendants Anonick and AFC are solely and/or jointly and severally liable to Plaintiffs.

93. In the event it is determined at the time of trial that Clearfield is liable for Plaintiffs' alleged damage, which liability is expressly denied, Defendants Anonick and AFC are liable over to Plaintiffs.

WHEREFORE, Defendant/Cross Claim Plaintiff Clearfield Bank and Trust Company denies any and all liability to Plaintiffs and demands judgment in its favor, and in the alternative, a judgment that Defendants Timothy Anonick and Anonick Financial Corporation are solely liable, liable over or liable to Defendant Clearfield for contribution and/or indemnity.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

1500 One PPG Place
Pittsburgh PA 15222
(412) 566-1212

Attorneys for Defendant,
Clearfield Bank & Trust Company

LIT 193788.6 04/29/00

VERIFICATION

I, William Wood, President and Chief Executive Officer of Clearfield Bank and Trust Company, depose and state that the facts contained in the foregoing Answer, New Matter, Counterclaim, and New Matter Pursuant to Rule 2252(d) 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. § 4904, relating to unsworn falsification to authorities.

William Wood

Date:

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the within Answer, New Matter, Counterclaim and Cross-Claim Pursuant to Pa. R. Civ. P. 2252(d) was served upon counsel by Federal Express, this 3rd day of May, 2000:

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
The Pennsylvania Center
3425 Simpson Ferry Road
Camp Hill, PA 17011

Howard Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

John E. Graf, Esquire

LIT 193788.6 04/29/00

FILED

MAY 0 4 2000

m/10.58/noCC

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

CIVIL DIVISION

PENN LAUREL FINANCIAL CORPORATION :

VS. : NO. 00-414-CD

CLEARFIELD BANK & TRUST :

COMPANY, et al :

O R D E R

NOW, this 18th day of July, 2000, upon consideration of recusal of both Judges sitting in the 46th Judicial District, it is the ORDER of this Court that the Court Administrator of Clearfield County refer the above-captioned civil matter to Administrative Regional Unit II for assignment of a specially presiding judicial authority.

BY THE COURT,

President Judge

FILED

JUL 19 2000

William A. Shaw
Prothonotary

FILED

JUL 19 2000
01:03/ 1cc to:
William A. Shaw
Prothonotary

atty. Dague
atty Tupi
atty Kelin
Judge Williamson
C.A.
M. Kelley Dep. C.A.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,

Defendants.

CIVIL ACTION - LAW

Civil Action No. 00-414-CO

REPLY OF CLEARFIELD BANK AND TRUST COMPANY TO NEW MATTER OF PLAINTIFF PENN LAUREL FINANCIAL CORPORATION AND CSB BANK TO CLEARFIELD'S COUNTERCLAIM

Filed on behalf of Defendant Clearfield Bank & Trust Company

Counsel of Record for this Party:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
Firm No.: 287

1500 One PPG Place
Pittsburgh, PA 15222

(412) 566-1212

LIT203533

FILED
SEP 22 2000
William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CO
v.	:	
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,	:	
Defendants.	:	

REPLY OF CLEARFIELD BANK AND TRUST COMPANY TO NEW MATTER OF PLAINTIFF PENN LAUREL FINANCIAL CORPORATION AND CSB BANK TO CLEARFIELD'S COUNTERCLAIM

Defendant Clearfield Bank and Trust Company ("Clearfield"), by and through its attorneys, Tucker Arensberg, P.C., files the following Reply to New Matter of Plaintiffs Penn Laurel Financial Corporation and CSB Bank to Clearfield's Counterclaim, and avers as follows:

1-93. The allegations in Clearfield's Answer, New Matter and Counterclaim and New Matter Pursuant to Pa. R.Civ.P. 2252(d) are incorporated as if fully specifically set forth herein.

REPLY TO PLAINTIFFS' NEW MATTER

94. In the action brought by Clearfield against Omega Financial Corporation in the United States District Court for the Western District of Pennsylvania (Civil Action No. 99-180J) (the "Federal Action"), Clearfield did argue that the May 10, 1999 letter of Omega Financial Corporation did not constitute a "offer." It further argued that the letter of May 10, 1999

constituted an "expression of interest" by Omega in purchasing Clearfield. However, to the extent that Plaintiffs are alleging that Clearfield's position in the Federal Action with regard to this issue somehow undercuts its position in this action, as set forth in its Answer, New Matter and Counterclaim, that Penn Laurel/CSB's actions in insisting that the parties not disclose the terms set forth in the May 10, 1999 letter caused antipathy among Clearfield shareholders and harmed the chances for approval of the proposed merger, these allegations are denied. To the contrary, the Board of Directors of Clearfield desired to disclose the existence of the $65.00 per share figure which was set forth in the May 10, 1999 letter in SEC filings, and it also wanted it to disclose the identity of Omega as the author of that letter. Acquiescing to the wishes of Penn Laurel/CSB and its legal counsel, the Clearfield Board agreed to identify the May 10, 1999 letter as an expression of interest by a "out-of-town" bank. Nevertheless, the failure of the parties to fully disclose the contents of the May 10, 1999 letter came to fruition when Clearfield shareholders became aware that Omega had stated that it was interested in purchasing Clearfield stock for $65.00 per share, which on its face was an amount considerably above the price negotiated by Clearfield and Penn Laurel. As a result, certain Clearfield shareholders had become concerned that Clearfield was withholding information which they believed were important to their decision as to whether to vote in favor of the proposed Clearfield-Penn Laurel/CSB merger. As set forth in Clearfield's Answer, New Matter and Counterclaim, a significant number of Clearfield shareholders came to express antipathy toward the merger as a result of this failure to disclose information, which was directly attributable to the insistence of Penn Laurel/CSB and its legal counsel not to disclose the information set forth above.

95. Denied. The allegations set forth in paragraph 95 of Plaintiffs' New Matter are denied. To the contrary, Clearfield argued in the Federal Action that the decision not to include the proposed purchase price and the identity of the author of the May 10, 1999 letter in SEC filings was not unlawful. It did not argue that information should not have been included in SEC

filings. Indeed, testimony by Clearfield witnesses at trial in the Federal Action disclosed that the Clearfield Board had wanted to disclose that information in SEC filings, but had acquiesced to the strong insistence of Penn Laurel/CSB and their counsel in not doing so. Further, to the extent that Penn Laurel/CSB is suggesting, by the allegation set forth in paragraph 95, that Clearfield's position in the Federal Action somehow undercuts its position in this matter, this allegation is further denied. To the contrary, it was Penn Laurel and Penn Laurel's counsel which insisted that the identity of the author of the May 10, 1999 letter and the amounts suggested as a per share purchase price not be disclosed to Clearfield shareholders through SEC filings. The failure to disclose this information by the parties led to, as described above and in Clearfield's Answer, New Matter and Counterclaim, severe antipathy among a number of Clearfield shareholders when they discovered the existence of the May 10, 1999 letter.

96. Denied. The allegation set forth in paragraph 96 of Plaintiffs' New Matter constitute conclusions of law to which no response are required, and which are therefore denied. In the event a response is required, the allegations are denied. To the contrary, Clearfield is not collaterally estopped from arguing or alleging that the May 10, 1999 letter of Omega constituted anything other than an "expression of interest."

97. Denied. The allegations set forth in paragraph 97 of Plaintiffs' New Matter constitute conclusions of law to which no response is required, and which are therefore denied. In the event a response is required, these allegations are denied. To the contrary, Clearfield is not barred from taking any position in this matter concerning the status of the May 10, 1999 letter due to, and did not make, any judicial admission in the Federal Action relating to Omega's letter of May 10, 1999.

98. Denied. The allegations set forth in paragraph 98 of Plaintiffs' New Matter constitute conclusions of law to which no response is required. In the event a response is required, these allegations are denied. To the contrary, Clearfield is not barred by the doctrine of res judiciata from arguing or alleging that the May 10, 1999 letter of Omega constituted anything other than an "expression of interest."

99. Denied. The allegations set forth in paragraph 99 of Plaintiffs' New Matter constitute conclusions of law to which no response is required. In the event a response is required, these allegations are denied. To the contrary, Clearfield is not collaterally estopped from arguing or alleging that details of the May 10, 1999 letter of Omega should have been included within the proxy statement and other materials filed with the SEC.

100. Denied. The allegations set forth in paragraph 100 of Plaintiffs' New Matter constitute conclusions of law to which no response is required, and which are therefore denied. In the event a response is required, these allegations are denied. To the contrary, Clearfield did not make any judicial admission in the federal action that details concerning the May 10, 1999 letter of Omega should have been disclosed in the proxy statement and other materials filed with the SEC.

101. Denied. The allegations set forth in paragraph 101 of the Plaintiffs' New Matter constitute conclusions of law to which no response is required, and which are therefore denied. In the event a response is required, these allegations are denied. To the contrary, Clearfield is not barred by the doctrine of res judiciata from arguing or alleging that details concerning the May 10, 1999 letter of Omega should have been included in the proxy statement and other materials filed with the SEC.

WHEREFORE, Defendant/Counterclaim Plaintiff Clearfield Bank and Trust Company respectfully request that this Honorable Court enter judgment in its favor and against Plaintiffs Penn Laurel Financial Corporation and CSB Bank in an amount in excess of $25,000.00

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By _____

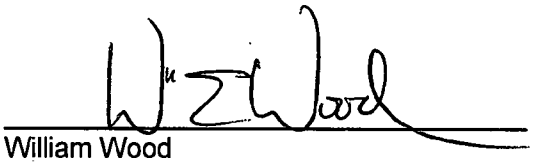
Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

1500 One PPG Place
Pittsburgh PA 15222
(412) 566-1212
Attorneys for Defendants

LIT203533

VERIFICATION

I, WILLIAM WOOD, President and Chief Executive Officer, depose and state that the facts contained in the foregoing Reply of Clearfield Bank and Trust Company to New Mater of Plaintiff Penn Laurel Financial Corporation and CSB Bank to Clearfield's Counterclaim 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. § 4904, relating to unsworn falsification to authorities.



William Wood

Date:

LIT203533

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the within **REPLY OF CLEARFIELD BANK AND TRUST COMPANY TO NEW MATTER OF PLAINTIFF PENN LAUREL FINANCIAL CORPORATION AND CSB BANK TO CLEARFIELD'S COUNTERCLAIM** was served upon counsel for Plaintiff by first-class mail, postage prepaid, this 20th day of September, 2000:

Laurence Dague, Esquire
Shumaker Williams, P.C.
The Pennsylvania Center
3425 Simpson Ferry Road
Camp Hill, PA 17011

Howard Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

John E. Graf, Esquire

LIT203533

FILED
SEP 22 2000
William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs,	:	Civil Action No. 00-414-CO
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK and ANONICK FINANCIAL CORPORATION, Defendants,	:	
v.	:	
LARRY W. BRUBAKER, DONALD R. FEZELL, GUY A. GRAHAM, FRANK J. HOFFMAN, JR., JANICE E. KEPHART, JOSEPH P. LEYO, RICHARD L. LININGER, C. BEN MULLINS, JR., HENRY A. PETERSON, LAURANCE B. SEAMAN, JOSEPH A. SHAW, DARRELL G. SPENCER, WESLEY M. WEYMERS, RICHARD A. WILKINSON, SHERWOOD C. MOODY, WILLIAM L. BERTRAM, GEORGE L. BEARD, D. STEPHEN BUTLER, WILLIAM T. DAVIS, ROBERT W. DOTTS, CRAIG L. HILE, ROBERT M. KURTZ, JR., MICHAEL R. LYTLE, BARBARA J. HUGNEY-SHOPE, RAY S. WALKER, H. REMBRANDT WOOLRIDGE, WILLIAM A. SHINER, GARY E. CURRY, RICHARD W. OGDEN, and WILLIAM E. WOOD,	:	
Additional Defendants.	:	

FILED

OCT 04 2000

William A. Shaw
Prothonotary

STIPULATION

The parties, by counsel, hereby stipulate as follows with respect to the voluntary dismissal of certain claims in this case:

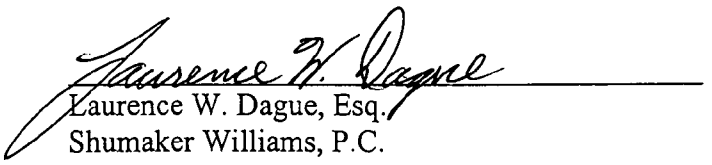
1. Timothy A. Anonick and Anonick Financial Corporation hereby dismiss all their claims against Penn Laurel Financial Services and Additional Defendants Larry W. Brubaker, Donald R. Fezell, Guy A. Graham, Frank J. Hoffman, Jr., Janice E. Kephart, Joseph P. Leyo, Richard L. Lininger, C. Ben Mullins, Jr., Henry A. Peterson, Laurance B. Seaman, Joseph A. Shaw, Darrell G. Spencer, Wesley M. Weymers, Richard A. Wilkinson, Sherwood C. Moody, William L. Bertram, George L. Beard, D. Stephen Butler, William T.Davis, Robert W. Dotts, Craig L. Hile, Robert M.. Kurtz, Jr., Michael R. Lytle, Barbara J. Hugney-Shope, Ray S. Walker, H. Rembrandt Woolridge, William A. Shiner, Gary E. Curry, Richard W. Ogden, and William E. Wood.

2. Clearfield Bank & Trust Company hereby dismisses all its claims against Timothy A. Anonick.

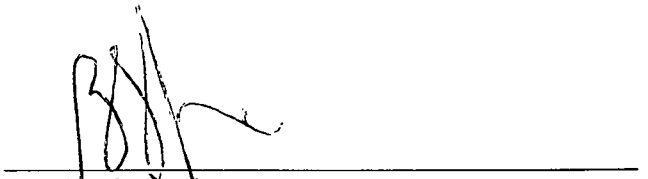
3. The foregoing dismissals are without prejudice.

4. The pending preliminary objections of Clearfield Bank & Trust Company, Penn Laurel Financial Services and CSB Bank are hereby withdrawn.

Howard L. Kelin
Kegel Kelin Almy & Grimm LLP
Attorney I.D. No. 65124
24 N. Lime Street
Lancaster, PA 17602
(717) 392-1100
Counsel for Timothy A. Anonick and Anonick Financial Corporation



Laurence W. Dague, Esq.
Shumaker Williams, P.C.
Attorney ID No. 19715
P. O. Box 88
Harrisburg, PA 17108
Counsel for Penn Laurel Financial Corp and CSB Bank



Bradley S. Tupi, Esq.
Tucker Arensberg, P.C.
Attorney ID No. 28682
One PPG Place
Suite 1500
Pittsburgh, PA 15222-5401

FILED

OCT 04 2000

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William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	
Plaintiffs,	:	**Civil Action No. 00-414-CO**
v.	:	
	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK and ANONICK FINANCIAL CORPORATION,	:	
Defendants,	:	

ORDER

AND NOW, this 3rd day of October, 2000, it is hereby ORDERED that the attached Stipulation entered between the parties to this action is approved and binding upon them.

Judge 25th Jud Dist
J. Pres.

FILED

OCT 04 2000

William A. Shaw
Prothonotary

FILED

OCT 04 2000

01:58 Atty Dague

William A. Shaw
Prothonotary

3 cc

Jacki - I copied this to send to Judge Williamson w/ the original Order - you might as well just file this - it needs to be scheduled & I haven't coordinated it with them yet - I'm trying

Thanks.

M

IMPORTANT MESSAGE

FOR _____

DATE _____ TIME _____ A.M. P.M.

M _____

OF _____

PHONE _____
AREA CODE NUMBER EXTENSION

☐ FAX

☐ MOBILE _____
AREA CODE NUMBER TIME TO CALL

TELEPHONED		PLEASE CALL	
CAME TO SEE YOU		WILL CALL AGAIN	
WANTS TO SEE YOU		RUSH	
RETURNED YOUR CALL		SPECIAL ATTENTION	

MESSAGE _____

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SIGNED

TOPS. FORM 3002S
MADE IN U.S.A.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,

Defendants.

CIVIL ACTION - LAW

Civil Action No. 00-414-CO

DEFENDANT CLEARFIELD BANK AND TRUST COMPANY'S MOTION TO COMPEL ANSWERS TO INTERROGATORIES BY PLAINTIFFS

FILED

JAN 02 2001

William A. Shaw
Prothonotary

Filed on behalf of Defendant
Clearfield Bank & Trust Company

Counsel of Record for this Party:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
Firm No.: 287

1500 One PPG Place
Pittsburgh, PA 15222

(412) 566-1212

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CO
v.	:	
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,	:	
Defendants.	:	

DEFENDANT CLEARFIELD BANK AND TRUST COMPANY'S MOTION TO COMPEL ANSWERS TO INTERROGATORIES DIRECTED TO PLAINTIFFS

Defendant Clearfield Bank & Trust Company ("Clearfield"), by and through its attorneys, Tucker Arensberg, P.C., files the following Motion to Compel, and requests that the Court issue an Order directing Plaintiffs CSB Bank ("CSB") and Penn Laurel Financial Corporation ("Penn Laurel") (where appropriate, collectively referred to as "Penn Laurel/CSB" or "Plaintiffs") to provide full, complete and verified answers, to its First Set of Amended Interrogatories.

1. On or about September 19, 2000, Clearfield served upon Plaintiffs its First Set of Interrogatories and Requests for Production of Documents. (A true and correct copy of these Interrogatories and Requests for Production of Documents are attached hereto as Exhibit "A").

2. On or about October 18, 2000, counsel for Plaintiffs served its Answers and Objections to Plaintiffs' Interrogatories. Plaintiffs objected to all of the Interrogatories, and refused to provide answers to any of them. (A true and correct copy of these Answers and Objections to Interrogatories is attached hereto as Exhibit "B"). In an accompanying letter, Plaintiffs' counsel stated that Plaintiffs were objecting to the Interrogatories because they were too numerous. In the letter, counsel offered to consider a "reasonable" number of interrogatories. (A true and correct copy of counsel's letter of October 18, 2000 is attached hereto as Exhibit "C").

3. Rather than seek court intervention at that point, and in a spirit of cooperation, Clearfield revised its Interrogatories, eliminating many of the interrogatories, and creating an Amended First Set of Interrogatories ("Amended Interrogatories"). (A true and correct copy of the Amended Interrogatories are attached hereto as Exhibit "D"). The Amended Interrogatories included a total of 56 interrogatories. Counsel for Clearfield sent a letter accompanying the Amended Interrogatories stating that, while Clearfield disagreed with Plaintiffs' complaints regarding the number of interrogatories, in order to accommodate Plaintiffs' concerns, Clearfield had pared more than 20 interrogatories from the original set of Interrogatories. (A true and correct copy of counsel for Clearfield's letter of October 31, 2000 is attached hereto as Exhibit "E").

4. On or about November 2, 2000, counsel for Plaintiffs sent a letter to counsel for Clearfield again complaining about the number of interrogatories in the Amended Interrogatories. (A true and correct copy of counsel for Plaintiff's letter dated November 2, 2000 is attached hereto as Exhibit "F"). Curiously, counsel for Plaintiffs offered to answer the Amended Interrogatories, if Clearfield would assure him in writing that these would be the only Interrogatories

which Clearfield would be propounding. Counsel stated:

> [W]e will respond to the revised set of Interrogatories if you notify me in writing that this is the only set that your client will be propounding.

5. The Pennsylvania Rules of Civil Procedure, notably Rule 4005, contain no limitation on the number of Interrogatories which a party may propound.

6. Counsel for Clearfield responded by letter November 15, 2000. In that letter, counsel explained the reasoning behind the Interrogatories and the need for the information. (A true and correct copy of counsel for Clearfield's letter of November 15, 2000 is attached hereto as Exhibit "G"). Counsel for Clearfield declined Plaintiffs' counsel's offer to amend the Rules of Civil Procedure.

7. Counsel for Plaintiffs responded by letter on November 20, 2000, indicating that Plaintiffs would be answering the Amended Interrogatories in the same fashion as the original set, that is, by objecting to them wholesale. (A true and correct copy of counsel for Plaintiffs' letter of November 20, 2000 is attached hereto as Exhibit "H").

8. On or about November 28, 2000, counsel for Plaintiffs served its Answers and Objections to the Amended Interrogatories, again refusing to provide any information whatsoever in response to the Amended Interrogatories. (A true and correct copy of these Answers and Objections to Amended Interrogatories is attached hereto as Exhibit "I").

9. The Amended Interrogatories are narrowly tailored to seek relevant information from Plaintiffs regarding the allegations in their Complaint, and to obtain information

regarding the identities and locations of witnesses. Each interrogatory seeks either (a) background information regarding Penn Laurel and CSB; (b) information regarding witnesses with knowledge of certain issues raised in Penn Laurel/CSB's Complaint; (c) the sources of information for certain of Penn Laurel/CSB's allegations; and (d) explanation of certain vague allegations in the Complaint. Each and every one of these interrogatories is relevant to this matter and is reasonably calculated to lead to the discovery of admissible evidence.

10. Many of Interrogatories served were made necessary by the vagueness of Penn Laurel's Complaint. For instance, paragraph 26 of the Complaint claims that unnamed members of Clearfield's Board of Directors allegedly had knowledge regarding Timothy Anonick's and Jack Woolridge's alleged "efforts to foster and foment" opposition to the merger between Clearfield and Penn Laurel. The Complaint does not identify who these unnamed members of the Board of Directors are, and Clearfield through an Interrogatory is entitled to discover to whom Penn Laurel is referring in its Complaint.

11. Likewise, paragraph 31 of the Complaint claims that Clearfield violated the Reorganization Agreement between the parties by permitting its officers or directors to engage in discussions concerning the terms and conditions of the reorganization. The Complaint, however, at no point identifies which sections of the Reorganization Agreement Clearfield purportedly violated. The Interrogatory requesting information regarding this allegation is, therefore, necessary and appropriate to determine which contractual duties Penn Laurel is claiming Clearfield breached in its Complaint.

12. Based upon counsel for Plaintiffs' correspondence, it appears that

Plaintiffs will argue that the Interrogatories are burdensome because there are many subparts. This is a specious argument in several respects. First, as noted above, Pennsylvania Rule of Civil Procedure 4005 provides no limitation on the number of interrogatories a party may serve. Given the complexity of this matter, and the relative vagueness of Penn Laurel's Complaint, the number of Interrogatories served here, along with their sub-parts, is well within the limitations of reasonableness provided by the Rules.

13. Moreover, many of these Interrogatories request information that should be easily available to Plaintiffs. For instance, Interrogatory No. 1, which contains several subparts, requests information regarding the legal status, domicile, etc. of Penn Laurel, information which could be obtained through a thirty second telephone call.

14. In addition to their general refusal to provide any information in response to Plaintiffs' Amended Interrogatories, Plaintiffs have also interposed improper specific objections to Amended Interrogatories 9, 10 and 12. Interrogatories 9 and 10 request information related to any witnesses who have given statements to Plaintiffs. Interrogatory 12 requests information regarding any experts retained to appear at trial.

15. First, with regard to Interrogatories Nos. 9 and 10, which request information regarding any witness statements taken by Penn Laurel/CSB, Plaintiffs interposed an objection based upon Pennsylvania Rule of Civil Procedure 4003.4. However, this Rule specifically provides that a party is entitled to request witness statements and to demand to have such statements produced by an opposing party. Plaintiffs are, therefore, obligated to provide the information requested, to the extent that it exists.

16. Plaintiffs second objection was to Interrogatory No. 12, which seeks information regarding any expert witness which Penn Laurel/CSB would seek to call in this matter. In support of their objection, Plaintiffs cite to Rule 4003.5(a)(1). Again, this rule requires that a party produce information relating to the identity of expert witnesses, their opinions, and the bases for their opinions. Plaintiffs' objections, therefore, has no basis in the rules which they cite in support of those objections, and, in fact, the rules require the production of the requested information.

17. Plaintiffs' refusal to provide any information whatsoever in response to Clearfield's reasonable Amended Interrogatories has severely hampered Clearfield's ability to investigate Plaintiffs' claims, and to defend against those claims.

18. Clearfield, accordingly, respectfully requests that this Court order Plaintiffs to provide full, fair and complete answers to Clearfield's Amended Interrogatories.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By: _____

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

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1500 One PPG Place
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(412) 566-1212

LIT214362

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,

Defendants.

CIVIL ACTION - LAW

Civil Action No. 00-414-CO

DEFENDANT CLEARFIELD BANK AND TRUST COMPANY'S FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO PLAINTIFFS

Filed on behalf of Defendant Clearfield Bank & Trust Company

Counsel of Record for this Party:

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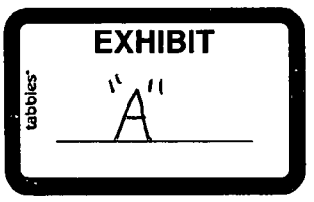
LIT203925



IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CO
v.	:	
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,	:	
Defendants.	:	

DEFENDANT CLEARFIELD BANK AND TRUST COMPANY'S FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO PLAINTIFFS

Defendant Clearfield Bank & Trust Company ("Clearfield"), by and through its attorneys, Tucker Arensberg, P.C., serves the following First Set of Interrogatories and Requests for Production of Documents, and requests that Plaintiffs CSB Bank ("CSB") and Penn Laurel Financial Corporation ("Penn Laurel") (where appropriate, collectively referred to as "Penn Laurel/CSB" or "Plaintiffs") file full, complete and verified answers, under oath, in writing, to the following Interrogatories and Requests for Production of Documents within thirty (30) days of the date of service hereof, and that any and all responsive documents be produced within thirty (30) days to the offices of Tucker Arensberg, P.C., 1500 One PPG Place, Pittsburgh, PA 15222.

I. INSTRUCTIONS AND DEFINITIONS

1. The word "Person" means any individual, corporation, partnership, joint venture, firm, association, proprietorship, agency, board, authority, commission or other such entity.

2. The word "Document" means any original and any non-identical copy of any written, printed, typewritten, recorded or graphic matter however produced, including, but not limited to, correspondence, e-mails, memoranda, office records and/or notes, inter-office communications, minutes, consultation notes, telegrams, tapes, annual reports, reports, prospectuses, questionnaires, contracts, deeds, notes, negotiable instruments, mortgages, guarantees, contracts of suretyship, agreements, schedules, analyses, drawings, pictures, tables, graphs, maps, plans, surveys, indices, work papers, diaries, calendars, appointment books, films, photographs, books of account, invoices, purchase orders, inventories, spread sheets, proposals, bids, ledgers, logs, checks, bills, pleadings, confirmation slips, financial statements, account statements, checking account statements, savings account statements, telex, instructions, permits, warranties, drafts, computer printouts and reports, and/or any other tangible representation of information which may be retrievable, including data compilations from which information can be used, which now or at any time has been in the possession, custody or control of, or known to Penn Laurel/CSB and/or any of Penn Laurel/CSB's present or former attorneys, agents, accountants, employees and/or any other persons acting or purporting to act on Items' behalf.

3. Without limitation of the term "Control" as used in the preceding sentence, a document is deemed to be in control if Penn Laurel/CSB has the right to secure the document or a copy thereof from another person or entity having actual possession thereof.

4. If a document is responsive to a request for identification or production and is in Penn Laurel/CSB's control, but not in Penn Laurel/CSB's possession or custody, identify the person, as defined herein, with possession or custody.

5. If the document was, but is no longer in Penn Laurel/CSB's possession or subject to Items' control, state what disposition was made of it, by whom, and the date or dates or approximate date or dates on which disposition was made, and why.

6. "Identify".

(a) The word "Identify" when used in reference to a person means to state the name, business and residence address, phone number, occupation, job title, and dates so employed; and if not an individual, state the type of entity and the address of its principal place of business.

(b) The word "Identify" when used in reference to a document means to state the type of document (letter, memorandum, etc.), the title, the identity of the author or originator, the identity of each person (as defined herein) to whom the original or a copy was addressed for delivery, the identity of such person known or reasonably believed by Items to have present possession, custody or control thereof, and a brief description of the general substance contained therein.

(c) The word "Identify" when used in reference to a communication means to state the date of the communication, the approximate time of the communication, the type of communication (telephone conversation, telex, etc.), the place where the communication took place, the identity of the person who initiated the communication, the identity of each person who received the communication and of each person present when it was made, and the subject matter discussed.

(d) The word "Identify" when used in reference to a meeting means the date of the meeting, the place of the meeting, each person invited to attend, each person who attended and the subject matter discussed.

7. The words "It," "There," and "You" means Penn Laurel/CSB and/or any person acting on Penn Laurel/CSB's behalf, including its attorneys, investigators, representatives, insurance companies, and its account executives, brokers, investment advisors, employees, agents, servants and/or other representatives.

8. When appropriate, when used herein, the singular encompasses the plural and vice versa and the masculine includes the feminine and neuter genders. The past tense includes the present tense where the clear meaning is not distorted by change of tense.

9. "Any" includes the word "all" and "all" includes the word "any."

10. If Penn Laurel/CSB objects to an Interrogatory and/or a Request herein, either in whole or in part, on the grounds that the information sought is privileged or confidential (hereinafter "privileged"), Penn Laurel/CSB shall answer as much of the Interrogatory and/or produce as many of the documents or as much of the document(s) concerned, as to which no privilege is claimed. With respect to each Interrogatory or portion thereof and/or each document or portion of document for which a privilege is claimed:

(a) identify the privileged document or portion of document;

(b) identify the person(s) in present custody of the privileged document or portion of document for which a privilege is claimed;

(c) identify the person(s) who wrote, conceived or generated the document or portion of document for which a privilege is claimed; and

(d) state specifically the exact privilege claimed, together with such facts as will enable the court to determine the merits of the claim of privilege.

11. Should Penn Laurel/CSB or their attorneys or representatives obtain information or documents supplementing or differing from those answers or documents produced in response hereto, these Interrogatories and Requests shall be deemed to call for such supplementary or different information or documents pursuant to the Pennsylvania Rules of Civil Procedure.

12. If at any time, any of said Interrogatories request information relating to documents, Penn Laurel/CSB teams should attach copies of said documents in lieu of duplicating the same in its answers.

II. INTERROGATORIES

1. State the legal status (e.g. corporation, partnership), domicile, principal place of business, and date of organization of Penn Laurel.

ANSWER:

2. If Penn Laurel is a corporation, state the date of its incorporation and state of incorporation.

ANSWER:

3. Identify by positions and dates of service the corporate officers of Penn Laurel from January 1, 1996 to present.

ANSWER:

4. Identify each line of business conducted by Penn Laurel, its affiliates and/or subsidiaries from January 1, 1996 to the present.

ANSWER:

5. State the legal status, domicile, principal place of business, and date of organization of CSB.

ANSWER:

6. If CSB is a corporation, state the date of its incorporation and state of incorporation.

ANSWER:

7. Identify by positions and dates of service the corporate officers of CSB from January 1, 1996 to present.

ANSWER:

8. Identify each line of business conducted by CSB, its affiliates and/or subsidiaries from January 1, 1996 to the present.

ANSWER:

9. Have Plaintiffs or anyone acting on their behalf obtained from any witness, party or any other person, any statement, recording (stenographic, mechanical, electrical, etc.), report, memoranda, or testimony, whether signed, adopted or approved, concerning the subject matter of this suit or any claim or defense of any party to this action?

ANSWER:

10. If the answer to the preceding Interrogatory is "yes," please state the following:

(a) the name and address of each witness, party or person;

(b) when the statement was taken;

(c) where the statement was taken;

(d) the name, address, employer and telephone number of the person taking;

(e) whether the statement is in question and answer or narrative form;

(f) whether the person giving it received a copy of the statement;

(g) whether the statement was signed;

(h) if the statement was not signed, the method by which it was adopted or approved; and

(i) attach a photostatic copy or like reproduction of each such statement, recording, report, memoranda or testimony.

ANSWER:

11. Please state whether any officers, directors, employees, agents, servants and/or other representatives of Plaintiffs, current or former, have given any statement concerning this action or its subject matter. If so, please identify:

(a) each person to whom a statement was given;

(b) when and where each statement was given;

(c) any person who has custody of any such statement that was reduced to writing or otherwise recorded; and

(d) attach a copy of each such statement to these Answers to Interrogatories.

ANSWER:

12. Identify by name and present address each person whom Plaintiffs expect to call as an expert witness in this case, and for each person so identified, please state:

(a) the subject matter concerning which each such expert is expected to testify;

(b) the substance of each opinion to which he or she is expected to testify;

(c) the grounds for each opinion;

(d) which facts, events or findings were observed by him or her;

(e) which facts, events or findings were assumed by him or her to have occurred or to be true;

(f) identify each expert's background, training, experience and/or other qualifications;

(g) state whether any such expert has prepared or will prepare a report and, if so, the date of each such report; and

(h) produce with your Answers copies of each report prepared by any such expert. If you cannot attach such copies, please explain and state in verbatim the contents of each such report.

ANSWER:

13. Please state whether Penn Laurel/CSB or anyone acting on their behalf has conducted any investigation of the underlying facts which are the subject matter of their Complaint and Clearfield's and Timothy Anonick and Anonick Financial Corporation's responsive pleadings.

ANSWER:

14. If your answer to the preceding Interrogatory is anything but an unqualified negative, please state with respect to any such investigation the following information:

(a) each person, and the employer of each person, who conducted an investigation;

(b) the dates of the investigation; and

(c) all notes, reports or other documents prepared during or as a result of the investigation and the identity of the persons who have possession thereof.

ANSWER:

15. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the negotiation, drafting and execution of the Merger Agreement and Reorganization Agreement (as those terms are defined in Plaintiffs' Complaint).

ANSWER:

16. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the decision to exercise Penn Laurel/CSB's warrants for Clearfield stock on or about September 27, 1999.

ANSWER:

17. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the decision to file the present legal action against Clearfield.

ANSWER:

18. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the decision not to disclose the name of Omega Financial Corporation ("Omega") or the amount it was willing to pay for Clearfield's stock, as set forth in its May 10, 1999 letter to Clearfield, in filings with the SEC.

ANSWER:

19. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the joint merger task force created in or around July 1999 to persuade Clearfield shareholders of the benefits of the proposed Clearfield-Penn Laurel/CSB merger.

ANSWER:

20. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 14 of Plaintiff's Complaint that "Sherwood C. Moody ... received a telephone call from Defendant Anonick ... and Mr. Moody discussed information relating to the merger of the parties with Defendant Anonick."

ANSWER:

21. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

22. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 15 of Plaintiff's Complaint that "[i]n that telephone conversation in February or March of 1999, Mr. Moody provided Defendant Anonick with substantial information concerning the proposed merger of the parties, including the definitive terms thereof."

ANSWER:

23. Identify each director, officer, employee, agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

24. Identify with specificity the "definitive terms" of the proposed merger between the parties purportedly provided by Moody to Anonick, as alleged in paragraph 15 of Plaintiff's Complaint.

ANSWER:

25. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 16 of Plaintiff's Complaint that "Mr. Moody again discussed the parties' proposed merger with Defendant Anonick."

ANSWER:

26. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

27. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 16 of Plaintiff's Complaint that "Defendant Anonick [was left with] the impression that Mr. Moody was not in favor of that merger."

ANSWER:

28. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

29. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 17 of Plaintiff's Complaint that "Mr. Moody met with Defendant Anonick and provided him with additional information concerning the proposed merger, including that a number of Clearfield shareholders were opposed to it, and provided Defendant Anonick with the names of one or more shareholders who were opposed."

ANSWER:

30. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

31. Identify with specificity all the "additional information concerning the proposed merger" to which Plaintiffs are referring in paragraph 17 of their Complaint.

ANSWER:

32. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 18 of Plaintiff's Complaint that "after having those discussions with Mr. Moody, Defendant Anonick contacted officers of Omega Financial Corporation ("Omega") ... in order to determine whether Omega would be interested in making a proposal to Clearfield as an alternative to and in competition with the [Clearfield-Penn Laurel] merger. ..."

ANSWER:

33. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

34. Identify each "officer" of Omega Financial Corporation whom Anonick contacted as alleged in paragraph 18 of the Complaint.

ANSWER:

35. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 19 of Plaintiff's Complaint that "Defendant Anonick provided information to them that had been previously supplied to him by Mr. Moody concerning the fact that some Clearfield shareholders were opposed to the [Clearfield-Penn Laurel] merger."

ANSWER:

36. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

37. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 20 of Plaintiff's Complaint that "as a result of Defendant Anonick's [actions] ..., Omega began discussing Clearfield as a potential merger target for Omega with Defendant Anonick."

ANSWER:

38. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

39. Identify each and every director, officer, employee, agent or representative of Omega who "discussed Clearfield as a potential merger target for Omega" with Defendant Anonick, as set forth in paragraph 20 of the Complaint.

ANSWER:

40. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

41. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 22 of Plaintiff's Complaint that "on May 10, 1999, Mr. Moody had another telephone conversation with Defendant Anonick in which he confirmed the receipt of the May 10 Omega letter ... ."

ANSWER:

42. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

43. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 22 of Plaintiff's Complaint that "... Mr. Moody had yet another telephone conversation with Defendant Anonick a few days later after that in which he informed Defendant Anonick that he had been advised by counsel not to speak to Defendant Anonick anymore."

ANSWER:

44. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

45. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 23 of Plaintiff's Complaint that "Defendant Anonick contacted one of Clearfield's shareholders, Mr. Jack Woolridge ... ."

ANSWER:

46. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

47. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 23 of Plaintiff's Complaint that Mr. Moody had previously identified [Jack Woolridge] as a shareholder who was opposed to the proposed merger between the parties ... ."

ANSWER:

48. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

49. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 25 of Plaintiff's Complaint that "Mr. Woolridge provided Defendant Anonick at that time with a list of shareholders that were opposed to the proposed merger ... ."

ANSWER:

50. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

51. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 25 of Plaintiff's Complaint that "the list [purportedly provided by Jack Woolridge to Anonick] included at least one member of the Clearfield Board of Directors, Mr. Rembrandt Woolridge ... ."

ANSWER:

52. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

53. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 26 of the Complaint that "one or more members of Clearfield's Board of Directors had knowledge of Defendant Anonick's and Mr. Jack Woolridge's efforts to foster and foment opposition to the proposed merger of the parties."

ANSWER:

54. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

55. State the names of the members of Clearfield's Board of Directors who allegedly had knowledge of Anonick's and Jack Woolridge's alleged "efforts to foster and foment" such opposition as alleged in paragraph 26 of the Complaint.

ANSWER:

56. State the source[s] of information upon which Plaintiffs base the allegation in paragraph 27 of their Complaint that "one or more members of Clearfield's Board of Directors and one or more officers of Clearfield had knowledge of Defendant Anonick's efforts to interest Omega in a possible merger with Clearfield prior to Omega's May 10 letter."

ANSWER:

57. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

58. With regards to the allegations in paragraph 30 of the Complaint, that "Clearfield, acting through its officers and directors, violated the Reorganization Agreement by engaging in discussions concerning the fact of and terms and conditions of the reorganization," identify:

(a) Each Clearfield officer and/or director who allegedly violated the Reorganization Agreement (as that term is defined in Plaintiffs' Complaint);

(b) The person(s) with whom the Clearfield officers and/or directors allegedly engaged in such discussions;

(c) The date and substance of each such discussion;

(d) The manner of such discussions (e.g., face-to-face meeting, telephone conversation, letter, e-mail, or other manner of communication);

(e) The precise "terms and conditions of the Reorganization" which were purportedly discussed; and

(f) The specific paragraphs of the Reorganization Agreement which were purportedly violated by the Clearfield officers and/or directors.

ANSWER:

59. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

60. With regard to the allegations in paragraph 31 of the Complaint that Clearfield "violated the Reorganization Agreement (as that term is defined in Plaintiffs' Complaint) by permitting one or more officers and/or directors to engage in discussions concerning the facts of and terms and conditions of reorganization," identify:

(a) the officer, director, representative, employee and/or agent of Clearfield who "permitted" the officers and/or directors of Clearfield to engage in such alleged discussions; and

(b) the specific paragraphs of the Reorganization Agreement which were purportedly violated by Clearfield and/or its officers and/or directors through these alleged actions.

ANSWER:

61. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

62. With regard to the allegation in paragraph 33 of the Complaint that "Clearfield violated the Reorganization Agreement by permitting one or more officers and/or directors to respond to requests for information, inquiries, and other communications concerning the facts of and terms and conditions of the reorganization," identify:

(a) the Clearfield officer(s) and/or director(s) who allegedly responded to such request for information, inquiries and other communications;

(b) each "request for information, inquiry or other communication" referred to in paragraph 33 of the Complaint;

(c) the person making such "request(s) for information, inquiry(ies) or other communication(s)";

(d) the date(s) such request(s) for information, inquiry(ies) or other communication(s) were made;

(e) the substance of each such "request for information, inquiry and other communication" referred to in paragraph 33;

(f) the method of communication of such request for information, inquiry or other communications" (e.g. face-to-face meeting, telephone call, letter, e-mail, or other mode of communication); and

(g) the specific paragraphs of the Reorganization Agreement which were purported violated by Clearfield through these alleged actions.

ANSWER:

63. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

64. Identify with specificity each section or paragraph of the Reorganization Agreement which Plaintiffs contend Clearfield violated by allegedly "failing to notify Penn Laurel immediately of discussions sought to be initiated and request for information, inquiries and communication received from other persons" as set forth in paragraph 34 of the Complaint.

ANSWER:

65. With regard to the allegations in paragraph 35 of the Complaint that "Clearfield, acting through its officers and directors, violated the Reorganization Agreement by encouraging inquiries, furnishing information, and participating in discussions with respect to acquisition or purchase of all or substantial equity interests in Clearfield and/or with respect to business combinations with Clearfield," identify:

(a) the officers and/or directors of Clearfield who allegedly caused Clearfield to violate the Reorganization Agreement as set forth in paragraph 35 of the Complaint;

(b) the person(s) whom Clearfield "encouraged" to make inquiries, to whom information was furnished, and with whom discussions were held by Clearfield officers and directors; and

(c) the specific paragraphs of the Reorganization Agreement which Clearfield purportedly violated through the conduct alleged in paragraph 35 of the Complaint.

ANSWER:

66. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

67. Describe how Clearfield's officers and directors allegedly "encourage[d] inquiries regarding the acquisition or purchase of equity interests in Clearfield," as set forth in paragraph 35 of the Complaint.

ANSWER:

68. With regard to the allegation in paragraph 36 of the Complaint that Clearfield violated the Reorganization Agreement by "permitting one or more officers and/or directors to encourage inquiries, furnish information, and participate in discussions with respect to the acquisition or purchase of all or substantial equity interest in Clearfield and/or with respect to business accommodations with Clearfield," identify:

(a) the officers and/or directors of Clearfield which allegedly permitted other officers and/or directors to encourage inquiries, furnish information and participate in discussions as set forth in paragraph 36 of the Complaint; and

(b) each section or paragraph of the Reorganization Agreement which Clearfield allegedly violated by the conduct set forth in paragraph 36 of the Complaint.

ANSWER:

69. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

70. Identify each paragraph of the Reorganization Agreement which Plaintiffs claim that Clearfield breached by "failing to notify Penn Laurel immediately of inquiries received and information requested from Clearfield" as set forth in paragraph 37 of the Complaint.

ANSWER:

71. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

72. Identify each section of the Reorganization Agreement which Plaintiffs claim that Clearfield breached by failing to "exercise its best efforts to fulfill all conditions precedent to the Agreement and by failing to take a good faith all actions appropriate to secure approval and adoption ... " as set forth in paragraph 38 of the Complaint.

ANSWER:

73. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

74. With respect to the allegation in paragraph 38(c) of the Complaint that Clearfield failed to "take all reasonable steps to prevent Mr. Anonick from pursuing the course of action concerning the proposed merger ..." identify each such "reasonable step" which Plaintiffs assert that Clearfield failed to take that it should have taken.

ANSWER:

75. With respect to the allegations in paragraph 38(d) of the Complaint, identify which "reasonable steps" to prevent Omega from pursuing the course of action concerning the proposed merger Clearfield allegedly failed to take which it should have taken.

ANSWER:

76. With respect to the allegation in paragraph 44 of the Complaint that "Plaintiffs' participation in [the federal court action against Omega] was pursuant to a fulfillment of its obligations under the written Agreement between the parties," identify each section or paragraph of the "agreement" which mandates such obligation.

ANSWER:

77. With regard to the allegations in paragraph 47 of the complaint that "Plaintiffs have been damaged by Clearfield breaches of the Reorganization through the loss of services of key officers and employees of Plaintiffs because of the time they expended in attempting to fulfill Plaintiffs' obligations under the parties agreements and in attempting to ensure that the proposed merger was consummated and in pursuing the federal court litigation," identify:

(a) each "officer and employee" of the Plaintiffs who expended time as set forth in paragraph 47 of the Complaint;

(b) itemize for each such officer or employee the amount of time expended in the tasks set forth in paragraph 47 of the Complaint; and

(c) the dates that such tasks were performed, and a description of the nature of the tasks performed.

ANSWER:

78. Identify each director, officer, employee agent and/or representative of Plaintiffs (including legal counsel) with knowledge of the allegations in the Complaint described in the preceding Interrogatory.

ANSWER:

79. Describe in detail the "substantial sums" allegedly expended by Plaintiffs which Plaintiffs are claiming as damages under paragraphs 41, 45 and 46 of the Complaint, including the following information:

(a) the type of expense (e.g. attorney's fees, interest expense, investment banker fees, etc.);

(b) the amount of each such claimed expense; and

(c) the vendor, if applicable, of each such expense.

ANSWER:

80. Is Plaintiff claiming lost profits as an item of damages? If so, identify the following:

(a) the amount claimed as lost profit damages;

(b) the time period for which the lost profit damages are claimed; and

(c) the method by which the lost profit figure was calculated.

ANSWER:

81. With regard to the allegations in paragraph 72(d) of Plaintiff's Reply to Clearfield's New Matter, which states that Clearfield was "repeatedly and routinely dilatory in providing information and documents which were needed in order to make filings with the SEC, to resolve comments that had been made the SEC and concerns that had been raised by the FDIC ...," identify:

(a) any director, officer, employee, agent or representative of Plaintiffs, including counsel, who have knowledge of the facts underlying these allegations; and

(b) provide a description of each instance between April 2, 1999 and July 31, 1999 where Clearfield was alleged dilatory in providing information and documents needed by Plaintiffs.

ANSWER:

82. With regard to the allegations in paragraph 72(e) of Plaintiffs' Reply to New Matter, identify the "dilatory actions of Clearfield and its officers, directors and counsel" which allegedly caused delay between the announcement of the proposed merger and the shareholders meetings.

ANSWER:

III. REQUESTS FOR PRODUCTION OF DOCUMENTS

1. Any and all written communications (including, but not limited to, correspondence, telegrams, faxes, and e-mails) between any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement (as those terms were defined by the Complaint), the federal action for injunction against Omega to which Clearfield, Penn Laurel, and CSB were parties (the "Federal Action"), the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

2. Any and all written communications (including, but not limited to, correspondence, telegrams, faxes, and e-mails) between any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel, except where such communications are protected by the attorney-client privilege) and any party other than Clearfield, including any director, officer, agent, employee or representative of Omega Financial Corporation, Anonick Financial Corporation (including Timothy Anonick), the Securities and Exchange Commission, Ryan, Beck and Company, the Pennsylvania Department of Banking, the Federal Deposit Insurance Corporation, Plaintiffs' outside accountants, financial analysts or any other third party relating to, discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed

merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

3. Any and all written communications (including, but not limited to, correspondence, telegrams, faxes, e-mails, memoranda, notes, or other forms of written communication) between and among directors, officers, employees, agents, and/or representatives of Penn Laurel/CSB discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

4. Any and all minutes, notes, records, memoranda, e-mails or other documents relating to, discussing, or reflecting meetings or conversations of any director, officer, shareholder, employee, agent, and/or representative of Penn Laurel/CSB, documenting meetings or conversations discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

5. Any and all minutes of meetings of Board of Directors of Penn Laurel/CSB relating to, discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the

Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

6. Any and all Penn Laurel/CSB telephone records reflecting telephone calls made to or from Timothy Anonick and Anonick Financial Corporation, the Securities and Exchange Commission, Pennsylvania Department of Banking, Federal Deposit Insurance Corporation, any officer, director, employee, representative and/or agent of Clearfield Bank & Trust Company, Ryan Beck & Company, or any outside accountants or financial advisers to Penn Laurel or CSB discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

7. Any and all drafts or mark-ups in the possession of Plaintiffs, or their directors, officers, employees, agents and/or representatives (including attorneys) of the Reorganization Agreement or Merger Agreement.

8. Any or all documents which refer to, discuss, relate to or reflect in any way any conversations, correspondence or other communications between Sherwood Moody and Timothy Anonick or Anonick Financial Corporation.

9. Any or all documents which refer to, discuss, relate to or reflect in any way any conversations, correspondence or other communications between Timothy Anonick and/or Anonick Financial Corporation and Omega Financial Corporation, or its directors, officers, employees, agents, and/or representatives (including legal counsel).

10. Any or all documents which refer to, discuss, relate to or reflect in any way any conversations, correspondence or other communications between Anonick Financial Corporation and any shareholder of Clearfield, including, but not limited to, Jack Woolridge.

11. Any or all documents which relate to, discuss, or otherwise reflect the meeting held on August 2, 1999 between Anonick, Jack Woolridge and other shareholders of Clearfield in Clearfield, Pennsylvania.

12. The alleged list of Clearfield shareholders who were opposed to the CSB-Clearfield merger, which list is referred to in paragraph 25 of the Complaint, and any document which relates to, discusses or refers to, that list.

13. Any and all documents referring to, discussing, relating to reflecting in any way Plaintiffs' contention in paragraph 26 of the Complaint that "one or more members of Clearfield's Board of Directors had knowledge of Defendant Anonick's and Mr. Jack Woolridge's efforts to foster and ferment opposition to the proposed merger of the parties."

14. Any and written communications (including, but not limited to, correspondence, telegrams, faxes, and e-mails) between any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the hiring of the Kissel Blake firm.

15. Any and all minutes, notes, records, memoranda, e-mails or other documents relating to, discussing, or reflecting meetings or conversations of any director, officer, shareholder, employee, agent, and/or representative of Penn Laurel/CSB concerning the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

16. Any and all documents written by or transmitted to any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the request by Penn Laurel/CSB in or around July 1999 to extend termination date of Reorganization Agreement from October 31, 1999 to March 31, 2000.

17. Any and all documents written by or transmitted to any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating

to, discussing or reflecting in any way the decision to exercise warrants with purchase of Clearfield Stock, and the actual exercise of those warrants and purchase of that stock on or about September 27, 1999.

18. Any and all documents referring to, discussing, relating to reflecting in any way Plaintiffs' contention in paragraph 27 of the Complaint that "one or more members of Clearfield's Board of Directors and one or more officers of Clearfield had knowledge of Defendant Anonick's efforts to interest Omega in a possible merger with Clearfield prior to Omega's May 10 letter."

19. Any and all documents written by or transmitted to any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the decision to bring the present action against Clearfield, excluding those documents which are subject to attorney-client privilege.

20. Any and all minutes, notes, records, memoranda, e-mails or other documents relating to, discussing, or reflecting meetings or conversations of any director, officer, shareholder, employee, agent, and/or representative of Penn Laurel/CSB, concerning the decision to bring the present action against Clearfield, excluding those documents which are subject to attorney-client privilege.

21. Any and all documents written by or transmitted to any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way joint merger task force convened in or around July 1999 convened to persuade Clearfield shareholders of the benefits of the proposed Clearfield-Penn Laurel/CSB merger.

22. Any and all minutes, notes, records, memoranda, e-mails or other documents relating to, discussing, or reflecting meetings or conversations of any director, officer, shareholder, employee, agent, and/or representative of Penn Laurel/CSB, concerning the decision to bring the present action against Clearfield, excluding those documents which are subject to attorney-client privilege.

23. Any and all documents relating to the attorney's fees and expenses allegedly incurred by Plaintiff which are claimed as damages as set forth in paragraph 45 of the Complaint.

24. Any and all documents referring to, relating to, supporting or reflecting in any way the expenses incurred to the date of the filing of the Complaint by Plaintiffs which are claimed in paragraph 46 of the Complaint.

25. Any and all documents which relate to, refer to, discuss, reflect or support the loss of services of key officers and employees of Plaintiffs as claimed in paragraph 47 of the Complaint.

26. Any and all recorded statements identified in Plaintiffs' Answers to Interrogatories.

27. Any and all documents identified in Plaintiffs Answers to Interrogatories.

28. Any and all reports of experts which Plaintiffs intend to have testify at time of trial.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By: _____

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

Attorneys for Defendant, Clearfield Bank & Trust Company

1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

LIT203925

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **First Set of Interrogatories and Requests for Production of Documents** was served via first-class, U.S. mail, postage prepaid this 19th day of September, 2000 as follows:

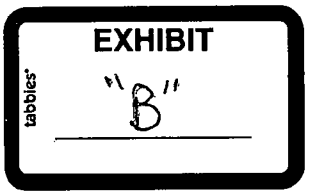
Laurence Dague, Esquire
Shumaker Williams, P.C.
The Pennsylvania Center
3425 Simpson Ferry Road
Camp Hill, PA 17011

Howard Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

John E. Graf, Esquire

LIT203925

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
Plaintiffs	:	
	:	
v.	:	Civil Action No. 00-414-CD
	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION,	:	CIVIL ACTION - LAW
Defendants	:	



PLAINTIFFS' OBJECTIONS TO INTERROGATORIES OF DEFENDANT CLEARFIELD BANK & TRUST COMPANY

NOW COME Plaintiffs to make the following objections to the Interrogatories of Defendant Clearfield Bank & Trust (hereinafter "CBT"):

General Objections

A. Plaintiffs object to these Interrogatories on the basis that they violate Pa.R.Civ.P 4011(b) and (e) by being unreasonably annoying, oppressive, burdensome, and expensive and by requiring Plaintiffs to make an unreasonable investigation. These Interrogatories and their sub-parts actually pose one hundred and fifty-seven (157) written interrogatories and are, therefore, altogether unreasonable in number. Many also pose inquiries about matters that are well known by CBT (e.g., what individuals were actively involved in negotiations with CBT) and are unnecessary and unreasonable for that reason as well.

B. Plaintiffs object to the "Instructions and Definitions" set forth in the Interrogatories to the extent that they seek to ascribe unusual meanings to commonly understood words and phrases and to the extent that they require acts, procedures, or forebearances from acting beyond the requirements of the Pennsylvania Rules of Civil Procedure. Said "Instructions and Definitions" are not adopted by the Bank in making the following Answers.

Specific Objections

9-10. These Interrogatories are inconsistent with and violative of Pa.R.Civ.P. 4003.4.

12. This Interrogatory is inconsistent with and violative of Pa.R.Civ.P. 4003.5(a)(1) and (2).

SHUMAKER WILLIAMS, P.C.

Dated: October 18, 2000

By Laurence W. Dague

Laurence W. Dague, I.D. #19715
David R. Breschi, I.D. #59001
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. ##82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp.,
CSB Bank, and the Penn Laurel Directors

:123998

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiffs' Objections to Interrogatories of Defendant Clearfield Bank & Trust Company on this date and in the manner addressed below:

VIA OVERNIGHT DELIVERY:

John E. Graf, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
Attorneys for Defendant Clearfield Bank & Trust Company

VIA FIRST-CLASS MAIL

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
Attorneys for Timothy A. Anonick and
Anonick Financial Corporation

SHUMAKER WILLIAMS, P.C.

Dated: October 18, 2000

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

ShumakerWilliams, P.C.
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ANTHONY J. FOSCHI DAVID R. BRESCHI* RUTH A. COURTNEY ANGELA L. THOMAS CHERYL A. ZEMAN*** DAVID L. GILDERNEW JEAN SVOBODA McMASTER MELISSA A. SWAUGER

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JAMES E. REID, JR. (OF COUNSEL)

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JOHN J. SHUMAKER (1929-1999)
JOHN G. WILLIAMS (RETIRED)

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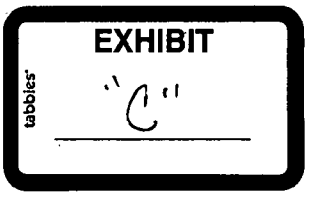
October 18, 2000

John E. Graf, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA OVERNIGHT DELIVERY

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)



Dear John:

Enclosed and hereby served upon you are Plaintiffs' Responses to your client's Request for Production of Documents and Objections to their Interrogatories. Although those Interrogatories and the Request were combined into one document, we believe our responses to them were more appropriately placed into two separate a documents because those responses are very different in nature.

As you will note, we have interposed objections to the entire set of Interrogatories on the basis that they are unreasonably numerous. I don't recall ever being confronted with a "First Set" of Interrogatories that exceeded one hundred and fifty inquiries, yet your client's set exceeds that number even when the sub-parts are conservatively counted. We are willing to answer a reasonable number of interrogatories and would be happy to discuss an amicable resolution to this dispute, but we certainly would not presume to answer less than the entire set without your agreement.

In response to your request, we afforded your client a period of four weeks after its response to our client's Request for Production of Documents was due in order to actually produce the documents, and we will need a similar amount of time in light of the relatively vast number of documents that we anticipate producing and that we will therefore need to review for privilege. As indicated in our response, we anticipate furnishing you with a privilege log when we produce the documents. Please notify us of what date subsequent to November 15 would be convenient for your inspection.

As always, if you wish to discuss any of these matters, please do not hesitate to contact me.

Very truly yours,

By Laurence W. Dague

LWD/mac:124001
Enclosures
cc: Howard L. Kelin, Esquire (w/enclosures)

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,	:	CIVIL ACTION - LAW
	:	Civil Action No. 00-414-CO
Plaintiffs,	:	
v.	:	
CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,	:	
Defendants.	:	

DEFENDANT CLEARFIELD BANK AND TRUST COMPANY'S AMENDED FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO PLAINTIFFS

Defendant Clearfield Bank & Trust Company ("Clearfield"), by and through its attorneys, Tucker Arensberg, P.C., serves the following Amended First Set of Interrogatories and Requests for Production of Documents, and requests that Plaintiffs CSB Bank ("CSB") and Penn Laurel Financial Corporation ("Penn Laurel") (where appropriate, collectively referred to as "Penn Laurel/CSB" or "Plaintiffs") file full, complete and verified answers, under oath, in writing, to the following Interrogatories and Requests for Production of Documents within thirty (30) days of September 19, 2000, to date these Interrogatoires, as amended, were previously served, and that any and all responsive documents be produced within thirty (30) days to the offices of Tucker Arensberg, P.C., 1500 One PPG Place, Pittsburgh, PA 15222.

I. INSTRUCTIONS AND DEFINITIONS

1. The word "Person" means any individual, corporation, partnership, joint venture, firm, association, proprietorship, agency, board, authority, commission or other such entity.

2. The word "Document" means any original and any non-identical copy of any written, printed, typewritten, recorded or graphic matter however produced, including, but not limited to, correspondence, e-mails, memoranda, office records and/or notes, inter-office communications, minutes, consultation notes, telegrams, tapes, annual reports, reports, prospectuses, questionnaires, contracts, deeds, notes, negotiable instruments, mortgages, guarantees, contracts of suretyship, agreements, schedules, analyses, drawings, pictures, tables, graphs, maps, plans, surveys, indices, work papers, diaries, calendars, appointment books, films, photographs, books of account, invoices, purchase orders, inventories, spread sheets, proposals, bids, ledgers, logs, checks, bills, pleadings, confirmation slips, financial statements, account statements, checking account statements, savings account statements, telex, instructions, permits, warranties, drafts, computer printouts and reports, and/or any other tangible representation of information which may be retrievable, including data compilations from which information can be used, which now or at any time has been in the possession, custody or control of, or known to Penn Laurel/CSB and/or any of Penn Laurel/CSB's present or former attorneys, agents, accountants, employees and/or any other persons acting or purporting to act on Items' behalf.

3. Without limitation of the term "Control" as used in the preceding sentence, a document is deemed to be in control if Penn Laurel/CSB has the right to secure the document or a copy thereof from another person or entity having actual possession thereof.

4. If a document is responsive to a request for identification or production and is in Penn Laurel/CSB's control, but not in Penn Laurel/CSB's possession or custody, identify the person, as defined herein, with possession or custody.

5. If the document was, but is no longer in Penn Laurel/CSB's possession or subject to Items' control, state what disposition was made of it, by whom, and the date or dates or approximate date or dates on which disposition was made, and why.

6. "Identify".

(a) The word "Identify" when used in reference to a person means to state the name, business and residence address, phone number, occupation, job title, and dates so employed; and if not an individual, state the type of entity and the address of its principal place of business.

(b) The word "Identify" when used in reference to a document means to state the type of document (letter, memorandum, etc.), the title, the identity of the author or originator, the identity of each person (as defined herein) to whom the original or a copy was addressed for delivery, the identity of such person known or reasonably believed by Items to have present possession, custody or control thereof, and a brief description of the general substance contained therein.

(c) The word "Identify" when used in reference to a communication means to state the date of the communication, the approximate time of the communication, the type of communication (telephone conversation, telex, etc.), the place where the communication took place, the identity of the person who initiated the communication, the identity of each person who received the communication and of each person present when it was made, and the subject matter discussed.

(d) The word "Identify" when used in reference to a meeting means the date of the meeting, the place of the meeting, each person invited to attend, each person who attended and the subject matter discussed.

7. The words "It," "There," and "You" means Penn Laurel/CSB and/or any person acting on Penn Laurel/CSB's behalf, including its attorneys, investigators, representatives, insurance companies, and its account executives, brokers, investment advisors, employees, agents, servants and/or other representatives.

8. When appropriate, when used herein, the singular encompasses the plural and vice versa and the masculine includes the feminine and neuter genders. The past tense includes the present tense where the clear meaning is not distorted by change of tense.

9. "Any" includes the word "all" and "all" includes the word "any."

10. If Penn Laurel/CSB objects to an Interrogatory and/or a Request herein, either in whole or in part, on the grounds that the information sought is privileged or confidential (hereinafter "privileged"), Penn Laurel/CSB shall answer as much of the Interrogatory and/or produce as many of the documents or as much of the document(s) concerned, as to which no privilege is claimed. With respect to each Interrogatory or portion thereof and/or each document or portion of document for which a privilege is claimed:

(a) identify the privileged document or portion of document;

(b) identify the person(s) in present custody of the privileged document or portion of document for which a privilege is claimed;

(c) identify the person(s) who wrote, conceived or generated the document or portion of document for which a privilege is claimed; and

(d) state specifically the exact privilege claimed, together with such facts as will enable the court to determine the merits of the claim of privilege.

11. Should Penn Laurel/CSB or their attorneys or representatives obtain information or documents supplementing or differing from those answers or documents produced in response hereto, these Interrogatories and Requests shall be deemed to call for such supplementary or different information or documents pursuant to the Pennsylvania Rules of Civil Procedure.

12. If at any time, any of said Interrogatories request information relating to documents, Penn Laurel/CSB teams should attach copies of said documents in lieu of duplicating the same in its answers.

II. INTERROGATORIES

1. State the legal status (e.g. corporation, partnership), domicile, principal place of business, and date of organization of Penn Laurel.

ANSWER:

2. If Penn Laurel is a corporation, state the date of its incorporation and state of incorporation.

ANSWER:

3. Identify by positions and dates of service the corporate officers of Penn Laurel from January 1, 1996 to present.

ANSWER:

4. Identify each line of business conducted by Penn Laurel, its affiliates and/or subsidiaries from January 1, 1996 to the present.

ANSWER:

5. State the legal status, domicile, principal place of business, and date of organization of CSB.

ANSWER:

6. If CSB is a corporation, state the date of its incorporation and state of incorporation.

ANSWER:

7. Identify by positions and dates of service the corporate officers of CSB from January 1, 1996 to present.

ANSWER:

8. Identify each line of business conducted by CSB, its affiliates and/or subsidiaries from January 1, 1996 to the present.

ANSWER:

9. Have Plaintiffs or anyone acting on their behalf obtained from any witness, party or any other person, any statement, recording (stenographic, mechanical, electrical, etc.), report, memoranda, or testimony, whether signed, adopted or approved, concerning the subject matter of this suit or any claim or defense of any party to this action?

ANSWER:

10. If the answer to the preceding Interrogatory is "yes," please state the following:

(a) the name and address of each witness, party or person;

(b) when the statement was taken;

(c) where the statement was taken;

(d) the name, address, employer and telephone number of the person taking;

(e) whether the statement is in question and answer or narrative form;

(f) whether the person giving it received a copy of the statement;

(g) whether the statement was signed;

(h) if the statement was not signed, the method by which it was adopted or approved; and

(i) attach a photostatic copy or like reproduction of each such statement, recording, report, memoranda or testimony.

ANSWER:

11. Please state whether any officers, directors, employees, agents, servants and/or other representatives of Plaintiffs, current or former, have given any statement concerning this action or its subject matter. If so, please identify:

(a) each person to whom a statement was given;

(b) when and where each statement was given;

(c) any person who has custody of any such statement that was reduced to writing or otherwise recorded; and

(d) attach a copy of each such statement to these Answers to Interrogatories.

ANSWER:

12. Identify by name and present address each person whom Plaintiffs expect to call as an expert witness in this case, and for each person so identified, please state:

(a) the subject matter concerning which each such expert is expected to testify;

(b) the substance of each opinion to which he or she is expected to testify;

(c) the grounds for each opinion;

(d) which facts, events or findings were observed by him or her;

(e) which facts, events or findings were assumed by him or her to have occurred or to be true;

(f) identify each expert's background, training, experience and/or other qualifications;

(g) state whether any such expert has prepared or will prepare a report and, if so, the date of each such report; and

(h) produce with your Answers copies of each report prepared by any such expert. If you cannot attach such copies, please explain and state in verbatim the contents of each such report.

ANSWER:

13. Please state whether Penn Laurel/CSB or anyone acting on their behalf has conducted any investigation of the underlying facts which are the subject matter of their Complaint and Clearfield's and Timothy Anonick and Anonick Financial Corporation's responsive pleadings.

ANSWER:

14. If your answer to the preceding Interrogatory is anything but an unqualified negative, please state with respect to any such investigation the following information:

(a) each person, and the employer of each person, who conducted an investigation;

(b) the dates of the investigation; and

(c) all notes, reports or other documents prepared during or as a result of the investigation and the identity of the persons who have possession thereof.

ANSWER:

15. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the negotiation, drafting and execution of the Merger Agreement and Reorganization Agreement (as those terms are defined in Plaintiffs' Complaint).

ANSWER:

16. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the decision to exercise Penn Laurel/CSB's warrants for Clearfield stock on or about September 27, 1999.

ANSWER:

17. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the decision to file the present legal action against Clearfield.

ANSWER:

18. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the decision not to disclose the name of Omega Financial Corporation ("Omega") or the amount it was willing to pay for Clearfield's stock, as set forth in its May 10, 1999 letter to Clearfield, in filings with the SEC.

ANSWER:

19. Identify any and all directors, officers, employees, agents, servants or representatives of Penn Laurel/CSB who were actively involved in the joint merger task force created in or around July 1999 to persuade Clearfield shareholders of the benefits of the proposed Clearfield-Penn Laurel/CSB merger.

ANSWER:

20. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 14 of Plaintiff's Complaint that "Sherwood C. Moody ... received a telephone call from Defendant Anonick ... and Mr. Moody discussed information relating to the merger of the parties with Defendant Anonick."

ANSWER:

21. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 15 of Plaintiff's Complaint that "[i]n that telephone conversation in February or March of 1999, Mr. Moody provided Defendant Anonick with substantial information concerning the proposed merger of the parties, including the definitive terms thereof."

ANSWER:

22. Identify with specificity the "definitive terms" of the proposed merger between the parties purportedly provided by Moody to Anonick, as alleged in paragraph 15 of Plaintiff's Complaint.

ANSWER:

23. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 16 of Plaintiff's Complaint that "Mr. Moody again discussed the parties' proposed merger with Defendant Anonick."

ANSWER:

24. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 16 of Plaintiff's Complaint that "Defendant Anonick [was left with] the impression that Mr. Moody was not in favor of that merger."

ANSWER:

25. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 17 of Plaintiff's Complaint that "Mr. Moody met with Defendant Anonick and provided him with additional information concerning the proposed merger, including that a number of Clearfield shareholders were opposed to it, and provided Defendant Anonick with the names of one or more shareholders who were opposed."

ANSWER:

26. Identify with specificity <u>all</u> the "additional information concerning the proposed merger" to which Plaintiffs are referring in paragraph 17 of their Complaint.

ANSWER:

27. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 18 of Plaintiff's Complaint that "after having those discussions with Mr. Moody, Defendant Anonick contacted officers of Omega Financial Corporation ("Omega") ... in order to determine whether Omega would be interested in making a proposal to Clearfield as an alternative to and in competition with the [Clearfield-Penn Laurel] merger. ..."

ANSWER:

28. Identify each "officer" of Omega Financial Corporation whom Anonick contacted as alleged in paragraph 18 of the Complaint.

ANSWER:

29. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 19 of Plaintiff's Complaint that "Defendant Anonick provided information to them that had been previously supplied to him by Mr. Moody concerning the fact that some Clearfield shareholders were opposed to the [Clearfield-Penn Laurel] merger."

ANSWER:

30. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 20 of Plaintiff's Complaint that "as a result of Defendant Anonick's [actions] ..., Omega began discussing Clearfield as a potential merger target for Omega with Defendant Anonick."

ANSWER:

31. Identify each and every director, officer, employee, agent or representative of Omega who "discussed Clearfield as a potential merger target for Omega" with Defendant Anonick, as set forth in paragraph 20 of the Complaint.

ANSWER:

32. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 22 of Plaintiff's Complaint that "on May 10, 1999, Mr. Moody had another telephone conversation with Defendant Anonick in which he confirmed the receipt of the May 10 Omega letter ... ."

ANSWER:

33. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 22 of Plaintiff's Complaint that "... Mr. Moody had yet another telephone conversation with Defendant Anonick a few days later after that in which he informed Defendant Anonick that he had been advised by counsel not to speak to Defendant Anonick anymore."

ANSWER:

34. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 23 of Plaintiff's Complaint that "Defendant Anonick contacted one of Clearfield's shareholders, Mr. Jack Woolridge ... ."

ANSWER:

35. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 23 of Plaintiff's Complaint that Mr. Moody had previously identified [Jack Woolridge] as a shareholder who was opposed to the proposed merger between the parties ... ."

ANSWER:

36. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 25 of Plaintiff's Complaint that "Mr. Woolridge provided Defendant Anonick at that time with a list of shareholders that were opposed to the proposed merger ... ."

ANSWER:

37. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 25 of Plaintiff's Complaint that "the list [purportedly provided by Jack Woolridge to Anonick] included at least one member of the Clearfield Board of Directors, Mr. Rembrandt Woolridge ... ."

ANSWER:

38. Identify the source(s) of information (e.g., person, document, transcript of testimony, etc.) and the manner such information was obtained (e.g., interview, review of document, review of transcript of testimony, etc.) of the allegation in paragraph 26 of the Complaint that "one or more members of Clearfield's Board of Directors had knowledge of Defendant Anonick's and Mr. Jack Woolridge's efforts to foster and foment opposition to the proposed merger of the parties."

ANSWER:

39. State the names of the members of Clearfield's Board of Directors who allegedly had knowledge of Anonick's and Jack Woolridge's alleged "efforts to foster and foment" such opposition as alleged in paragraph 26 of the Complaint.

ANSWER:

40. State the source[s] of information upon which Plaintiffs base the allegation in paragraph 27 of their Complaint that "one or more members of Clearfield's Board of Directors and one or more officers of Clearfield had knowledge of Defendant Anonick's efforts to interest Omega in a possible merger with Clearfield prior to Omega's May 10 letter."

ANSWER:

41. With regards to the allegations in paragraph 30 of the Complaint, that "Clearfield, acting through its officers and directors, violated the Reorganization Agreement by engaging in discussions concerning the fact of and terms and conditions of the reorganization," identify:

(a) Each Clearfield officer and/or director who allegedly violated the Reorganization Agreement (as that term is defined in Plaintiffs' Complaint);

(b) The person(s) with whom the Clearfield officers and/or directors allegedly engaged in such discussions;

(c) The date and substance of each such discussion;

(d) The manner of such discussions (e.g., face-to-face meeting, telephone conversation, letter, e-mail, or other manner of communication);

(e) The precise "terms and conditions of the Reorganization" which were purportedly discussed; and

(f) The specific paragraphs of the Reorganization Agreement which were purportedly violated by the Clearfield officers and/or directors.

ANSWER:

42. With regard to the allegations in paragraph 31 of the Complaint that Clearfield "violated the Reorganization Agreement (as that term is defined in Plaintiffs' Complaint) by permitting one or more officers and/or directors to engage in discussions concerning the facts of and terms and conditions of reorganization," identify:

(a) the officer, director, representative, employee and/or agent of Clearfield who "permitted" the officers and/or directors of Clearfield to engage in such alleged discussions; and

(b) the specific paragraphs of the Reorganization Agreement which were purportedly violated by Clearfield and/or its officers and/or directors through these alleged actions.

ANSWER:

43. With regard to the allegation in paragraph 33 of the Complaint that "Clearfield violated the Reorganization Agreement by permitting one or more officers and/or directors to respond to requests for information, inquiries, and other communications concerning the facts of and terms and conditions of the reorganization," identify:

(a) the Clearfield officer(s) and/or director(s) who allegedly responded to such request for information, inquiries and other communications;

(b) each "request for information, inquiry or other communication" referred to in paragraph 33 of the Complaint;

(c) the person making such "request(s) for information, inquiry(ies) or other communication(s)";

(d) the date(s) such request(s) for information, inquiry(ies) or other communication(s) were made;

(e) the substance of each such "request for information, inquiry and other communication" referred to in paragraph 33;

(f) the method of communication of such request for information, inquiry or other communications" (e.g. face-to-face meeting, telephone call, letter, e-mail, or other mode of communication); and

(g) the specific paragraphs of the Reorganization Agreement which were purported violated by Clearfield through these alleged actions.

ANSWER:

44. Identify with specificity each section or paragraph of the Reorganization Agreement which Plaintiffs contend Clearfield violated by allegedly "failing to notify Penn Laurel immediately of discussions sought to be initiated and request for information, inquiries and communication received from other persons" as set forth in paragraph 34 of the Complaint.

ANSWER:

45. With regard to the allegations in paragraph 35 of the Complaint that "Clearfield, acting through its officers and directors, violated the Reorganization Agreement by encouraging inquiries, furnishing information, and participating in discussions with respect to acquisition or purchase of all or substantial equity interests in Clearfield and/or with respect to business combinations with Clearfield," identify:

(a) the officers and/or directors of Clearfield who allegedly caused Clearfield to violate the Reorganization Agreement as set forth in paragraph 35 of the Complaint;

(b) the person(s) whom Clearfield "encouraged" to make inquiries, to whom information was furnished, and with whom discussions were held by Clearfield officers and directors; and

(c) the specific paragraphs of the Reorganization Agreement which Clearfield purportedly violated through the conduct alleged in paragraph 35 of the Complaint.

ANSWER:

46. Describe how Clearfield's officers and directors allegedly "encourage[d] inquiries regarding the acquisition or purchase of equity interests in Clearfield," as set forth in paragraph 35 of the Complaint.

ANSWER:

47. With regard to the allegation in paragraph 36 of the Complaint that Clearfield violated the Reorganization Agreement by "permitting one or more officers and/or directors to encourage inquiries, furnish information, and participate in discussions with respect to the acquisition or purchase of all or substantial equity interest in Clearfield and/or with respect to business accommodations with Clearfield," identify:

(a) the officers and/or directors of Clearfield which allegedly permitted other officers and/or directors to encourage inquiries, furnish information and participate in discussions as set forth in paragraph 36 of the Complaint; and

(b) each section or paragraph of the Reorganization Agreement which Clearfield allegedly violated by the conduct set forth in paragraph 36 of the

Complaint.

ANSWER:

48. Identify each paragraph of the Reorganization Agreement which Plaintiffs claim that Clearfield breached by "failing to notify Penn Laurel immediately of inquiries received and information requested from Clearfield" as set forth in paragraph 37 of the Complaint.

ANSWER:

49. Identify each section of the Reorganization Agreement which Plaintiffs claim that Clearfield breached by failing to "exercise its best efforts to fulfill all conditions precedent to the Agreement and by failing to take a good faith all actions appropriate to secure approval and adoption ... " as set forth in paragraph 38 of the Complaint.

ANSWER:

50. With respect to the allegation in paragraph 38(c) of the Complaint that Clearfield failed to "take all reasonable steps to prevent Mr. Anonick from pursuing the course of action concerning the proposed merger ..." identify each such "reasonable step" which Plaintiffs assert that Clearfield failed to take that it should have taken.

ANSWER:

51. With respect to the allegations in paragraph 38(d) of the Complaint, identify which "reasonable steps" to prevent Omega from pursuing the course of action concerning the proposed merger Clearfield allegedly failed to take which it should have taken.

ANSWER:

52. With respect to the allegation in paragraph 44 of the Complaint that "Plaintiffs' participation in [the federal court action against Omega] was pursuant to a fulfillment of its obligations under the written Agreement between the parties," identify each section or paragraph of the "agreement" which mandates such obligation.

ANSWER:

53. With regard to the allegations in paragraph 47 of the complaint that "Plaintiffs have been damaged by Clearfield breaches of the Reorganization through the loss of services of key officers and employees of Plaintiffs because of the time they expended in attempting to fulfill Plaintiffs' obligations under the parties agreements and in attempting to ensure that the proposed merger was consummated and in pursuing the federal court litigation," identify:

(a) each "officer and employee" of the Plaintiffs who expended time as set forth in paragraph 47 of the Complaint;

(b) itemize for each such officer or employee the amount of time expended in the tasks set forth in paragraph 47 of the Complaint; and

(c) the dates that such tasks were performed, and a description of the nature of the tasks performed.

ANSWER:

54. Describe in detail the "substantial sums" allegedly expended by Plaintiffs which Plaintiffs are claiming as damages under paragraphs 41, 45 and 46 of the Complaint, including the following information:

(a) the type of expense (e.g. attorney's fees, interest expense, investment banker fees, etc.);

(b) the amount of each such claimed expense; and

(c) the vendor, if applicable, of each such expense.

ANSWER:

55. Is Plaintiff claiming lost profits as an item of damages? If so, identify the following:

(a) the amount claimed as lost profit damages;

(b) the time period for which the lost profit damages are claimed; and

(c) the method by which the lost profit figure was calculated.

ANSWER:

56. With regard to the allegations in paragraph 72(d) of Plaintiff's Reply to Clearfield's New Matter, which states that Clearfield was "repeatedly and routinely dilatory in providing information and documents which were needed in order to make filings with the SEC, to resolve comments that had been made the SEC and concerns that had been raised by the FDIC ...," identify:

(a) any director, officer, employee, agent or representative of Plaintiffs, including counsel, who have knowledge of the facts underlying these allegations; and

(b) provide a description of each instance between April 2, 1999 and July 31, 1999 where Clearfield was alleged dilatory in providing information and documents needed by Plaintiffs.

ANSWER:

57. With regard to the allegations in paragraph 72(e) of Plaintiffs' Reply to New Matter, identify the "dilatory actions of Clearfield and its officers, directors and counsel" which allegedly caused delay between the announcement of the proposed merger and the shareholders meetings.

ANSWER:

III. REQUESTS FOR PRODUCTION OF DOCUMENTS

1. Any and all written communications (including, but not limited to, correspondence, telegrams, faxes, and e-mails) between any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement (as those terms were defined by the Complaint), the federal action for injunction against Omega to which Clearfield, Penn Laurel, and CSB were parties (the "Federal Action"), the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

2. Any and all written communications (including, but not limited to, correspondence, telegrams, faxes, and e-mails) between any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel, except where such communications are protected by the attorney-client privilege) and any party other than Clearfield, including any director, officer, agent, employee or representative of Omega Financial Corporation, Anonick Financial Corporation (including Timothy Anonick), the Securities and Exchange Commission, Ryan, Beck and Company, the Pennsylvania Department of Banking, the Federal Deposit Insurance Corporation, Plaintiffs' outside accountants, financial analysts or any other third party relating to, discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed

merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

3. Any and all written communications (including, but not limited to, correspondence, telegrams, faxes, e-mails, memoranda, notes, or other forms of written communication) between and among directors, officers, employees, agents, and/or representatives of Penn Laurel/CSB discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

4. Any and all minutes, notes, records, memoranda, e-mails or other documents relating to, discussing, or reflecting meetings or conversations of any director, officer, shareholder, employee, agent, and/or representative of Penn Laurel/CSB, documenting meetings or conversations discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

5. Any and all minutes of meetings of Board of Directors of Penn Laurel/CSB relating to, discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

6. Any and all Penn Laurel/CSB telephone records reflecting telephone calls made to or from Timothy Anonick and Anonick Financial Corporation, the Securities and Exchange Commission, Pennsylvania Department of Banking, Federal Deposit Insurance Corporation, any officer, director, employee, representative and/or agent of Clearfield Bank & Trust Company, Ryan Beck & Company, or any outside accountants or financial advisers to Penn Laurel or CSB discussing or reflecting in any way the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

7. Any and all drafts or mark-ups in the possession of Plaintiffs, or their directors, officers, employees, agents and/or representatives (including attorneys) of the Reorganization Agreement or Merger Agreement.

8. Any or all documents which refer to, discuss, relate to or reflect in any way any conversations, correspondence or other communications between Sherwood Moody and Timothy Anonick or Anonick Financial Corporation.

9. Any or all documents which refer to, discuss, relate to or reflect in any way any conversations, correspondence or other communications between Timothy Anonick and/or Anonick Financial Corporation and Omega Financial Corporation, or its directors, officers, employees, agents, and/or representatives (including legal counsel).

10. Any or all documents which refer to, discuss, relate to or reflect in any way any conversations, correspondence or other communications between Anonick Financial Corporation and any shareholder of Clearfield, including, but not limited to, Jack Woolridge.

11. Any or all documents which relate to, discuss, or otherwise reflect the meeting held on August 2, 1999 between Anonick, Jack Woolridge and other shareholders of Clearfield in Clearfield, Pennsylvania.

12. The alleged list of Clearfield shareholders who were opposed to the CSB-Clearfield merger, which list is referred to in paragraph 25 of the Complaint, and any document which relates to, discusses or refers to, that list.

13. Any and all documents referring to, discussing, relating to reflecting in any way Plaintiffs' contention in paragraph 26 of the Complaint that "one or more members of Clearfield's Board of Directors had knowledge of Defendant Anonick's and Mr. Jack Woolridge's efforts to foster and ferment opposition to the proposed merger of the parties."

14. Any and written communications (including, but not limited to, correspondence, telegrams, faxes, and e-mails) between any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the hiring of the Kissel Blake firm.

15. Any and all minutes, notes, records, memoranda, e-mails or other documents relating to, discussing, or reflecting meetings or conversations of any director, officer, shareholder, employee, agent, and/or representative of Penn Laurel/CSB concerning the proposed merger between Clearfield and Penn Laurel/CSB, the Reorganization Agreement, the Merger Agreement, the Federal Action, the vote by Clearfield shareholders regarding the proposed merger, or in any other way referring to, discussing or reflecting the proposed merger between Clearfield and Penn Laurel/CSB.

16. Any and all documents written by or transmitted to any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the request by Penn Laurel/CSB in or around July 1999 to

extend termination date of Reorganization Agreement from October 31, 1999 to March 31, 2000.

17. Any and all documents written by or transmitted to any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the decision to exercise warrants with purchase of Clearfield Stock, and the actual exercise of those warrants and purchase of that stock on or about September 27, 1999.

18. Any and all documents referring to, discussing, relating to reflecting in any way Plaintiffs' contention in paragraph 27 of the Complaint that "one or more members of Clearfield's Board of Directors and one or more officers of Clearfield had knowledge of Defendant Anonick's efforts to interest Omega in a possible merger with Clearfield prior to Omega's May 10 letter."

19. Any and all documents written by or transmitted to any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way the decision to bring the present action against Clearfield, excluding those documents which are subject to attorney-client privilege.

20. Any and all minutes, notes, records, memoranda, e-mails or other documents relating to, discussing, or reflecting meetings or conversations of any director, officer, shareholder, employee, agent, and/or representative of Penn Laurel/CSB, concerning the decision to bring the present action against Clearfield, excluding those documents which are subject to attorney-client privilege.

21. Any and all documents written by or transmitted to any director, officer, employee, agent or representative of Penn Laurel or CSB (including legal counsel) and any director, officer, employee, agent or representative of Clearfield (including legal counsel) relating to, discussing or reflecting in any way joint merger task force convened in or around July 1999 convened to persuade Clearfield shareholders of the benefits of the proposed Clearfield-Penn Laurel/CSB merger.

22. Any and all minutes, notes, records, memoranda, e-mails or other documents relating to, discussing, or reflecting meetings or conversations of any director, officer, shareholder, employee, agent, and/or representative of Penn Laurel/CSB, concerning the decision to bring the present action against Clearfield, excluding those documents which are subject to attorney-client privilege.

23. Any and all documents relating to the attorney's fees and expenses allegedly incurred by Plaintiff which are claimed as damages as set forth in paragraph 45 of the Complaint.

24. Any and all documents referring to, relating to, supporting or reflecting in

any way the expenses incurred to the date of the filing of the Complaint by Plaintiffs which are claimed in paragraph 46 of the Complaint.

25. Any and all documents which relate to, refer to, discuss, reflect or support the loss of services of key officers and employees of Plaintiffs as claimed in paragraph 47 of the Complaint.

26. Any and all recorded statements identified in Plaintiffs' Answers to Interrogatories.

27. Any and all documents identified in Plaintiffs Answers to Interrogatories.

28. Any and all reports of experts which Plaintiffs intend to have testify at time of trial.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By:_____

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

Attorneys for Defendant, Clearfield Bank & Trust Company
1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

LIT203925

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Amended First Set of Interrogatories and Requests for Production of Documents** was served via ~~first-class, U.S. mail, postage prepaid~~ Federal Express this 31st day of October, 2000 as follows:

Laurence Dague, Esquire
Shumaker Williams, P.C.
The Pennsylvania Center
3425 Simpson Ferry Road
Camp Hill, PA 17011

Howard Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

John E. Graf, Esquire

LIT209653

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113,

Defendants.

CIVIL ACTION - LAW

Civil Action No. 00-414-CO

DEFENDANT CLEARFIELD BANK AND TRUST COMPANY'S AMENDED FIRST SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO PLAINTIFFS

Filed on behalf of Defendant Clearfield Bank & Trust Company

Counsel of Record for this Party:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
Firm No.: 287

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(412) 566-1212

LIT209653

TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

John E. Graf 412-594-5605
jgraf@tuckerlaw.com

October 31, 2000

BY FEDERAL EXPRESS

Laurence Dague, Esquire
Shumaker Williams, P.C.
The Pennsylvania Center
3425 Simpson Ferry Road
Camp Hill, PA 17011

Re: Penn Laurel Financial Corp. v. Clearfield Bank & Trust

Dear Larry:

I have received the Plaintiffs' Objections to Clearfield's First Set of Interrogatories and Requests for Production of Documents Directed to Plaintiffs. While I strongly disagree with your characterization of the interrogatories as unduly burdensome, and believe that Penn Laurel's objections were inappropriate and unfounded, rather than subject our client to the expense of pursuing a Motion to Compel, I have drafted a set of Amended Interrogatories and Requests for Production of Documents. The interrogatories of this new set of discovery requests total 56 in number, which is, I believe, eminently reasonable given the complex nature of this proceeding. Further, I might point out, many of the interrogatories are simple to answer, relating to whether Plaintiffs have retained any experts, have obtained any witness statements, and the like.

The interrogatories included in these amended discovery requests all were included in the initial set of interrogatories. Accordingly, we consider your answers to these interrogatories to be late under the Rules of Civil Procedure. Kindly produce your answers to these interrogatories in short order.

Very truly yours,

TUCKER ARENSBERG, P.C.

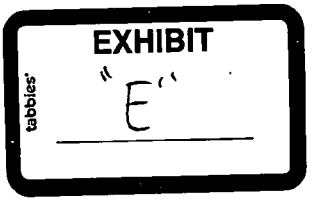
John E. Graf

JEG/dpc

Enclosure

c: Howard Kelin, Esquire (w/enc.)
Bradley S. Tupi, Esquire

LIT209817.1



TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

John E. Graf 412-594-5605
jgraf@tuckerlaw.com

November 15, 2000

VIA FACSIMILE TRANSMISSION

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
The Pennsylvania Center
3425 Simpson Ferry Road
Camp Hill, PA 17011

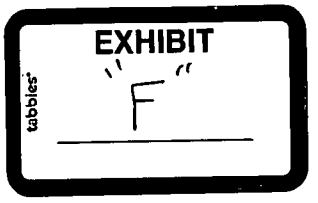
Re: Penn Laurel Financial Corp. v. Clearfield Bank & Trust
Our File No. 013828-023676

Dear Larry:

I am in receipt of your letter of November 2, 2000 regarding Clearfield Bank and Trust Company's discovery requests. Having read your letter, I must admit I am having some difficulty in ascertaining the nature of your complaint regarding Clearfield's interrogatories. Each and every interrogatory contained in Clearfield's Amended First Set of Interrogatories and Requests for Production of Documents is drafted as narrowly as possible. Each interrogatory seeks either (a) background information regarding Penn Laurel; (b) information regarding witnesses with knowledge of certain issues raised in Penn Laurel's Complaint; (c) the sources of information for certain of Penn Laurel's allegations; and (d) explanation of certain vague allegations in the Complaint. Each and every one of these interrogatories is relevant to this matter and is reasonably calculated to lead to the discovery of admissible evidence.

While it appears that part of your complaint regarding Clearfield's Interrogatories stems from the number of interrogatories and sub-requests, as you know, Pennsylvania Rule of Civil Procedure 4005 provides no limitation on the number of interrogatories a party may serve. Given the complexity of this matter, and the relative vagueness of Penn Laurel's Complaint, the number of Interrogatories served here, along with their sub-parts, is well within the limitations of reasonableness provided by the Rules.

Moreover, as I pointed out in my previous letter, many of these Interrogatories request information that should be easily available to you or to your client. For instance, Interrogatory No. 1, which you discussed in your November 2 letter, requests information regarding the legal status, domicile, etc. of Penn Laurel. In your letter, you state that this Interrogatory has four sub-parts, each requiring the provision of information. While this may be true, it would certainly seem that you could have obtained this information and incorporated into Penn Laurel's Interrogatory answers in the time it took you to write a paragraph complaining about it.



As noted, above, many of Interrogatories served were made necessary by the vagueness of Penn Laurel's Complaint. For instance, paragraph 26 of the Complaint claims that unnamed members of Clearfield's Board of Directors allegedly had knowledge regarding Timothy Anonick's and Jack Woolridge's alleged "efforts to foster and foment" opposition to the merger between Clearfield and Penn Laurel. The Complaint does not identify who these unnamed members of the Board of Directors are, and Clearfield through an Interrogatory is entitled to discover to whom Penn Laurel is referring in its Complaint. Likewise, paragraph 31 of the Complaint claims that Clearfield violated the Reorganization Agreement between the parties by permitting its officers or directors to engage in discussions concerning the terms and conditions of the reorganization. The Complaint, however, at no point identifies which sections of the Reorganization Agreement Clearfield purportedly violated. The Interrogatory requesting information regarding this allegation is, therefore, necessary and appropriate to determine which contractual duties Penn Laurel is claiming Clearfield breached in its Complaint.

With regard to Penn Laurel's specific objections to Interrogatories No. 9, 10 and 12, I do not believe that your objections have any basis from the law. That is why they were included in the Amended Interrogatories.

First, with regard to Interrogatories Nos. 9 and 10, which request information regarding any statements taken by Penn Laurel, you have interposed an objection based upon Rule 4003.4. However, this Rule specifically provides that a party is entitled to request witness statements and to demand to have such statements produced by an opposing party. Accordingly, I am at a loss to understand you objection.

Your second objection was to Interrogatory No. 12, which seeks information regarding any expert witness which Penn Laurel would seek to call in this matter. In support of your objection, you cite Rule 4003.5(a)(1). Again, I am at a loss to understand you objection, when the Rule you cite requires the production of information relating to the identity of expert witnesses, their opinions, and the bases for their opinions.

I suggest that you re-read the rules cited in your discovery answers and reconsider your objections.

Last, in regard to your request for an extension of time to produce documents, we are, of course, more than happy to extend you courtesy of additional time to make the relevant documents available for review by Clearfield. You could have confirmed this by a simple telephone call to Brad Tupi or me.

In sum, Clearfield believes that the Interrogatories it has served upon Penn Laurel are fully in compliance with the Rules of Civil Procedure, and by no means over broad or unduly burdensome. I will look forward to receiving Penn Laurel's answers to these Interrogatories in a timely manner.

Very truly yours,

TUCKER ARENSBERG, P.C.

John E. Graf, Esquire

JEG/dp

c: William Wood
Bradley S. Tupi, Esquire

LIT210387

ShumakerWilliams, P.C.
ATTORNEYS AT LAW

KEITH A. CLARK PAUL A. ADAMS* LAURENCE W. DAGUE* NICHOLAS BYBEL, JR. KATHY W. MORRISON* J. STEVEN LOVEJOY* MARTIN B. ELLIS** B. TYLER LINCOLN
ANTHONY J. FOSCHI DAVID R. BRESCHI* RUTH A. COURTNEY ANGELA L. THOMAS CHERYL A. ZEMAN*** DAVID L. GILDERNEW JEAN SVOBODA McMASTER MELISSA A. SWAUGER

*ALSO ADMITTED TO MARYLAND BAR **ADMITTED TO MARYLAND BAR ONLY ***ALSO ADMITTED TO VIRGINIA BAR

JAMES E. REID, JR. (OF COUNSEL)

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JOHN J. SHUMAKER (1929-1999)
JOHN G. WILLIAMS (RETIRED)

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STATE COLLEGE, PENNSYLVANIA
TELEPHONE: (814) 234-3211

MARYLAND
TELEPHONE: (410) 825-5223

November 2, 2000

Writer's Direct Dial No.:
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Writer's E-Mail Address:
dague@shumakerwilliams.com

John E. Graf, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

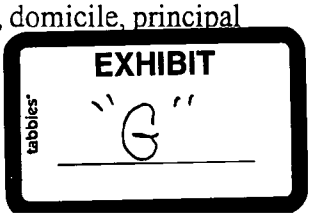
Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Dear John:

This is in response to your letter of October 31, 2000. We are certainly interested in avoiding any unnecessary wrangling over discovery and, in fact, in fostering the most expeditious and efficient discovery possible in order to allow this case to be brought to the earliest possible resolution. Nevertheless, it seems unfortunately necessary to take issue with a number of your assertions.

The revised set of Interrogatories forwarded with your letter simply eliminate a number of Interrogatories posed in your first set, specifically numbers 21, 23, 26, 28, 30, 33, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 57, 59, 61, 63, 66, 69, 71, 73, and 78. Unlike many of the Interrogatories that you have posed, each of those set forth only one question. Thus, the revised set merely reduces the total number of questions posed from the one hundred and fifty-seven (157) in the original set to one hundred and thirty-two (132). Your assertion that the revised set contains only fifty-six (56) is incorrect not only because the set contains fifty-seven (57) numbered paragraphs but, more importantly, because it ignores the facts that many of those paragraphs contain sub-parts and that even those not containing sub-parts often contain multiple questions. For example, your position is that the first numbered paragraph, which reads as follows, contains only one inquiry:

1. State the legal status (e.g. [sic] corporation, partnership), domicile, principal place of business, and date of organization of Penn Laurel.



In reality, that paragraph poses the following four inquiries:

1. What is Penn Laurel's legal status?
2. Where is Penn Laurel domiciled?
3. What is Penn Laurel's principal place of business?
4. On what date was Penn Laurel organized?

The revised set also conspicuously ignores the specific Objections which we raised to Interrogatories 9, 10, and 12. Each Objection cited the Rule of Civil Procedure upon which it was based. Yet the new set not only poses the identical Interrogatories, but your letter fails to address our Objections or the legal bases for them. That failure certainly does not lead toward any resolution of this matter but leaves us with no alternative to interposing the identical Objections.

Your letter also fails to address another point raised in my letter to you of October 18, 2000, i.e., that the Interrogatories (and now the revised Interrogatories as well) are expressly identified as a "First Set." If the current set of one hundred and thirty-two inquiries is only intended to be a "First Set," how many interrogatories does your client intend to propound in this case?

Your letter additionally neglects to respond to our offer to produce documents on a mutually agreeable date after November 15. A great deal of information which your client purports to be seeking in its Interrogatories could be culled from those documents. Thus, we have to question how sincere your client's interest in obtaining discovery actually is. Nevertheless, we continue to be willing to produce all requested, non-privileged documents at a mutually convenient date and time after the 15th and are continuing to prepare that production.

As noted, we wish to resolve these matters and to expedite discovery. Therefore, we would propose the following resolution: we will respond to the revised set of Interrogatories if you notify me in writing that this is the only set that your client will be propounding. Please do so promptly so that we can prepare and serve a response within the thirty day period allowed by the Rules. If that resolution is not agreeable, we would be pleased to discuss any proposal that you may care to offer, but we would request that any further discussion address all of the issues that we have raised rather than selectively ignoring some issues.

In order to assure that we do not neglect any issue raised by you, we should address two other matters raised by your letter. First, we did respond to your initial set of Interrogatories within the period allowed by the Rules, and we will do so again as to this revised set. The facts that you disagree with our response and that your client has chosen to include identical paragraphs does not change the period which the Rules afford for our response to any set propounded. Second, very few of the numbered paragraphs are simple to answer or are limited to inquiries about experts or witness statements. Actually, the latter are Interrogatories 9, 10, and 12, the very ones we specifically objected to on the basis that they violate specific provisions of the Rules. Not only will we be happy

to respond to any such inquiries that are properly posed under the Rules, we will freely disclose to you that we have not yet obtained any expert about whom discovery would be appropriate under Pa.R.Civ.P. 4003.5 and we have not obtained witness statements which would be discoverable under Pa.R.Civ.P. 4003.4.

As always, please do not hesitate to contact me if you wish to discuss any of these matters further.

Very truly yours,

By Laurence W. Dague

LWD/mac:124555
cc: Howard Kelin, Esquire (Via Telecopier)

Shumaker Williams, P.C.
ATTORNEYS AT LAW

KEITH A. CLARK PAUL A. ADAMS* LAURENCE W. DAGUE* NICHOLAS BYBEL, JR. KATHY W. MORRISON* J. STEVEN LOVEJOY* MARTIN B. ELLIS** B. TYLER LINCOLN
ANTHONY J. FOSCHI DAVID R. BRESCHI* RUTH A. COURTNEY ANGELA L. THOMAS CHERYL A. ZEMAN*** DAVID L. GILDERNEW JEAN SVOBODA McMASTER MELISSA A. SWAUGER

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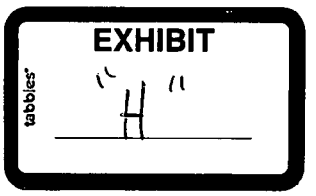
dague@shumakerwilliams.com

November 20, 2000

John E. Graf, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)



Dear John:

This is in response to your letter of November 15, 2000. After reviewing it, we are left with the unfortunate impression that a grave problem exists in our communication, but we are at a complete loss to understand why.

While your letter purports to respond to our letter of November 2, it conspicuously fails to address several critical points which we raised. Most significantly, we had offered to answer your revised interrogatories providing you informed us that your client would not be posing any additional interrogatories, but you have not even acknowledged that offer. In fact, our letter specifically raised the question of how many interrogatories your client intended to pose in this case because the revised set consists of one hundred and thirty-two (132), but that question is ignored in your "response." Your letter continues to argue that the interrogatories concerning witness statements and expert witnesses are appropriate while ignoring the fact that our letter provided you with all of the information which your client would be entitled to receive concerning those matters at this point.

Another assertion in your letter inexplicably misstates one issue raised in our letter. You assert that our letter requested an extension of time to produce documents, although that is simply not true. In our letter of October 18, 2000, we noted that we would need the same period for the physical production of the documents that your client required and took, and we offered to produce all responsive documents on any mutually agreeable date after November 15, 2000. In the letter to

which you assert you are responding, we pointed out that you had not responded to that offer and questioned how sincere your client's interest was in pursuing discovery if it did not wish to inspect the documents. Your most recent letter again fails to request the scheduling of the production.

Your letter also suggests, rather bizarrely we believe, that we need to familiarize ourselves with the Rules of Civil Procedure by re-reading Rules 4003.4 and 4003.5. In Interrogatory 9, you expressly request information about all witness statements regardless of whether they have been adopted or approved by the witness. Yet the final sentence of Pa.R.Civ.P. 4003.4 expressly provides that copies of statements may only be obtained if they have been adopted or approved by the witness, unless the statement has been recorded verbatim. Your Interrogatory 10 then proceeds to request a great deal of detailed information concerning the taking of any statements that is not authorized by Rule 4003.4. Thus, your Interrogatories violate that Rule by going substantially beyond the exception to the work product privilege created by that Rule. Similarly, your Interrogatory 12 asks for a great deal of detail concerning experts that is not authorized by Rule 4003.5(a)(1) and that would therefore require a showing of cause under subparagraph (a)(2) of that Rule.

The assertion in your letter that the Complaint in this case is vague is entirely erroneous, and the example you cite constitutes a mischaracterization. Paragraph 26 of our Complaint expressly alleges:

> 26. **Based upon information and belief,** Plaintiffs aver that one or more members of Clearfield's Board of Directors had knowledge of Defendant Anonick's and Mr. Jack Woolridge's efforts to foster and foment opposition to the proposed merger of the parties. [emphasis added]

That paragraph expressly alleges that we did not have knowledge of the exact identity of such directors when we filed the Complaint. Such allegations are often made in cases such as this, and it is evident that discovery will be utilized to specifically identify the individuals who had the knowledge alleged. If your client had wanted to challenge that fact that we were unable to specifically identify the individuals before we performed discovery, it could have done so by filing preliminary objections, and we must assume that its failure to do so was based upon its recognition that such objections would have been without merit.

The first of what is likely to be many depositions in this case has been scheduled for December 12, and the subject of which of your clients' directors had what knowledge at what time is one area that will obviously be covered at that deposition. Since you will attend, you will learn what we do as we do. To insist upon the answering of an unjustifiable number of interrogatories seeking details that you know are not immediately available to us while refusing to in any way limit

the total number of inquiries that will be imposed seems entirely unreasonable to us. Therefore, we will respond to your revised Interrogatories within the allotted time frame, but our response will not significantly differ from our original response unless we are able to somehow repair the rift in communications that seems to have occurred before our response is due.

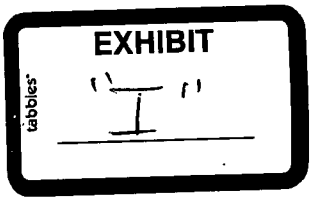
Very truly yours,

By Laurence W. Dague

LWD/mac:125052
cc: Howard Kelin, Esquire (Via Telecopier)

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	: CIVIL ACTION - LAW



PLAINTIFFS' OBJECTIONS TO INTERROGATORIES (REVISED SET) OF DEFENDANT CLEARFIELD BANK & TRUST COMPANY

NOW COME Plaintiffs to make the following objections to the Interrogatories (Revised Set) of Defendant Clearfield Bank & Trust (hereinafter "CBT"):

General Objections

A. Plaintiffs object to these Interrogatories on the basis that they violate Pa.R.Civ.P 4011(b) and (e) by being unreasonably annoying, oppressive, burdensome, and expensive and by requiring Plaintiffs to make an unreasonable investigation. These Interrogatories and their sub-parts actually pose one hundred and thirty-two (132) written interrogatories and are, therefore, altogether unreasonable in number. Many also pose inquiries about matters that are well known by CBT (e.g., what individuals were actively involved in negotiations with CBT) and are unnecessary and unreasonable for that reason as well.

B. Plaintiffs object to the "Instructions and Definitions" set forth in the Interrogatories to the extent that they seek to ascribe unusual meanings to commonly understood words and phrases and to the extent that they require acts, procedures, or forebearances from acting beyond the requirements of the Pennsylvania Rules of Civil Procedure. Said "Instructions and Definitions" are not adopted by the Bank in making the following Answers.

Specific Objections

9-10. These Interrogatories are inconsistent with and violative of Pa.R.Civ.P. 4003.4.

12. This Interrogatory is inconsistent with and violative of Pa.R.Civ.P. 4003.5(a)(1) and (2).

SHUMAKER WILLIAMS, P.C.

Dated: 11/28/00

By Melissa A. Swauger

Laurence W. Dague, I.D. #19715
David R. Breschi, I.D. #59001
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. ##82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp., CSB Bank, and the Penn Laurel Directors

:125275

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK, 434 State Street, Curwensville, Pennsylvania 16833, Plaintiffs, v. CLEARFIELD BANK & TRUST COMPANY, 11 North Second Street, Clearfield, Pennsylvania 16830, TIMOTHY A. ANONICK, 12919 Ashtree Road, Midlothian, VA 23113 and ANONICK FINANCIAL CORPORATION, 12919 Ashtree Road, Midlothian, VA 23113, Defendants.	:	CIVIL ACTION - LAW Civil Action No. 00-414-CO

ORDER

AND NOW, this _____ day of _____, 2000, IT IS HEREBY ORDERED THAT Defendant Clearfield Bank and Trust Company's Motion to Compel is GRANTED. Plaintiffs shall produce full, fair and complete answers to Clearfield Bank and Trust Company's Amended First Set of Interrogatories no later than twenty (20) days of the date of this Order.

_____

J.

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Motion to Compel** was served via first-class, U.S. mail, postage prepaid this 28th day of December, 2000 as follows:

Laurence Dague, Esquire
Shumaker Williams, P.C.
The Pennsylvania Center
3425 Simpson Ferry Road
Camp Hill, PA 17011

Howard Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

John E. Graf, Esquire

LIT214362.1

FILED

JAN 02 2001

m/1:46/ 1 cc atty Wray.

William A. Shaw
Prothonotary

Fees

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	)	
v.	)	NO. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	)	

FILED
JAN 17 2001
William A. Shaw
Prothonotary

OPINION

Defendant Bank seeks to compel answers to its Amended First Set of Interrogatories and Request for Production of Documents. We have reviewed Plaintiffs' objections to the Interrogatories (Revised Set), as well as correspondence between counsel. We sincerely hope the inability of counsel to resolve such seemingly simple issues is not an indication of the difficulty we will have in moving this case to resolution.

Plaintiffs object generally on the basis that the Interrogatories are annoying, oppressive, burdensome, and require unreasonable investigation. Correspondence from counsel suggests Plaintiffs are presently unable to provide appropriate responses to the Interrogatories. We wonder why Plaintiffs began this lawsuit if they were unprepared to set forth the basis for their various allegations. Plaintiffs further object to the "Instructions and Definitions" section of the Interrogatories. We will strike the "Instructions and Definitions" section and rely upon Plaintiffs to respond ascribing the "usual meanings to commonly understood words and phrases." With regard to Plaintiffs' specific objection that Interrogatories 9 and 10 violate Civil Rule 4003.4, we

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

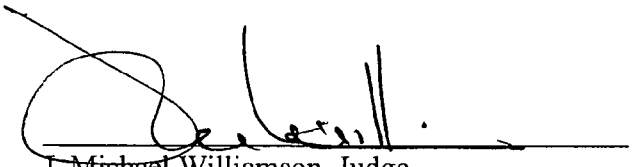
do not understand that objection. With respect to the allegation that Interrogatory 12 violates Rule 4003.5(a)(1) and (2), Plaintiffs may limit their response to that information required by Sub-section (a) of Rule 4003.5.

NOW, this 12th day of January, 2001, IT IS HEREBY ORDERED as follows:

1. Plaintiffs shall respond within forty-five (45) days of this date to Defendant Clearfield Bank & Trust Company's Amended First Set of Interrogatories and Request for Production of Documents consistent with this Opinion.

2. A courtesy copy of all future filings shall be sent directly to the undersigned.

BY THE COURT:



J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xc: Melissa A. Swauger, Esquire
Bradley S. Tupi, Esquire
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

FILED
JAN 17 2001
m 12:16 NOCC
William A. Shaw
Prothonotary

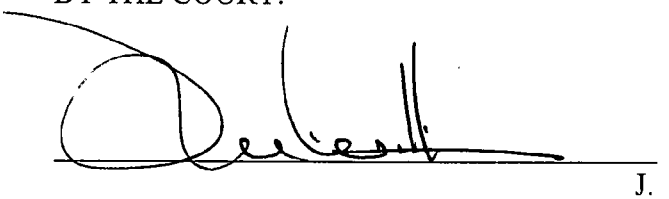
IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	)	
v.	)	NO. 00 - 414 - CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	)	

ORDER

NOW, this 7th day of February, 2001, a status conference will be held in the above matter on March 21, 2001, at 11:30 a.m. in Court Room No. 1 of the Clearfield County Courthouse, Clearfield, Pennsylvania.

BY THE COURT:



J.

xc: Melissa A. Swauger, Esquire
Bradley S. Tupi, Esquire
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

FILED
FEB 12 2001
William A. Shaw
Prothonotary

FILED

FEB 12 2001

11:30pm

William A. Shaw
Prothonotary

JUDGES CHAMBERS
TWENTY-FIFTH JUDICIAL DISTRICT OF PENNSYLVANIA
LOCK HAVEN, PENNSYLVANIA 17745

J. MICHAEL WILLIAMSON
JUDGE

717-893-4014
FAX 717-893-4126

February 8, 2001

William Shaw, Prothonotary
Clearfield County Courthouse
230 East Market Street
Clearfield, PA 16830

Re: Penn Laurel v. Clearfield Bank and Trust
No. 00 - 414 - CD

Dear Mr. Shaw:

Please file the enclosed Order in the above referenced matter. All copies have been distributed.

Thank you.

Very truly yours,

Carol E. Miller
Secretary to Judge Williamson

Enclosure

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYVLANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	: CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYVLANIA
v.	: Civil Action No. 01-204-CD
SHERWOOD C. MOODY, Defendant	: CIVIL ACTION - LAW

ORDER

AND NOW, this 21 day of March, 2001, upon consideration of the consent hereto by all of the parties through their counsel at a status conference held by the Court this day, IT IS HEREBY ORDERED that the above-captioned cases are consolidated for all purposes under Civil Action No. 00-414-CD.

BY THE COURT:

25th Jud Dist
Specially

J.

xc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire

FILED

MAR 21 2001

William A. Shaw
Prothonotary

FILED

MAR 2 1 2001

0 / 12:23 P.M.

William A. Shaw
Prothonotary

CERT TO DAGUE, TUPI & KELIN

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYVLANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	CIVIL ACTION - LAW

REPLY TO ANSWER AND NEW MATTER OF DEFENDANT SHERWOOD MOODY

NOW COME Plaintiffs Penn Laurel Financial Corp. ("Penn Laurel") and CSB Bank ("CSB") to state the following Reply to the Answer and New Matter of Defendant Sherwood C. Moody (hereinafter "Moody") as follows:

62. Plaintiffs incorporate herein by reference their Complaint and the instant Reply.

63. Admitted in part and denied in part. Subparagraph (a) of this paragraph is admitted with the clarification that, while Moody did take the actions alleged, he failed to take all actions which were appropriate and reasonable to secure the adoption and approval of the "Agreement and Plan of Reorganization" (the "Reorganization Agreement"), a number of which (e.g., joint meetings

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MAR 26 2001
William A. Shaw
Prothonotary

of the Boards of Clearfield Bank & Trust Company (hereinafter "Clearfield") and Penn Laurel) had been specifically requested by Plaintiffs. The opening sentence of this paragraph is denied; to the contrary, Moody failed to take a number of actions which had been specifically requested by Plaintiffs and failed to take all actions which were appropriate and reasonable to secure adoption and approval of the Reorganization Agreement. Subparagraph (b) is denied on the bases that, after reasonable investigation, Plaintiffs are without knowledge or information sufficient to form a belief as to the truth of this averment. Subparagraph (c) is denied; to the contrary, Moody simply notified Plaintiffs that its Board of Directors had decided not to make any response to the May 10, 1999 letter from Omega Financial Corporation ("Omega"). Subparagraph (d) is denied; to the contrary, the May 10 letter was only an "expression of interest," the terms of which could not legally have been disclosed to shareholders.

64. Denied. The averments of this paragraph are specifically denied; to the contrary, the merger's failure was caused by Moody's failure to take all appropriate and reasonable actions to secure its adoption and approval and by Moody's other breaches of the parties' Agreements, including, but not limited to, the communications between Moody and Anonick. Among those breaches, Moody also failed to keep Plaintiffs properly informed concerning the identities of the alleged opponents and the extent of the alleged opposition. By way of further answer, after reasonable investigation, Plaintiffs are without knowledge or information sufficient to form a belief concerning the nature or extent of opposition prior to Anonick's actions.

65. Denied. The opening sentence of this paragraph and subparagraph (a) are denied on the bases that after reasonable investigation, Plaintiffs are without knowledge or information

sufficient to form a belief as to the truth of these averments. Subparagraph (b) is denied; to the contrary, paragraphs 15 through 18 of the Plaintiffs' Complaint are incorporated herein by reference.

66. The averments of this paragraph state conclusions of law to which no response is required. In the event that a response is deemed to be required, said averments are denied on the bases that they improperly seek to summarize a written document [Rule 145(b)(1)] which speaks for itself and that the summarization is inaccurate.

67. Denied. The averments of this paragraph are specifically denied; to the contrary, paragraphs 63, 64, and 66 above are incorporated herein by reference.

68. Denied. The averments of the first four sentences of this paragraph are denied on the bases that Plaintiffs were not guilty of any dilatory conduct in making any filings. To the contrary, any delay in the filing of the preliminary proxy statement was attributable to Clearfield and Moody's repeated failures to supply information and documents needed to make that filing and repeated failures to respond promptly to requests for comments and approvals of needed documents. In response to the fifth sentence of this paragraph, the above reply to paragraph 66 is incorporated herein by reference. The sixth sentence is denied; to the contrary, Clearfield and its officers and directors were not legally prevented from having some communications with its shareholders during the alleged period, and the above reply to paragraph 64 is incorporated herein by reference. The final sentence is also denied; to the contrary, Plaintiffs were not guilty of any dilatory conduct, and the above reply to paragraphs 64 is incorporated herein by reference.

69. Denied. The first sentence of this paragraph is denied on the bases that it improperly seeks to summarize a written document (the Reorganization Agreement) which speaks for itself and that the summarization is inaccurate. The remaining averments of this paragraph are specifically denied on the following bases:

(a) the press release in question was not issued by Plaintiffs but, rather, was jointly released by Clearfield and Plaintiffs;

(b) the contents of the joint press release were approved by Clearfield and Moody and their counsel;

(c) Clearfield and Moody reviewed drafts of the joint press release, made comments upon it, and requested changes in it which were made before it was issued;

(d) Plaintiffs are without knowledge or information sufficient to form a belief as to the impressions made by the joint press release upon Clearfield's shareholders solely because Clearfield and Moody repeatedly and routinely refused requests by Plaintiffs for detailed information concerning the attitudes of individual shareholders; and

(e) the above reply to paragraph 64 is incorporated herein by reference.

70. Denied. The averments of this paragraph are specifically denied on the following bases:

(a) the above reply to paragraph 68 is incorporated herein by reference;

(b) the Securities and Exchange Commission (hereinafter "SEC") issued comments on the parties' preliminary proxy statement, and the Federal Deposit Insurance Corporation (hereinafter "FDIC") raised questions and concerns relating to the parties' proposed merger following the filing of that statement on April 2, 1999;

(c) Plaintiffs were required to and did expend substantial time and effort between April 2, 1999, and July of 1999 to address the comments and questions of the SEC and FDIC and were successful in doing so;

(d) between April 2, 1999, and July of 1999, Clearfield and its officers, directors, and counsel were repeatedly and routinely dilatory in providing information and documents which were needed in order to make filings with the SEC, to resolve comments that had been made by the SEC and concerns that had been raised by the FDIC, to follow the timetable for approval of the merger, and to allow shareholders' meetings to be scheduled;

(e) any delay between the announcement of the proposed merger and the shareholders' meetings thereon which were attributable to any action by the parties (i.e., delay other than that caused by the comments and questions of the SEC and FDIC) were primarily caused by the dilatory actions of Clearfield and its officers, directors, and counsel;

(f) Plaintiffs are without knowledge or information sufficient to form a belief as to the impressions made by any delay upon Clearfield's shareholders solely because Clearfield repeatedly and routinely refused requests by Plaintiffs for detailed information concerning the attitudes of individual shareholders; and

(g) the above reply to paragraph 64 is incorporated herein by reference.

71. The averments of this paragraph constitute conclusions of law to which no responses are required. In the event that responses are deemed to be required, said averments are specifically denied.

72. The averments of this paragraph constitute conclusions of law to which no responses are required. In the event that responses are deemed to be required, said averments are specifically denied.

73. The averments of this paragraph constitute conclusions of law to which no responses are required. In the event that responses are deemed to be required, said averments are specifically denied.

74. The averments of this paragraph constitute conclusions of law to which no responses are required. In the event that responses are deemed to be required, said averments are specifically denied.

WHEREFORE, Plaintiffs Penn Laurel Financial Corp. and CSB Bank respectfully request that this Honorable Court award damages against Defendant Sherwood C. Moody in an amount in excess of $25,000, plus interest and costs and such other relief as the Court may deem necessary and/or appropriate.

SHUMAKER WILLIAMS, P.C.

Dated: 3/23/01

By Melissa A. Swauger

Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp.
and CSB Bank

:129131

VERIFICATION

The undersigned, Larry W. Brubaker, hereby verifies and states that:

1. He is President and CEO of Penn Laurel Financial Corporation and Chairman of the Board of CSB Bank;

2. He is authorized to make this Verification on their behalf;

3. The facts set forth in the foregoing Reply to New Matter are true and correct to the best of his knowledge, information and belief; and

4. He is aware that any false statements herein are made subject to the penalties of 18 Pa.C.S.A. §4904, relating to unsworn falsification to authorities.

Dated: 3/22/01

Larry W. Brubaker

:129121

CERTIFICATE OF SERVICE

I, Melissa A. Swauger, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Reply to Answer and New Matter of Defendant Sherwood Moody on this date by overnight delivery, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company & Sherwood Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

SHUMAKER WILLIAMS, P.C.

Dated: 3/23/04

By Melissa A. Swauger
Melissa A. Swauger
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

FILED
MAR 26 2001
11:40 no cc
William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00 - 414 - CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	)	

- a n d -

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 01 - 204- CD
SHERWOOD C. MOODY, Defendant	)	

ORDER

NOW, this 26th day of March, 2001, with the understanding that the Court anticipatees all discovery will be completed within six (6) months, IT IS HEREBY ORDERED that counsel shall submit to the Court written statements by 5:00 p.m. on July 31, 2001, outlining the status of this matter, identifying any outstanding motions, and suggesting a time schedule for resolution.

FILED
MAR 28 2001
William A. Shaw
Prothonotary

BY THE COURT:

J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

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William A. Shaw
Prothonotary
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IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,

Defendants.

Civil Action - Law

Civil Action No. 00-414-CD

NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d)

Filed on behalf of Defendant, Sherwood C. Moody

Counsel of Record for this Party:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf; Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

Jury Trial Demanded.

FILED

MAR 30 2001

William A. Shaw
Prothonotary

TO TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION:

YOU ARE HEREBY NOTIFIED TO PLEAD TO THE ENCLOSED NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d) WITHIN TWENTY DAYS FROM SERVICE HEREOF OR A DEFAULT JUDGMENT MAY BE ENTERED AGAINST YOU.

Attorney for Sherwood C. Moody

Lit 221137

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	

NEW MATTER (CROSS CLAIM)
PURSUANT TO PA. R. CIV. P. 2252(d)

Defendant Sherwood C. Moody, by his attorneys, Tucker Arensberg, P.C., files the following New Matter (Cross Claim) Pursuant to PA. R. CIV. P. 2252(d), averring as follows:

1. The allegations contained Mr. Moody's Answer and New Matter to Plaintiffs' Complaint are incorporated as if fully set forth.

2. Defendants Timothy A. Anonick ("Anonick") and Anonick Financial Corporation ("AFC") engaged in a pattern of behavior intended to encourage shareholders of Clearfield Bank & Trust Company to vote against the proposed merger with Penn Laurel/CSB and encourage those shareholders to exercise their shareholder rights of dissent. The goal of Anonick and AFC in performing these actions was to cause the termination of the Clearfield-Penn Laurel/CSB Merger Agreement so that Omega could then take steps to acquire Clearfield.

3. Anonick and AFC, with intent and knowledge, took deliberate, wrongful and illegal actions to induce Clearfield shareholders into exercising their dissenting shareholder rights and into voting against the proposed merger so that the proposed merger of Clearfield and Penn Laurel/CSB would not take place, and so that Omega could then take steps to acquire Clearfield.

4. Anonick and AFC's wrongful conduct includes, but is not limited to, the misrepresentations and/or material omissions of fact made in the tender offer of Omega to Clearfield shareholders on August 2, 1999, which constitute violations of the Securities Act of 1933 and the Pennsylvania Banking Code of 1965.

5. In the event it is determined at the time of trial that Mr. Moody is liable for Plaintiffs' alleged damages, which liability is expressly denied, Mr. Moody asserts a claim for contribution against, and avers that he is entitled to contribution from, Defendants Anonick and AFC.

6. In the event Plaintiffs prove they were damaged by the actions and conduct of Mr. Moody, which is expressly denied, then Defendants Anonick and AFC are primarily or solely liable to Plaintiffs and owe indemnity to Mr. Moody.

7. In the event Plaintiffs prove the allegations in their Complaint, Defendants Anonick and AFC are solely and/or jointly and severally liable to Plaintiffs.

8. In the event it is determined at the time of trial that Mr. Moody is liable for Plaintiffs' alleged damage, which liability is expressly denied, Defendants Anonick and AFC are liable over to Plaintiffs.

WHEREFORE, Defendant/Cross Claim Plaintiff Sherwood C. Moody denies any and all liability to Plaintiffs and demands judgment in his favor, and in the alternative, a judgment that Defendants Timothy A. Anonick and Anonick Financial Corporation are solely liable, liable over or liable to Defendant Moody for contribution and/or indemnity.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

1500 One PPG Place
Pittsburgh PA 15222
(412) 566-1212

Attorneys for Defendant,
Sherwood C. Moody

LIT 221137 03/26/01

VERIFICATION

I, Sherwood C. Moody, depose and state that the facts contained in the foregoing New Matter (Cross Claim) Pursuant to PA. R. CIV. P. 2252(d) are true and correct to the best of my knowledge, information and belief. I make this verification subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

Sherwood C. Moody

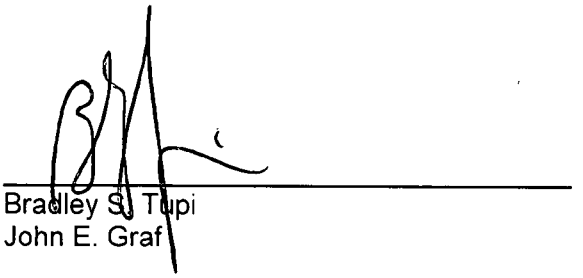
lit 221137

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this New Matter (Cross Claim) Pursuant to Pa. R. Civ. P. 2252(d) was served upon counsel by U.S. Mail, postage prepaid, this 28th day of March, 2001, addressed as follows:

Howard L. Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108



Bradley S. Tupi
John E. Graf

LIT 221137 03/28/01

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William A. Shaw

Prothonotary

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

FILED
APR 16 2001
William A. Shaw
Prothonotary

PLAINTIFFS' MOTION FOR BIFURCATION

NOW COME Plaintiffs, by and through their counsel, Shumaker Williams, P.C., to move this Honorable Court to enter an Order directing that discovery, pre-trial proceedings, and trial of liability issues be bifurcated from damage issues in the above-captioned matter. In support thereof, Plaintiffs aver as follows:

1. In accordance with Pa.R.Civ.P. 213, Plaintiffs seek a separate trial on the issues of liability and damages in this matter.

2. Consistent with the limited amount of time allocated for discovery, with the desirability of timely advancing this litigation, and with the of convenience and avoidance of prejudice set forth below, Plaintiffs also seek the bifurcation of all pre-trial proceedings, including discovery on the issues of liability and damages.

3. Separate periods of discovery and separate trials on the issues of liability and damages will further convenience and avoid prejudice in this matter involving complex claims by multiple parties.

4. This case arises out of a failed merger between Penn Laurel Financial Corp, CSB Bank and Clearfield Bank & Trust Company ("CB&T").

5. Plaintiffs claim that Defendants CB&T and Sherwood Moody breached contractual agreements that they had entered into with Plaintiffs.

6. Plaintiffs further claim that Defendants Sherwood Moody, Timothy A. Anonick and Anonick Financial Corporation interfered with the contractual agreements between Plaintiffs and CB&T and that they conspired with one another to interfere with those agreements.

7. Because of the number of parties involved and the allegations of their conspiratorial acts, the liability issues are extremely complex.

8. The discovery and trial of liability issues will take significant time and attention to resolve without addressing the issue of the damages that the Plaintiffs sustained.

9. Moreover, Plaintiffs have alleged a number of different elements of damage which are exceedingly complex.

10. One element of damages that will require extensive discovery and expert testimony is the loss of the benefit that would have accrued to Plaintiffs' shareholders if the merger had been consummated.

11. Other elements of damage will require complex discovery and proof as well, including the necessity of showing the value of the loss of services of key officers and employees of Plaintiffs and the amount of fees and expenses which Plaintiffs would not have incurred in fulfilling their contractual obligations even if the contract had not been breached.

12. To introduce such complex issues of both liability and damages to a jury may create confusion and render its job more difficult.

13. A jury verdict on liability may clarify, reduce, or even eliminate the necessity of addressing the damages issues and/or enable the parties to amicably resolve this matter without the

necessity of litigating and holding a trial upon damages.

14. Therefore, bifurcation will be convenient to and in the best interests of all parties.

15. Defendants cannot claim any inconvenience or prejudice from such a bifurcation.

16. Moreover, Defendants may avoid the risk of prejudice that could occur from a jury's confusion of considering evidence relating only to damages on liability issues.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court grant this Motion for Bifurcation and enter the attached proposed Order, directing that the discovery and trial of the liability and damages issues be bifurcated.

SHUMAKER WILLIAMS, P.C.

Dated: 4/12/01

By Laurence W. Dague

Laurence W. Dague, I.D.#19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:129884

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Motion for Bifurcation on this date by depositing a copy of the same in the possession of the United States Mail, first-class, postage prepaid, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

SHUMAKER WILLIAMS, P.C.

Dated: 4/2/01

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

FILED
APR 16 2001
01339 cc atty Williams
William A. Shaw
Prothonotary
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IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00 - 414 - CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, and ANONICK FINANCIAL CORPORATION, Defendants	)	

- a n d -

PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	)	
v.	)	NO. 01 - 204 - CD
SHERWOOD C. MOODY, Defendant	)	

ORDER

NOW, this 23rd day of April, 2001, upon consideration of Plaintiffs' Motion for Bifurcation, IT IS HEREBY ORDERED that the Motion for Bifurcation is GRANTED and that discovery, pre-trial proceedings, and trial of all liability issues shall be bifurcated from the discovery and trial of damage issues in the above captioned consolidated matters.

BY THE COURT:

J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

FILED

APR 26 2001

William A. Shaw
Prothonotary

xc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	
Plaintiffs,	:	**Civil Action No. 00-414-CO**
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY,	:	FILED APR 27 2001 William A. Shaw Prothonotary
Defendants.	:	

ANSWER OF TIMOTHY A ANONICK AND ANONICK FINANCIAL CORPORATION TO SHERWOOD C. MOODY'S NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d)

Defendants Timothy A. Anonick ("Anonick") and Anonick Financial Corporation ("AFC"), by counsel, hereby respond as follows to the new matter (cross claim) pursuant to Pa. R. Civ. P. 2252(d) of Sherwood C. Moody ("Moody"):

1. The allegations in Paragraph 1 are not directed at Anonick or AFC, and therefore no response is required. To the extent a response is required, Anonick and AFC deny any wrongdoing or liability relating to the allegations in Paragraph 1.

2. Denied. To the extent the allegations pertain to alleged events that occurred after Moody left Clearfield Bank & Trust, it is specifically denied that Moody has any knowledge or basis to make such allegations. Moreover, Anonick and AFC were aware that numerous Clearfield shareholders were already opposed to the proposed merger. Anonick and AFC were making such shareholders aware of another option with Omega, because Clearfield's Board of Directors had failed to notify the Clearfield shareholders of the Omega opportunity. This was

one of several matters on which Clearfield's Board failed to notify Clearfield's shareholders. Another such example is the fact that Ryan Beck, Clearfield's purported "independent" investment advisor that rendered an alleged "objective" fairness opinion for the proposed merger, was not at all independent or objective (as recognized by the SEC).

3. The allegations state a legal conclusion, to which no response is required. To the extent a response is required, Anonick and AFC deny taking any deliberate, wrongful and illegal actions. See also the response to Paragraph 2.

4. The allegations state a legal conclusion, to which no response is required. To the extent a response is required, Anonick and AFC deny any misrepresentations or material omissions of fact. See also the response to Paragraph 2.

5. The allegations state a legal conclusion, to which no response is required. To the extent a response is required, Anonick and AFC deny any liability for contribution to Moody.

6. The allegations state a legal conclusion, to which no response is required. To the extent a response is required, Anonick and AFC deny any liability to Plaintiffs or liability for indemnity to Moody.

7. The allegations state a legal conclusion, to which no response is required. To the extent a response is required, Anonick and AFC deny any sole or joint and several liability to Plaintiffs.

8. The allegations state a legal conclusion, to which no response is required. To the extent a response is required, Anonick and AFC deny any liability over to Plaintiffs.

KEGEL KELIN ALMY & GRIMM LLP

By: _____

Howard L. Kelin
Attorney I.D. No. 65124
24 N. Lime Street
Lancaster, PA 17602
(717) 392-1100

Counsel for Timothy A. Anonick and
Anonick Financial Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing ANSWER OF TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION TO SHERWOOD C. MOODY'S NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d) was served this 24th day of April, 2001, by first class mail, postage prepaid, upon the following persons:

Laurence W. Dague, Esq.
Shumaker Williams, P.C.
P. O. Box 88
Harrisburg, PA 17108

Bradley S. Tupi, Esq.
Tucker Arensberg, P.C.
One PPG Place
Suite 1500
Pittsburgh, PA 15222-5401

_____
Howard L. Kelin

VERIFICATION

I, Timothy A. Anonick, verify that the facts contained in the foregoing ANSWER OF TIMOTHY A ANONICK AND ANONICK FINANCIAL CORPORATION TO SHERWOOD C. MOODY'S NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d) are true and correct to the best of my knowledge, information and belief. I make this verification subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsifications to authorities.

Timothy A. Anonick

FILED

APR 27 2001

m 11:41 no cc

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	
Plaintiffs,	:	
	:	**Civil Action No. 00-414-CO**
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY,	:	
Defendants.	:	

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APR 27 2001

William A. Shaw
Prothonotary

NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d) BY TIMOTHY A ANONICK AND ANONICK FINANCIAL CORPORATION

Defendants Timothy A. Anonick ("Anonick") and Anonick Financial Corporation ("AFC"), by counsel, hereby state as follows for their new matter (cross claim) pursuant to Pa. R. Civ. P. 2252(d) against Sherwood C. Moody ("Moody"):

1. The allegations contained in the Answer and New Matter of Anonick and AFC to Plaintiff's Complaint are incorporated as if fully set forth herein.

2. Plaintiffs' allege that Moody provided information to Anonick (an employee of AFC) regarding the proposed merger, which Plaintiffs allege violated Moody's contract obligations to Plaintiffs. Plaintiffs further allege that Moody's disclosure of such information was a necessary step in the later actions of Anonick and AFC, which Plaintiffs allege involve wrongful conduct by Anonick and AFC (such allegations against Anonick and AFC have been, and continue to be, denied).

3. In the event it is determined at trial that Anonick and AFC are liable for Plaintiffs' alleged damages, which liability is expressly denied, Anonick and AFC each assert a claim for contribution against Moody on the basis of Moody's foregoing disclosures to Anonick, and aver that they are entitled to contribution from Moody.

4. In the event it is determined at trial that Anonick and AFC are liable for Plaintiffs' alleged damages, which liability is expressly denied, Anonick and AFC each assert a claim that Moody is primarily or solely liable to Plaintiffs on the basis of Moody's foregoing disclosures to Anonick, and owes indemnity to Anonick and AFC.

5. In the event it is determined at trial that Anonick and AFC are liable for Plaintiffs' alleged damages, which liability is expressly denied, Anonick and AFC each assert a claim that Moody is solely or jointly and severally liable to Plaintiffs on the basis of Moody's foregoing disclosures to Anonick.

6. In the event it is determined at trial that Anonick and AFC are liable for Plaintiffs' alleged damages, which liability is expressly denied, Anonick and AFC each assert a claim that Moody is liable over to Anonick and AFC on the basis of Moody's foregoing disclosures to Anonick.

KEGEL KELIN ALMY & GRIMM LLP

By: _____

Howard L. Kelin
Attorney I.D. No. 65124
24 N. Lime Street
Lancaster, PA 17602
(717) 392-1100

Counsel for Timothy A. Anonick and Anonick Financial Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d) BY TIMOTHY A ANONICK AND ANONICK FINANCIAL CORPORATION was served this 24th day of April, 2001, by first class mail, postage prepaid, upon the following persons:

Laurence W. Dague, Esq.
Shumaker Williams, P.C.
P. O. Box 88
Harrisburg, PA 17108

Bradley S. Tupi, Esq.
Tucker Arensberg, P.C.
One PPG Place
Suite 1500
Pittsburgh, PA 15222-5401

Howard L. Kelin

VERIFICATION

I, Timothy A. Anonick, verify that the facts contained in the foregoing NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d) BY TIMOTHY A ANONICK AND ANONICK FINANCIAL CORPORATION are true and correct to the best of my knowledge, information and belief. I make this verification subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsifications to authorities.

Timothy A. Anonick

FILED
APR 27 2001
11:41 noCC
William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP. and CSB BANK, Plaintiffs	)	
v.	)	NO. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY, Defendants	)	

ORDER

NOW, this 8th day of May, 2001, argument on all outstanding Motions shall take before the undersigned on Thursday, May 24, 2001, at 10:00 a.m. in Court Room No. 1 of the **Clinton County Courthouse**, Lock Haven, Pennsylvania.

BY THE COURT:

J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xc: Melissa A. Swauger, Esquire
Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Clearfield County Court Administrator
Clinton County Court Administrator

FILED
MAY 09 2001
m/2:01/p.m.
William A. Shaw
Prothonotary

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	
Plaintiffs,	:	
	:	**Civil Action No. 00-414-CO**
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY,	:	
Defendants.	:	

FILED
MAY 11 2001
m/ 1:45 pm
William A. Shaw
Prothonotary

RESPONSE BY TIMOTHY A. ANONICK AND AFC TO MOTION FOR PARTIAL SUMMARY JUDGMENT REGARDING DAMAGES

Defendants Timothy A. Anonick ("Anonick") and Anonick Financial Corporation ("AFC"), by counsel, state as follows in response to the motion for partial summary judgment regarding damages by Defendants Clearfield Bank & Trust Company ("Clearfield") and Sherwood C. Moody ("Moody"):

Plaintiffs' position on damages makes no sense. The Merger Agreement includes an express limitation on damages in the event of a breach by one of the parties. Plaintiffs assert that this express limitation does not apply if one of the parties purports to terminate the Merger Agreement because of an alleged breach by the other party. Based on that argument, the limitation on damages expressly agreed to by the parties would ***never*** come into play. The nonbreaching party would ***always*** declare the Merger Agreement to be terminated, in order to negate the parties' express limitation on damages in the event of a breach.

Plaintiffs' interpretation of the Merger Agreement is contrary to general mandates of Pennsylvania law governing the interpretation of contracts. To begin with, the contractual limitation on damages is clear, and the court should give effect to its clear meaning. Steuart v. McChesney, 444 A.2d 659, 661 (Pa. 1982). Further, no provision of a contract should be treated as meaningless "surplusage" if any reasonable meaning consistent with other parts of the agreement can be given to it. Sparler v. Fireman's Insurance Co. of Newark, 521 A.2d 433, 438 (Pa. Super. 1987). Finally, wherever possible courts should give effect to all provisions of a contract in construing the intent of the parties. Commonwealth of Pennsylvania Department of Transportation v. Manor Mines, Inc., 565 A.2d 428, 432 (Pa. 1989).

Here, the parties expressly agreed upon the limit of damages to be available in the event of a breach by the other party. Plaintiffs are trying to circumvent that agreed upon limitation. The Court should reject that attempt, and grant the motion of Clearfield and Moody for partial summary judgment as to damages.

KEGEL KELIN ALMY & GRIMM LLP

By: _____

Howard L. Kelin
Attorney I.D. No. 65124
24 N. Lime Street
Lancaster, PA 17602
(717) 392-1100

Counsel for Timothy A. Anonick and
Anonick Financial Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing RESPONSE BY TIMOTHY A. ANONICK AND AFC TO MOTION FOR PARTIAL SUMMARY JUDGMENT REGARDING DAMAGES was served this 9th day of May, 2001, by first class mail, postage prepaid, upon the following persons:

Laurence W. Dague, Esq.
Shumaker Williams, P.C.
P. O. Box 88
Harrisburg, PA 17108

Bradley S. Tupi, Esq.
Tucker Arensberg, P.C.
One PPG Place
Suite 1500
Pittsburgh, PA 15222-5401

Howard L. Kelin

CA

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP. and CSB BANK,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,

Defendants.

CIVIL ACTION - LAW

Civil Action No. 00-414-CD

DEFENDANTS' SECOND MOTION TO COMPEL PLAINTIFFS TO ANSWER INTERROGATORIES

Served on behalf of Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody

Counsel of Record for these Parties:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

(412) 566-1212

LIT 224429 05/03/01

FILED

MAY 07 2001

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	

DEFENDANTS' SECOND MOTION TO COMPEL PLAINTIFFS TO ANSWER INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

Defendants, Clearfield Bank & Trust Company ("Clearfield") and Sherwood C. Moody ("Moody"), by their attorneys, Tucker Arensberg, P.C., file this Second Motion to Compel, requesting the Court to issue an Order directing Plaintiffs Penn Laurel Financial Corporation ("Penn Laurel") and CSB Bank ("CSB") (collectively referred to as "Penn Laurel/CSB" or "Plaintiffs") to provide full, complete and verified answers to Defendants' Second Set of Interrogatories and Requests for Production of Documents .

1. Counsel appeared before Judge Williamson for a conference on March 21, 2001. Having read the pleadings, the Court noted that Clearfield's shareholders had rejected the merger. The Court asked Plaintiffs' counsel, Mr. Dague, how Plaintiffs would prove causation if a sufficient number of Clearfield shareholders were to testify at trial that they would not have voted in favor of the merger under any circumstances.

2. In response, Mr. Dague said that there were "machinations" behind the scenes to defeat the merger. He seemed to suggest that if the jury believed his argument about the machinations, the jury might find that Clearfield's shareholders would otherwise have approved the merger.

3. To explore these issues, on March 26, 2001, Clearfield and Moody served upon Plaintiffs their Second Set of Interrogatories and Requests for Production of Documents (Exhibit A). Items 1-3 asked Plaintiffs to identify the Clearfield shareholders Plaintiffs contend would not have voted against the Clearfield/Penn Laurel merger and would not have exercised their dissenters' rights but for the breaches of contract alleged in Plaintiffs' Complaints. Items 4-5 asked Plaintiffs to specify all communications or other actions comprising the "machinations" to which counsel alluded during the March 21, 2001 conference before Judge Williamson.

4. On April 24, 2001, counsel for Plaintiffs served its Answers to Defendants' Second Set of Interrogatories and Requests for Production (Exhibit B). Plaintiffs objected to Items 4-5 and refused to answer, citing Pa.R.Civ.P. 4003.3. Plaintiffs contend, incorrectly, that these discovery requests seek the mental impressions or conclusions of counsel.

5. Rather than seek court intervention immediately, and in a spirit of cooperation, the undersigned counsel sent Mr. Dague a letter on April 26 (Exhibit C), to clarify the discovery requests: "we were not asking about your mental impressions, conclusions or opinions as Plaintiffs' counsel; we were asking for the disclosure of evidence of the 'machinations' to which you referred when we appeared before Judge Williamson."

6. Mr. Dague's April 30 response (Exhibit D) asserted that to disclose evidence of the alleged machinations would necessarily reveal counsel's conclusions, opinions or mental impressions, contrary to Pa.R.Civ.P. 4003.3.

7. Unable to resolve this matter without the Court's assistance, Clearfield and Moody file this motion to compel answers to discovery requests 4 and 5.

8. Plaintiffs' position overstates the scope of work product protection provided by Rule 4003.3. "The Rule is carefully drawn and means exactly what it says. It immunizes the lawyer's mental impressions, conclusions, opinions, memoranda, notes, summaries, legal research and legal theories, nothing more." Civil Procedural Rules Committee Explanatory Comment to Rule 4003.3 (1978). Documents or other information cannot be immunized from discovery simply by placing them into the lawyer's file. Id.

9. Accordingly, a party may discover the facts upon which the allegations of a complaint are based, even though those facts may have been obtained by the attorney or contained in the attorney's files. Northampton Borough Mun. Auth. v. Remsco Associates Inc., 22 Pa. D&C 3d 541(1981).

10. Similarly, a party may obtain discovery of facts opposing counsel obtained from a witness in anticipation of trial, although the attorney's written summary of the witness interview is protected from disclosure. Hall v. Golden Mile Ice Center Inc., 2 Pa. D&C 4th 642 (1991).

11. In short, facts are not protected from disclosure by Rule 4003.3, even though those facts may have been developed by counsel or used by counsel in the preparation of his theory of the case.

12. Against this legal standard, Defendants' discovery requests 4 and 5 are permissible under Rule 4003.3 They do not seek the mental impressions or conclusions of counsel. By their terms, they seek facts:

> 1. Specify all **communications or other actions** that comprise the "machinations" to which Your counsel alluded during the March 21, 2001 conference before Judge Williamson. Include in Your answer to this interrogatory the following:
>
> a. A complete **description** of each communication or other action comprising the alleged machinations;

b. The **date** of each such communication or other action;

c. The **Persons** involved in or witnessing each such communication or other action; and

d. Your **contention**[1] as to how each such communication or other action caused or contributed to the disapproval of the merger by the Clearfield shareholders.

5. Identify and produce any and all **Documents** that support, refute or otherwise relate to Your answer to the previous interrogatory.

(Emphasis added.)

13. Finally, by alluding to the alleged "machinations" in open court, Plaintiffs' counsel waived any confidentiality. By opening the door, Plaintiffs' counsel made these "machinations" fair game for discovery.

14. Clearfield, accordingly, respectfully requests that this Court enter the attached Order overruling Plaintiffs' objection to discovery requests 4 and 5 and compelling Plaintiffs to provide full, fair and complete answers.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By:_____

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

Attorneys for Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody
1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

lit 224429

[1] It is not ground for objection that the information sought involves a party's contention about the facts. Pa.R.Civ.P. Rule 4003.1(c).

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP. and CSB BANK,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,

Defendants.

CIVIL ACTION - LAW

Civil Action No. 00-414-CO

DEFENDANTS' SECOND SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO PLAINTIFFS

Served on behalf of Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody

Counsel of Record for these Parties:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

(412) 566-1212

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	CIVIL ACTION - LAW
Plaintiffs,	Civil Action No. 00-414-CO
v.	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	
Defendants.	

DEFENDANTS' SECOND SETOF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO PLAINTIFFS

Defendants, Clearfield Bank & Trust Company ("Clearfield") and Sherwood C. Moody, by their attorneys, Tucker Arensberg, P.C., serve this Second Set of Interrogatories and Requests for Production of Documents, and request that Plaintiffs CSB Bank ("CSB") and Penn Laurel Financial Corporation ("Penn Laurel") (where appropriate, collectively referred to as "Penn Laurel/CSB" or "Plaintiffs") file full, complete and verified answers, under oath, in writing, within thirty days and produce all responsive documents within thirty days to the offices of Tucker Arensberg, P.C., 1500 One PPG Place, Pittsburgh, PA 15222.

I. INSTRUCTIONS AND DEFINITIONS

1. The word "Person" means any individual, corporation, partnership, joint venture, firm, association, proprietorship, agency, board, authority, commission or other such entity.

2. The word "Document" means any original and any non-identical copy of any written, printed, typewritten, recorded or graphic matter however produced, including, but not limited to,

correspondence, e-mails, memoranda, office records and/or notes, inter-office communications, minutes, consultation notes, telegrams, tapes, annual reports, reports, prospectuses, questionnaires, contracts, deeds, notes, negotiable instruments, mortgages, guarantees, contracts of suretyship, agreements, schedules, analyses, drawings, pictures, tables, graphs, maps, plans, surveys, indices, work papers, diaries, calendars, appointment books, films, photographs, books of account, invoices, purchase orders, inventories, spread sheets, proposals, bids, ledgers, logs, checks, bills, pleadings, confirmation slips, financial statements, account statements, checking account statements, savings account statements, telex, instructions, permits, warranties, drafts, computer printouts and reports, and/or any other tangible representation of information which may be retrievable, including data compilations from which information can be used, which now or at any time has been in the possession, custody or control of, or known to Penn Laurel/CSB and/or any of Penn Laurel/CSB's present or former attorneys, agents, accountants, employees and/or any other persons acting or purporting to act on Items' behalf.

3. "Identify."

(a) The word "Identify," when used in reference to a Person, means to state the name, business and residence address, phone number, occupation, job title, and dates so employed; and if not an individual, state the type of entity and the address of its principal place of business.

(b) The word "Identify," when used in reference to a Document, means to state the type of document (letter, memorandum, etc.), the title, the identity of the author or originator, the identity of each person (as defined herein) to whom the original or a copy was addressed for delivery, the identity of such person known or reasonably believed by Items to have present possession, custody or control thereof, and a brief description of the general substance contained therein.

(c) The word "Identify," when used in reference to a communication, means to state the date of the communication, the approximate time of the communication, the type of communication (telephone conversation, telex, etc.), the place where the communication took place, the identity of the person who initiated the communication, the identity of each person who received the communication and of each person present when it was made, and the subject matter discussed.

(d) The word "Identify," when used in reference to a meeting, means the date of the meeting, the place of the meeting, each person invited to attend, each person who attended and the subject matter discussed.

4. The word "You" means Penn Laurel/CSB and/or any person acting on Penn Laurel/CSB's behalf, including its attorneys, investigators, representatives, insurance companies, and its account executives, brokers, investment advisors, employees, agents, servants and/or other representatives.

5. If Penn Laurel/CSB objects to an Interrogatory and/or a Request herein, either in whole or in part, on the grounds that the information sought is privileged or confidential (hereinafter "privileged"), Penn Laurel/CSB shall answer as much of the Interrogatory and/or produce as many of the documents or as much of the document(s) concerned, as to which no privilege is claimed. With respect to each Interrogatory or portion thereof and/or each document or portion of document for which a privilege is claimed:

(a) Identify the privileged document or portion of document;

(b) Identify the person(s) in present custody of the privileged document or portion of document for which a privilege is claimed;

(c) Identify the person(s) who wrote, conceived or generated the document or portion of document for which a privilege is claimed; and

(d) State specifically the privilege claimed, together with such facts as will enable the court to determine the merits of the claim of privilege.

6. Should Penn Laurel/CSB or their attorneys or representatives obtain information or documents supplementing or differing from those answers or documents produced in response hereto, these Interrogatories and Requests shall be deemed to call for such supplementary or different information or documents pursuant to the Pennsylvania Rules of Civil Procedure.

II. INTERROGATORIES AND REQUESTS

1. Identify the Clearfield shareholders who You contend would not have voted against the Clearfield/Penn Laurel merger but for the breaches of contract alleged in Your Complaints against Clearfield and Moody.

ANSWER:

2. Identify the Clearfield shareholders who You contend would not have exercised dissenters' rights but for the breaches of contract alleged in Your Complaints against Clearfield and Moody.

ANSWER:

3. Identify and produce any and all Documents that support, refute or otherwise relate to Your answers to the previous two interrogatories.

ANSWER:

4. Specify all communications or other actions that comprise the "machinations" to which Your counsel alluded during the March 21, 2001 conference before Judge Williamson. Include in Your answer to this interrogatory the following:

a. A complete description of each communication or other action comprising the alleged machinations;

b. The date of each such communication or other action;

c. The Persons involved in or witnessing each such communication or other action; and

d. Your contention as to how each such communication or other action caused or contributed to the disapproval of the merger by the Clearfield shareholders.

ANSWER:

5. Identify and produce any and all Documents that support, refute or otherwise relate to Your answer to the previous interrogatory.

ANSWER:

6. Identify each director, officer, employee or agent of Plaintiffs contacted by Timothy A. Anonick during 1999.

ANSWER:

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By: _____

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

Attorneys for Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody
1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

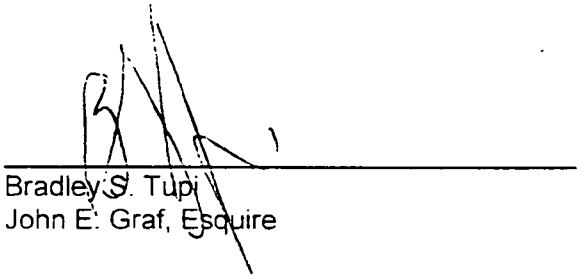
LIT 221136

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Second Set of Interrogatories and Requests for Production of Documents** was served via first-class, U.S. mail, postage prepaid this 26th day of March, 2001, addressed as follows:

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Howard L. Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602



Bradley S. Tupi
John E. Graf, Esquire

LIT 221136

B

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CO
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	

ANSWERS TO
DEFENDANTS' SECOND SETOF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS DIRECTED TO PLAINTIFFS

Defendants, Clearfield Bank & Trust Company ("Clearfield") and Sherwood C. Moody, by their attorneys, Tucker Arensberg, P.C., serve this Second Set of Interrogatories and Requests for Production of Documents, and request that Plaintiffs CSB Bank ("CSB") and Penn Laurel Financial Corporation ("Penn Laurel") (where appropriate, collectively referred to as "Penn Laurel/CSB" or "Plaintiffs") file full, complete and verified answers, under oath, in writing, within thirty days and produce all responsive documents within thirty days to the offices of Tucker Arensberg, P.C., 1500 One PPG Place, Pittsburgh, PA 15222.

I. INSTRUCTIONS AND DEFINITIONS

1. The word "Person" means any individual, corporation, partnership, joint venture, firm, association, proprietorship, agency, board, authority, commission or other such entity.

2. The word "Document" means any original and any non-identical copy of any written, printed, typewritten, recorded or graphic matter however produced, including, but not limited to,

correspondence, e-mails, memoranda, office records and/or notes, inter-office communications, minutes, consultation notes, telegrams, tapes, annual reports, reports, prospectuses, questionnaires, contracts, deeds, notes, negotiable instruments, mortgages, guarantees, contracts of suretyship, agreements, schedules, analyses, drawings, pictures, tables, graphs, maps, plans, surveys, indices, work papers, diaries, calendars, appointment books, films, photographs, books of account, invoices, purchase orders, inventories, spread sheets, proposals, bids, ledgers, logs, checks, bills, pleadings, confirmation slips, financial statements, account statements, checking account statements, savings account statements, telex, instructions, permits, warranties, drafts, computer printouts and reports, and/or any other tangible representation of information which may be retrievable, including data compilations from which information can be used, which now or at any time has been in the possession, custody or control of, or known to Penn Laurel/CSB and/or any of Penn Laurel/CSB's present or former attorneys, agents, accountants, employees and/or any other persons acting or purporting to act on Items' behalf.

3. "Identify."

(a) The word "Identify," when used in reference to a Person, means to state the name, business and residence address, phone number, occupation, job title, and dates so employed; and if not an individual, state the type of entity and the address of its principal place of business.

(b) The word "Identify," when used in reference to a Document, means to state the type of document (letter, memorandum, etc.), the title, the identity of the author or originator, the identity of each person (as defined herein) to whom the original or a copy was addressed for delivery, the identity of such person known or reasonably believed by Items to have present possession, custody or control thereof, and a brief description of the general substance contained therein.

(c) The word "Identify," when used in reference to a communication, means to state the date of the communication, the approximate time of the communication, the type of communication (telephone conversation, telex, etc.), the place where the communication took place, the identity of the person who initiated the communication, the identity of each person who received the communication and of each person present when it was made, and the subject matter discussed.

(d) The word "Identify," when used in reference to a meeting, means the date of the meeting, the place of the meeting, each person invited to attend, each person who attended and the subject matter discussed.

4. The word "You" means Penn Laurel/CSB and/or any person acting on Penn Laurel/CSB's behalf, including its attorneys, investigators, representatives, insurance companies, and its account executives, brokers, investment advisors, employees, agents, servants and/or other representatives.

5. If Penn Laurel/CSB objects to an Interrogatory and/or a Request herein, either in whole or in part, on the grounds that the information sought is privileged or confidential (hereinafter "privileged"), Penn Laurel/CSB shall answer as much of the Interrogatory and/or produce as many of the documents or as much of the document(s) concerned, as to which no privilege is claimed. With respect to each Interrogatory or portion thereof and/or each document or portion of document for which a privilege is claimed:

(a) Identify the privileged document or portion of document;

(b) Identify the person(s) in present custody of the privileged document or portion of document for which a privilege is claimed;

(c) Identify the person(s) who wrote, conceived or generated the document or portion of document for which a privilege is claimed; and

General Objection

Plaintiffs object to the "Instructions and Definitions" set forth in this Second Set of Interrogatories and Requests for Production of Documents to the extent that they seek to ascribe unusual meanings to commonly understood words and phrases and to the extent that they require acts, procedures, or forebearances from acting beyond the requirements of the Pennsylvania Rules of Civil Procedure. Said "Instructions and Definitions" are not adopted by Plaintiffs in making the following Answers and Responses.

(d) State specifically the privilege claimed, together with such facts as will enable the court to determine the merits of the claim of privilege.

6. Should Penn Laurel/CSB or their attorneys or representatives obtain information or documents supplementing or differing from those answers or documents produced in response hereto, these Interrogatories and Requests shall be deemed to call for such supplementary or different information or documents pursuant to the Pennsylvania Rules of Civil Procedure.

II. INTERROGATORIES AND REQUESTS

1. Identify the Clearfield shareholders who You contend would not have voted against the Clearfield/Penn Laurel merger but for the breaches of contract alleged in Your Complaints against Clearfield and Moody.

ANSWER:

Plaintiffs have made no attempt at this point to identify specific Clearfield Bank & Trust Company ("CBT") shareholders who would have voted in favor of the proposed merger if Defendants Clearfield and/or Moody had not breached their contractual agreements with Plaintiffs. Therefore, Plaintiffs are not aware of the identity of such individuals at this time. However, discovery in this matter is ongoing, and Plaintiffs reserve their rights to timely supplement this Answer.

2. Identify the Clearfield shareholders who You contend would not have exercised dissenters' rights but for the breaches of contract alleged in Your Complaints against Clearfield and Moody.

ANSWER:

Plaintiffs have made no attempt at this point to identify specific CBT shareholders who would not have exercised dissenting shareholders' rights in relation to the proposed merger if Defendants CBT and/or Moody had not breached their contractual agreements with Plaintiffs. Therefore, Plaintiffs are not aware of the identity of such individuals at this time. However, discovery in this matter is ongoing, and Plaintiffs reserve their rights to timely supplement this Answer.

3. Identify and produce any and all Documents that support, refute or otherwise relate to Your answers to the previous two interrogatories.

ANSWER:

Plaintiffs are unaware of the existence of any such documents at this time for the reasons set forth in the above Answers to Interrogatories 1 and 2, which are incorporated herein by reference.

4. Specify all communications or other actions that comprise the "machinations" to which Your counsel alluded during the March 21, 2001 conference before Judge Williamson. Include in Your answer to this interrogatory the following:

a. A complete description of each communication or other action comprising the alleged machinations;

b. The date of each such communication or other action;

c. The Persons involved in or witnessing each such communication or other action; and

d. Your contention as to how each such communication or other action caused or contributed to the disapproval of the merger by the Clearfield shareholders.

ANSWER:

Objection. This Interrogatory expressly and explicitly violates Pa.R.Civ.P. 4003.3 by seeking the mental impressions, conclusions, and/or opinions of Plaintiffs' counsel. That rule states that discovery "... **shall not** ..." include such disclosures.

5. Identify and produce any and all Documents that support, refute or otherwise relate to Your answer to the previous interrogatory.

ANSWER:

Objection. This Interrogatory expressly and explicitly violates Pa.R.Civ.P. 4003.3 by seeking the mental impressions, conclusions, opinions, memoranda, notes, and/or summaries of Plaintiffs' counsel. That rule states that discovery "... **shall not** ..." include such disclosures.

6. Identify each director, officer, employee or agent of Plaintiffs contacted by Timothy A. Anonick during 1999.

ANSWER:

None.

SHUMAKER WILLIAMS, P.C.

Dated: 4/24/01

By _____
Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By: _____
Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

Attorneys for Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody
1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

LIT 221136

VERIFICATION

The undersigned, Wesley M. Weymers, hereby verifies and states that:

1. He is President of Penn Laurel Financial Corp. and President of CSB Bank;

2. He is authorized to make this Verification on their behalf;

3. The facts set forth in the foregoing Answers to Second Set of Interrogatories and Request for Production of Documents are true and correct to the best of his knowledge, information, and belief; and

4. He is aware that any false statements therein are made subject to the penalties of 18 Pa.C.S.A. § 4904, relating to unsworn falsification to authorities.

Wesley M. Weymers

Dated: 4/23/01

:130246

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Answers to Defendants' Second Set of Interrogatories and Requests for Production of Documents Directed to Plaintiffs on this date by depositing a copy of the same in the possession of the United States mail, first-class postage prepaid, as addressed as follows:

Bradley Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
Attorneys for Defendant Clearfield Bank & Trust Company
and Sherwood C. Moody

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
Attorneys for Timothy A. Anonick and
Anonick Financial Corporation

SHUMAKER WILLIAMS, P.C.

Dated: 4/24/01

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

C

TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

Bradley S. Tupi 412-594-5545
blupi@tuckerlaw.com

April 26, 2001

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Re: Penn Laurel Financial Corp. v. Clearfield Bank & Trust, et al.
Our File No. 013828-023676

Dear Mr. Dague:

Thank you for your timely reply to our Second Set of Interrogatories and Requests for Production of Documents.

With respect to items 4 and 5, we were not asking about your mental impressions, conclusions or opinions as Plaintiff's counsel; we were asking for the disclosure of evidence of the "machinations" to which you referred when we appeared before Judge Williamson. We interpret your response as saying that, aside from mental impressions, conclusions or opinions of counsel, Plaintiffs have no responsive information. If our interpretation is incorrect, please supplement your responses. Thank you.

Very truly yours,

Bradley S. Tupi

BST/lag

cc: Howard L. Kelin, Esq.

LIT 223813 04/26/01

D

Shumaker Williams, P.C.

ATTORNEYS AT LAW

KEITH A. CLARK PAUL A. ADAMS* LAURENCE W. DAGUE** NICHOLAS BYBEL, JR. KATHY W. MORRISON** J. STEVEN LOVEJOY** MARTIN B. ELLIS** B. TYLER LINCOLN
ANTHONY J. FOSCHI DAVID R. BRESCHI* RUTH A. COURTNEY ANGELA L. THOMAS CHERYL A. ZEMAN*** DAVID L. GILDERNEW JEAN SVOBODA McMASTER MELISSA A. SWAUGER

*ALSO ADMITTED TO MARYLAND BAR **ADMITTED TO MARYLAND BAR ONLY ***ALSO ADMITTED TO VIRGINIA BAR

JAMES E. REID, JR. (OF COUNSEL)

REPLY P.O. BOX 88
HARRISBURG, PENNSYLVANIA 17108
TELEPHONE: (717) 763-1121

TELECOPIER: (717) 763-7419
E-MAIL: mail@shumakerwilliams.com

JOHN J. SHUMAKER (1929-1999)
JOHN G. WILLIAMS (RETIRED)

READING, PENNSYLVANIA
TELEPHONE: (610) 929-0808

STATE COLLEGE, PENNSYLVANIA
TELEPHONE: (814) 234-3211

MARYLAND
TELEPHONE: (410) 825-5223

April 30, 2001

Writer's Direct Dial No.:
(717) 909-1645
Writer's E-Mail Address:
dague@shumakerwilliams.com

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Dear Mr. Tupi:

This is in response to your letter of April 26, 2001, concerning our objections to paragraphs 4 and 5 of your clients' Second Set of Interrogatories and Requests for Production of Documents. What constitutes a "machination" is a conclusion, opinion, and/or mental impression of counsel. To disclose what specific evidence supports any conclusion, opinion, or mental impression that a particular activity constituted a "machination" necessarily reveals counsel's conclusion, opinion, or mental impression that the specific activity constitutes a "machination," a disclosure that is expressly **prohibited** by Pa.R.Civ.P. 4003.3.

Based upon the foregoing analysis, we believe that our objections are entirely proper. Thus, it would certainly be inappropriate for you to assume or surmise that there is no evidence to support each of counsel's conclusions, opinions, or mental impressions because there is ample evidence

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Shumaker Williams, P.C.
ATTORNEYS AT LAW

supporting each. But Rule 4003.3 does not permit disclosure of such matters, so we will not withdraw our objection nor "supplement" our response, as you have requested.

As always, if you wish to discuss this matter further, please do not hesitate to contact us.

Very truly yours,

Larry

By Lawrence W. Dague

LWD:130548
cc: Howard L. Kelin, Esquire (Via Telecopier)

CERTIFICATE OF SERVICE

I hereby certify that the foregoing **Second Motion to Compel** was served via first-class, U.S. mail, postage prepaid this 3rd day of May 2001 addressed as follows:

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Howard L. Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

Bradley S. Tupi
John E. Graf, Esquire

LIT 224429

FILED
MAY 07 2001
m/1:15/ nocc
William A. Shaw
Prothonotary.

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

PLAINTIFFS' ANSWER TO SECOND MOTION TO COMPEL DISCOVERY OF DEFENDANTS CLEARFIELD BANK & TRUST COMPANY AND SHERWOOD MOODY

NOW COME Plaintiffs Penn Laurel Financial Corporation ("PLFC") and CSB Bank ("CSB") to state the following Answer to the Motion to Compel answers to the "Second Set of Interrogatories and Requests for Production of Documents Directed to Plaintiffs" ("instant discovery") by Defendants Clearfield Bank & Trust Company ("CBT") and Sherwood C. Moody:

1. Admitted in part and denied in part. Undersigned counsel's recollection is that the question posed by the Court was how a jury could find in favor of Plaintiffs on their claims unless Plaintiffs could show that shareholders would have voted differently if Defendants had not engaged in allegedly wrongful conduct.

2. Admitted in part and denied in part. Counsel's recollection is that a portion of his response to the Court's inquiry was that a jury might conclude it was more likely than not that the merger would have been approved if Defendants had not acted improperly on the basis that otherwise the Defendants would not have engaged in machinations to defeat the merger.

3. Denied. The document is question speaks for itself.

FILED
MAY 18 2001
William A. Shaw
Prothonotary

4. Denied. Plaintiffs' Answers are a written document that speaks for itself. In addition, Plaintiffs' Objections are entirely proper and in full accord with Pa.R.Civ.P. 4003.3.

5. Admitted in part and denied in part. While Plaintiffs admit that the letter of April 26 contained the quoted language, they deny the accuracy of that language.

6. Denied. The document in question speaks for itself.

7. Admitted.

8. Denied. Pa.R.Civ.P. 4003.3 expressly provides, in relevant part:

> The discovery **shall not** include disclosure of the mental impressions of a party's attorney or his or her conclusions, opinions, memoranda, notes, or summaries, legal research or legal theories. [emphasis added]

Thus, that Rule actually **prohibits** such disclosures and is unqualified. Sedat, Inc. v. Department of Enviromental Resources, 163 Pa.Cmwlth. 29, 641 A.2d 1243, 1245 (1994). Furthermore, Plaintiffs have not sought to immunize or withhold any documents or other factual information from Defendants. To the contrary, Plaintiffs have disclosed all facts and documents relevant to this matter which have been requested by Defendants.

9 - 11. Admitted with clarification. Plaintiffs have not sought to withhold any facts upon which the complaint was based nor any facts obtained from any witness. To the contrary, every fact sought by Defendants through discovery, every fact known by Plaintiffs concerning the actions of Defendants, and every document sought by Defendants have been fully disclosed to Defendants in this case. There are no **facts** relating to either paragraph 4 or 5 of the that have not previously been disclosed to Defendants' counsel.

12. Denied. What constitutes a "machination" is not a fact but, rather, a conclusion or opinion. Furthermore, no pleading filed by Plaintiffs in this case even contains that word. The exchange with the Court in which that term was utilized constituted oral argument, and, in context, counsel's statement clearly referred to an argument that might or might not eventually be made by counsel to the jury during summation. Furthermore, as noted above, Plaintiffs have already disclosed to Defendants all of the communications and other actions of Defendants of which they are currently aware. Thus, the only information that is sought by paragraphs 4 and 5 is counsel's conclusions and opinions concerning which of those communications and other actions constitute or are part of a "machination."

13. Denied. Defendants have not and cannot cite any authority for the proposition that by making an oral argument to the Court counsel waive the protections from discovery of their mental impressions, conclusions, and opinions because no such authority exists. In fact, the fundamental purpose of Pa.R.Civ.P. 4003.3 and the efficient and effective operation of courts would be undermined if counsel could only engage in pretrial oral argument at their peril, having to worry about the prospect that any word utilized or utterance made would enable the opposing parties to perform discovery into their mental impressions, conclusions, and opinions.

14. Admitted in part and denied in part. Plaintiffs have already provided full, fair, and complete answers to the instant discovery and to all other discovery sought by Defendants.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court deny the instant Motion.

SHUMAKER WILLIAMS, P.C.

Dated: 5/17/01

By _____
Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:131264

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiffs' Answer to Second Motion to Compel Discovery of Defendants Clearfield Bank & Trust Company and Sherwood Moody on this date by overnight delivery, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

SHUMAKER WILLIAMS, P.C.

Dated: 5/17/01

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,

Defendants.

Civil Action - Law

Civil Action No. 00-414-CD

REPLY TO ANONICK'S AND AFC'S NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d)

Filed on behalf of Defendant, Sherwood C. Moody

Counsel of Record for this Party:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

Jury Trial Demanded.

FILED

MAY 16 2001

William A. Shaw
Prothonotary

Lit 223803

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	

SHERWOOD C. MOODY'S REPLY TO NEW MATTER (CROSS CLAIM) PURSUANT TO PA. R. CIV. P. 2252(d) BY TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION

Defendant Sherwood C. Moody, by his attorneys, Tucker Arensberg, P.C., makes the following Reply to the New Matter (Cross Claim) Pursuant to PA. R. CIV. P. 2252(d) filed by Timothy A. Anonick and Anonick Financial Corporation, averring as follows:

1. The allegations contained Mr. Moody's Answer and New Matter to Plaintiffs' Complaint are incorporated as if fully set forth.

2. Denied as stated. The allegations of Paragraph 2 of the New Matter filed by Defendants Timothy A. Anonick ("Anonick") and Anonick Financial Corporation ("AFC") paraphrase the allegations of Plaintiffs' Complaint, which Complaint speaks for itself. Mr. Moody's Answer and New Matter to Plaintiffs' Complaint are incorporated as if fully set forth.

3. The allegations of Paragraph 3 of the New Matter filed by Defendants Anonick and AFC state a legal conclusion to which no response is required. To the extent any response is required, Mr. Moody denies making any disclosures to Anonick that might be the basis for liability to Plaintiffs or to Anonick and AFC.

4. The allegations of Paragraph 4 of the New Matter filed by Defendants Anonick and AFC state a legal conclusion to which no response is required. To the extent any response is required, Mr. Moody denies making any disclosures to Anonick that might be the basis for liability to Plaintiffs or to Anonick and AFC.

5. The allegations of Paragraph 5 of the New Matter filed by Defendants Anonick and AFC state a legal conclusion to which no response is required. To the extent any response is required, Mr. Moody denies making any disclosures to Anonick that might be the basis for liability to Plaintiffs or to Anonick and AFC.

6. The allegations of Paragraph 6 of the New Matter filed by Defendants Anonick and AFC state a legal conclusion to which no response is required. To the extent any response is required, Mr. Moody denies making any disclosures to Anonick that might be the basis for liability to Plaintiffs or to Anonick and AFC.

WHEREFORE, Defendant/Cross Claim Plaintiff Sherwood C. Moody denies any and all liability and demands judgment in his favor.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

1500 One PPG Place
Pittsburgh PA 15222
(412) 566-1212

Attorneys for Defendant,
Sherwood C. Moody

LIT 223803 04/26/01

VERIFICATION

I, Sherwood C. Moody, depose and state that the facts contained in the foregoing Reply to New Matter (Cross Claim) Pursuant to PA. R. CIV. P. 2252(d) Filed By Anonick and AFC are true and correct to the best of my knowledge, information and belief. I make this verification subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

Sherwood C. Moody

Sherwood C. Moody

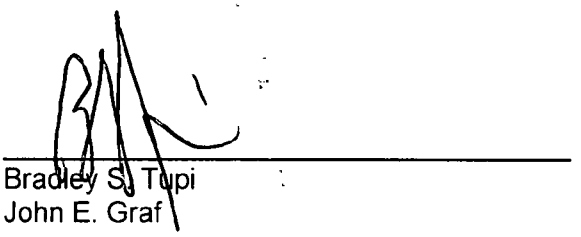
lit 223803

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of this Reply to New Matter was served upon counsel by U.S. Mail, postage prepaid, this 14th day of May, 2001, addressed as follows:

Howard L. Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108



Bradley S. Tupi
John E. Graf

LIT 223803 04/26/01

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MAY 16 2001
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William A. Shaw
Prothonotary
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Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	CIVIL ACTION - LAW

CERTIFICATE PREREQUISITE TO SERVE SUBPOENAS PURSUANT TO RULE 4009.22

As a prerequisite to service of Subpoenas for documents and things pursuant to Rule 4009.22, Plaintiffs Penn Laurel Financial Corp. and CSB Bank certify that:

(1) a Notice of Intent to Serve Subpoenas with a copy of the Subpoenas attached thereto was mailed or delivered to each party at least twenty days prior to the date on which the Subpoenas are sought to be served;

(2) a copy of the Notice of Intent, including the proposed Subpoenas, is attached to this Certificate;

(3) no objection to the Subpoenas has been received; and

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01:41 noCC
William A. Shaw
Prothonotary

(4) the Subpoenas which will be served are identical to the Subpoenas which are attached to the Notice of Intent to Serve the Subpoenas.

SHUMAKER WILLIAMS, P.C.

Dated: 5/18/01

By Laurence W. Dague

Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:130783

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

NOTICE OF INTENT TO SERVE SUBPOENAS TO PRODUCE DOCUMENTS AND THINGS FOR DISCOVERY PURSUANT TO RULE 4009.21

Plaintiffs, Penn Laurel Financial Corp. and CSB Bank, intend to serve Subpoenas identical to the ones that are attached to this Notice. You have twenty (20) days from the date listed below in which to file of record and serve upon the undersigned objections to the Subpoenas. If no objections are made, the Subpoenas may be served.

SHUMAKER WILLIAMS, P.C.

Dated: April 27, 2001

By Laurence W. Dague

Laurence W. Dague, I.D.#19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:130429

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: David B. Lee
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

Deputy

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega.

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to County National Bank and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to James P. Moore) that were dated or prepared on or after January 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between David Lee and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between David Lee and Timothy A. Anonick and/or AFC.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between David Lee and Sherwood C. Moody on or after January 1, 1998.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between David Lee and County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to James P. Moore) on or after January 1, 1998.

11. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, County National Bank, James P. Moore, Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and/or Donald Mikesell.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

13. The folders and all contents of any and all files which relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

14. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated January 1, 1998.

15. Any and all telephone bills and invoices which list or reflect any telephone conversations between David Lee and Clearfield or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

16. Any and all telephone bills and invoices which list or reflect any telephone conversations between David Lee and Timothy A. Anonick and/or AFC.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between David Lee and Sherwood C. Moody on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between David Lee and County National Bank and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to James P. Moore) on or after July 1, 1998.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: James P. Moore
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

Deputy

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega Financial Corporation ("Omega").

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) that were dated or prepared on or after January 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Plaintiff Penn Laurel and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Plaintiff CSB and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Timothy A. Anonick and/or AFC.

11. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Sherwood C. Moody on or after January 1, 1998.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Omega and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to David Lee) on or after January 1, 1998.

13. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Penn Laurel and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

14. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and CSB and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

15. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, Omega, David Lee, Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and/or Donald Mikesell.

16. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and any of Clearfield's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and Timothy A. Anonick and/or AFC.

19. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and Sherwood C. Moody on or after January 1, 1998.

20. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and any of Omega's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to David Lee) on or after January 1, 1998.

21. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and any of Penn Laurel's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants on or after January 1, 1998.

22. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and any of CSB's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants on or after January 1, 1998.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: Dimeling & Schrot
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Daque
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

~~Deputy~~

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega Financial Corporation ("Omega").

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, Ash Woolridge, and Donald Mikesell) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody and that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to County National Bank and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to James P. Moore) that were dated or prepared on or after July 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) that were dated or prepared on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Dimeling & Schrot and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Dimeling & Schrot and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Timothy A. Anonick and/or AFC.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Dimeling & Schrot and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Sherwood C. Moody on or after January 1, 1998.

11. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Dimeling & Schrot and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to James P. Moore) on or after July 1, 1998.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Dimeling & Schrot and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) on or after January 1, 1998.

13. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, Omega, David Lee, County National Bank, James P. Moore, Rembrandt Woolridge, Ash Woolridge, and/or Donald Mikesell.

14. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

15. The folders and all contents of any and all files which relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

16. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Dimeling & Schrot's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Clearfield's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to Rembrandt Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Dimeling & Schrot's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Timothy A. Anonick and/or AFC.

19. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Dimeling & Schrot's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Sherwood C. Moody on or after January 1, 1998.

20. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Dimeling & Schrot's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of County National Bank's officers, directors, shareholders, employees, or agents (including, but not limited to James P. Moore) on or after July 1, 1998.

21. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Dimeling & Schrot's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Omega's officers, directors, shareholders, employees, or agents (including, but not limited to David Lee) on or after January 1, 1998.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: Omega Financial Corporation
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached as Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

~~Deputy~~

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega Financial Corporation ("Omega").

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody and that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to County National Bank and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to James P. Moore) that were dated or prepared on or after July 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Omega and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Omega and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Timothy A. Anonick and/or AFC.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Omega and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Sherwood C. Moody on or after January 1, 1998.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Omega and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to James P. Moore) on or after July 1, 1998.

11. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, County National Bank, James P. Moore, Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and/or Donald Mikesell.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

13. The folders and all contents of any and all files which relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

14. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

15. Any and all written agreements between Omega and Timothy A. Anonick and/or AFC.

16. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any agreement between Omega and Timothy A. Anonick and/or AFC.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Omega's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Clearfield's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Omega's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Timothy A. Anonick and/or AFC.

19. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Omega's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Sherwood C. Moody on or after January 1, 1998.

20. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Omega's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of County National Bank's officers, directors, shareholders, employees, or agents (including, but not limited to James P. Moore) on or after July 1, 1998.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
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Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: County National Bank
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

[redacted]

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega Financial Corporation ("Omega").

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) that were dated or prepared on or after January 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Plaintiff Penn Laurel and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Plaintiff CSB and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Timothy A. Anonick and/or AFC.

11. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Sherwood C. Moody on or after January 1, 1998.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Omega and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to David Lee) on or after January 1, 1998.

13. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Penn Laurel and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

14. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and CSB and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

15. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, Omega, David Lee, Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and/or Donald Mikesell.

16. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Clearfield's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Timothy A. Anonick and/or AFC.

19. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Sherwood C. Moody on or after January 1, 1998.

20. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Omega's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to David Lee) on or after January 1, 1998.

21. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Penn Laurel's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants on or after January 1, 1998.

22. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of CSB's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants on or after January 1, 1998.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: John R. Woolridge c/o Dimeling & Schrot
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached Exhibit "A."

to Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Daque
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

[redacted]

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega Financial Corporation ("Omega").

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, Ash Woolridge, and Donald Mikesell) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody and that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to County National Bank and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to James P. Moore) that were dated or prepared on or after July 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) that were dated or prepared on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between John R. Woolridge and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between John R. Woolridge and Timothy A. Anonick and/or AFC.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between John R. Woolridge and Sherwood C. Moody on or after January 1, 1998.

11. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between John R. Woolridge and County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to James P. Moore) on or after July 1, 1998.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between John R. Woolridge and Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) on or after January 1, 1998.

13. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, Omega, David Lee, County National Bank, James P. Moore, Rembrandt Woolridge, Ash Woolridge, and/or Donald Mikesell.

14. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

15. The folders and all contents of any and all files which relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

16. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between John R. Woolridge and any of Clearfield's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to Rembrandt Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between John R. Woolridge and Timothy A. Anonick and/or AFC.

19. Any and all telephone bills and invoices which list or reflect any telephone conversations between John R. Woolridge and Sherwood C. Moody on or after January 1, 1998.

20. Any and all telephone bills and invoices which list or reflect any telephone conversations between John R. Woolridge and any of County National Bank's officers, directors, shareholders, employees, or agents (including, but not limited to James P. Moore) on or after July 1, 1998.

21. Any and all telephone bills and invoices which list or reflect any telephone conversations between John R. Woolridge and any of Omega's officers, directors, shareholders, employees, or agents (including, but not limited to David Lee) on or after January 1, 1998.

:130508

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: Donald Mikesell
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

~~Deputy~~

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega Financial Corporation ("Omega").

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to William Harvey, Rembrandt Woolridge, John R. Woolridge, and Ash Woolridge) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody and that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to County National Bank and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to James P. Moore) that were dated or prepared on or after July 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) that were dated or prepared on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Donald Mikesell and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to William Harvey, Rembrandt Woolridge, John R. Woolridge, and Ash Woolridge) on or after January 1, 1998.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Donald Mikesell and Timothy A. Anonick and/or AFC.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Donald Mikesell and Sherwood C. Moody on or after January 1, 1998.

11. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Donald Mikesell and County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to James P. Moore) on or after July 1, 1998.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Donald Mikesell and Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) on or after January 1, 1998.

13. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, Omega, David Lee, County National Bank, James P. Moore, William Harvey, Rembrandt Woolridge, John R. Woolridge, and/or Ash Woolridge.

14. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

15. The folders and all contents of any and all files which relate or refer to the letter of May 10, 1999 from Omega to Clearfield.

16. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between Donald Mikesell and any of Clearfield's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to William Harvey, Rembrandt Woolridge, John R. Woolridge, and Ash Woolridge) on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between Donald Mikesell and Timothy A. Anonick and/or AFC.

19. Any and all telephone bills and invoices which list or reflect any telephone conversations between Donald Mikesell and Sherwood C. Moody on or after January 1, 1998.

20. Any and all telephone bills and invoices which list or reflect any telephone conversations between Donald Mikesell and any of County National Bank's officers, directors, shareholders, employees, or agents (including, but not limited to James P. Moore) on or after July 1, 1998.

21. Any and all telephone bills and invoices which list or reflect any telephone conversations between Donald Mikesell and any of Omega's officers, directors, shareholders, employees, or agents (including, but not limited to David Lee) on or after January 1, 1998.

:130452

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: Tucker Arensberg, P.C. c/o Bradley S. Tupi
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

~~Deputy~~

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Defendant Sherwood C. Moody from the date he was no longer employed by Defendant Clearfield Bank & Trust Company through December 31, 1999.

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and John R. Woolridge on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Donald Mikesell on or after January 1, 1998.

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to James P. Moore) on or after July 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) on or after January 1, 1998.

7. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Timothy A. Anonick and/or AFC.

8. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Sherwood C. Moody from the date he was no longer employed by Defendant Clearfield Bank & Trust Company through December 31, 1999.

9. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and John R. Woolridge on or after January 1, 1998.

10. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Donald Mikesell on or after January 1, 1998.

11. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of County National Bank's officers, directors, shareholders, employees, or agents (including, but not limited to James P. Moore) on or after July 1, 1998.

12. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Omega's officers, directors, shareholders, employees, or agents (including, but not limited to David Lee) on or after January 1, 1998.

:130512

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Notice of Intent to Serve Subpoenas to Produce Documents and Things for Discovery Pursuant to Rule 4009.21 on this date by depositing a copy of the same in the possession of the United States mail, first-class, postage prepaid, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

SHUMAKER WILLIAMS, P.C.

Dated: April 27, 2001

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Certificate Prerequisite to Service of Subpoenas Pursuant to Rule 4009.22 on this date by depositing a copy of the same in the possession of the United States mail, first-class, postage prepaid, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

SHUMAKER WILLIAMS, P.C.

Dated: 5/18/01

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY, Defendants	)	

FILED

JUN 01 2001

William A. Shaw
Prothonotary

ORDER

Defendants Clearfield Bank & Trust Company and Sherwood C. Moody seek partial summary judgment with respect to the Plaintiffs' "lost profits" claim. Specifically, Clearfield and Moody contend the language in Section 9.2(b) of the Reorganization Agreement which forms the basis of this litigation limits the damages either party may recover and precludes a claim for lost profits. Plaintiffs disagree, contending the Agreement was "breached" rather than "terminated," and therefore the provisions of Section 9.2(b) are inapplicable.

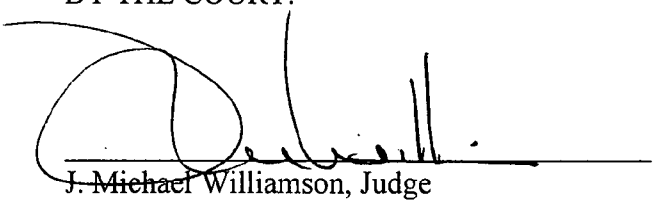
While our initial reaction was that the position of Clearfield might be meritorious, the granting of partial summary judgment with respect to less than all the Defendants at this stage of the proceedings would not necessarily facilitate settlement and would not limit the length of trial. With respect to Defendants Anonick and Anonick Financial Corporation, the limitation of recovery provisions of Section 9.2(b) are inapplicable. Moreover, Plaintiffs' claim against Moody arises out of a separate agreement dated December 31, 1998, which does not contain the

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

limiting language although Moody may be the beneficiary of Section 9.2(b) as a director, officer, shareholder, agent, or representative of Clearfield.

NOW, this 25th day of May, 2001, for the reasons set forth herein, the Motion of Defendants Clearfield and Moody for partial summary judgment, filed April 20, 2001, is DISMISSED without prejudice.

BY THE COURT:



J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

FILED
JUN 01 2001
01 2:51 Incc
William A. Shaw
Prothonotary

JUDGES CHAMBERS
TWENTY-FIFTH JUDICIAL DISTRICT OF PENNSYLVANIA
LOCK HAVEN, PENNSYLVANIA 17745

J. MICHAEL WILLIAMSON
JUDGE

570-893-4014
FAX 570-893-4126

May 29, 2001

William Shaw, Prothonotary
Clearfield County Courthouse
230 East Market Street
Clearfield, PA 16830

Re: Penn Laurel v. Clearfield Bank & Trust
No. 00-414-CD

Dear Mr. Shaw:

Please file the enclosed Orders in the above referenced matter. All copies have been distributed.

Thank you.

Very truly yours,

Carol E. Miller

Carol E. Miller
Secretary to Judge Williamson

Enclosures

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY, Defendants	)	

FILED

JUN 01 2001

William A. Shaw
Prothonotary

ORDER

NOW, this 25th day of May, 2001, in accordance with the colloquy with counsel during argument, Plaintiffs' objections to Interrogatories 4 and 5 of Defendants' Second Set of Interrogatories are sustained and Defendants Clearfield and Moody are directed to restate those Interrogatories.

BY THE COURT:

J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xc: Laurence W. Dague, Esquire
Bradley S. Tupi, Esquire
Howard L. Kelin, Esquire
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

FILED

JUN 01 2001

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William A. Shaw
Prothonotary

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

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	No. 00-414-CD
vs	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	

CERTIFICATE OF SERVICE

I, Peter F. Smith, attorney for County National Bank, hereby certify that I sent by U.S. First Class Mail a copy of County National Bank's Certificate of Compliance with Subpoena to Produce Documents or Things Pursuant to Rule 409.23 & Objections Thereto on the following attorneys of record for the parties involved in the above matter on June 14, 2001, at the following addresses:

Laurence W. Dague, Esquire
P.O. Box 88
Harrisburg, PA 17108
Attorney for Penn Laurel Financial Corp. and CSB Bank

Howard L. Kelin, Esquire
24 North Lime Street
Lancaster, PA 17602
Attorney for Timothy A. Anonick and Anonick Financial Corporation

John E. Graf, Esquire
1500 One PPG Place
Pittsburgh, PA 15222
Attorney for Clearfield Bank & Trust Company

FILED
JUN 14 2001
William A. Shaw
Prothonotary

Respectfully submitted,

Date: 6-14-01

Peter F. Smith, Esquire
Attorney for County National Bank

Copies of these were sent to Judge Williamson - I'm just going to wait until I hear from him. He's very good at directing law & what he wants done.

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

CA

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	CIVIL ACTION - LAW

FILED
JUL 27 2001
William A. Shaw
Prothonotary

PLAINTIFFS' MOTION IN LIMINE AND FOR PROTECTIVE ORDER

NOW COME Plaintiffs by and through their counsel, Shumaker Williams, P.C., to move this Honorable Court to enter an Order prohibiting Defendants from seeking to introduce any evidence or otherwise raise at trial and from performing any discovering concerning a particular rumor and/or the subject matter thereof about a non-party to this matter. In support thereof, Plaintiffs aver as follows:

1. During two depositions, counsel for Defendants have sought to pose questions concerning an alleged rumor about the personal life of an individual who is not a party to this action.

2. Counsel for Defendants Clearfield Bank & Trust and Sherwood C. Moody (CBT's counsel) has conceded that the subject matter of the alleged rumor is clearly scandalous in nature.

3. Despite objections, defense counsel have refused to make any attempt to even limit such questioning to exclude any matter that may have been extremely remote in time to the subject matter of this case.

4. In fact, CBT's counsel has directly refused a request that he attempt to determine when the alleged events that were the subject of the alleged rumor occurred from whatever sources have provided him with information concerning the alleged rumor.

5. Even if it could be established that such a rumor had circulated at some time or that there was any truth to the rumor, evidence concerning those matters would be irrelevant to any of the issues in this case or, at most, would be of only extremely marginal relevance.

6. On the other hand, given the scandalous nature of the matter, a grave danger of unfair prejudice would result from the admission of this evidence because it would have an undue tendency to suggest an improper basis for a jury's decision in this case.

7. This Court has a wide range of discretion in ruling upon the admissibility of evidence and has discretion to exclude even evidence which is relevant where its relevance is deemed to be outweighed by the danger of unfair prejudice. Moran v. G. & W.H. Corson, Inc., 586 A.2d 416, 428 (Pa. Super. 1991) and Sprague v. Walter, 656 A.2d 890, 918 (Pa. Super. 1995).

8. This Court has wide discretion to grant a motion in limine to exclude prejudicial or extraneous matters from trial. Henery v. Shadle, 661 A.2d 439, 444 (Pa. Super. 1995) and Commonwealth v. Pikur Enterprises, 596 A.2d 1253, 1259 (Pa. Cmwlth. 1991).

9. This Court also has wide discretion to grant protective orders to preclude discovery which would cause any party or other person unreasonable embarrassment or annoyance under Pa.R.Civ.P. 4012. Stenger v. Lehigh Valley Hospital Center, 554 A.2d 954, 960 (Pa. Super. 1989).

10. In light of the scandalous nature of the matter in question, continued discovery concerning it will cause the Plaintiffs and the non-party unreasonable embarrassment and annoyance.

11. Precisely identifying the subject matter of the rumor in the instant Motion or in any other publicly filed document would create the very harm which this Motion seeks to avoid; and, therefore, Plaintiffs request that the Court schedule a hearing.

12. At any such hearing or at such earlier time as the Court may direct, pages of the transcripts of the deposition referred to above could be submitted to the Court for an in camera inspection.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter an Order prohibiting Defendants from performing any discovery, submitting any evidence at trial, or in any manner raising at trial the matter that is the subject of the instant Motion in Limine and for Protective Order.

Respectfully submitted,

SHUMAKER WILLIAMS, P.C.

Dated: 7/26/01

By _____
Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:133671

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiff's Motion in Limine and for a Protective Order on this date via overnight delivery, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
Attorneys for Defendant Clearfield Bank & Trust Company and Sherwood C. Moody

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
Attorneys for Timothy A. Anonick and Anonick Financial Corporation

SHUMAKER WILLIAMS, P.C.

Dated: 7/26/01

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

CA

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	CIVIL ACTION - LAW

FILED
JUL 27 2001
William A. Shaw
Prothonotary

PLAINTIFFS' MOTION TO COMPEL PRODUCTION OF DOCUMENTS BY TUCKER, ARENSBERG, P.C.

NOW COME Plaintiffs by and through their counsel, Shumaker Williams, P.C., to move this Honorable Court to enter an Order compelling the law firm of Tucker, Arensberg, P.C. to produce documents that were duly and properly subpoenaed by Plaintiffs pursuant to Pa.R.Civ.P. 4009.23. In support thereof, Plaintiffs aver as follows:

1. On May 18, 2001, Plaintiffs duly and properly served upon Tucker, Arensberg, P.C. ("Tucker") a Subpoena to Produce Documents or Things for Discovery Pursuant to Rule 4009.22, a copy of which is attached hereto as Exhibit "A."

2. Paragraphs 7 through 12 of that Subpoena basically seek all telephone bills or invoices that list or reflect telephone conversations after January 1, 1998, between any Tucker officer, director, attorney, employee, etc. and any of the following:

a.) Defendants Timothy A. Anonick and/or Anonick Financial Services;

b.) Defendant Sherwood C. Moody subsequent to the termination of his employment by Defendant Clearfield Bank & Trust ("CBT");

c.) John R. Woolridge;

d.) Donald Mikesell;

e.) any of the officers, directors, agents, etc. of County National Bank; and

d.) any of the officers, directors, agents, etc. of Omega Financial Corporation.

3. In a letter of May 31, 2001, as well as an earlier e-mail of May 10, 2001, copies of which are attached hereto as Exhibits "B" and "C" respectively, Bradley S. Tupi, Esquire, who is counsel of record for Defendants CBT and Sherwood C. Moody, stated the following "conditions" for the production of the subpoenaed telephone records, which were identified as consisting of three boxes:

a.) that the production must occur in Tucker's office;

b.) that all privileges would be deemed preserved even subsequent to Tucker's production of the records;

c.) that, following Plaintiffs' designation of specific pages for copying, Tucker would then be free to redact the material based both upon irrelevance and, apparently, upon privilege.

4. In a letter of June 7, 2001, a copy of which is attached hereto as Exhibit "D," Plaintiffs' counsel noted that any voluntary production of material which is known to be privileged waives the privilege, specifically inquired whether any of the individuals who were referenced in paragraphs 7 through 12 of the paragraphs were clients of Tucker, and proposed to further limit the scope of the Subpoena to avoid any discovery conflict in this case.

5. In a letter of June 8, 2001, a copy of which is attached hereto as Exhibit "E," Mr. Tupi stated that it would be "unreasonably burdensome" for Tucker's people to review its telephone records.

6. Plaintiffs' counsel responded to that letter by requesting that Tucker simply copy the telephone records in question at Plaintiffs' expense and forward the copies, after noting that Mr.

Tupi's letter had never addressed the issue concerning waiver of privileges, in a letter of June 7 [sic], 2001, a copy of which is attached hereto as Exhibit "F."

7. In a letter of June 20, 2001, a copy of which is attached hereto as Exhibit "G," Mr. Tupi stated that their billing records did list long distance telephone numbers called on specific cases but insisted upon Tucker's original "conditions" upon the production of the subpoenaed records.

8. In yet another attempt to resolve this discovery dispute, Plaintiffs' counsel proposed in a letter dated July 10, 2001, a copy of which is attached hereto as Exhibit "H," that Tucker could limit its production to only two, more narrowly confined types of records: (1) those relating to three specified direct-dial numbers and (2) records reflecting the telephone calls that had been billed by Tucker to CBT.

9. The only response to the July 10 proposal was an e-mail of July 20, 2001, a copy of which is attached hereto as Exhibit "I," which ignored the request for records relating to calls billed to CBT (even though Mr. Tupi had already stated in his letter of June 20 that those records do show the numbers called), asserted that no records for specific, direct-dial numbers existed, and again demanded that Tucker's "conditions" upon the production of subpoenaed documents be met.

10. Production of the telephone records is extremely likely to produce relevant and material evidence for this case in light of facts about Tucker that are already known to Plaintiffs from other sources, which include but are not limited to the following:

a.) despite the fact that he was the attorney primarily responsible for preparing and negotiating the contractual agreements between Plaintiffs and CBT and for handling all legal matters relating to the consummation of those agreements through the effectuation of the merger, Bill Harvey of Tucker had a telephone conversation with Defendant Anonick on July 14, 1999, during which Omega's proposal to acquire CBT was discussed;

b.) Ashley Woolridge, another partner in the Tucker firm, had a conversation with James P. Moore, Chief Executive Officer of County National Bank, about the merger only two weeks after the merger was publicly announced, and he advised Mr. Moore to talk to people who Mr. Woolridge identified as being upset about the merger; and

c.) Mr. Woolridge had many, many telephone calls with one of the individuals he had identified as being opposed to the merger at critical times during the pendency of the merger.

11. Tucker has never stated why it is unwilling to produce its billing records showing the calls it had billed to CBT which do reflect the telephone numbers called.

12. Tucker should be compelled to furnish copies of all such billing records that are responsive to Plaintiffs' Subpoena.

13. Every subpoena issued for records necessarily creates some burden upon the party subpoenaed to review records to determine which are responsive to the subpoena and, if the party wishes to invoke and properly preserve privileges rather than waive them, to review the records to determine to which portions a privilege may reply.

14. Although Tucker has asserted that the burden upon their staff to review records would be "unreasonable," the burden it seeks to impose upon Plaintiffs is far greater, since Plaintiffs would be required to conduct the review in Tucker's offices, which are distant both from the venue of this case and the offices of Plaintiffs' counsel, only to have the records then "redacted" by Tucker, thereby undermining and eliminating some of the very work performed.

15. In any event, allowing Tucker to impose its "conditions" upon the production of subpoenaed documents would not eliminate Tucker's burden to review the documents to determine which it alleges are irrelevant and which it believes are privileged.

16. In light of the foregoing, Tucker should be compelled to also produce the three boxes of telephone records which it has identified as being responsive to Plaintiffs' Subpoena without the "conditions" which they have attempted to impose.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter an Order compelling Tucker, Arensberg, P.C., to furnish copies of all of its billing records reflecting telephone calls billed to Clearfield Bank & Trust (including portions relating to the date of the call and the telephone number called) that are otherwise responsive to Plaintiffs' Subpoena (i.e., that involved the parties identified in the Subpoena during the specified time period) and to furnish copies of all other telephone records that it has identified as being responsive to the Subpoena.

Respectfully submitted,

SHUMAKER WILLIAMS, P.C.

Dated: 7/26/01

By Laurence W. Dague

Laurence W. Dague, I.D.#19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:133626

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: Tucker Arensberg, P.C. c/o Bradley S. Tupi
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:
See attached Exhibit "A."
at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

~~Deputy~~

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Defendant Sherwood C. Moody from the date he was no longer employed by Defendant Clearfield Bank & Trust Company through December 31, 1999.

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and John R. Woolridge on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Donald Mikesell on or after January 1, 1998.

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to James P. Moore) on or after July 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between Tucker Arensberg and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) on or after January 1, 1998.

7. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Timothy A. Anonick and/or AFC.

8. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Sherwood C. Moody from the date he was no longer employed by Defendant Clearfield Bank & Trust Company through December 31, 1999.

9. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and John R. Woolridge on or after January 1, 1998.

10. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Donald Mikesell on or after January 1, 1998.

11. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of County National Bank's officers, directors, shareholders, employees, or agents (including, but not limited to James P. Moore) on or after July 1, 1998.

12. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of Tucker Arensberg's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Omega's officers, directors, shareholders, employees, or agents (including, but not limited to David Lee) on or after January 1, 1998.

TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

Bradley S. Tupi 412-594-5545
btupi@tuckerlaw.com

May 31, 2001

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Re: Penn Laurel Financial Corp. v. Clearfield Bank & Trust, et al.
Our File No. 013828-023676

Dear Mr. Dague:

In response to your subpoena addressed to our Firm: all responsive documents except for telephone records were included in our production of documents on behalf of the Bank.

As I have already advised, our telephone records (three boxes) are available for your review in our offices. We expressly reserve all privileges. Upon your review, we will copy those pages you designate. We will ask you to identify those calls on each page that you deem relevant to our case; other calls will be redacted for confidentiality reasons.

Subject to these conditions, I am returning the Certificate of Compliance with Subpoena, duly executed. Thank you.

Very truly yours,

Bradley S. Tupi

BST/lag
Enclosure

cc: Howard L. Kelin, Esq. (w/encl)

LIT 226302 05/31/01

JUN - 4 2001

Larry Dague - RE: Document request

From: "Tupi, Bradley" <btupi@tuckerlaw.com>
To: 'Melissa Swauger' <swauger@shumakerwilliams.com>
Date: 5/10/01 9:26 AM
Subject: RE: Document request
CC: 'Larry Dague' <dague@shumakerwilliams.com>, <kelin@kkaglaw.com>, "Graf, John" <jgraf@tuckerlaw.com>

Thanks very much.
Speaking of documents, per your proposed subpoena to Tucker Arensberg, we have pulled our telephone invoices for your review. Given confidentiality concerns, we will not copy and send the invoices to you. We will make them available for your inspection here, copy what you designate, and reserve the right to redact any info not relevant to our case.
There are two and one-half boxes of phone records.
Let me know when you would like to see them.
Thank you.

> -----Original Message-----
> From: Melissa Swauger [SMTP:swauger@shumakerwilliams.com]
> Sent: Wednesday, May 09, 2001 10:57 AM
> To: btupi@tuckerlaw.com
> Subject: RE: Document request
>
> Brad:
> Larry did inform me of your request so I will only send you such
> documents.
> Melissa

Shumaker Williams, P.C.
ATTORNEYS AT LAW

KEITH A. CLARK PAUL A. ADAMS* LAURENCE W. DAGUE* NICHOLAS BYBEL, JR. KATHY W. MORRISON* J. STEVEN LOVEJOY* MARTIN B. ELLIS** B. TYLER LINCOLN
ANTHONY J. FOSCHI DAVID R. BRESCHI* RUTH A. COURTNEY ANGELA L. THOMAS CHERYL A. ZEMAN*** DAVID L. GILDERNEW JEAN SVOBODA McMASTER MELISSA A. SWAUGER

*ALSO ADMITTED TO MARYLAND BAR **ADMITTED TO MARYLAND BAR ONLY ***ALSO ADMITTED TO VIRGINIA BAR

JAMES E. REID, JR. (OF COUNSEL)

REPLY P.O. BOX 88
HARRISBURG, PENNSYLVANIA 17108
TELEPHONE (717) 763-1121

TELECOPIER (717) 763-7419
E-MAIL: mail@shumakerwilliams.com

JOHN J. SHUMAKER (1929-1999)
JOHN G. WILLIAMS (RETIRED)

READING, PENNSYLVANIA
TELEPHONE: (610) 929-5808

STATE COLLEGE, PENNSYLVANIA
TELEPHONE: (814) 234-3211

MARYLAND
TELEPHONE: (410) 825-5223

June 7, 2001

Writer's Direct Dial No.:
(717) 909-1645
Writer's E-Mail Address:
dague@shumakerwilliams.com

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Dear Mr. Tupi:

This is in response to your letter of May 31, 2001, concerning your firm's position on the Subpoena served upon it in the above-referenced action. That letter, as well as your e-mail of May 10, 2001, proposed that we first review approximately three boxes of material at your office and that your firm would then determine which portions of that material are privileged.

We are troubled by this suggestion because we have no desire to review privileged material. We are also concerned that it is inappropriate to produce material which is known to be privileged. If it is known that some material is privileged, that knowing production of it constitutes a waiver of any privilege. Therefore, we are unable to agree that any privilege would be "reserved," as your letter suggests.

It is these very considerations that led us to draw the Subpoena as narrowly as possible, seeking records relating solely to individuals who we believed were not clients of your firm. If we inadvertently included anyone who was a client of your firm during the relevant time frame, please notify us of that fact, and we will voluntarily exclude that individual from the scope of the Subpoena.

As a further attempt to resolve this matter, we would be willing to confine the scope of our Subpoena even further by specifying only certain telephone numbers that would be included. Thus, your firm could provide only redacted records that relate to telephone communications with those

phone numbers (still including, of course, all other relevant information such as the date, time, and duration of the call as well as the telephone number at your firm which was involved in each call).

Please notify us of your position in relation to this matter.

Very truly yours,

Larry

By Laurence W. Dague

LWD:131972
cc: Howard L. Kelin, Esquire (Via Telecopier)

TUCKER ARENSBERG, P.C.
ATTORNEYS

(53 00(3)

Bradley S. Tupi (412) 594-5546

June 8, 2001

VIA FACSIMILE
Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Re: Penn Laurel Financial Corp. v. Clearfield Bank & Trust, et al.
Our File No. 013828-023676

Dear Mr. Dague:

With respect to your subpoena for our firm's telephone records: one of the reasons we suggested that your personnel review the records here in our office was because it would be unreasonably burdensome for our personnel to do the work for you. If you would like our paralegal to review the telephone records at your client's expense, please furnish the list of telephone numbers in which you are interested. Thank you.

Very truly yours,

Bradley S. Tupi

BST/lag

cc: Howard L. Kelin, Esq. (via facsimile)

Shumaker Williams, P.C.
ATTORNEYS AT LAW

KEITH A. CLARK PAUL A. ADAMS* LAURENCE W. DAGUE* NICHOLAS BYBEL, JR. KATHY W. MORRISON* J. STEVEN LOVEJOY* MARTIN B. ELLIS** B. TYLER LINCOLN
ANTHONY J. FOSCHI DAVID R. BRESCHI* RUTH A. COURTNEY ANGELA L. THOMAS CHERYL A. ZEMAN*** DAVID L. GILDERNEW JEAN SVOBODA McMASTER MELISSA A. SWAUGER

*ALSO ADMITTED TO MARYLAND BAR **ADMITTED TO MARYLAND BAR ONLY ***ALSO ADMITTED TO VIRGINIA BAR

JAMES E. REID, JR (OF COUNSEL)

REPLY P.O. BOX 88
HARRISBURG, PENNSYLVANIA 17108
TELEPHONE: (717) 763-1121

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JOHN J. SHUMAKER (1929-1999)
JOHN G. WILLIAMS (RETIRED)

READING, PENNSYLVANIA
TELEPHONE: (610) 929-5808

STATE COLLEGE, PENNSYLVANIA
TELEPHONE: (814) 234-3211

MARYLAND
TELEPHONE: (410) 825-6223

June 7, 2001

Writer's Direct Dial No.:
(717) 909-1645
Writer's E-Mail Address:
dague@shumakerwilliams.com

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Dear Mr. Tupi:

This is in response to your letter of June 8, 2001, which apparently was intended to respond to our letter of June 7, 2001. However, since our letter was addressed to your proposal that we review three boxes of material containing **privileged** information under an agreement that your firm would not be deemed to have **waived** any privilege but, rather, would review and redact material after we had designated it for copying. Our letter had rejected your proposal both on the basis that we should not review privileged material and on the basis that we cannot agree that your knowing and voluntary production of privileged documents constitutes anything but a waiver of any privilege.

As noted in our other letter of this date, a severe problem in communications seems to have developed in this case. While we sincerely wish to avoid any discovery disputes, we are consistently finding that correspondence which purports to respond to letters from us actually fails to ever address the issues we have raised, and this exchange appears to follow that pattern. Your letter never addresses the issue of privilege but simply asserts that your firm does not wish to have your paralegal do the work involved in reviewing the telephone records without ever addressing the issues of privilege or waiver. Thus, it appears to be your position that you prefer to produce privileged documents. If that is the case, please have the telephone records photocopied and forwarded to us in their entirety. We will, of course, pay the customary photocopying charges of any commercial photocopying service for those copies.

Thank you for your anticipated cooperation.

Very truly yours,

Laurence W. Dague

By Laurence W. Dague

LWD:132120
cc: Howard L. Kelin, Esquire (Via Telecopier)

TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

Bradley S. Tupi 412-594-5545
btupi@tuckerlaw.com

June 20, 2001

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Re: Penn Laurel Financial Corp. v. Clearfield Bank & Trust, et al.
Our File No. 013828-023676

Dear Mr. Dague:

As a follow-up to our telephone conversation regarding our firm's telephone records: I inquired whether our billing records could generate the sort of report you asked for, namely, calls by Bill Harvey during the relevant time period. The answer is No. Our billing records list long distance telephone numbers called on a given case, but do not identify the caller or the date of the call. To go behind our billing records to identify particular calls by a particular attorney on a particular client-matter account would involve a review of even more records than the three boxes of telephone bills we have offered for your inspection.

Therefore, our offer remains as before: we will allow you to review the telephone records at our office and identify the calls you believe are relevant to our case. We will then produce the designated pages, redacted to protect the confidentiality of other information contained in the phone records. We believe this reflects the proper balance between your entitlement to discover relevant information, our obligation to protect the confidentiality of client communications, and the burden of reviewing voluminous documents.

In the alternative, we would agree to have our paralegal perform the document review at your client's expense.

Very truly yours,

Bradley S. Tupi

BST/lag

cc: John E. Graf, Esq.
Howard L. Kelin, Esq.

JUN 22 2001

SHUMAKER WILLIAMS P.C.
LEGAL AND BUSINESS COUNSEL

WRITER'S DIRECT DIAL NUMBER: 717.909.1641
WRITER'S E-MAIL: dague@shumakerwilliams.com

July 10, 2001

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Dear Mr. Tupi:

This letter will address a number of issues which Plaintiffs believe must be addressed, as well as actions that must be taken, in order to complete discovery in the above-referenced case. As you know, we issued a number of Subpoenas to non-parties back in early April. However, we have yet to receive full compliance with several of those Subpoenas. As I informed you in my letter of July 6, 2001, we have been told that Omega Financial Corporation will be producing telephone records responsive to our Subpoena, but have yet to receive them. County National Bank interposed an objection to our Subpoena's demand for telephone records, but we are attempting to negotiate a resolution of that objection in order to avoid having to trouble the Court with another discovery dispute.

There are many depositions that we wish to take in this matter that we believe must await the production of all documents, particularly telephone records. For example, we know from handwritten notes produced from County National that someone there had a conversation with one of your partners, Ash Woolridge, that apparently concerned the proposed merger on January 15, 2001, but without the telephone records of both gentlemen, we cannot be certain when that conversation occurred, how long it lasted, or how many other calls occurred between them.

CORRESPONDENCE:
P.O. BOX 88
HARRISBURG, PA 17108

PHONE: 717.763.1121
FAX: 717.763.7419

STATE COLLEGE, PA 814.234.3211
TOWSON, MD 410.825.5223
READING, PA 610.929.5808

mail@shumakerwilliams.com

As I indicated in a telephone conversation with you a couple of weeks ago, there are only two depositions that we feel we could undertake immediately even though document production has not been completed, the depositions of Bill Wood and Mary Jane Woolridge. Unfortunately, you have indicated that Mr. Kelin's trial schedule and your vacation schedule will preclude the holding of any more depositions until mid-August. We remain hopeful that the production of all documents will have been completed by that time. Once production is completed and we have had an adequate opportunity to review the documents, we will want to hold depositions of at least the following additional individuals: Sherwood Moody, Jack Woolridge, Randy Woolridge, Don Mikesell, John McGrail, George Beard, David Lee, Steve Martz, Dan Warfel, Jim Moore, Bill Harvey, and Ash Woolridge. There are others who we may not have to depose, such as Robin Cook, Don Shawley, Joseph Bower, and Albert Lee, but we cannot be certain about the need to depose them until we have deposed the others.

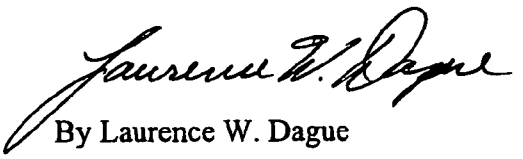
In addition to resolving the dispute with County National about telephone records, two other matters must be resolved. The one concerns the rumors about a non-party to this action, which you have admitted are clearly scandalous in nature, that you have persisted and apparently intend to persist in asking about at depositions. Our discussions about this matter have been entirely unproductive. Therefore, we will shortly be filing a Motion in Limine and for a Protective Order. The other concerns your firm's telephone records, which we had previously subpoenaed. We continue to believe that your position on this matter is contrary to the law, which holds that the voluntary and knowing production of privileged material constitutes a waiver of the privilege.

We have previously proposed a partial resolution by suggesting that you would only need to produce the records relating to calls made by the attorneys who worked on the merger or were directly related to it, but you have asserted that you are unable to do so. We do know from Mr. Anonick's and Jack Woolridge's telephone records, as well as Mr. Anonick's sworn testimony, that relevant calls occurred with both Bill Harvey and Ash Woolridge of your firm, whose direct dial numbers were 412-594-5550 and 412-594-5511, respectively; and it appears from Jack Woolridge's records that relevant calls may have been made to Robin Cook at 412-594-5502. We fail to understand why you would not have long-distance telephone records that specifically relate to those three numbers. Since the main purpose of a law firm's maintaining such records is to allow it to bill long-distance telephone calls to clients, your firm surely has internal records reflecting what telephone calls were billed to Clearfield Bank & Trust which would reflect the number called and the date, time, and duration of the call. Producing those records as well as the records of the three numbers listed above would not result in the production of as much material as the three boxes of telephone records that you have alleged are involved. Nor would it be unduly burdensome for your

firm to first review that far more limited amount of material to determine if any portions are privileged. If this further proposed resolution of the matter is not acceptable, we will be left with no alternative to moving to compel production.

Thus, we currently plan on filing a Motion in Limine and for Protective Order with the Court and anticipate that it may be necessary to file Motions to Compel addressed to both your firm and to County National. We wish to file whatever motions are needed contemporaneously in order to minimize any imposition upon the Court's time. Therefore, we are currently attempting to follow up with County National's attorney, and we would request that you notify us by the end of this week whether you feel that the above proposal offers any realistic opportunity to resolve the dispute concerning your firm's telephone records. Thank-you for your anticipated cooperation.

Very truly yours,



By Laurence W. Dague

LWD:133137
cc: Howard L. Kelin, Esquire (Via Telecopier)

Larry Dague - Telephone records

From: "Graf, John" <jgraf@tuckerlaw.com>
To: "'lwd@shumakerwilliams.com'" <lwd@shumakerwilliams.com>
Date: 7/20/01 11:34 AM
Subject: Telephone records
CC: "Tupi, Bradley" <btupi@tuckerlaw.com>

Larry:

I am writing to respond to your letter to Brad Tupi of July 10, 2001. In your letter, you suggested that we should be able to segregate the long distance numbers called by certain lawyers and paralegals, and provide only those. Unfortunately, that is not the case.

Our firm has several long distance trunk lines into which all outgoing long distance calls are directed. The bills from the long distance provider are grouped by the trunk line number, not by the direct dial number of the individual making the call. For billing purposes, we are able to segregate long distance calls by caller through our in-house telephone system. However, that data is maintained for only two or three months, because the data storage space provided by the telephone system is quite limited (it is an old system). Accordingly, there is no way for us to provide you the information you are seeking, i.e., long distance records segregated by caller.

Accordingly, our previous offer stands. We will make the telephone records available in our offices for inspection by you or a member of your staff. If you would prefer, we can assign one of our paralegals the task of reviewing these records for certain telephone numbers. This, of course, would be at Penn Laurel's expense, as the information from the documents can be derived as easily by Penn Laurel as by Clearfield.

I hope that this is of some assistance to you.

Regards,

John E. Graf

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiff's Motion to Compel Production of Documents by Tucker Arensberg, P.C. on this date via overnight delivery, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
Attorneys for Defendant Clearfield Bank & Trust Company and Sherwood C. Moody

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
Attorneys for Timothy A. Anonick and Anonick Financial Corporation

SHUMAKER WILLIAMS, P.C.

Dated: 7/26/01

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

FILED
JUL 27 2001
111:15/no cc
William A. Shaw
Prothonotary

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

GA

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	CIVIL ACTION - LAW

FILED
JUL 27 2001
William A. Shaw
Prothonotary

PLAINTIFFS' MOTION TO COMPEL PRODUCTION OF DOCUMENTS BY COUNTY NATIONAL BANK

NOW COME Plaintiffs by and through their counsel, Shumaker Williams, P.C., to move this Honorable Court to enter an Order compelling County National Bank (hereinafter "CNB") to produce documents that were duly and properly subpoenaed by Plaintiffs pursuant to Pa.R.Civ.P. 4009.23. In support thereof, Plaintiffs aver as follows:

1. On May 18, 2001, Plaintiffs duly and properly served upon CNB and James P. Moore Subpoena to Produce Documents or Things for Discovery Pursuant to Rule 4009.22, copies of which are attached hereto as Exhibits "1" and "2," respectively.

2. By letter dated June 6, 2001, a copy of which is attached hereto as Exhibit "3," Peter F. Smith, Esquire, as attorney for both CNB and Mr. Moore informed Plaintiffs' counsel that Mr. Moore was not in possession of any documents responsive to the Subpoena served upon him and that he would be forwarding documents from CNB within the following week.

3. On or about June 14, 2001, Mr. Smith, on behalf of CNB, forwarded documents and a "Certificate of Compliance with Subpoena to Produce Documents or Things Pursuant to Rule

409.23 & Objections Thereto," a copy of which is attached hereto as Exhibit "4," to Plaintiffs' counsel.

4. One of the "Objections" interposed by CNB was to paragraphs 17 through 22 which basically sought all telephone bills or invoices that listed or reflected telephone conversations after January 1, 1998, between any officer, director, agent, etc. of CNB and any of the following:

a.) any of the officers, directors, agents, etc. of Defendant Clearfield Bank & Trust Company ("CBT");

b.) Defendants Timothy A. Anonick and/or Anonick Financial Services;

c.) Defendant Sherwood C. Moody;

d.) any of the officers, directors, agents, etc. of Omega Financial Corporation; and

e.) any of the officers, directors, agents, etc. of Plaintiffs.

5. The basis for that Objection was that those paragraphs were alleged to be unduly burdensome.

6. In an attempt to resolve the discovery dispute which arose as a result of the interposition of that Objection, Plaintiffs' counsel forwarded a letter on June 27, 2001, to Mr. Smith, a copy of which is attached hereto as Exhibit "5," in which Plaintiffs offered to limit the scope of those paragraphs of the Subpoena to only the period from July 1, 1998 to December 30, 1999, and to further restrict those paragraphs to include only telephone calls placed from five specified telephone numbers.

7. Mr. Smith stated in a telephone conversation with Plaintiffs' undersigned counsel that (1) all of the records requested by the June 27 letter were available; (2) that his personal inspection

of those records revealed that they would still be very voluminous, amounting to as many as one hundred pages per month; and (3) that CNB would nevertheless produce all those records for inspection at its headquarters.

8. In an agreement that was confirmed by Mr. Smith's letter of July 13, 2001, a copy of which is attached hereto as Exhibit "6," all such phone records of calls from the period of January 1 through July 31, 1999, were to be produced for inspection at Defendant's headquarters in Clearfield on July 16 through 17, 2001.

9. The only records from the agreed period that were actually produced at the scheduled inspection were of telephone calls made during the month of July of 1999, and Plaintiffs' counsel was informed that, while all other records for the period covered by the Subpoena were available, the records of calls made for the months from December of 1998 through June of 1999 were suddenly "missing." See Affidavit of Melissa A. Swauger which is attached hereto as Exhibit "7."

10. The Bank officers indicated that they were attempting to locate the missing telephone records, including by contacting Mr. Moore, CNB's former Chief Executive officer, and agreed to continue that search and to produce all of the missing records (including for the month of December, 1998) if they were able to find the records. See Exhibit "7."

11. In a subsequent telephone conversation, Mr. Smith confirmed that CNB had, in fact, been in possession of the missing telephone records and confirmed the items to which CNB officers had agreed, as set forth in the preceding paragraph. See Exhibit "7."

12. By letter dated July 23, 2001, a copy of which is attached as Exhibit "8." Mr. Smith informed Plaintiff's counsel that CNB was continuing to look for the missing records and that Mr. Moore had never had those records but failed to offer any explanation as to how those records had

disappeared even though CNB, through Mr. Smith's letter of July 13, had specifically agreed to produce them

13. Production of the telephone records in question is extremely likely to produce relevant and material evidence for this case in light of facts about CNB that are already known to Plaintiff from other sources, which include but are not limited to the following:

> a.) numerous telephone conversations concerning the proposed merger between Plaintiffs and CBT took place between Defendant Anonick and officers of CNB, particularly Mr. Moore, and, on at least one occasion, Defendant Anonick met with a CNB officer to discuss that merger;
>
> b.) Mr. Moore spoke with David Lee, the Chief Executive Officer of Omega, on one or more occasions about the merger;
>
> c.) one of CBT's directors told Defendant Moody on December 9, 1998, that Mr. Moore was "aware of what's going on," referring to the merger, even though that was three weeks prior to the public announcement of the merger;
>
> d.) Mr. Moore had a conversation about the merger with one of the partners in the very law firm handling the merger on behalf of CBT only two weeks after the merger was publicly announced, and that attorney advised Mr. Moore that he should talk to people the attorney who he identified as being upset about the merger; and
>
> e.) Mr. Moore had a conversation with one of CBT's Board members in August of 1999, who discussed the merger and reported that "some of [CBT's] people feel that Omega or somebody else might improve Omega's current offer of $65 to $70 or $75."

14. The telephone records that are alleged to be missing are from what is, in fact, the period which is most critical in this case, and it is highly suspicious that the only period which is missing out of the years covered by the subpoena is that period and that the records were only discovered to be "missing" after arrangements had been made for them to be produced to Plaintiffs.

15. If CNB continues to maintain that the telephone records of calls made during the period from December 1, 1998 through June 30, 1999, are missing, then it should be required to file

a written report with the Court and with counsel of record setting forth details such as the names of all individuals who had seen those records at any time this year, the date when they were last seen, the individual who last saw them, their understanding as to how and why those records came to be separated from CNB's other telephone records, and their belief as to how those records were allegedly lost.

WHEREFORE, Plaintiffs respectfully request that this Honorable Court enter an Order compelling County National Bank and James P. Moore to furnish copies of telephone records reflecting calls during the period from December 1, 1998 through June 30, 1999, or in the event that County National Bank and James P. Moore maintain that those records are lost, to furnish a written report to the Court and counsel of record setting forth details concerning those records, including the names of all individuals who had seen those records at any time this year, the date when they were last seen, the individual who last saw them, their understanding as to how and why those records came to be separated from CNB's other telephone records, and their belief as to how those records were allegedly lost.

Respectfully submitted,

SHUMAKER WILLIAMS, P.C.

Dated: 7/26/01

By Laurence W. Dague

Laurence W. Dague, I.D.#19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp. and CSB Bank

:133575

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: County National Bank
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

[redacted]

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega Financial Corporation ("Omega").

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) that were dated or prepared on or after January 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Plaintiff Penn Laurel and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Plaintiff CSB and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Timothy A. Anonick and/or AFC.

11. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Sherwood C. Moody on or after January 1, 1998.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Omega and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to David Lee) on or after January 1, 1998.

13. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and Penn Laurel and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

14. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between County National Bank and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants and CSB and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

15. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, Omega, David Lee, Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and/or Donald Mikesell.

16. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Clearfield's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Timothy A. Anonick and/or AFC.

19. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and Sherwood C. Moody on or after January 1, 1998.

20. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Omega's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to David Lee) on or after January 1, 1998.

21. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of Penn Laurel's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants on or after January 1, 1998.

22. Any and all telephone bills and invoices which list or reflect any telephone conversations between any of County National Bank's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants and any of CSB's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants on or after January 1, 1998.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: James P. Moore
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Laurence W. Dague
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 19715
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

Deputy

EXHIBIT "A"

1. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to the proposed merger between Plaintiff Penn Laurel Financial Corp. ("Penn Laurel"), Plaintiff CSB Bank ("CSB"), and Defendant Clearfield Bank & Trust Company ("Clearfield") which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

2. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to any planned, proposed, or potential merger between Clearfield and Omega Financial Corporation ("Omega").

3. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) that were dated or prepared on or after January 1, 1998.

4. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Timothy A. Anonick and/or Defendant Anonick Financial Corporation ("AFC").

5. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Defendant Sherwood C. Moody that were dated or prepared on or after January 1, 1998.

6. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Omega and/or any of its officers, directors, shareholders, employees, and/or agents (including, but not limited to David Lee) that were dated or prepared on or after January 1, 1998.

7. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Plaintiff Penn Laurel and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

8. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that relate or refer to Plaintiff CSB and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

9. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Clearfield and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

10. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Timothy A. Anonick and/or AFC.

11. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Sherwood C. Moody on or after January 1, 1998.

12. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Omega and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants (including, but not limited to David Lee) on or after January 1, 1998.

13. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and Penn Laurel and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

14. Any and all notes, memoranda, correspondence, computer print-outs, e-mails, other documents, and computer records or entries that consist of or constitute any communication between James P. Moore and CSB and/or any of its officers, directors, shareholders, employees, agents, attorneys, accountants, and/or consultants that were dated or prepared on or after January 1, 1998.

15. The folders and all contents of any and all files which relate or refer to Clearfield, Timothy A. Anonick, AFC, Sherwood C. Moody, Omega, David Lee, Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and/or Donald Mikesell.

16. Any and all lists of any shareholders of Clearfield who were or who were thought to be opposed to any planned or proposed merger between Penn Laurel, CSB Bank, and Clearfield which was the subject of the "Agreement and Plan of Reorganization" between them dated December 31, 1998.

17. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and any of Clearfield's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to Rembrandt Woolridge, John R. Woolridge, Ash Woolridge, and Donald Mikesell) on or after January 1, 1998.

18. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and Timothy A. Anonick and/or AFC.

19. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and Sherwood C. Moody on or after January 1, 1998.

20. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and any of Omega's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants (including, but not limited to David Lee) on or after January 1, 1998.

21. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and any of Penn Laurel's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants on or after January 1, 1998.

22. Any and all telephone bills and invoices which list or reflect any telephone conversations between James P. Moore and any of CSB's officers, directors, shareholders, employees, agents, attorneys, accountants, or consultants on or after January 1, 1998.

:130470

(83-cc(2)

PETER F. SMITH
ATTORNEY
30 SOUTH SECOND STREET
P.O. BOX 130
CLEARFIELD, PENNSYLVANIA 16830

(814) 765-5595
FAX (814) 765-6662

E-mail
pfsatty@mail.csrlink.net

June 6, 2001

Laurence M. Dague, Esquire
SHUMAKER WILLIAMS, P.C.
P.O. Box 88
Harrisburg, PA 17108

Re: Penn Laurel v CB&T, et al.

Dear Mr. Dague:

I represent James P. Moore. He consulted me concerning the Subpoena To Produce Documents which was served upon him. I am pleased to enclose his answer to the subpoena.

You will see that Mr. Moore has no documents or other things to produce. All his records concerning this matter are in the possession of County National Bank. Mr. Moore retired at the end of last year.

I also write to advise that I am counsel for County National Bank. We are in the process of duplicating the bank's materials subject to your discovery request. I will have them in the mail to you early next week.

Sincerely,

Peter F. Smith

PS/jah

Enclosure
cc: James P. Moore
County National Bank
Bradley S. Tupi, Esquire, CB&T
Timothy A. Anonick
Howard L. Kelin, Esquire

JUN - 7 2001

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

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	No. 00-414-CD
vs	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	

CERTIFICATE OF COMPLIANCE WITH SUBPOENA TO PRODUCE DOCUMENTS OR THINGS PURSUANT TO RULE 409.23 & OBJECTIONS THERETO

I, Peter F. Smith, Attorney for County National Bank certify, to the best of my knowledge, information and belief that all documents or things required to be produced pursuant to this Subpoena issued on April 6, 2001 have been produced except those items covered by the following objections. Those items have been sent to Plaintiff's counsel by UPS and are consecutively numbered 1-1050.

1. County National Bank objects to requests numbers 17-22 asking for any and all telephone bills and invoices. These requests cover more than 2½ years. This would require County National Bank to review, number by number, line by line, over 31,000 pages of telephone invoices received during that period. County National Bank objects on the basis of Pa.R.C.P. 4011(b) because this request would cause it undue burden and expense.

2. A number of accounts managed by County National Bank's Trust Department hold stock in Penn Laurel Corp. and/or Clearfield Bank & Trust Company. Consequently, certain of

County National Bank's Trust Officers followed the proposed merger in the proper execution of their fiduciary duties. Their records are neither material nor relevant to these proceedings because they involve individual trust accounts which the Trust Department of County National Bank holds as a passive investor. Moreover, County National Bank policy directs that all information associated with its trust accounts be held completely confidential. County National Bank objects on the basis of Pa.R.C.P.4011(b) because disclosure of the information sought would cause unreasonable annoyance, embarrassment, oppression and burden to both County National Bank and its Trust Department customers.

Respectfully submitted,

Date: June 14, 2001

Peter F. Smith, Esquire
30 South Second Street
P.O. Box 130
Clearfield, PA 16830
(814) 765-5595

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

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	No. 00-414-CD
vs	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	

CERTIFICATE OF SERVICE

I, Peter F. Smith, attorney for County National Bank, hereby certify that I sent by U.S. First Class Mail a copy of County National Bank's Certificate of Compliance with Subpoena to Produce Documents or Things Pursuant to Rule 409.23 & Objections Thereto on the following attorneys of record for the parties involved in the above matter on June 14, 2001, at the following addresses:

Laurence W. Dague, Esquire
P.O. Box 88
Harrisburg, PA 17108
Attorney for Penn Laurel Financial Corp. and CSB Bank

Howard L. Kelin, Esquire
24 North Lime Street
Lancaster, PA 17602
Attorney for Timothy A. Anonick and Anonick Financial Corporation

John E. Graf, Esquire
1500 One PPG Place
Pittsburgh, PA 15222
Attorney for Clearfield Bank & Trust Company

Respectfully submitted,

Date: 6-14-01

Peter F. Smith, Esquire
Attorney for County National Bank

SHUMAKER WILLIAMS P.C.
LEGAL AND BUSINESS COUNSEL

WRITER'S DIRECT DIAL NUMBER: 717.909.1641
WRITER'S E-MAIL: dague@shumakerwilliams.com

June 27, 2001

Peter F. Smith, Esquire
30 South Second Street
Clearfield, PA 16803

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Dear Mr. Smith:

We acknowledge receipt of the "Certificate of Compliance with Subpoena to Produce Documents or Things Pursuant to Rule 409.23 & Objections Thereto" in the above-referenced matter as well as the accompanying documents that you produced for us on behalf of your client, County National Bank ("CNB"). This letter will address the Objections in an attempt to avoid any dispute. Initially, we have no problem with the second Objection. In relation to the first, however, we wish to propose a resolution to the first Objection, i.e., that producing the telephone records during a two and one-half year period would be unduly burdensome.

We are prepared to voluntarily limit the scope of the subpoena in order to avoid any dispute over this matter. First, we would be prepared to limit the period in question to the period from July 1, 1998, through December 30, 1999. In addition, we are prepared to limit the records requested to those relating to only five telephone numbers: the direct dial numbers of Joseph B. Bower, Jr. and Donald E. Shawley, two numbers for Mr. Moore--(814) 765-0870 and (814) 765-9621, and one telecopier number: (814) 765-4511. We do not know the numbers that were assigned to or primarily used by Mr. Bower and Mr. Shawley during the time frame in question, but your client can obviously determine that readily.

We do not oppose your client's redacting those pages of telephone bills to exclude any specific calls which they know for a fact are not responsive to our Subpoena. However, we do not believe that such a redaction is necessary. We certainly would not utilize or disclose any irrelevant

CORRESPONDENCE:
P.O. BOX 88
HARRISBURG, PA 17108

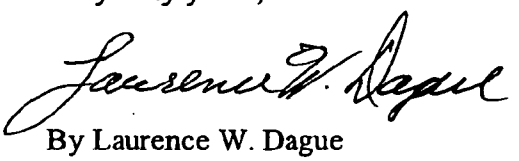
PHONE: 717.763.1121
FAX: 717.763.7419

STATE COLLEGE, PA 814.234.3211
TOWSON, MD 410.825.5223
READING, PA 610.929.5808

information to others, and we doubt that the other counsel involved in this action, who will be furnished with copies of all documents received in response to Subpoenas we have issued, would do so either. Thus, it would only be necessary for CNB to produce the pages of telephone bills that show specific numbers called from those five telephone numbers, and it is possible that only long-distance calls are specifically listed.

If this proposed resolution is not agreeable to your client, we will have to proceed with the filing of a Motion to Compel a full response to the Subpoena. Therefore, we would appreciate it if you notify us of your client's position on this proposed resolution as soon as possible. Thank you for your anticipated cooperation.

Very truly yours,



By Laurence W. Dague

LWD:132717
cc: Bradley S. Tupi, Esquire (Via Telecopier)
Howard L. Kelin, Esquire (Via Telecopier)

00-653(2)

PETER F. SMITH
ATTORNEY
30 SOUTH SECOND STREET
P.O. BOX 130
CLEARFIELD, PENNSYLVANIA 16830

(814) 765-5595
FAX (814) 765-6662

E-mail
pfsatty@mail.csrlink.net

July 13, 2001

Melissa Swauger, Esquire
SHUMAKER & WILLIAMS
P.O. Box 88
Harrisburg, PA 17108

Re: Penn Laurel vs. Clearfield Bank & Trust Company, et. al.

Dear Melissa:

I write to follow up our telephone conversations this morning. I have arranged for you to inspect telephone records of County National Bank for the period commencing January 1, 1999 through July 31, 1999. They will be available for you at County National's main office in Clearfield, PA. You plan to arrive on the morning of July 16th. You are welcome to stay through the 17th if a second day is required.

The bank opens at 9:00 a.m. and closes at 4:30 p.m.

You should ask for Glen Myers or Joe Bower. They will have the records and show you to a room.

You are also welcome to park directly behind my office at 30 South Second Street. This may save you some trouble and a parking ticket.

Sincerely,

Peter F. Smith

PFS/jah

cc: William F. Falger

JUL 17 2001

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF : CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

AFFIDAVIT OF MELISSA A. SWAUGER

I, Melissa A. Swauger, state that the following facts are true and correct to the best of my knowledge, information, and belief and I am aware that false statements herein are made subject to the penalties of 18 Pa.C.S. §4904, relating to unsworn falsification to authorities:

1. I represent the Plaintiffs in the above-captioned matter.

2. On July 13, 2001, I spoke with Peter F. Smith, Esquire, attorney for County National Bank (hereinafter "CNB") and James P. Moore, several times regarding scheduling a date and time to inspect CNB's telephone records for the period January 1, 1999 through July 31, 1999 at CNB.

3. Mr. Smith told me that CNB's telephone records for the period January 1, 1999 through July 31, 1999 would be produced for inspection on July 16, 2001 at CNB from 9:00 a.m. until 4:30 p.m. and July 17, 2001, if necessary.

4. In addition, Mr. Smith sent me a letter dated July 13, 2001 via telecopier confirming our arrangement regarding the production of CNB's telephone records.

5. On July 16, 2001, Michele A. Connor, a legal assistant at Shumaker Williams, P.C., and I traveled to CNB to inspect its telephone records.

6. When we arrived at CNB, the only telephone records available for our inspection from the period January 1, 1999 through July 31, 1999 was CNB's telephone records for the month of July 1999.

7. Mr. Glen Myers of CNB informed me that he had CNB's telephone records for 1998, but CNB's telephone records for January 1, 1999 through June 30, 1999 were lost and/or misplaced and CNB employees were searching for such telephone records.

8. I telephoned Mr. Smith's office to inform him that the documents he agreed to produce on July 13, 2001 were now suddenly lost and/or missing, and I learned that he was out of town until July 18, 2001.

9. I subsequently asked Mr. Myers if I could review CNB's telephone records for the month of December 1998 while CNB employees continued to search for the missing telephone records.

10. Several hours later Glen Myers and William F. Falger, President & Chief Executive Officer, produced CNB's telephone records for January 1, 1998 through November 30, 1998 and advised me that they still could not find CNB's telephone records for January 1, 1999 through June 30, 1999, but they had four employees searching for the telephone records and a telephone message was left for Mr. Moore to see if he had CNB's telephone records for the agreed upon period or knew where such telephone records were located.

11. In addition, they informed me that CNB's telephone records for December 1 through December 31, 1998 were missing as well.

12. I requested that they continue to search for the missing telephone records dated December 1, 1998 through June 30, 1999, which they agreed to do, and CNB officers also agreed to produce photocopies of such telephone records if they locate such records in the future.

13. Therefore, at the scheduled production at CNB on July 16, 2001, CNB officers only produced telephone records for July 1 through July 31, 1999.

14. On July 18, 2001, I spoke with Mr. Smith and he confirmed that CNB officers did have the telephone records he agreed to produce, but that such telephone records are now missing.

15. Mr. Smith also confirmed that CNB officers and/or employees would continue to search for the telephone records he agreed to produce and advise us if such telephone records are found.

16. By e-mail message dated July 18, 2001, I asked Mr. Smith to advise me if Mr. Smith or anyone from CNB contacted Mr. Moore to determine whether or not Mr. Moore had CNB's telephone records dated December 1, 1998 through June 30, 1999 in his possession.

17. By letter dated July 23, 2001, Mr. Smith confirmed the following: Mr. Moore did not have CNB's telephone records for the agreed upon period in his possession; CNB officers and/or employees would continue to search for telephone records dated December 1, 1998 through June 30, 1999; and if such telephone records are found, they will produce photocopies of such records to us.

Dated: 7/26/01

By Melissa A. Swauger
Melissa A. Swauger,
Attorney for Penn Laurel Financial Corp.
and CSB Bank

SWORN TO AND SUBSCRIBED BEFORE ME
THIS 26 DAY OF July, 2001.

Julieanne Reisinger
NOTARY PUBLIC

MY COMMISSION EXPIRES:

:133631

NOTARIAL SEAL
JULIEANNE REISINGER, Notary Public
Camp Hill, PA Cumberland County
My Commission Expires Feb. 22, 2003

PETER F. SMITH
ATTORNEY
30 SOUTH SECOND STREET
P.O. BOX 130
CLEARFIELD, PENNSYLVANIA 16830

(814) 765-5595
FAX (814) 765-6662

E-mail
pfsatty@mail.csrlink.net

July 23, 2001

Melissa Swauger, Esquire
SHUMAKER & WILLIAMS
P.O. Box 88
Harrisburg, PA 17108

Re: Penn Laurel vs. Clearfield Bank & Trust Company, et. al.

Dear Melissa:

I write to follow up your e-mail of July 18, 2001. I spoke again with Mr. Falger and James P. Moore. Mr. Moore never had CNB's telephone records from December 1, 1998 through June 30, 1999, and CNB cannot locate them. I write to assure you that CNB's search for these bills will continue. I also confirm that CNB recognizes an ongoing obligation to produce these records pursuant to your discovery request.

Sincerely,

Peter F. Smith

PFS/jah

cc: William F. Falger

JUL 25 2001

~~JUL 24 2001~~

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiff's Motion to Compel Production of Documents by County National Bank on this date via overnight delivery, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
Attorneys for Defendant Clearfield Bank & Trust Company and Sherwood C. Moody

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
Attorneys for Timothy A. Anonick and Anonick Financial Corporation

Peter F. Smith, Esquire
30 S. Second Street
P.O. Box 130
Clearfield, PA 16830
Attorney for County National Bank

SHUMAKER WILLIAMS, P.C.

Dated: 2/26/01

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	:	IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	:	Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	:	CIVIL ACTION - LAW

FILED
JUL 31 2001
William A. Shaw
Prothonotary

PLAINTIFFS' STATEMENT RE: CASE STATUS

NOW COME Plaintiffs by and through their counsel, Shumaker Williams, P.C., to make the following statement concerning the above-referenced matter pursuant to the Order of this Honorable Court of March 26, 2001:

1. Plaintiffs currently are and have been actively engaged in discovery.

2. Three motions, which were filed by Plaintiffs on July 27, 2001, are currently outstanding: two Motions to Compel compliance with subpoenas for documents that were duly and properly served upon non-parties and one Motion in Limine and for a Protective Order.

3. Plaintiffs believe that discovery in this case should be completed by the end of November of this year, and that completion of all discovery within the six-month period anticipated by the May 26 Order has not been possible for a number of reasons, the primary one of which is the failure to receive timely and complete responses to subpoenas served in early to mid-May of 2001.

4. The remaining discovery that Plaintiffs need to perform and issues concerning discovery were set forth in a letter to Defendants' counsel dated July 10, 2001, a copy of which is attached hereto as Exhibit "A," that sets forth, inter alia, the names of fourteen witnesses Plaintiffs

wish to depose, only two of whom can be properly and fully deposed prior to Plaintiffs' receipt and review of subpoenaed documents.

5. Each of those identified deponents has direct, personal knowledge of and actually participated in events that are the bases for Plaintiffs' claims and are referenced in Plaintiffs' Complaint.

6. The subpoenaed documents which have not yet been furnished to Plaintiffs consist of telephone records evidencing communications which Plaintiffs maintain constituted or were part of breaches of contract or tortious conduct by Defendants and others.

7. Such communications are critical in this case, as Defendants Clearfield Bank & Trust Company ("CBT") and Moody have tacitly acknowledged by seeking discovery of them.

8. Attached hereto as Exhibit "B" is a copy of a letter of July 23, 2001, which constitutes Plaintiff's response to that discovery.

9. As the attachments to Exhibit "B" demonstrate, Plaintiffs have been able to identify not just several but **hundreds** of telephone calls that were part of such communications simply from the telephone records of Defendants Anonick and Anonick Financial Corporation and of one non-party.

10. Since it is unlikely that any deponent can recall the precise dates, times, and lengths of telephone conversations that he or she had which are relevant to this case, the subpoenaed records are the only available method of identifying those calls, and Plaintiffs need to identify those calls before deposing individuals who participated in them in order to pose questions concerning them.

11. Therefore, resolution of the two pending Motions to Compel, the receipt of any documents that are produced as a result of those Motions, and an opportunity to properly review such documents must occur prior to the scheduling to most of the depositions.

12. Plaintiffs do no know what additional discovery Defendants may wish to perform, and Defendants have not to date furnished a list of witnesses they wish to depose in this case.

13. Plaintiffs do currently intend to offer an expert witness in the liability phase of this case, and, since the expert is currently out of the Country, Plaintiffs anticipate being able to forward his final report to Defendants' counsel by the end of August, 2001.

14. In light of the foregoing, Plaintiffs believe that discovery can be completed by the end of November, a pretrial conference held in late November, and a trial held in December of 2001, if such scheduling is convenient for the Court.

15. Based both upon discussion of counsel with the Court at prior hearings in this matter as well as the difficulty involved in jury selection, Plaintiffs anticipate and request that the jury be selected from and trial be conducted in Clinton County.

Respectfully submitted,

SHUMAKER WILLIAMS, P.C.

Dated: July 30, 2001

By Laurence W. Dague

Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121
Attorneys for Penn Laurel Financial Corp. and CSB Bank

:133747

SHUMAKER WILLIAMS P.C.
LEGAL AND BUSINESS COUNSEL

WRITER'S DIRECT DIAL NUMBER: 717.909.1641
WRITER'S E-MAIL: dague@shumakerwilliams.com

July 10, 2001

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA TELECOPIER

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Dear Mr. Tupi:

This letter will address a number of issues which Plaintiffs believe must be addressed, as well as actions that must be taken, in order to complete discovery in the above-referenced case. As you know, we issued a number of Subpoenas to non-parties back in early April. However, we have yet to receive full compliance with several of those Subpoenas. As I informed you in my letter of July 6, 2001, we have been told that Omega Financial Corporation will be producing telephone records responsive to our Subpoena, but have yet to receive them. County National Bank interposed an objection to our Subpoena's demand for telephone records, but we are attempting to negotiate a resolution of that objection in order to avoid having to trouble the Court with another discovery dispute.

There are many depositions that we wish to take in this matter that we believe must await the production of all documents, particularly telephone records. For example, we know from handwritten notes produced from County National that someone there had a conversation with one of your partners, Ash Woolridge, that apparently concerned the proposed merger on January 15, 2001, but without the telephone records of both gentlemen, we cannot be certain when that conversation occurred, how long it lasted, or how many other calls occurred between them.

CORRESPONDENCE:
P.O. BOX 88
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As I indicated in a telephone conversation with you a couple of weeks ago, there are only two depositions that we feel we could undertake immediately even though document production has not been completed, the depositions of Bill Wood and Mary Jane Woolridge. Unfortunately, you have indicated that Mr. Kelin's trial schedule and your vacation schedule will preclude the holding of any more depositions until mid-August. We remain hopeful that the production of all documents will have been completed by that time. Once production is completed and we have had an adequate opportunity to review the documents, we will want to hold depositions of at least the following additional individuals: Sherwood Moody, Jack Woolridge, Randy Woolridge, Don Mikesell, John McGrail, George Beard, David Lee, Steve Martz, Dan Warfel, Jim Moore, Bill Harvey, and Ash Woolridge. There are others who we may not have to depose, such as Robin Cook, Don Shawley, Joseph Bower, and Albert Lee, but we cannot be certain about the need to depose them until we have deposed the others.

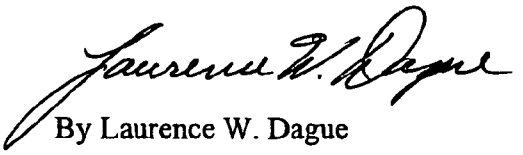
In addition to resolving the dispute with County National about telephone records, two other matters must be resolved. The one concerns the rumors about a non-party to this action, which you have admitted are clearly scandalous in nature, that you have persisted and apparently intend to persist in asking about at depositions. Our discussions about this matter have been entirely unproductive. Therefore, we will shortly be filing a Motion in Limine and for a Protective Order. The other concerns your firm's telephone records, which we had previously subpoenaed. We continue to believe that your position on this matter is contrary to the law, which holds that the voluntary and knowing production of privileged material constitutes a waiver of the privilege.

We have previously proposed a partial resolution by suggesting that you would only need to produce the records relating to calls made by the attorneys who worked on the merger or were directly related to it, but you have asserted that you are unable to do so. We do know from Mr. Anonick's and Jack Woolridge's telephone records, as well as Mr. Anonick's sworn testimony, that relevant calls occurred with both Bill Harvey and Ash Woolridge of your firm, whose direct dial numbers were 412-594-5550 and 412-594-5511, respectively; and it appears from Jack Woolridge's records that relevant calls may have been made to Robin Cook at 412-594-5502. We fail to understand why you would not have long-distance telephone records that specifically relate to those three numbers. Since the main purpose of a law firm's maintaining such records is to allow it to bill long-distance telephone calls to clients, your firm surely has internal records reflecting what telephone calls were billed to Clearfield Bank & Trust which would reflect the number called and the date, time, and duration of the call. Producing those records as well as the records of the three numbers listed above would not result in the production of as much material as the three boxes of telephone records that you have alleged are involved. Nor would it be unduly burdensome for your

firm to first review that far more limited amount of material to determine if any portions are privileged. If this further proposed resolution of the matter is not acceptable, we will be left with no alternative to moving to compel production.

Thus, we currently plan on filing a Motion in Limine and for Protective Order with the Court and anticipate that it may be necessary to file Motions to Compel addressed to both your firm and to County National. We wish to file whatever motions are needed contemporaneously in order to minimize any imposition upon the Court's time. Therefore, we are currently attempting to follow up with County National's attorney, and we would request that you notify us by the end of this week whether you feel that the above proposal offers any realistic opportunity to resolve the dispute concerning your firm's telephone records. Thank-you for your anticipated cooperation.

Very truly yours,



By Laurence W. Dague

LWD:133137
cc: Howard L. Kelin, Esquire (Via Telecopier)

SHUMAKER WILLIAMS P.C.
LEGAL AND BUSINESS COUNSEL

WRITER'S DIRECT DIAL NUMBER: 717.909.1645
WRITER'S E-MAIL: dague@shumakerwilliams.com

July 23, 2001

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

VIA OVERNIGHT DELIVERY

Re: Penn Laurel Financial Corp., et al. v.
Clearfield Bank & Trust Company, et al.
C.C.P. Clearfield County, No. 00-414-CD
Our File No. 653-00(2)

Dear Mr. Tupi:

In accordance with our letter of July 6, 2001, this will provide discovery of communications of which Plaintiffs are currently aware that Plaintiffs maintain constituted or were part of tortious conduct or breaches of contract by Defendants. We must emphasize that we are currently conducting discovery that is likely to continue to disclose additional communications which will come within this category. As you know, we have outstanding Subpoenas for the telephone records of County National Bank, Omega, and your own firm, and we will continue to focus on communications in all of the depositions that will be conducted in this case. Therefore, we will periodically supplement the information contained in this letter and its attachments.

Attached are four lists. The first sets forth communications which we have learned about through documents other than telephone records, and, therefore, we cannot be certain as to whether each communication was by telephone or in person. Set forth next to each of those communications is the Bates number for the document upon which that entry is based. The entries on that list which appear in bold are those which we believe constituted actual breaches of contract and/or tortious conduct. There are two other documents--Bates Nos. 010030-'31 and 010033--which reflect communications that constitute unlawful conduct and that involved Defendants Anonick and Moody, but we lack sufficient information at this time concerning the dates of those communications. In addition, we believe that deposition testimony has identified another communication or series of communications that were part of the tortious conduct or breaches of contract: advice given by your

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firm to Directors and/or Officers of Defendant Clearfield Bank & Trust ("CBT") that they should not answer or should greatly restrict their answers to questions posed by CBT's shareholders concerning the proposed merger. See, e.g., Depostion of Kurtz at 115(lines 8-24).

The other lists that are enclosed constitute distillations of the telephone records provided either by your office or by Defendant Anonick's counsel. List B sets forth telephone calls which Plaintiffs maintain constituted breaches of contract or tortious conduct. List C sets forth other telephone calls initiated by Defendant Anonick which Plaintiffs maintain were part of the breaches of contract or tortious conduct. List D constitutes a partial listing of telephone calls initiated by Jack Woolridge which Plaintiffs believe either constituted or were part of the breaches or tortious conduct. That list is partial because it is derived only from Mr. Woolridge's office records since we have not yet completed our review of his home telephone records.

Since the Plaintiffs were not party to the communications themselves, our knowledge concerning precisely what was said in any particular communication is limited to the documents which are referenced in List A or the deposition testimony of those who were a party. Since you already have copies of all such documents and deposition transcripts, the provisions of Pa.R.Civ.P. 4006(b) apply.

As always, if you have any questions concerning this material or wish to discuss it, please do not hesitate to contact us.

Very truly yours,

By Laurence W. Dague

LWD:133521
Enclosures
cc: Howard L. Kelin, Esquire (w/enclosures)(Via Overnight Delivery)

List A: Communications which constituted or were part of breaches of contract or tortious conduct

date	parties	doc ref
9/10/98	Rem Woolridge (C) & Sherwood Moody	CBT02147
9/18/98	Rem Woolridge (C) & Sherwood Moody	CBT00568
9/22/98	Rem Woolridge (C) & Sherwood Moody	CBT02189
12/9/98	Rem Woolridge (C) & Sherwood Moody	CBT02718
1/4/99	**Sherwood Moody & Rem Woolridge** + various other calls	CBT02153-'54
1/5/99	Sherwood Moody & Jack Woolridge	CBT02156
1/7/99	Sherwood Moody & "Rickey"(?)	CBT02156
1/7/99	Sherwood Moody & Ray Wasasky	CBT02157
1/8/99	Sherwood Moody & Carol Diehl	CBT02157
1/13/99	Sherwood Moody & Don Mikesell	CBT02162
1/13/99	Sherwood Moody & Ray Walker	CBT02162
1/15/99	**Jim Moore & Ashley Woolridge of Tucker, Arensberg**	**[CNB]336**
1/26/99	Sherwood Moody & Anna Vaughn Hinckle	CBT02167
1/29/99	**Sherwood Moody & Rem Woolridge**	**CBT02175**
1/29/99	Sherwood Moody & Larry Brubaker	CBT02176
2/2/99	**Sherwood Moody & Rem Woolridge**	**CBT02179**
4/6/99	Sherwood Moody & Rem Woolridge	CBT00591
4/12/99	Tim Anonick & Joe Bower	010045
4/12/99	**Tim Anonick & Sherwood Moody**	**010045**
4/27/99	Tim Anonick & David Lee + Steve Martz	010046

5/13/99	Board Meeting	CBT14107
5/25/99	Board Meeting	CBT14109
5/26/99	Sherwood Moody & Brian McShane, et al.	CBT00421, 02696
5/29-31/99	**Woolridge family meeting**	**20765-'66**
6/3/99	Sherwood Moody & Bill Bertram & Larry Brubaker	20765-'66
6/26/99	**Rem Woolridge & Bill Bertram**	**CBT2115**
7/27/99	**Board Meeting**	**CBT08890-'91**
7/27/99	**Bill Bertram & Larry Brubaker**	**20714**
8/2/99	**Tim Anonick & George Beard + officers** + shareholders of CBT	CBT00647-'49
8/3/99	Tim Anonick & Jim Moore	[CNB]291
8/5/99	Bill Bertram & Larry Brubaker	21346-'47
8/24/99	**George Beard & Jim Moore**	**[CNB]270**

List B: Telephone Calls which Constituted Breaches of Contract and Tortious Conduct

date	time	party called	duration	tele #called
calls placed by Tim Anonick:				
1/21/99	7:47am	Sherwood Moody	1.5	765-7551
	11:48am	Sherwood Moody	0.8	765-7551
2/11	8:49am	Sherwood Moody	0.9	765-7551
	12:31pm	Sherwood Moody	12.0	765-7551
4/8	8:27am	Sherwood Moody	1.4	765-7551
	10:28	Sherwood Moody	0.8	765-7551
	4:40pm	Sherwood Moody	1.6	765-7551
4/13	8:15am	Sherwood Moody	7.6	765-7551
4/14	8:51am	Sherwood Moody	30.5	765-7551
4/22	10:04	Sherwood Moody	1.1	765-7551
4/26	9:53am	Sherwood Moody	7.7	765-7551
4/28	10:33am	Sherwood Moody	26.1	765-7551
4/30	7:28am	Sherwood Moody	1.2	765-7551
5/11	9:19am	Sherwood Moody	2.3	765-7551
	9:21am	Sherwood Moody	6.3	765-7551
	10:40am	Sherwood Moody	9.2	765-7551
	11:34am	Sherwood Moody	1.2	765-7551
5/12	8:11am	Sherwood Moody	16.8	765-7551
	9:32am	Sherwood Moody	4.8	765-7551
5/13	10:15am	Sherwood Moody	1.4	765-7551
	11:38am	Sherwood Moody	0.6	765-7551
	4:34pm	Sherwood Moody	9.0	765-7551
5/26	8:00am	Sherwood Moody	0.8	765-7551
	8:10am	Sherwood Moody	0.9	765-7551
	10:03am	Sherwood Moody	4.4	765-7551
6/1	8:03am	Sherwood Moody	0.7	765-7551
	8:21am	Sherwood Moody	0.7	765-7551
	9:23am	Sherwood Moody	0.9	765-7551
	11:02am	Sherwood Moody	0.5	765-7551
	11:02am	Sherwood Moody	4.5	765-7551
6/8	8:17am	Sherwood Moody	2.0	765-4733
	7:05pm	Sherwood Moody	0.5	765-3293
	8:30pm	Sherwood Moody	0.5	765-3293
6/9	6:56pm	Sherwood Moody	11.0	765-3293
6/19	11:06am	Sherwood Moody	0.5	765-3293
6/21	4:15pm	Sherwood Moody	0.7	765-7551

	4:16pm	Sherwood Moody	0.5	765-7551
7/9	8:56am	Sherwood Moody	0.6	207-786-5700
	10:17am	Sherwood Moody	0.5	207-786-5700
7/13	9:17am	Sherwood Moody	0.5	207-786-5700
	10:00am	Sherwood Moody	0.9	207-786-5700
	10:01am	Bill Harvey	0.7	412-594-5550
7/14	12:21pm	Bill Harvey	10.6	412-594-5550
7/20	11:28am	Sherwood Moody	0.9	207-786-5700
	2:43am	Sherwood Moody	30.2	207-786-5700
7/27	9:24am	Rem Woolridge	0.8	765-5518
	10:35am	Rem Woolridge	0.5	765-5518
7/28	9:14am	Rem Woolridge	0.5	765-5518
	11:37am	Rem Woolridge	6.6	765-5518
	2:54pm	CBT	2.3	765-7551
7/30	8:52am	John McGrail	2.0	765-7682
8/9	8:42am	John McGrail	3.8	765-7682
8/12	1:06pm	Sherwood Moody	1.2	207-786-5700
8/26	2:15pm	Sherwood Moody	0.9	207-786-5700
8/30	2:58pm	Sherwood Moody	0.8	207-786-5700
9/21	9:41am	Sherwood Moody	2.0	207-786-5700
9/27	3:34pm	CBT	3.0	765-7551
	3:42pm	Sherwood Moody	22.0	207-786-5700
9/28	1:03pm	George Beard	12.8	765-9468
10/6	11:24am	CBT	0.7	765-7551
	1:59pm	CBT	1.4	765-7551
10/26	2:16pm	Sherwood Moody	0.8	207-786-5700
	2:52pm	Sherwood Moody [fax machine?]	3.7	207-786-5709

calls placed by Sherwood Moody:

1/22	8:14am	Anonick	13.6	804-378--2270
2/11	11:12am	Anonick	0.6	804-378--2270
4/8	11:01am	Anonick	3.3	804-378--2270
4/22	11:59am	Anonick	0.8	804-378--2270
4/28	11:41am	Anonick	0.7	804-378--2270
4/30	8:35am	Anonick	5.3	804-378--2270

List C: Telephone Calls by Anonick which were part of Breaches of Contract or Tortious Conduct

date	time	party called	duration	tele # called
2/24	2:35pm	Jim Moore of CountyNational	10.5	765-9621
3/11	11:23am	Jim Moore	0.9	765-9621
4/22	8:51pm	Omega	0.6	231-5776
4/28	9:02am	Fred Lipman of Blank, Rome	18.5	215-569-5518
	9:28am	Omega	1.3	231-7680
	10:59am	Omega	20.2	231-7680
4/29	9:24am	Omega	5.5	231-7680
4/30	7:06am	Blank, Rome	1.2	215-569-5500
	9:23am	Fred Lipman	0.6	215-569-5518
	9:33am	Omega	0.9	231-7680
5/3	2:34pm	Omega	1.9	231-7680
	6:26pm	Omega	0.5	231-7680
	7:02pm	Dan Warfel of Omega	0.5	231-5778
5/4	7:21am	Omega	0.5	231-7680
	7:21am	Dan Warfel	0.5	231-5778
	8:02am	Omega	7.2	231-7680
	12:09pm	Dan Warfel	0.5	231-5778
	2:01am	Dan Warfel	0.6	231-5778
5/5	10:30am	Dan Warfel	0.5	231-5778
	6:15pm	Dan Warfel	0.5	231-5778
5/6	7:16am	Dan Warfel	0.5	231-5778
	8:03am	Omega	1.0	231-7680
	9:26am	Dan Warfel	1.0	231-5778
	10:49am	Dan Warfel	0.5	231-5778
	11:40am	Omega	0.8	231-7680
	11:50am	Omega	7.1	231-7680
	11:57am	Dan Warfel	0.5	231-5778
	5:26pm	Dan Warfel	0.5	231-5778
5/7	7:15am	Dan Warfel	0.5	231-5778
	8:17am	Dan Warfel	0.5	231-5778
	9:15am	Omega	1.0	231-7680
	10:39am	Dan Warfel	0.5	231-5778
5/10	8:25am	Omega	1.4	231-7680
	9:05am	Dan Warfel	4.4	231-5778
	9:42am	Dan Warfel	23.4	231-5778
	10:07am	Omega	10.8	231-7680
	4:31pm	Omega	2.4	231-7680
	4:38pm	Omega	1.1	231-7680
	4:45pm	Omega	2.0	231-7680

5/11	8:24am	Omega	0.6	231-7680
	8:57am	Omega	1.1	231-7680
	10:50am	Omega	2.3	231-7680
5/12	8:34am	Omega	1.1	231-7680
	9:37am	Omega	1.6	231-7680
5/14	8:11am	Omega	0.7	231-7680
	8:13am	Omega	6.1	231-7680
5/18	8:35am	Omega	2.2	231-7680
5/19	8:23am	Omega	1.1	231-7680
5/20	8:13am	Omega	0.8	231-7680
	8:21am	Omega	0.8	231-7680
5/21	8:29am	Omega	1.1	231-7680
	10:20am	Omega	0.9	231-7680
5/24	9:18am	Omega	1.1	231-7680
	2:28pm	Omega	2.1	231-7680
6/1	11:07am	Omega	0.8	231-7680
6/3	9:16am	Omega	1.7	231-7680
6/8	8:06am	Jim Moore	11.0	765-9621
6/9	9:24am	Omega	9.0	231-7680
6/28	8:11am	Omega	25.9	231-7680
7/1	10:45am	Jim Moore	16.1	765-9621
7/2	11:19am	Omega	3.8	231-7680
7/7	9:12am	Omega	1.6	231-7680
7/9	8:15am	Jim Moore	0.5	765-9621
	8:57am	Dan Warfel	0.5	231-5778
	10:18am	Dan Warfel	4.9	231-5778
7/12	8:26am	Jim Moore	1.9	765-9621
	10:58am	Jim Moore	1.8	765-9621
7/19	12:17pm	Omega	1.0	231-7680
	12:18pm	Dan Warfel	0.5	231-5778
7/20	8:01am	Omega	1.2	231-7680
	10:40am	Jim Moore	3.6	765-9621
	10:44am	Jim Moore	0.8	765-9621
	10:46am	Omega	0.9	231-7680
	12:06pm	Jim Moore	20.6	765-9621
	12:27pm	Omega	0.6	231-7680
	2:33pm	Dan Warfel	5.5	231-5778
	3:15pm	David Lee	0.6	231-5760
7/21	7:35am	David Lee	0.6	231-5760
	9:58am	Dan Warfel	13.2	231-5778
7/22	11:31am	David Lee	2.0	231-5760
	2:11pm	David Lee	0.5	231-5760
7/23	10:27am	David Lee	1.4	231-5760
7/26	3:03pm	Jim Moore	0.9	765-9621
	3:04pm	Jim Moore	0.7	765-9621

	3:14pm	Jack Woolridge	17.7	765-5588
	3:33pm	Jim Moore	13.2	765-9621
	{3:36pm	Jack Woolridge's fax machine	0.8	765-2251
	{3:38pm	Jack Woolridge's fax machine	0.8	765-2251
	3:46pm	Jim Moore	0.6	765-9621
	3:47pm	Jack Woolridge's fax machine	0.5	765-2251
	3:49pm	Jack Woolridge	4.0	765-5588
	3:51pm	Jack Woolridge's fax machine	0.8	765-2251
	4:08pm	David Lee	7.0	231-5760
	4:28pm	David Lee	0.8	231-5760
	4:48pm	CNB's fax machine	0.8	765-4511
7/27	11:25am	David Lee	10.7	231-5760
	4:10pm	David Lee	3.6	231-5760
7/28	9:26am	David Lee	0.5	231-5760
	9:31am	Omega	1.7	231-5798
	11:11am	David Lee	0.5	231-5760
	11:20am	Randy Woolridge	1.9	865-1160
	2:25pm	David Lee	0.5	231-5760
	2:26pm	David Lee	0.5	231-5760
	3:50pm	Jack Woolridge	1.7	765-5588
	3:52pm	Jim Moore	2.0	765-0870
	3:55pm	Jim Moore	0.8	765-0870
	3:56pm	Randy Woolridge	4.7	865-1160
	4:20pm	Jack Woolridge	7.0	765-5588
	4:27pm	David Lee	1.4	231-5760
7/29	8:38am	David Lee	0.5	231-5760
	11:31am	Fred Lipman	0.5	215-569-5518
	11:32am	Fred Lipman	15.0	215-569-5518
	11:48am	Jack Woolridge	1.1	765-5588
	4:43am	Jack Woolridge	17.4	765-5588
7/30	8:37am	David Lee	0.6	231-5760
	10:12am	Jim Moore	4.5	765-0870
	10:25am	David Lee	5.0	231-5760
	11:06am	Jack Woolridge	9.2	765-5588
	11:07am	Jack Woolridge's fax machine	0.8	765-2251
	11:21am	Jack Woolridge	3.8	765-5588
	12:28pm	Jack Woolridge	10.0	765-5588
	6:33pm	Robert P. Hodge	11.4	765-9852
7/31	7:02am	Jim Moore	1.0	765-0870
	10:09am	David Lee	0.8	231-5760
8/3	1:38pm	Sara Hodge	8.0	765-7851
	1:46pm	Jack Woolridge	1.5	765-5588
8/4	8:40am	Jack Woolridge	0.6	765-5588
	9:44am	Jack Woolridge	0.7	765-5588
	9:45am	Barbara Woolridge	6.7	765-9366

	9:53am	David Lee	0.5	231-5760
	3:52pm	David Lee	1.0	231-5760
	3:53pm	Jack Woolridge	3.0	765-5588
	6:00pm	John Woolridge	7.9	765-5626
	6:13pm	Dan Warfel	0.5	231-5778
8/5	7:38am	Dan Warfel	0.7	231-5778
	7:56am	David Lee	0.5	231-5760
	8:16am	David Lee	0.5	231-5760
	8:27am	David Lee	0.5	231-5760
	9:40am	Jack Woolridge	1.0	765-5588
	3:51pm	Jack Woolridge	1.3	765-5588
	3:52pm	David Lee	10.2	231-5760
8/6	1:53pm	David Lee	8.2	231-5760
	2:02pm	Jack Woolridge	1.4	765-5588
	3:12pm	Jack Woolridge	1.0	765-5588
	3:58pm	David Lee	4.0	231-5760
8/9	8:47am	David Lee	1.4	231-5760
	8:49am	Jack Woolridge	0.5	765-5588
	10:32am	Jack Beard	0.6	236-1483
	11:16am	Fred Lipman	0.9	215-569-5518
	2:54pm	Jack Woolridge	0.5	765-5588
	4:05pm	fax mach. of Blank, Rome	2.6	215-568-3414
	4:20pm	Blank, Rome's fax machine	1.8	215-569-5628
8/10	8:28am	David Lee	0.7	231-5760
	9:24am	David Lee	3.5	231-5760
	11:46am	Blank, Rome's fax machine	1.3	215-569-5628
	11:49am	Omega's fax machine	1.4	231-5798
	11:54am	David Lee	1.2	231-5760
	12:42am	Fred Lipman	0.5	215-569-5518
	1:58am	Fred Lipman	29.9	215-569-5518
	2:29pm	Jack Woolridge	0.5	765-5588
	2:30pm	Jack Beard	4.3	236-1483
	2:44pm	Don Mikesell	13.5	765-8613
	4:54pm	Jack Woolridge	12.9	765-5588
	5:07pm	Fred Lipman	0.5	215-569-5518
8/11	7:39am	David Lee	0.5	231-5760
	9:21am	David Lee	0.7	231-5760
	10:02am	David Lee	1.3	231-5760
	11:40am	Jack Woolridge	22.9	765-5588
	12:35pm	Blank, Rome's fax machine	0.9	215-569-5628
	1:57pm	David Lee	1.5	231-5760
	1:59pm	Fred Lipman	0.6	215-569-5518
8/12	11:29am	David Lee	0.6	231-5760
	11:30am	Fred Lipman	1.0	215-569-5518
	11:32am	David Lee	0.7	231-5760

	11:33am	Dan Warfel	0.5	231-5778
	11:35am	David Lee	0.6	231-5760
	11:36am	Jack Woolridge	6.7	765-5588
	1:22pm	Jack Woolridge	0.5	765-5588
	2:03pm	Don Mikesell	0.5	765-6605
8/13	10:43am	David Lee	2.0	231-5760
	4:21pm	Fred Lipman	0.5	215-569-5518
8/16	8:04am	Jack Woolridge	8.5	765-5588
	8:13am	David Lee	13.7	231-5760
	8:31am	Jack Woolridge's fax machine	0.8	765-2251
	8:32am	CNB's fax machine	1.0	765-4511
	8:35am	Jack Woolridge's fax machine	0.8	765-2251
	8:36am	Jack Woolridge	2.8	765-5588
	8:39am	Jack Woolridge's fax machine	0.8	765-2251
	11:57am	Fred Lipman	0.6	215-569-5518
	12:07pm	Jack Woolridge	6.4	765-5588
	12:14pm	David Lee	0.6	231-5760
	12:26pm	David Lee	1.8	231-5760
	1:54pm	David Lee	1.2	231-5760
	1:56pm	David Lee	1.1	231-5760
	2:53pm	David Lee	2.5	231-5760
	3:08pm	Jack Woolridge's fax machine	0.9	765-2251
	3:09pm	Jack Woolridge	7.1	765-5588
	3:17pm	Fred Lipman	1.1	215-569-5518
	3:18pm	Jack Woolridge	1.7	765-5588
	3:23pm	Jim Moore	7.3	765-9621
	4:45pm	David Lee	0.5	231-5760
8/17	11:18am	David Lee	2.6	231-5760
	3:04pm	David Lee	4.8	231-5760
	3:12pm	Jack Woolridge	2.0	765-5588
	5:19pm	Fred Lipman	1.0	215-569-5518
	5:20pm	Jack Woolridge	1.6	765-5626
8/18	12:40pm	Len Dubin	27.4	215-569-5602
	1:08pm	Jack Woolridge	1.4	765-5588
	7:36pm	Jack Woolridge	0.5	765-5626
8/19	8:25am	Don Mikesell	0.5	765-8613
	9:24am	Don Mikesell	0.5	765-8613
	12:00pm	Jim Moore	1.0	765-9621
	12:17pm	Don Mikesell	0.5	765-6605
	12:18pm	Len Dubin	1.4	215-569-5602
	2:24pm	Don Mikesell	1.0	765-6605
	3:21pm	Don Mikesell	1.0	765-8613
	4:00pm	Don Mikesell	1.0	765-8613
	5:25pm	Don Mikesell	1.0	765-8613
	7:06pm	Don Mikesell	1.5	765-8613

	8:34pm	Don Mikesell	21.3	765-8613
8/20	10:11am	David Lee	6.0	231-5760
	2:47pm	David Lee	8.0	231-5760
	2:56pm	Don Mikesell	1.0	765-8613
	6:55pm	Don Mikesell	8.0	765-8613
8/21	8:53am	Jack Woolridge	9.2	765-5626
8/22	12:08pm	David Lee	0.6	466-0265
	12:24pm	Fred Lipman	0.5	215-569-5518
	12:26pm	Jack Woolridge	2.3	765-5626
	12:31pm	Jack Woolridge's fax machine	1.0	765-2251
	1:36pm	Don Mikesell	14.0	765-8613
	1:50pm	David Lee	0.5	466-0265
	6:09pm	David Lee	6.2	466-0265
8/23	7:21am	Omega's fax machine	0.9	231-5798
	7:22am	Blank, Rome's fax machine	0.9	215-569-5628
8/24	11:17am	Jack Woolridge	3.1	765-5588
8/25	4:20pm	Jack Woolridge	1.0	765-5588
8/26	8:02am	David Lee	2.0	231-5760
	8:51am	David Lee	8.0	231-5760
	9:27am	David Lee	2.0	231-5760
	9:31am	Jack Woolridge	2.0	765-5588
	1:58pm	Jack Woolridge	1.0	765-5588
	2:29pm	Anna Vaughn & Ed Hinkle	15.3	765-5910
	2:29pm	Blank, Rome's fax machine	1.3	215-569-5628
8/27	6:11am	Omega's fax machine	0.6	231-5798
	9:20am	David Lee	1.0	231-5760
	10:30am	David Lee	1.0	231-5760
8/30	7:59am	David Lee	0.5	231-5760
	8:07am	David Lee	13.6	231-5760
	9:10am	Fred Lipman	2.6	215-569-5518
	11:09am	Jack Woolridge	19.3	765-5588
	11:29am	David Lee	0.8	231-5760
	2:23pm	Dan Warfel	0.7	231-5778
	2:24pm	David Lee	0.5	231-5760
	3:48pm	David Lee	11.2	231-5760
	4:25pm	David Lee	0.5	231-5760
	4:26pm	Dan Warfel	6.6	231-5778
	4:33pm	David Lee	0.5	231-5760
8/31	8:44am	David Lee	0.9	231-5760
	10:30am	Fred Lipman	21.7	215-569-5518
	12:14pm	David Lee	0.7	231-5760
	2:09pm	Jim Moore	8.6	765-0870
	2:21pm	David Lee	0.7	231-5760
	2:23pm	Don Mikesell	0.5	765-8613
	2:23pm	Don Mikesell	0.5	765-6605

	4:33pm	Don Warfel	0.5	231-5778
9/1	8:28am	David Lee	0.5	231-5760
9/2	1:05pm	Jack Woolridge	2.0	765-5588
	1:07pm	Jack Woolridge	1.0	765-5626
	1:07pm	Randy Woolridge	1.0	865-1160
	1:09pm	David Lee	6.0	231-5760
	2:32pm	Jim Moore	3.5	765-0870
	2:36pm	David Lee	2.0	231-5760
	2:38pm	Jim Moore	1.6	765-0870
	3:09pm	Jack Woolridge	0.5	765-5626
	4:34pm	David Lee	9.3	231-5760
	4:44pm	Jack Woolridge	16.4	765-5588
	5:01pm	David Lee	1.5	231-5760
9/3	8:16am	David Lee	0.5	231-5760
	1:10pm	David Lee	2.0	231-5760
9/4	8:54am	Jack Woolridge	26.0	765-5626
	9:20am	David Lee	2.5	466-0265
	9:54am	Jack Woolridge	2.7	765-5626
9/7	9:13am	David Lee	0.5	231-5760
	10:16am	Don Mikesell	12.6	765-8613
	10:36am	David Lee	13.2	231-5760
	11:10am	Omega's fax machine	1.0	231-5798
	3:13pm	David Lee	8.1	231-5760
	3:22pm	Jack Woolridge	1.6	765-5588
	4:36pm	Jack Woolridge	0.7	765-5588
	4:39pm	Jack Woolridge	0.5	765-5626
	4:48pm	Jack Woolridge	11.3	765-5588
9/8	8:39am	Jack Woolridge	0.5	765-5588
	8:40am	David Lee	0.7	231-5760
	1:05pm	Jack Woolridge	0.5	765-5588
	2:11pm	Jack Woolridge	5.1	765-5588
	4:19pm	David Lee	0.5	231-5760
9/9	8:13am	David Lee	0.5	231-5760
	9:54am	David Lee	16.3	231-5760
	11:26am	Jack Woolridge	0.5	765-5588
	12:57pm	Don Mikesell	5.0	765-8613
	3:17pm	Jack Woolridge	2.0	765-5588
9/10	12:34pm	David Lee	2.0	231-5760
9/12	1:36pm	Jack Woolridge	0.7	765-5626
	8:05pm	Jack Woolridge	0.6	765-5626
	8:15pm	David Lee	0.6	466-0265
9/13	8:18am	David Lee	12.3	231-5760
9/15	11:33am	David Lee	0.5	231-5760
9/17	9:31am	David Lee	0.5	231-5760
	10:18am	David Lee	0.6	231-5760

	11:04am	David Lee	7.3	231-5760
	5:54pm	David Lee	0.5	231-5760
9/20	9:01am	David Lee	9.6	231-5760
	10:32am	David Lee	0.7	231-5760
	10:42am	David Lee	1.9	231-5760
	11:57am	David Lee	5.0	231-5760
	2:25pm	David Lee	4.0	231-5760
	4:37pm	Jack Woolridge	6.0	765-5588
9/21	9:33am	Jack Woolridge	1.0	765-5588
	9:38am	Jim Moore	2.0	765-9621
	2:00pm	David Lee	23.0	231-5760
	4:16pm	Jack Woolridge	2.0	765-5588
9/22	9:19am	Jim Moore	2.2	765-0870
	2:49pm	Jack Woolridge	0.6	765-5588
	2:50pm	Jim Moore	0.7	765-9621
9/23	9:23am	Jack Woolridge	0.5	765-5588
	9:24am	David Lee	0.5	231-5760
9/24	1:13pm	Jack Woolridge	3.0	765-5588
	1:16pm	David Lee	2.0	231-5760
	3:25pm	Jack Woolridge	0.9	765-5588
	3:26pm	David Lee	1.1	231-5760
9/27	9:13am	Jack Woolridge	1.0	765-5588
	9:18am	David Lee	8.0	231-5760
	9:44am	Jack Woolridge	5.0	765-5588
	9:53am	Jack Woolridge	3.0	765-5588
	10:05am	Jack Woolridge	1.0	765-5588
	10:13am	David Lee	2.0	231-5760
	1:49pm	David Lee	3.0	231-5760
	3:37pm	Jack Woolridge	1.0	765-5588
	3:38pm	David Lee	2.0	231-5760
	4:28pm	David Lee	1.0	466-0265
9/28	7:27am	David Lee	0.6	231-5760
	7:50am	Pennsylvania Business Central	51.2	867-2222
	8:42am	Dan Warfel	0.5	231-5778
	10:57am	David Lee	1.1	231-5760
	1:02pm	Jack Woolridge	1.2	765-5588
	1:18pm	Jack Woolridge	4.7	765-5588
	1:22pm	Dan Warfel	26.2	231-5778
9/29	11:11am	Dan Warfel	0.5	231-5778
	12:07pm	Dan Warfel	0.5	231-5778
	1:12pm	Dan Warfel	0.5	231-5778
	1:12pm	David Lee	0.5	231-5760
	2:06pm	Dan Warfel	13.2	231-5778
	4:41pm	David Lee	0.5	231-5760
9/30	1:32pm	David Lee	0.5	231-5760

	1:33pm	Pennsylvania Business Central	0.8	867-2222
10/1	10:17am	David Lee	0.5	231-5760
10/4	8:05am	David Lee	0.6	231-5760
	8:30am	David Lee	0.5	231-5760
	9:11am	David Lee	1.0	231-5760
10/5	9:10am	David Lee	4.2	231-5760
10/6	9:22am	David Lee	0.9	231-5760
	9:37am	David Lee	0.8	231-5760
	10:18am	Jack Woolridge	0.8	765-5588
	10:33am	Dan Warfel	0.5	231-5778
	10:42am	David Lee	0.5	231-5760
	10:47am	David Lee	0.5	231-5760
	10:48am	David Lee	0.5	231-5760
	10:49am	Jack Woolridge	4.6	765-5588
10/7	9:09am	Dan Warfel	0.5	231-5778
	11:12am	Dan Warfel	0.5	231-5778
10/8	9:40am	Dan Warfel	0.5	231-5778
10/11	10:40am	David Lee	0.5	231-5760
10/12	10:57am	Dan Warfel	0.5	231-5778
10/13	8:25am	David Lee	0.5	231-5760
	8:25am	Dan Warfel	3.5	231-5778
	8:58am	David Lee	0.6	231-5760
10/18	8:20am	Jack Woolridge	7.5	765-5588
	8:28am	David Lee	24.1	231-5760
	8:52am	Jack Woolridge	0.5	765-5588
10/20	10:55am	Jack Woolridge	0.5	765-5588
	10:56am	Jack Woolridge	2.3	765-5588
	11:04am	Jim Moore	0.6	765-0870
10/22	8:37am	Jim Moore	13.4	765-0870
	8:55am	Jim Moore	0.7	765-0870
	9:43am	Omega's fax machine	1.3	231-5798
10/25	2:18pm	David Lee	0.5	231-5760
10/26	9:25am	Jack Woolridge	0.7	765-5588
	2:16pm	Sherwood Moody	0.8	207-786-5700
	2:19pm	Omega's fax machine	2.6	231-5798
	2:52pm	Sherwood Moody's fax machine	3.7	207-786-5709

List D: partial listing of telephone calls initiated by Jack Woolridge

date	time	party called	duration (min)	tele # called
1/5/99	4:11pm	Ash at Tucker	1	412-594-5511
1/5	4:12pm	Randy Woolridge (o)	1	814-865-1160
1/5	4:13pm	Randy Woolridge (h)	1	814-238-9428
1/5	5:18pm	Randy Woolridge (o)	1	814-865-1160
1/5	5:27pm	Randy Woolridge (o)	1	814-865-1160
1/7	3:52pm	Ash at Tucker	38	412-594-5511
1/8	4:54pm	Ash at Tucker	1	412-594-5511
1/11	3:55pm	Ash at Tucker	2	412-594-5511
1/11	3:58pm	Margaret L. Ake	18	570-726-6644
1/12	3:37pm	Ash at Tucker	1	412-594-5511
1/12	3:48pm	Ash at Tucker	10	412-594-5511
1/18	4:42pm	Ash at Tucker	1	412-594-5511
1/20	5:04pm	Margaret L. Ake	18	570-726-6644
1/22	10:04am	Ash at Tucker	1	412-594-5511
1/26	4:41pm	Randy Woolridge (o)	1	814-865-1160
1/26	4:42pm	Randy Woolridge (h)	1	814-238-9428
1/27	5:21pm	Ash at Tucker	30	412-594-5511
1/28	11:32am	Margaret L. Ake	15	570-726-6644
1/28	11:56pm	Ash at Tucker	2	412-594-5511
1/29	3:31pm	Ash at Tucker	31	412-594-5511
2/1	10:52am	Ash at Tucker	6	412-594-5511
2/2	3:47pm	Margaret L. Ake	27	570-726-6644
2/3	2:17pm	Ash at Tucker	10	412-594-5511
2/8	11:21am	Ash at Tucker	1	412-594-5511
2/8	11:28am	Margaret L. Ake	27	570-726-6644
2/10	3:57pm	Ash at Tucker	2	412-594-5511
2/11	11:02am	Randy Woolridge (h)	1	814-238-9428
2/11	11:02am	Randy Woolridge (o)	1	814-865-1160
2/11	11:03am	Ash at Tucker	1	412-594-5511
2/12	4:41pm	Margaret L. Ake	1	570-726-6644
2/15	11:18am	Ash at Tucker	9	412-594-5511
2/18	11:32am	Ash at Tucker	11	412-594-5511
2/22	12:00pm	Ash at Tucker	2	412-594-5511
2/22	2:28pm	Ash at Tucker	1	412-594-5511
2/23	2:21pm	Margaret L. Ake	7	570-726-6644
3/1	2:28pm	Ash at Tucker	26	412-594-5511
3/3	3:29pm	Margaret L. Ake	42	570-726-6644
3/5	2:22pm	Ash at Tucker	6	412-594-5511

3/5	3:00pm	Ash at Tucker	5	412-594-5511
3/27	5:18pm	Randy Woolridge (h)	1	814-238-9428
3/29	12:07pm	Margaret L. Ake	1	570-726-6644
3/29	4:53pm	Margaret L. Ake	25	570-726-6644
3/30	4:37pm	Margaret L. Ake	39	570-726-6644
3/30	4:52pm	Randy Woolridge (o)	1	814-865-1160
3/30	4:53pm	Randy Woolridge (h)	15	814-238-9428
4/1	3:33pm	Ash at Tucker	2	412-594-5511
4/5	8:00pm	Margaret L. Ake	19	570-726-6644
4/7	11:10am	Ash at Tucker	2	412-594-5511
4/7	3:47pm	Robin Cook of Tucker	2	412-594-5502
4/9	7:58am	Randy Woolridge (h)	13	814-238-9428
4/13	5:11pm	Ash at Tucker	26	412-594-5511
4/13	4:03pm	Ash at Tucker	1	412-594-5511
4/13	4:37pm	Margaret L. Ake	12	570-726-6644
4/13	5:11pm	Ash at Tucker	26	412-594-5511
4/15	11:52pm	Margaret L. Ake	1	570-726-6644
4/15	12:06pm	Ash at Tucker	7	412-594-5511
4/15	12:34pm	Ash at Tucker	21	412-594-5511
4/16	12:21pm	Ash at Tucker	9	412-594-5511
4/16	4:03pm	Ash at Tucker	1	412-594-5511
4/23	4:55pm	Ash at Tucker	8	412-594-5511
4/27	12:07am	Ash at Tucker	22	412-594-5511
5/4	4:16pm	Ash at Tucker	29	412-594-5511
5/8	6:16pm	Randy Woolridge (h)	2	814-238-9428
5/11	12:14pm	Randy Woolridge (h)	1	814-238-9428
5/15	10:17am	Ash at Tucker	2	412-594-5511
5/15	5:26pm	Anna Vaughn & Ed Hinkle	5	814-765-5910
5/19	9:50am	Ash at Tucker	1	412-594-5511
5/19	11:02am	Ash at Tucker	10	412-594-5511
5/19	2:31pm	Ash at Tucker	5	412-594-5511
5/19	4:24pm	Ash at Tucker	9	412-594-5511
5/21	9:26am	Margaret L. Ake	26	570-726-6644
5/22	10:30pm	Ash at Tucker	23	412-594-5511
5/26	8:02am	Ash at Tucker	1	412-594-5511
5/26	8:12am	Ash at Tucker	1	412-594-5511
6/2	4:01pm	Randy Woolridge (h)	6	814-238-9428
6/4	10:39am	Ash at Tucker	11	412-594-5511
6/7	11:07am	Albert C. Lee	12	814-371-1363
6/8	4:01pm	Ash at Tucker	13	412-594-5511
6/9	1:45pm	Randy Woolridge (o)	1	814-865-1160
6/15	11:55am	Ash at Tucker	1	412-594-5511
6/15	1:25pm	Ash at Tucker	1	412-594-5511
6/15	2:23pm	Ash at Tucker	1	412-594-5511
6/21	1:27pm	Albert C. Lee	8	814-371-1363

6/24	11:40am	Randy Woolridge (h)	1	814-238-9428
6/28	11:18am	Ash at Tucker	1	412-594-5511
7/1	1:57pm	Robin Cook of Tucker	3	412-594-5502
7/2	9:29am	Randy Woolridge (h)	1	814-238-9428
7/6	4:48pm	Ash at Tucker	23	412-594-5511
7/12	11:58am	Albert C. Lee	9	814-371-1363
7/12	3:34pm	Uni-Marts, Inc.	10	814-234-6000
7/13	2:08pm	Uni-Marts, Inc.	3	814-234-6000
7/13	2:10pm	Uni-Marts, Inc.	6	814-234-6000
7/15	9:34am	Omega	4	814-237-7641
7/15	8:06pm	Randy Woolridge (h)	1	814-238-9428
7/22	8:30am	Ash at Tucker	1	412-594-5511
7/22	10:54am	Ash at Tucker	34	412-594-5511
7/22	2:59pm	Ash at Tucker	33	412-594-5511
7/26	3:49pm	Anonick Financial	1	804-378-2270
7/26	3:54pm	Ash at Tucker	1	412-594-5511
7/26	4:19pm	Anonick Financial	8	804-378-2270
7/26	4:38pm	Ash at Tucker	1	412-594-5511
7/26	5:17pm	Ash at Tucker	1	412-594-5511
7/27	7:50am	Ash at Tucker	1	412-594-5511
7/27	10:42am	Anonick Financial	7	804-378-2270
7/27	10:49am	Ash at Tucker	1	412-594-5511
7/27	10:56am	Randy Woolridge (h)	1	814-238-9428
7/27	10:57am	Randy Woolridge (o)	1	814-865-1160
7/27	12:53am	Randy Woolridge (o)	2	814-865-1160
7/27	4:44apm	Randy Woolridge (o)	3	814-865-1160
7/27	5:05pm	Ash at Tucker	8	412-594-5511
7/27	5:17pm	Margaret L. Ake	10	570-726-6644
7/27	5:04pm	Randy Woolridge (h)	1	814-238-9428
7/27	5:28pm	Randy Woolridge (o)	1	814-865-1160
7/28	9:47pm	Randy Woolridge (h)	1	814-238-9428
7/28	10:32am	Randy Woolridge (o)	13	814-865-1160
7/28	11:04am	Anonick Financial	6	804-378-2270
7/28	11:09pm	Ash at Tucker	1	412-594-5511
7/28	1:52pm	Ash at Tucker	1	412-594-5511
7/28	4:38pm	Margaret L. Ake	9	570-726-6644
7/28	5:09pm	Ash at Tucker	1	412-594-5511
7/29	9:49am	Randy Woolridge (o)	1	814-865-1160
7/29	10:19am	Ash at Tucker	1	412-594-5511
7/29	1:27pm	Anonick Financial	1	804-378-2270
7/29	5:01pm	Ash at Tucker	1	412-594-5511
7/30	8:33pm	Anonick Financial	1	804-379-1179(h)
7/30	8:48pm	Randy Woolridge (h)	1	814-238-9428
7/30	11:17am	Anonick Financial	1	804-378-2270
7/30	11:58am	Anonick Financial	1	804-378-2270

7/30	12:08pm	Robin Cook of Tucker	1	412-594-5502
7/30	12:23pm	Anonick Financial	1	804-378-2270
7/30	12:24pm	Anonick	1	804-379-1179(h)
7/31	9:52am	Anonick Financial	17	804-379-1179(h)
7/31	5:30pm	Anonick	21	804-379-1179(h)
8/2	7:31am	Margaret L. Ake	6	570-726-6644
8/2	7:58am	Albert C. Lee	8	814-371-1363
8/2	11:19am	David Lee of Omega	2	814-231-5760
8/4	5:13pm	Anonick Financial	1	804-378-2270
8/4	5:17pm	Anonick	1	804-379-1179(h)
8/5	10:33am	Anonick Financial	1	804-378-2270
8/5	12:06pm	Robin Cook of Tucker	1	412-594-5502
8/5	3:03pm	Robin Cook of Tucker	27	412-594-5502
8/5	10:33am	Anonick Financial	1	804-378-2270
8/6	12:33pm	Anonick Financial	1	804-378-2270
8/9	10:26am	Anonick Financial	6	804-378-2270
8/9	11:32am	Albert C. Lee	10	814-371-1363
8/9	4:54pm	Anonick Financial	13	804-378-2270
8/10	8:25am	Albert C. Lee	3	814-371-1363
8/10	11:36am	Anonick Financial	6	804-378-2270
8/11	11:34am	Anonick Financial	1	804-378-2270
8/11	11:35am	Omega	2	814-231-7680
8/11	11:37am	Anonick	1	804-379-1179(h)
8/11	12:10pm	Anonick Financial	4	804-378-2270
8/11	1:53pm	Anonick Financial	6	804-378-2270
8/12	11:15am	Albert C. Lee	8	814-371-1363
8/12	3:37pm	Margaret L. Ake	1	570-726-6644
8/16	11:30am	Anonick Financial	1	804-378-2270
8/16	3:06pm	Omega	4	814-231-7680
8/16	4:36pm	Anonick Financial	8	804-378-2270
8/16	4:57pm	Anonick Financial	5	804-378-2270
8/19	10:43am	Ash at Tucker	2	412-594-5511
8/19	5:04pm	Ash at Tucker	1	412-594-5511
8/20	11:15am	Margaret L. Ake	11	570-726-6644
8/20	4:38pm	Albert C. Lee	8	814-371-1363
8/21	2:24pm	Ash at Tucker	2	412-594-5511
8/24	11:55am	Ash at Tucker	4	412-594-5511
8/26	2:19pm	Anonick Financial	5	804-378-2270
8/26	2:55pm	Randy Woolridge (h)	5	814-238-9428
8/26	5:07pm	Anonick Financial	1	804-378-2270
8/26	5:08pm	Randy Woolridge (h)	1	814-238-9428
8/28	2:19pm	Ash at Tucker	17	412-594-5511
8/30	4:45pm	Anonick Financial	24	804-378-2270
8/31	11:55am	Randy Woolridge (h)	1	814-238-9428
8/31	11:56am	Randy Woolridge (o)	1	814-865-1160

8/31	12:44pm	Anonick Financial	24	804-378-2270
8/31	1:54pm	Anonick Financial	15	804-378-2270
8/31	4:56pm	Margaret L. Ake	33	570-726-6644
8/31	5:28pm	Margaret L. Ake	1	570-726-6644
9/2	10:08am	Anonick Financial	1	804-378-2270
9/2	11:54am	Anonick Financial	1	804-378-2270
9/2	4:35pm	Anonick Financial	1	804-378-2270
9/3	10:16am	Margaret L. Ake	5	570-726-6644
9/2	4:41pm	Anonick Financial	1	804-378-2270
9/7	4:41pm	Anonick Financial	1	804-378-2270
9/9	11:19am	Ash at Tucker	1	412-594-5511
9/9	3:45pm	Ash at Tucker	1	412-594-5511
9/9	4:22pm	Ash at Tucker	1	412-594-5511
9/10	4:47pm	Anonick Financial	9	804-378-2270
9/11	9:43pm	Anonick	1	804-379-1179(h)
9/11	1:32pm	Randy Woolridge (o)	1	814-865-1160
9/12	8:05pm	Anonick	9	804-379-1179(h)
9/13	10:31am	Albert C. Lee	5	814-371-1363
9/14	8:57pm	Randy Woolridge (h)	1	814-238-9428
9/16	10:42am	Albert C. Lee	7	814-371-1363
9/16	4:26pm	Margaret L. Ake	20	570-726-6644
9/17	11:27am	Ash at Tucker	16	412-594-5511
9/21	10:41am	Albert C. Lee	6	814-371-1363
9/21	11:53am	David Lee of Omega	7	814-231-5760
9/21	12:05pm	Margaret L. Ake	1	570-726-6644
9/21	4:19pm	Margaret L. Ake	16	570-726-6644
9/23	12:53pm	Anonick Financial	8	804-378-2270
9/24	4:59pm	Anonick Financial	6	804-378-2270
9/25	10:20pm	Ash at Tucker	1	412-594-5511
9/28	8:19pm	Randy Woolridge (h)	1	814-238-9428
9/28	10:13am	Ash at Tucker	1	412-594-5511
9/28	10:38am	Ash at Tucker	2	412-594-5511
9/28	1:08pm	Anonick Financial	1	804-378-2270
9/28	3:13pm	Randy Woolridge (o)	1	814-865-1160
9/29	2:39pm	Ash at Tucker	16	412-594-5511
9/30	3:28pm	Ash at Tucker	1	412-594-5511
9/30	4:14pm	Ash at Tucker	1	412-594-5511
10/6	11:17am	Anonick Financial	7	804-378-2270
10/6	3:17pm	Ash at Tucker	3	412-594-5511
10/7	8:14am	Ash at Tucker	1	412-594-5511
10/14	11:53am	Margaret L. Ake	10	570-726-6644
10/15	11:39am	Randy Woolridge (o)	1	814-865-1160
10/15	4:35pm	Randy Woolridge (h)	1	814-238-9428
10/18	12:02pm	Ash at Tucker	20	412-594-5511
10/20	11:34am	Margaret L. Ake	18	570-726-6644

10/21	3:29pm	Ash at Tucker	1	412-594-5511
10/22	10:13pm	Ash at Tucker	4	412-594-5511
10/26	10:31am	Anonick Financial	10	804-378-2270
10/26	12:06pm	Ash at Tucker	1	412-594-5511
10/26	1:49pm	Ash at Tucker	16	412-594-5511
10/27	4:14am	Margaret L. Ake	14	570-726-6644
10/28	12:01pm	Randy Woolridge (h)	1	814-238-9428
10/29	10:56am	Albert C. Lee	12	814-371-1363
11/1	11:59am	Anonick Financial	10	804-378-2270
11/1	4:09pm	Anonick Financial	10	804-378-2270
11/5	10:59am	David Lee of Omega	1	814-231-5760
11/6	4:59pm	Ash at Tucker	9	412-594-5511
11/10	10:19pm	Ash at Tucker	22	412-594-5511
11/10	4:18pm	Ash at Tucker	22	412-594-5511
11/11	10:46am	Ash at Tucker	2	412-594-5511
11/11	10:56am	Ash at Tucker	1	412-594-5511
11/11	10:56am	Ash at Tucker	2	412-594-5511
11/11	4:39pm	Ash at Tucker	35	412-594-5511
11/13	8:00am	Ash at Tucker	1	412-594-5511
11/13	4:10pm	Randy Woolridge (o)	1	814-865-1160
11/13	4:11pm	Randy Woolridge (h)	1	814-238-9428
11/15	3:17pm	Ash at Tucker	23	412-594-5511
11/15	3:40pm	Margaret L. Ake	8	570-726-6644
11/16	10:32am	Ash at Tucker	22	412-594-5511
11/16	11:46am	Margaret L. Ake	1	570-726-6644
11/17	4:42pm	Randy Woolridge (o)	1	814-865-1160
11/18	11:22am	Anonick Financial	9	804-378-2270
11/19	12:36pm	Margaret L. Ake	9	570-726-6644
11/23	5:19pm	Albert C. Lee	10	814-371-1363
11/24	11:42am	Randy Woolridge (h)	1	814-238-9428
11/24	11:42pm	Randy Woolridge (o)	1	814-865-1160
11/24	12:29pm	Randy Woolridge (h)	1	814-238-9428
11/25	10:28am	Ash at Tucker	1	412-594-5511
11/25	12:38pm	Randy Woolridge (h)	1	814-238-9428
11/25	12:38pm	Randy Woolridge (o)	2	814-865-1160
12/2	4:46pm	Ash at Tucker	1	412-594-5511
12/2	5:07pm	Ash at Tucker	10	412-594-5511
12/9	8:08am	Randy Woolridge (h)	1	814-238-9428
12/10	11:38am	Randy Woolridge (h)	1	814-238-9428
12/11	9:43am	Randy Woolridge (h)	1	814-238-9428
12/13	9:49am	Ash at Tucker	4	412-594-5511
12/15	11:52am	Randy Woolridge (o)	1	814-865-1160
12/15	11:53am	Randy Woolridge (h)	1	814-238-9428
12/16	2:53pm	Ash at Tucker	1	412-594-5511
12/16	4:37pm	Ash at Tucker	5	412-594-5511

12/30	5:03pm	Margaret L. Ake	32	570-726-6644
12/31	2:13pm	Ash at Tucker	1	412-594-5511
1/4/00	12:38pm	Ash at Tucker	1	412-594-5511
1/4/00	5:05pm	Ash at Tucker	1	412-594-5511
1/6/00	3:26pm	Ash at Tucker	1	412-594-5511
1/6/00	4:57pm	Ash at Tucker	33	412-594-5511
1/17/00	2:53pm	Ash at Tucker	23	412-594-5511
1/18/00	5:19pm	Ash at Tucker	1	412-594-5511
1/20/00	9:17am	Robin Cook of Tucker	2	412-594-5502
1/24/00	8:29am	Ash at Tucker	1	412-594-5511
1/24/00	8:34pm	Robin Cook of Tucker	3	412-594-5502
2/4/00	4:49pm	Ash at Tucker	1	412-594-5511
2/4/00	5:31pm	Ash at Tucker	1	412-594-5511
2/7/00	10:12am	Ash at Tucker	34	412-594-5511
2/11/00	4:01pm	Ash at Tucker	1	412-594-5511
2/17/00	10:06am	Ash at Tucker	1	412-594-5511
2/21/00	11:38am	Ash at Tucker	1	412-594-5511
2/21/00	4:39pm	Ash at Tucker	1	412-594-5511
2/22/00	11:54am	Ash at Tucker	31	412-594-5511
3/2/00	4:20pm	Ash at Tucker	1	412-594-5511
3/3/00	4:34pm	Ash at Tucker	1	412-594-5511
3/6/00	9:23am	Ash at Tucker	1	412-594-5511
3/7/00	2:14pm	Ash at Tucker	1	412-594-5511
3/7/00	3:29pm	Ash at Tucker	11	412-594-5511
3/23/00	11:19am	Ash at Tucker	2	412-594-5511
3/31/00	10:38am	Ash at Tucker	25	412-594-5511
3/31/00	4:02pm	Brad Tupi at Tucker	1	412-594-5511
4/3/00	11:38am	Randy Woolridge (o)	10	814-865-1160
4/6/00	4:57pm	Ash at Tucker	1	412-594-5511
4/7/00	9:41am	Randy Woolridge (o)	15	814-865-1160
4/10/00	3:40am	Anonick Financial	1	804-378-2270
4/27/00	1:40pm	Ash at Tucker	12	412-594-5511
5/11/00	11:23am	Ash at Tucker	1	412-594-5511
5/11/00	12:10pm	Ash at Tucker	21	412-594-5511
5/12/00	m	Ash at Tucker	1	412-594-5511
6/15/00	11:17am	Ash at Tucker	1	412-594-5511
6/22/00	2:10pm	Ash at Tucker	21	412-594-5511
8/25/00	2:53pm	Ash at Tucker	1	412-594-5511
8/31/00	11:18am	Randy Woolridge (h)	1	814-238-9428
9/25/00	11:54am	Ash at Tucker	1	412-594-5511
9/26/00	11:43am	Ash at Tucker	29	412-594-5511
10/11/00	8:10am	Ash at Tucker	1	412-594-5511
10/11/00	2:21pm	Ash at Tucker	35	412-594-5511
10/25/00	10:27am	Ash at Tucker	19	412-594-5511
10/27/00	12:15pm	Ash at Tucker	1	412-594-5511

10/27/00	2:24pm	Ash at Tucker	3	412-594-5511
10/30/00	3:21pm	Ash at Tucker	2	412-594-5511
11/7/00	11:18am	Robin Cook of Tucker	3	412-594-5502
11/7/00	11:45am	Robin Cook of Tucker	1	412-594-5502
11/8/00	4:27pm	Ash at Tucker	1	412-594-5511
11/9/00	2:18pm	Ash at Tucker	1	412-594-5511
12/14/00	4:16pm	Ash at Tucker	1	412-594-5511
12/15/00	9:41am	Ash at Tucker	1	412-594-5511
12/15/00	10:50am	Ash at Tucker	16	412-594-5511
12/15/00	11:19am	Robin Cook of Tucker	1	412-594-5502
12/15/00	1:23pm	Robin Cook of Tucker	1	412-594-5502
1/9/01	11:34am	Robin Cook of Tucker	34	412-594-5502
1/24/01	11:39am	Ash at Tucker	36	412-594-5511
2/9/01	11:13am	Ash at Tucker	20	412-594-5511
4/2/01	4:07pm	Ash at Tucker	32	412-594-5511

CERTIFICATE OF SERVICE

I, Laurence W. Dague, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Plaintiff's Statement Re: Case Status on this date via overnight delivery, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
Attorneys for Defendant Clearfield Bank & Trust Company and Sherwood C. Moody

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
Attorneys for Timothy A. Anonick and Anonick Financial Corporation

SHUMAKER WILLIAMS, P.C.

Dated: July 30, 2001

By Laurence W. Dague
Laurence W. Dague
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

FILED

JUL 3 1 2001

11:40/cm

William A. Shaw
Prothonotary

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IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP. and CSB BANK,

Plaintiffs,

v.

CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,

Defendants.

CIVIL ACTION - LAW

Civil Action No. 00-414-CD

DEFENDANTS' OPPOSITION TO PLAINTIFFS' MOTION TO COMPEL PRODUCTION OF DOCUMENTS BY TUCKER ARENSBERG, P.C.

Filed on behalf of Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody

Counsel of Record for these Parties:

Bradley S. Tupi, Esquire
Pa. I.D. #28682

John E. Graf, Esquire
Pa. I.D. #60771

TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222

(412) 566-1212

FILED
3:02
JUL 30 2001
William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	

DEFENDANTS' OPPOSITION TO PLAINTIFFS' MOTION TO COMPEL PRODUCTION OF DOCUMENTS BY TUCKER ARENSBERG, P.C.

Defendants, Clearfield Bank & Trust Company ("Clearfield") and Sherwood C. Moody, by their attorneys, Tucker Arensberg, P.C., file this Opposition to Plaintiffs' Motion to Compel Production of Documents by Tucker Arensberg, P.C.

1. Plaintiffs' counsel has served a subpoena upon Tucker Arensberg, P.C., attorneys for defendants, seeking production, among other things, of telephone invoices reflecting calls since January 1, 1998.

2. Needless to say, a law firm of 60+ attorneys makes thousands of telephone calls over a three-year period. Most of those calls are client confidential. Most of them have nothing whatsoever to do with the present litigation. Even those having some connection to this litigation would have little probative value, because the caller would probably have no recollection of matters

discussed in a call made many months ago. Nevertheless, we have tried to respond in a reasonable manner to Plaintiffs' subpoena.

3. The dispute is not over Plaintiffs' access to the requested information; access has been offered. The correspondence attached to the Motion to Compel shows that since May 10, 2001, we have made two and one-half boxes of telephone bills available to Plaintiffs' counsel for inspection. See Exhibits B, C, E, G and I to the Motion to Compel. The dispute is over the cost and burden of finding the proverbial needle in a haystack. Someone must comb through thousands of pages of telephone invoices to find a handful of telephone calls that, according to Plaintiffs' theory, are part of conspiratorial "machinations" designed to thwart the merger of Clearfield Bank and CSB Bank.

4. We have tried to find a less labor-intensive way to identify the particular phone calls Plaintiffs seek. As we have advised Plaintiffs' counsel, our computer systems cannot generate the sort of particularized information being sought. See Exhibits G and I to the Motion to Compel. So the issue remains: who should bear the cost and burden of reviewing thousands of pages of telephone records to identify one or two dozen calls? The Rules of Civil Procedure place this burden on Plaintiffs.

5. Rule 4009.12(a)(2)(i) provides:

> Where the documents may be identified only after review of a larger group of documents, and the burden of identifying the documents would be substantially the same for the party serving the request as for the party served, the party served may afford the party serving the request reasonable opportunity to identify the documents, to examine or inspect them and to obtain copies.

This is precisely the procedure we have suggested and Mr. Dague has rejected.

6. The procedure we have suggested is perfectly reasonable. We have offered to allow Plaintiffs' counsel to review the telephone records in our office (to maintain confidentiality). We have given Plaintiffs' counsel the opportunity to identify records of the calls alleged to be relevant to our case. We have offered to produce copies of the designated pages, redacted to protect the confidentiality of other information contained in the phone records. We believe this arrangement reflects the proper balancing of Plaintiffs' discovery rights, the burden of reviewing voluminous documents, and our firm's obligation to protect the confidentiality of client communications.

WHEREFORE, we respectfully submit that Plaintiffs' Motion to Compel should be denied. An Order to this effect is attached.

Respectfully submitted,

TUCKER ARENSBERG, P.C.

By:_____

Bradley S. Tupi, Esquire
Pa. I.D. #28682
John E. Graf, Esquire
Pa. I.D. #60771

Attorneys for Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody
1500 One PPG Place
Pittsburgh, PA 15222
(412) 566-1212

LIT 230604 07/27/01

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	CIVIL ACTION - LAW
Plaintiffs,	:	Civil Action No. 00-414-CD
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY,	:	
Defendants.	:	

ORDER OF COURT

AND NOW, this _____ day of _____, 2001, upon consideration of Plaintiffs' Motion to Compel Production of Documents by Tucker Arensberg, P.C., and the Opposition filed by Defendants, Clearfield Bank & Trust Company and Sherwood C. Moody, it is HEREBY ORDERED, ADJUDGED AND DECREED that the Motion is DENIED.

BY THE COURT:

_____, J.

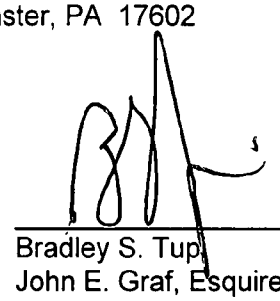
LIT 230604

CERTIFICATE OF SERVICE

I hereby certify that Defendants' Opposition to Plaintiffs' Motion to Compel Production of Documents by Tucker Arensberg, P.C. was served via first-class, U.S. mail, postage prepaid this 27th day of July, 2001, addressed as follows:

Laurence W. Dague, Esquire
Shumaker Williams, P.C.
P.O. Box 88
Harrisburg, PA 17108

Howard L. Kelin, Esquire
Kegel Kelin Almy & Grimm, LLP
24 North Lime Street
Lancaster, PA 17602



Bradley S. Tupi
John E. Graf, Esquire

IN THE COURT OF COMMON PLEAS
CLEARFIELD COUNTY, PENNSYLVANIA

PENN LAUREL FINANCIAL CORP., and CSB BANK,	:	
Plaintiffs,	:	
	:	**Civil Action No. 00-414-CO**
v.	:	
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY,	:	
Defendants.	:	

FILED
AUG 0 1 2001
William A. Shaw
Prothonotary

STATUS REPORT BY TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION

Defendants Timothy A. Anonick and Anonick Financial Corporation (collectively "Anonick"), by counsel and in compliance with the Court Order of March 26, 2001, hereby submit the following status report of this case:

Short Statement of the Case

The Boards of Directors for Clearfield Bank & Trust Company ("Clearfield") and Penn Laurel Financial Corporation ("Penn Laurel") announced their proposed merger on December 31, 1998. Although Penn Laurel's shareholders were pleased, there was an immediate firestorm of protest from Clearfield's side. Many Clearfield shareholders expressed strong dissatisfaction that the deal appeared to favor the smaller and less profitable bank, Penn Laurel. Among other things, Penn Laurel's President and CEO was slated to become the President and CEO of the merged institution, and each Clearfield share would yield only 97% of a share in the merged bank (this became known as the "3% discount").

It quickly became public knowledge that many Clearfield shareholders were opposed to the proposed merger. The identity of certain dissident shareholders (such as Jack Woolridge) also became public knowledge.

Both Clearfield and Penn Laurel immediately realized the proposed merger was in serious trouble. Two-thirds of Clearfield's shareholders were required to vote "Yes" for the merger to succeed. Moreover, the "pooling of interests" accounting treatment that was an essential element of the proposed merger would be precluded if only 10% of Clearfield's shareholders exercised "dissenter's rights." The extended Woolridge family owned more than 10% of Clearfield's shares, and could single-handedly prevent consummation of the merger. The Boards of both banks expressed substantial concern with these issues during the 9 months between the initial public outcry by Clearfield shareholders and the shareholder vote.

In the meantime, Mr. Anonick, an investment banker who had previously consulted for Clearfield, was similarly confused why Clearfield was giving up control to a smaller and less profitable bank. He learned the details of the proposed merger over the Internet. He learned from Sherwood Moody, Clearfield's President, what was already public knowledge: That many Clearfield shareholders had expressed strong opposition to the merger, and the identity of Jack Woolridge as a dissident shareholder.

Mr. Anonick spoke with Omega Financial Corporation ("Omega") about making known to Clearfield the availability of a better deal than was contemplated by the proposed merger. Mr. Anonick was engaged by Omega, and acted in conformance with guidance from Omega's counsel on how to avoid legal liability. Nonetheless, in response to a lawsuit filed by Clearfield (in which Penn Laurel intervened), the United States District Court for the Western District of Pennsylvania ruled that Omega – based on Mr. Anonick's actions – had made an improper tender

offer to Clearfield shareholders. The Federal Court required Omega to rescind and return to Clearfield shareholders all signed agreements, along with a copy of the Court Order and decision summary declaring Omega's actions to be improper.

Even after the Federal Court decision enjoined Omega's efforts, Clearfield's shareholders strongly rejected the proposed merger with Penn Laurel. Of the 576,809 shares of Clearfield stock, 129,736 (or 22%) exercised dissenters' rights. This was 72,055 more than the 57,681 (or 10%) dissident shareholders necessary to stop the merger. Moreover, only 237,504 Clearfield shareholders voted in favor of the merger, 147,035 less than the 384,539 (or 2/3rd) votes necessary to approve the merger. Obviously, Clearfield and Penn Laurel had not been able to turn around the immediate and lasting negative impression many Clearfield shareholders felt toward the proposed merger.

On the same day Clearfield's shareholders voted down the proposed merger, Penn Laurel opted to exercise its warrant to purchase 40,791 shares of Clearfield stock, at a cost of $2,121,132 or $52 per share. Apparently realizing thereafter that this exceeds the market value for Clearfield stock, Penn Laurel has demanded that Clearfield repurchase the stock at that price and make other payments to Penn Laurel related to the failed merger attempt. Clearfield refused such requests, and Penn Laurel initiated this litigation.

Discovery Status

Plaintiffs have shown scant interest in the issue of causation. Although there have been depositions of Mr. Anonick and 5 Board members from Penn Laurel and Clearfield, Plaintiffs have not taken any steps to ascertain whether any Clearfield shareholders who opposed the merger would have supported the merger but for Defendants' alleged misconduct.

The bottom line is that to prevail against Mr. Anonick, Plaintiffs must prove ***both*** of the following: (a) at least 72,055 Clearfield shares that exercised dissenters rights would not have done so but for Mr. Anonick's alleged misconduct; and (b) at least 147,035 Clearfield shareholders who did not vote for the merger would have voted "Yes" but for Mr. Anonick's alleged misconduct. At this point, Plaintiffs have not established through discovery that Mr. Anonick's alleged misconduct caused either change by any Clearfield shareholder.

Although Plaintiffs' counsel has identified 16 additional witnesses to depose, only 2 of them are dissenting Clearfield shareholders.

Thus, although nearly ***16 months*** have passed since Plaintiffs filed their Complaint on April 6, 2000, and although we are nearing September 26, 2001 (which the Court identified in its March 26, 2001 order as the anticipated end of the discovery period), Plaintiffs have yet to make any advancement on its burden of causation.

Outstanding Motions

After September 26, 2001, Mr. Anonick intends to seek summary judgment pursuant to Pa. R. Civ. P. 1035.2(2), unless Plaintiffs adduce evidence through discovery that would permit a jury to find that Mr. Anonick's alleged misconduct caused at least 72,055 Clearfield shares to exercise dissenters rights and at least 147,035 Clearfield shares not to vote for the failed merger. Mr. Anonick also intends to seek summary judgment on the basis of issue preclusion and (in his individual capacity) for the absence of facts justifying piercing of the corporate veil.

KEGEL KELIN ALMY & GRIMM LLP

By: _____

Howard L. Kelin
Attorney I.D. No. 65124
24 N. Lime Street
Lancaster, PA 17602
(717) 392-1100

Counsel for Timothy A. Anonick and
Anonick Financial Corporation

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing STATUS REPORT BY TIMOTHY A. ANONICK AND ANONICK FINANCIAL CORPORATION was served this 30th day of July, 2001, by overnight delivery, upon the following persons:

Laurence W. Dague, Esq.
Shumaker Williams, P.C.
P. O. Box 88
Harrisburg, PA 17108

Bradley S. Tupi, Esq.
Tucker Arensberg, P.C.
One PPG Place
Suite 1500
Pittsburgh, PA 15222-5401

_____
Howard L. Kelin

FILED

AUG 01 2001

m/1:48/noCC

William A. Shaw
Prothonotary

TUCKER ARENSBERG, P.C.

CELEBRATING A CENTURY OF SERVICE

Bradley S. Tupi 412-594-5545
btupi@tuckerlaw.com

July 30, 2001

VIA FEDERAL EXPRESS

Hon. J. Michael Williamson
Judge, Specially Presiding
25th Judicial District of Pennsylvania
Court House
230 East Water Street
Lock Haven, PA 17745

FILED
AUG 02 2001
William A. Shaw
Prothonotary

Re: Penn Laurel Financial Corporation v. Clearfield Bank & Trust, et al.
Common Pleas Court of Clearfield County, Docket No. 00-414-CD
Our File No.: 013828-023676

Dear Judge Williamson:

Your Honor's March 26, 2001 Order directed that counsel submit a written statement outlining the status of this matter, identifying any outstanding motions, and suggesting a time schedule for resolution. The following is our status report on behalf of defendants Clearfield Bank & Trust Company and Sherwood C. Moody.

Status of this Matter

The Court will recall that this case concerns the failed merger of Clearfield Bank & Trust Company and Penn Laurel Financial Corporation. The merger was announced on December 31, 1998. It generated immediate and vociferous opposition from Clearfield shareholders. On September 27, 1999, Clearfield's shareholders failed to approve the merger. As a result, the merger agreement terminated automatically on October 31, 1999, by its terms. Penn Laurel filed suit, alleging that certain conspiratorial communications by Defendant Moody undermined the merger effort.

Discovery continues. To date, the parties have exchanged documents and have conducted depositions. The discovery depositions of Timothy A. Anonick (defendant), William Bertram (former Chairman of the Board, Clearfield Bank & Trust Company), Robert Kurtz (Director, Clearfield Bank & Trust Company), H. Rembrandt Woolridge (former Director, Clearfield Bank & Trust Company), and Guy Graham (Director, Penn Laurel Financial Corp.) have been completed. The discovery deposition of Larry Brubaker (President and Chairman, Penn Laurel Financial Corp.) was begun on May 22, 2001. At the time of the adjournment, the undersigned counsel for Clearfield/Moody had not yet completed his examination; Mr. Kelin, counsel for defendant Anonick, had not yet had an opportunity to begin his questioning. Counsel also conducted and completed the videotape deposition of H. Rembrandt Woolridge for use at trial.

Mr. Dague, Counsel for Plaintiffs, has expressed interest in deposing "at least the following additional individuals:" defendant Sherwood Moody, Clearfield shareholders Jack Woolridge and Don Mikesell, Penn State University Professor Randy Woolridge, Clearfield Vice President and Trust Officer John McGrail, Clearfield Director George Beard, Omega Financial Corporation Chairman and Chief Executive Officer David Lee, Omega Financial Corporation President and Chief Operating Officer D. Stephen Martz, Omega Financial Corporation Executive Vice President and Chief Financial Officer Dan Warfel, former County National Bank President James Moore, Tucker Arensberg attorneys William T. Harvey and G. Ashley Woolridge, Tucker Arensberg paralegal Robin Cook, County National Bank Trust Officer Don Shawley, County National Bank Controller Joseph Bower, and Albert Lee.

A few concerns arise from Mr. Dague's list of potential deponents. First, the cost of the proposed discovery is out of proportion to the amount in controversy in this case, given the limitation of liability provision contained in the merger agreement. The Court's denial (without prejudice) of our recent motion for partial summary judgment based on the limitation of liability provision has apparently encouraged Plaintiffs' counsel to pursue a more ambitious and expensive discovery program than he might have otherwise.

Second, only two of the proposed deponents are dissenting Clearfield shareholders. As the Court observed during the March 21, 2001 conference, approval of the merger by Clearfield's shareholders was a condition precedent to consummation of the merger. Therefore, unless Plaintiffs can prove that Defendants' alleged actions caused the Clearfield shareholders to vote against the merger, Plaintiffs cannot recover. As the Court observed, if a number of Clearfield shareholders sufficient to defeat the merger testify that they had intended to vote against the merger all along, then Plaintiffs' case fails for lack of proof of causation, a necessary element of liability.

Accordingly, Defendants' counsel have suggested that Plaintiffs' counsel depose some of the dissenting Clearfield shareholders. Inexplicably, Mr. Dague has responded that the testimony of such shareholders goes to damages, not liability. Therefore, Mr. Dague contends, causation proof will await the damages trial in this bifurcated action. Defendants' counsel has advised Mr. Dague that if, at the close of discovery, he has not adduced evidence necessary to establish a prima facie case of causation, this matter will be ripe for summary judgment.

We served discovery demands asking Plaintiffs to specify all communications which, Plaintiffs contend, contributed to the ultimate failure of the merger effort, including the substance of the communications and Plaintiffs' contention as to how they contributed to the disapproval of the merger by the Clearfield shareholders. When Plaintiffs finally answered the discovery demands, they failed to state the substance of the communications and failed to state how the communications contributed to Clearfield shareholder disapproval. We assume Plaintiffs' counsel provided all available information, and that Plaintiffs simply have no evidence on this critical point. Mr. Dague's correspondence, however, suggests that Plaintiffs do not feel obligated to present such evidence as part of their prima facie case on liability.

We would invite the Court's assistance to streamline the discovery process, focus discovery on the critical issues, and spare the parties unnecessary costs. If, as the Court observed during the March 21, 2001 conference, causation is the critical element in Plaintiffs' proof of liability, then Plaintiffs' characterization of causation as a damages issues must be rejected. Plaintiffs must be instructed to face reality: absent evidence of causation, Plaintiffs' case on liability will be ripe for summary judgment at the close of discovery. We would also invite the Court to limit the number of depositions.

Outstanding Motions

There are three motions pending before the Court at this time.

Plaintiffs have filed a Motion to Compel Production of Documents by Tucker Arensberg, P.C. This motion concerns a subpoena for our firm's telephone records. We have offered to make them available, but Plaintiffs' counsel wants us to bear the burden reviewing the voluminous records to identify particular phone calls. We have filed our Opposition to the Motion on behalf of Defendants Clearfield Bank and Sherwood C. Moody.

Plaintiffs have filed a Motion In Limine and For a Protective Order with respect to the deposition of Lawrence Brubaker. Mr. Brubaker is Penn Laurel's Chairman and under the proposed merger was designated to become President and Chief Executive Officer of the merged bank. Given the sensitive subject matter, we are sending our Opposition to the Motion directly to Your Honor, without filing it with the Prothonotary.

Plaintiffs have filed a Motion to Compel Production of Documents by County National Bank. This motion also involves records of telephone calls. Defendants Clearfield Bank and Sherwood C. Moody do not intend to file any papers in connection with that Motion.

Time Schedule for Resolution

Counsel have endeavored in good faith to complete discovery by the date of this report, but trial and vacation schedules have made it impossible. We believe that if the Court provides counsel with direction as to the proper issues for discovery and limits depositions to a reasonable number, liability discovery can be completed in 90 days and the case readied for summary disposition.

Very truly yours,

Bradley S. Tupi

cc: Laurence W. Dague, Esquire
Howard L. Kelin, Esquire
John E. Graf, Esquire

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION - LAW

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	)	
v.	)	NO. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION, and SHERWOOD C. MOODY, Defendants	)	

ORDER RE: PLAINTIFFS' MOTION FOR PROTECTIVE ORDER

Plaintiffs seek a Protective Order precluding pursuit of discovery concerning rumors involving the personal life of "an individual who is not a party to this action." Defendants' response identifies that individual and discloses the nature of the alleged rumors.

While we agree that rumors, substantiated or not, could have "affected the votes of some Clearfield shareholders," we believe the truth or falsity of said rumors to be irrelevant. What is relevant in this case is why a particular Clearfield shareholder voted in a particular manner. The truth or falsity of the information upon which the shareholder's vote was based is unimportant; what is important is how the shareholder voted based on that information.

NOW, this 2nd day of August, 2001, IT IS HEREBY ORDERED as follows:

1. Plaintiffs' Motion in Limine and for a Protective Order dated July 26, 2001, is granted and the parties are precluded from further pursuing the issues set forth in Defendants' response to the Motion.

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

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Prothonotary

2. The parties and counsel are directed and admonished not to use or disseminate the information with respect to this issue outside of this litigation.

3. Because of the nature of the Motion, the Court will retain in its possession Defendants' Response to Plaintiffs' Motion.

BY THE COURT:

J. Michael Williamson, Judge
Specially Presiding
25th Judicial District of Pennsylvania

xc: Laurence W. Dague, Esquire
Howard L. Kelin, Esquire
Bradley S. Tupi, Esquire
Court Administrator

J. MICHAEL WILLIAMSON
JUDGE
COURT OF COMMON PLEAS
25TH JUDICIAL DISTRICT
OF PENNSYLVANIA
COURT HOUSE
LOCK HAVEN, PA 17745

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Shumaker Williams, P.C.
ATTORNEYS AT LAW
P. O. BOX 88, HARRISBURG, PENNSYLVANIA 17108

ORIGINAL

PENN LAUREL FINANCIAL CORP., and CSB BANK, Plaintiffs	: IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
v.	: Civil Action No. 00-414-CD
CLEARFIELD BANK & TRUST COMPANY, TIMOTHY A. ANONICK, ANONICK FINANCIAL CORPORATION and SHERWOOD C. MOODY, Defendants	: CIVIL ACTION - LAW

CERTIFICATE PREREQUISITE TO SERVE SUBPOENAS PURSUANT TO RULE 4009.22

As a prerequisite to service of a Subpoena for documents and things pursuant to Rule 4009.22, Plaintiffs Penn Laurel Financial Corp. and CSB Bank certify that:

(1) a Notice of Intent to Serve Subpoena with a copy of the Subpoena attached thereto was mailed or delivered to each party at least twenty days prior to the date on which the Subpoena is sought to be served;

(2) a copy of the Notice of Intent, including the proposed Subpoena, is attached to this Certificate;

(3) no objection to the Subpoena has been received; and

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Prothonotary
1 cc to Atty

(4) the Subpoena which will be served is identical to the Subpoena which was attached to the Notice of Intent to Serve the Subpoena.

SHUMAKER WILLIAMS, P.C.

Dated: 9/13/01

By Melissa A. Swauger

Laurence W. Dague, I.D. #19715
Angela L. Thomas, I.D. #67810
Melissa A. Swauger, I.D. #82382
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

Attorneys for Penn Laurel Financial Corp.
and CSB Bank

:135142

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

PennLaurel Financial Corp. *
CSB Bank
Plaintiff(s)

Vs. * No. 2000-00414-CD

Clearfield Bank & Trust Company *
Timothy A. Anonick
Anonick Financial Corporation
Larry W. Brubaker
Donald R. Fezell
Guy A. Graham
Frank J. Hoffman Jr.
Janice Kephart
Joseph P. Leyo
Richard L. Lininger
C. Ben Mullins Jr.
Henry A. Peterson
Laurance B. Seaman
Joseph A. Shaw
Darrell G. Spencer
Wesley M. Weymers
Richard A. Wilkinson
Sherwood C. Moody
William L. Bertram
George L. Beard
D. Stephen Butler
William T. Davis
Robert W. Dotts
Craig L. Hile
Robert M. Kurtz Jr.
Michael R. Lytle
Barbara J. Hugney-Shope
Ray S. Walker
H. Rembrandt Woolridge
William A. Shiner
Gary E. Curry
Richard W. Ogden
William E. Wood
Defendant(s)

SUBPOENA TO PRODUCE DOCUMENTS OR THINGS FOR DISCOVERY PURSUANT TO RULE 4009.22

TO: Excel Communications, Inc. c/o Tami Hill
(Name of Person or Entity)

Within twenty (20) days after service of this subpoena, you are ordered by the Court to produce the following documents or things:

See attached Exhibit "A."

at Shumaker Williams, P.C., 3425 Simpson Ferry Road, Camp Hill, PA 17011
(Address)

You may deliver or mail legible copies of the documents or produce things requested by this

subpoena, together with the certificate of compliance, to the party making this request at the address listed above. You have the right to seek in advance the reasonable cost of preparing the copies or producing the things sought.

If you fail to produce the documents or things required by this subpoena within twenty (20) days after its service, the party serving this subpoena may seek a court order compelling you to comply with it.

THIS SUBPOENA WAS ISSUED AT THE REQUEST OF THE FOLLOWING PERSON:

NAME: Melissa A. Swauger
ADDRESS: P.O. Box 88
Harrisburg, PA 17108
TELEPHONE: (717) 763-1121
SUPREME COURT ID # 82382
ATTORNEY FOR: Plaintiffs

BY THE COURT:

William A. Shaw
Prothonotary/Clerk, Civil Division

DATE: Friday, April 06, 2001
Seal of the Court

~~Deputy~~

EXHIBIT "A"

1. Any and all telephone bills and invoices which list or reflect any telephone calls made from the following numbers:

(814) 765-0530
(814) 765-0871
(814) 765-0872
(814) 765-0873
(814) 765-0874
(814) 765-0876
(814) 765-1095
(814) 765-1513
(814) 765-1514
(814) 765-1660
(814) 765-1919
(814) 765-2300
(814) 765-2323
(814) 765-2818
(814) 765-2847
(814) 765-2881
(814) 765-3222
(814) 765-3434
(814) 765-4114
(814) 765-3479
(814) 765-4511
(814) 765-5794
(814) 765-6046
(814) 765-6284
(814) 765-6502
(814) 765-6505
(814) 765-6962
(814) 765-8294
(814) 765-8995
(814) 765-9158
(814) 765-9508
(814) 765-9573
(814) 765-9621
(814) 768-1094
(814) 768-1095
(814) 768-1096
(814) 768-1097
(814) 768-1098

during the time period December 1, 1998 through June 30, 1999, for the customer County National Bank with the account number GJ6YG9.

:134565

CERTIFICATE OF SERVICE

I, Melissa A. Swauger, Esquire, of the law firm of Shumaker Williams, P.C., hereby certify that I served a true and correct copy of the foregoing Certificate Prerequisite to Service of Subpoena Pursuant to Rule 4009.22 on this date by depositing a copy of the same in the possession of the United States mail, first-class, postage prepaid, addressed as follows:

Bradley S. Tupi, Esquire
TUCKER ARENSBERG, P.C.
1500 One PPG Place
Pittsburgh, PA 15222
(Attorneys for Clearfield Bank & Trust Company and Sherwood C. Moody)

Howard L. Kelin, Esquire
KEGEL KELIN ALMY & GRIMM LLP
24 North Lime Street
Lancaster, PA 17602
(Attorneys for Timothy A. Anonick and Anonick Financial Corporation)

SHUMAKER WILLIAMS, P.C.

Dated: 9/17/01

By Melissa A Swauger

Melissa A. Swauger
P.O. Box 88
Harrisburg, PA 17108
(717) 763-1121

FILED

SEP 17 2001

William A. Shaw
Prothonotary