New Issue
Book-Entry Only

Rating: Standard & Poor's AA-/A-1+
CUSIP: 42605Y AB2

In the opinion of Troutman Sanders Mays & Valentine LLP, Richmond, Virginia, Bond Counsel (i) subject to compliance with certain covenants and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), referred to under "TAX EXEMPTION" herein, interest on the Bonds is not includable in gross income for federal income tax purposes under existing statutes, regulations and rulings, except that no opinion is expressed as to interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Project or a "related person," as these terms are used in Section 147(a) of the Code; and (ii) the income from the Bonds (including any profit made on the sale thereof) is exempt from income taxation by the Commonwealth of Virginia or any political subdivision thereof. Such interest will be treated for federal income tax purposes as an item of tax preference in computing the alternative minimum tax liability of individuals and corporations, and will be taken into account in computing the environmental tax liability of certain corporations and the "branch profits tax" of certain foreign corporations.

$35,000,000
Economic Development Authority of Henrico County, Virginia
Exempt Facility Revenue Bonds
(Infineon Technologies Richmond, LP Project)
Series 2001

Dated: Date of Delivery

Due: March 1, 2031

The Bonds will be limited obligations of the Economic Development Authority of Henrico County, Virginia (the "Issuer") and neither the faith and credit nor the taxing power of the Issuer or any other political subdivision of the Commonwealth of Virginia, including Henrico County, will be pledged to the payment of the principal and interest and premium, if any, on or the Purchase Price of the Bonds.

Except to the extent payable from Bond proceeds and any income from the investments thereof, the Bonds will be payable solely from, and secured solely by, a pledge of revenues and other income derived by the Issuer under a Loan Agreement with

INFINEON TECHNOLOGIES RICHMOND, LP

From the date of the original issuance of the Bonds through March 15, 2002 (subject to extension or earlier termination), the Bonds also will be payable from funds drawn under an irrevocable, direct-pay letter of credit issued by

Bank of America, N.A.

(the "Bank"). The Letter of Credit entitles the Trustee to draw thereunder an amount sufficient to pay the principal of the Bonds and up to 35 days interest accrued on the Bonds at a maximum interest rate per annum of 12%.

The Bonds as initially issued will bear interest at the Weekly Rate and the initial Weekly Rate and each subsequent Weekly Rate to be borne by the Bonds will be determined by Banc of America Securities LLC, as Remarketing Agent. While the Bonds bear interest at the Weekly Rate, interest will be payable on the first business day of each month beginning April 2, 2001. The rate of interest on the Bonds may be changed from time to time to the Commercial Paper Rate or a Fixed Rate designated and determined as described herein. The Bonds are subject to tender for purchase at the option of the Bondholders and, under certain circumstances, are subject to mandatory tender for purchase, in the manner and at the times described herein. The Bonds are also subject to optional redemption and mandatory redemption in the manner and at the times described herein.

The Bonds will be issued only as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as a securities depository for the Bonds and purchases of beneficial interests in the Bonds initially will be made in book-entry-only form (without certificates) in denominations of $100,000 and any integral multiple of $100,000. Under certain circumstances the Bonds are exchangeable as more fully described herein. Principal and any premium on the Bonds are payable upon surrender thereof at the principal corporate trust office of First Union National Bank, Richmond, Virginia, acting as tender agent, registrar and paying agent for the Bonds. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of, premium, if any, and interest on the Bonds will be made directly to Cede & Co. See the caption "THE BONDS--Book-Entry System" herein.

Price: 100%

The Bonds are offered subject to prior sale, when, as and if issued by the Issuer and accepted by the Underwriter, subject to the approving opinion of Troutman Sanders Mays & Valentine LLP, Richmond, Virginia, and to certain other conditions. Certain legal matters will be passed upon for Infineon Technologies Richmond, LP by Troutman Sanders Mays & Valentine, LLP, Richmond, Virginia, counsel to the Company, for the Bank by Smith Helms Mulliss & Moore, L.L.P., Charlotte, North Carolina, special counsel to the Bank; for the Issuer by the Office of the County Attorney for the County of Henrico, Virginia; and for the Underwriter by Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pennsylvania, special counsel to the Underwriter. It is expected that delivery of the Bonds in book-entry form will be made through DTC on or about March 8, 2001, in New York, New York against payment therefor.

Banc of America Securities LLC

Dated: February 26, 2001

The information contained in this Official Statement has been obtained from the Issuer, Infineon Technologies Richmond, LP, the Bank, and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer, Infineon Technologies Richmond, LP, the Bank or the Underwriter. The Issuer assumes no responsibility for the accuracy or completeness of the information contained in this Official Statement, other than under the captions "THE ISSUER" and "LITIGATION – THE ISSUER" herein, all of which has been furnished by others. This Official Statement is submitted in connection with the sale of the securities referred to herein, and may not be reproduced or be used, in whole or in part, for any other purpose. Neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances at any time imply that the information herein is correct as of any time subsequent to its date.

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

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

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$35,000,000
ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA
EXEMPT FACILITIES REVENUE BONDS
(INFINEON TECHNOLOGIES RICHMOND, LP PROJECT)
SERIES 2001

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and the Appendices, is provided to furnish certain information in connection with the issuance and sale by the Economic Development Authority of Henrico County, Virginia (the "**Issuer**"), of its **$35,000,000** aggregate principal amount of Exempt Facilities Revenue Bonds (Infineon Technologies Richmond, LP Project) Series 2001 (the "**Bonds**"). The Bonds will be issued under a Trust Indenture, dated as of March 1, 2001 (the "**Indenture**") between the Issuer and First Union National Bank, acting as trustee, tender agent, registrar and paying agent (the "**Trustee**").

The Bonds are being issued for the purpose of providing a portion of the funds necessary to finance the acquisition, construction, furnishing and equipping of a manufacturing facility located at 6000 Technology Boulevard, Sandston, Virginia 23150 (the "Project"). See the caption "THE PROJECT AND APPLICATION OF PROCEEDS" herein.

Prior to the issuance and delivery of the Bonds, the Issuer and Infineon Technologies Richmond, LP (the "**Company**") will enter into a Loan Agreement, dated as of March 1, 2001 (the "**Agreement**"), pursuant to the terms of which the Issuer will loan the proceeds of the Bonds to the Company to finance the Project. The payments required to be made by the Company pursuant to the Agreement are designed to be sufficient to enable the Issuer to pay, when due and payable, the principal of and premium, if any, and interest on and purchase price of the Bonds.

Concurrently with, and as a condition to, the issuance of the Bonds, the Company will cause to be delivered an irrevocable, direct-pay letter of credit (the "**Initial Letter of Credit**") issued by Bank of America, N.A. (the "**Bank**"), to provide for the timely payment of principal of and interest (calculated for **35** days at a maximum interest rate of **12%** per annum) on, and purchase price of, the Bonds. The Company will be required to reimburse the Bank for all amounts drawn by the Trustee under the Initial Letter of Credit pursuant to the terms of a Letter of Credit and Reimbursement Agreement, dated as of March 1, 2001 (the "**Reimbursement Agreement**"), among the Company, Infineon Technologies AG (the indirect parent of the Company) and the Bank. The Initial Letter of Credit will expire on March 15, 2002, unless terminated or extended. The Bonds will be subject to mandatory tender for purchase prior to the expiration of the Initial Letter of Credit or any alternate letter of credit issued to replace any existing letter of credit which satisfies the requirements of the Indenture (an "**Alternate Letter of Credit**"). See "THE BONDS -- Mandatory Tender of Bonds -- Mandatory Tender Upon Expiration or Termination of the Letter of Credit." As used in this Official Statement, "Bank" refers to the issuer of the Initial Letter of Credit and, as applicable, the issuer of any Alternate Letter of Credit. The Initial Letter of Credit and any Alternate Letter of Credit are hereinafter collectively referred to as the "Letter of Credit."

The Bonds will bear interest at the rates and for the periods as described herein under the caption "THE BONDS." The Bonds are subject to tender for purchase at the option of the Bondholders and, under certain circumstances, are subject to mandatory tender for purchase, in the manner and at the times

described herein. The Bonds are subject to optional and mandatory redemption prior to maturity in the manner and at the times described herein.

The Bonds and the premium, if any, and the interest on them will not be deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia (the "State") or any of its political subdivisions including the Issuer and the County of Henrico, Virginia (the "County"). Neither the State nor any of its political subdivisions, including the Issuer and the County, is obligated to pay the principal of or premium, if any, or interest on the Bonds or other costs incident to them except from revenues pledged for such purpose. Neither the faith and credit nor the taxing power of the State or any of its political subdivisions, including the Issuer and the County, is pledged to the payment of the principal of or premium, if any, or interest on the Bonds or other costs incident to them. The Issuer has no taxing power. The obligations of the Company under the Agreement are general unsecured obligations of the Company.

Brief descriptions and summaries of the Issuer, the Company, the Project, the Bonds, the Initial Letter of Credit, the Reimbursement Agreement, the Agreement and the Indenture are included in this Official Statement. Certain information with respect to the Bank is included as **Appendix A**. Such descriptions and summaries do not purport to be comprehensive. Certain information relating to The Depository Trust Company ("**DTC**") and the Book-Entry System has been furnished by DTC. **Appendix B** to this Official Statement contains the proposed form of opinion of Bond Counsel to be delivered in connection with the issuance and delivery of the Bonds. All references herein to the Initial Letter of Credit, the Reimbursement Agreement, the Agreement and the Indenture are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Indenture. Copies of these documents may be obtained during the period of the offering from the principal office of Banc of America Securities LLC, 600 Peachtree Street, 12th Floor, Atlanta, Georgia 30308, and thereafter from the Trustee at 800 East Main Street, Richmond, Virginia 23219. Unless otherwise defined in this Official Statement, all terms used herein have the same meanings as those terms have in the Indenture.

THE ISSUER

The Issuer has been created by ordinance of the Board of Supervisors of Henrico County, Virginia, to promote and further the purposes of the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2 of the Code of Virginia, as amended (the "Act"). The Issuer is a political subdivision of the State governed by ten directors appointed by the Board of Supervisors of Henrico County. The Issuer is empowered, among other things, to acquire, improve, maintain, equip, own, lease and dispose of properties to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the State. In addition, the Issuer is authorized under the Act to make loans to finance facilities for such enterprises and to refund such loans. The Issuer has no taxing power.

The Issuer's obligations for the payment of the Bonds are limited and such obligations do not constitute direct, indirect, or moral obligations of the State, Henrico County or any other political subdivision of the State. The Issuer is obligated to make payments on the Bonds solely from payments to be made by the Company pursuant to the Agreement. The Issuer's financial condition is not material to an investment in the Bonds and, accordingly, the Issuer does not provide disclosure regarding its financial condition.

The distribution of this Official Statement has been duly approved and authorized by the Issuer. Such approval and authorization does not, however, constitute a representation or approval by the Issuer of the accuracy or sufficiency of any information contained herein except to the extent of the information regarding the Issuer contained in this section.

THE COMPANY

The Company is a Delaware limited partnership whose partners are Infineon Technologies North America Corp. and Infineon Technologies Holding North America, Inc., which are indirect subsidiaries of Infineon Technologies AG. The Company currently employs more than 1700 people at its existing 800,000 square foot facility. That facility is a fully integrated microelectronics device manufacturing plant, including wafer processing, component assembly/testing and memory module assembly/testing, thus permitting the shipment of finished goods directly to the customer. Using the most recent technology, the Company produces the latest generation of memory products, which are used in personal and notebook computers, workstations, server and communications applications.

THE PROJECT AND APPLICATION OF PROCEEDS

The proceeds of the Bonds will be used for the purpose of providing a portion of the funds necessary to finance a portion of the costs of certain (i) facilities for the collection, processing, storage, treatment, utilization, recycling or disposal of various solid wastes, including, without limitation, industrial waste, plant trash, wastewater treatment solids and other solid waste and any and all functionally related and subordinate facilities and (ii) facilities for the collection, processing, storage, treatment or disposal of sewage, sewage sludge, septage, domestic wastewater and industrial wastewater, including, without limitation, process wastewater, equipment drain wastewater, floor drainage, yard runoff and other wastewater and any and all functionally related and subordinate facilities, located at the Plant (the "Project") located at 6000 Technology Boulevard, Sandston, Virginia, all for the benefit of the Company.

THE BONDS

General

The Bonds initially will be issued to bear interest at a Weekly Rate. Pursuant to the Indenture the Company may elect to cause the Bonds to bear interest at the Commercial Paper Rate or at a Fixed Rate until maturity. In the event the Company elects to cause the Bonds to bear interest at a Fixed Rate, they will be subject to mandatory tender for purchase, and it is expected that the Bonds will be remarketed pursuant to a new offering document which will explain in detail the terms and conditions of the Bonds following such conversion to the Fixed Rate. Accordingly, provisions of the Indenture and the Bonds relating to the terms of the Bonds following a conversion to the Fixed Rate are not discussed herein.

The Bonds will be issued, in the aggregate principal amount set forth on the cover page hereof, as bonds fully registered as to payment of principal and interest. The Bonds will be dated their date of delivery and, subject to prior redemption, will mature on the date stated on the cover page hereof (the "**Maturity Date**").

The Bonds will be issued in authorized denominations of **$100,000** and any integral multiple of **$100,000** in excess thereof, with respect to any Weekly Rate Period and **$100,000** and any integral

multiple of **$1,000** in excess thereof, with respect to any Commercial Paper Rate Period (collectively, the "**Authorized Denominations**").

The Bonds originally will be issued solely in book-entry form to DTC or its nominee, Cede & Co., to be held in DTC's book-entry system (the "**Book-Entry System**"). So long as the Bonds are held in the Book-Entry System, DTC or its nominee will be the registered owner or holder of the Bonds for all purposes of the Indenture, the Bonds and this Official Statement. Individual purchases of book-entry interests in the Bonds will be made in book-entry-only form in Authorized Denominations. See "THE BONDS -- Book-Entry System" below.

First Union National Bank, Richmond, Virginia, is the Trustee under the Indenture and also is the tender agent, registrar and paying agent for the Bonds. The principal corporate trust office of the Trustee is 800 East Main Street, Lower Mezzanine, Richmond, Virginia 23219 (the "**Principal Office**").

Banc of America Securities LLC has been appointed under the Indenture to serve as Remarketing Agent (the "**Remarketing Agent**") for the Bonds. The Remarketing Agent may resign upon **30** days' notice or be removed upon **15** days' notice and a successor Remarketing Agent may be appointed in accordance with the terms of the Indenture and a remarketing agreement by and between the Company and the Remarketing Agent.

Summary of Certain Provisions of the Bonds

The following table summarizes, for Weekly Rate and Commercial Paper Rate determination methods: the dates on which each interest rate will be determined ("**Interest Rate Determination Dates**"); the dates on which registered owners may tender their Bonds for purchase to the Trustee and the notice requirements for such tender ("**Optional Tender of Bonds for Purchase on Demand of Owner; Required Notice**"); the dates on which Bonds are subject to mandatory tender for purchase ("**Mandatory Tender of Bonds for Purchase; Purchase Dates**"); the redemption provisions applicable to the Bonds ("**Redemption**"); and the notice requirements for redemption and mandatory tender for purchase ("**Notices of Mandatory Purchases and Redemption**"). Such provisions are discussed in more detail under "-- Optional Tender of Bonds in Weekly Rate Period," "-- Mandatory Tender of Bonds," and "-- Redemption of Bonds Before Maturity" below. All times stated are New York City time. See "-- Payment of Principal and Interest and Premium" below for information with respect to Interest Periods, Interest Payment Dates and Record Dates for the Bonds.

	WEEKLY RATE	COMMERCIAL PAPER RATE
Interest Rate Determination Dates	At or before **11:00 a.m.** on each Wednesday (or if not a Business Day, on the next preceding Business Day) for the period beginning on the following Thursday and ending on the next Wednesday.	For each Bond, at or before **11:00 a.m.** on the first day of each Commercial Paper Rate Period.
Optional Tender of Bonds for Purchase on Demand of Owner; Required Notice	Any Business Day; by written or telephonic notice, promptly confirmed in writing, to the Trustee not later than **3:00** p.m. on a Business Day at least seven days prior to the purchase date.	No purchase on demand of the owner.
Mandatory Tender of Bonds for Purchase; Purchase Dates	(1) On any Interest Payment Date upon the written demand of the Bank or upon the written demand of the Company with the prior written consent of the Bank. (2) On the effective date of a change in the interest rate determination method. (3) Upon the termination or the replacement of the Letter of Credit.	(1) On the effective date of a change in the interest rate determination method. (2) On the Interest Payment Date for a Bond. (3) Upon the termination or the replacement of the Letter of Credit.
Redemption	(1) Optional redemption at par on any Interest Payment Date. (2) Mandatory redemption at par on any day within **120** days after the occurrence of a Determination of Taxability. (3) Mandatory redemption at par at the option of the Bank upon an event of default under the Reimbursement Agreement or in certain other limited circumstances.	(1) With respect to each Bond, optional redemption at par on any Interest Payment Date for such Bond. (2) Mandatory redemption at par on any day within **120** days after the occurrence of a Determination of Taxability. (3) Mandatory redemption at par at the option of the Bank upon an event of default under the Reimbursement Agreement or in certain other limited circumstances.
Notices of Mandatory Purchases and Redemption	At least **15** days notice of mandatory purchase; at least **30** days notice of redemption.	No notice by Trustee of mandatory purchase on an Interest Payment Date during a Commercial Paper Rate Period; at least **15** days notice of other mandatory purchases; at least **30** days notice of redemption.

Payment of Principal and Interest and Premium

The principal of the Bonds will be payable at the principal corporate trust office or designated payment office of the Trustee. The interest on each Bond will be paid by the Trustee to the registered owner of such Bond as shown on the bond register at the close of business on the Record Date, as defined below, (1) by check or draft mailed to such registered owner at the address as it appears on the bond register or at such other address as is furnished to the Trustee in writing by such owner, or (2) by electronic wire transfer in immediately available funds to a bank in the continental United States for credit to the ABA routing number and account number filed with the Trustee no later than **5** Business Days before the applicable Record Date. Notices requesting wire transfers may provide that they will remain in effect for later interest payments until changed or revoked by another written notice.

Interest on the Bonds will be calculated on the basis of a year of **365** days (or **366** days in leap years, as appropriate), for the actual number of days elapsed. Interest on overdue principal and, to the extent lawful, on overdue interest will be payable at the rate on the Bonds on the day before the Event of Default occurred.

As set forth in the table below, when interest is payable at a given rate (a "**Rate**"), interest accrued during the applicable period (an "**Interest Period**") will be paid on the corresponding date (an "**Interest Payment Date**") to holders of record on the corresponding date (a "**Record Date**"):

Rate	Interest Period	Interest Payment Date	Record Date
Weekly	From the date of issuance of the Bonds or thereafter the first day of each calendar month (or the first day of any conversion to a Weekly Rate) to the day prior to the first day of the next succeeding calendar month or any day which is a Conversion Date from a Weekly Rate Period.	First business day of each month and any Conversion Date	Last Business Day before Interest Payment Date
Commercial Paper	From **1** to **270** days as determined for each Bond (a "**Commercial Paper Period**")	First Business Day after the last day of Commercial Paper Period	Last Business Day before Interest Payment Date

"**Business Day**" means a day other than (a) a Saturday, Sunday or legal holiday; (b) a day on which banking institutions located in New York, New York, or in any city in which the corporate trust office or payment office of the Trustee, the payment office of the Bank for draws under the Letter of Credit, or the primary office of the Remarketing Agent are located, are required or authorized by law to

remain closed; or (c) a day on which the New York Stock Exchange or the Securities Depository is closed.

Interest Rate Determination Method

General. The Remarketing Agent will determine the interest rate or rates applicable to the Bonds pursuant to the terms of the Indenture, provided that the interest rate may not exceed the lesser of **12%** per annum or the maximum rate permitted by law (the "**Maximum Rate**"). Subject to this limitation, the rate of interest on each Bond will be determined as the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Bonds to have a market value as of the date of determination equal to the principal amount thereof, plus accrued interest, taking into account prevailing market conditions.

Weekly Rate. The Remarketing Agent will set a Weekly Rate no later than the last Business Day before the commencement of a period during which the Bonds bear interest at a Weekly Rate and at or before **11:00 a.m.**, New York City time, on each Wednesday thereafter during which interest on the Bonds is to be payable at a Weekly Rate, or, if any Wednesday is not a Business Day, on the next preceding Business Day. The first Weekly Rate will apply to the period beginning on the effective date of the change to a Weekly Rate and ending on the next Wednesday. Thereafter, each Weekly Rate will apply to the period beginning on the Thursday after the Weekly Rate is set and ending on the following Wednesday or, if earlier, ending on the day before the effective date of a new method of determining the interest rate on the Bonds or the Maturity Date.

If the Remarketing Agent fails for any reason to determine the Weekly Rate for any Weekly Rate Period, the Weekly Rate in effect for the Bonds for such Weekly Rate Period will be the percentage per annum equal to the current Bond Market Association swap index rate as published in *The Bond Buyer* (or if *The Bond Buyer* or such index is no longer published, such other published similar index as is determined by the Remarketing Agent in its sole discretion to be appropriate), plus **15** basis points.

Commercial Paper Rate. The Commercial Paper Period and Commercial Paper Rate for each Bond will be determined by the Remarketing Agent no later than **11:00 a.m.**, New York City time, on the first Business Day of the Commercial Paper Period applicable to the Bond. Different Commercial Paper Periods may apply to different Bonds at any time and from time to time. Each Commercial Paper Period will be a period of not less than one day and not more than **270** days. The Remarketing Agent shall determine the Commercial Paper Rate for each Commercial Paper Rate Period as the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Bonds to have a market value as of the date of determination equal to the principal amount thereof, taking into account prevailing market conditions. The Trustee or the Remarketing Agent shall confirm the interest rate in effect for each Bond by telephone to the registered owner of such Bond, upon request. Each Commercial Paper Period will end on a day immediately before a Business Day and on or before the earlier to occur of the day before the Maturity Date or five Business Days before the expiration of the Letter of Credit.

If the Remarketing Agent fails for any reason to determine the Commercial Paper Rate for any Bond that accrues interest at a Commercial Paper Rate, the Commercial Paper Rate Period for such Bond shall be **7** days (or, if that Commercial Paper Rate Period would not end on a day before a Business Day, the Commercial Paper Rate Period ending on the day before the next Business Day); and the interest rate during such Commercial Paper Rate Period shall be the most recent Bond Market Association "swap index" published in *The Bond Buyer*, as determined by the Remarketing Agent (or if *The Bond Buyer* or such index is no longer published, any other published similar index as is determined by the Remarketing

Agent in its sole discretion to be appropriate), plus **15** basis points, until the Trustee is notified of a new Commercial Paper Rate and Commercial Paper Rate Period determined for such Bond by the Remarketing Agent.

Change in Interest Rate Determination Method. The Company may elect to convert all of the Bonds from one type of rate period to another. The Company shall give notice of any proposed conversion and the proposed date such conversion will become effective (the "Conversion Date") to the Trustee not less than **30** days prior to the proposed Conversion Date. Upon receipt of the notice from the Company, the Trustee shall promptly give written notice of the proposed conversion to the Remarketing Agent and the Bank. The Trustee shall give notice to the Bondholders (which may be combined, where applicable, with any notice of mandatory tender) not less than **20** days before the proposed Conversion Date. This notice shall state: (a) the proposed Conversion Date, the proposed rate period to be effective on such date and the dollar amount of Bonds to be converted; (b) that such Bonds will be subject to mandatory tender for purchase on the Conversion Date; (c) the conditions, if any, to the conversion, and the consequences of such conditions not being fulfilled; (d) if the Bonds are in certificated form, information with respect to required delivery of Bond certificates and payment of the purchase price; and (e) the new Interest Payment Dates and Record Dates.

Conditions to Change in Interest Rate Determination Method. Any change in the method of determining interest on Bonds as described above must satisfy the following conditions in order to become effective:

(a) If a Letter of Credit will be in effect after the Conversion Date, then (i) the stated coverage of the Letter of Credit will include an amount sufficient to pay interest on all Bonds outstanding (calculated at the Maximum Rate) for a period of days not less than the number of days in the longest interest payment period for the Bonds in such interest rate mode plus **5** days (or **35** days in the case of Bonds bearing interest at the Weekly Rate), or the Trustee must have received prior written confirmation from each rating service maintaining a rating on the Bonds that such conversion will not result in a reduction or withdrawal of the then current ratings (long-term only if the conversion is to a Fixed Rate) on the Bonds, and (ii) if the conversion is to a Fixed Rate, the term of the Letter of Credit must extend to the Maturity Date;

(b) If the conversion is from Commercial Paper Rate Periods, the Trustee must receive, prior to the date on which notice of conversion is required to be given to owners, written confirmation from the Remarketing Agent that it has not established any Commercial Paper Rate Periods with respect to such Bonds extending beyond the day before the Conversion Date;

(c) If the conversion is to a Fixed Rate, the Company must deliver to the Trustee with the conversion notice (i) a firm underwriting or purchase contract from a recognized firm of bond underwriters or recognized institutional investors, which may be the Remarketing Agent, to underwrite or purchase all Bonds that are to be converted to a Fixed Rate at a price of **100%** of the principal amount thereof at an agreed upon interest rate for the Bonds which such underwriter or institutional investor certifies is the lowest rate that will permit the Bonds to be sold at par on the first day of the Fixed Rate Period; and (ii) an Opinion of Bond Counsel (which opinion shall be addressed and delivered to the Trustee and the Issuer and shall be confirmed on the date of the Conversion to a Fixed Rate) stating that such conversion is authorized or permitted by the Indenture, and that the conversion will not adversely affect the exclusion from gross income of any Bonds for federal income tax purposes; and

(d) If any Bonds have been called for redemption and the redemption has not yet occurred, the effective date of the change cannot be before such redemption date; and after a determination is made requiring mandatory redemption of all Bonds on a Determination of Taxability (as herein defined), no change in the method of determining interest on the Bonds may be made.

Cancellation of Change in Interest Rate Determination Method. If any condition precedent to a conversion set forth above is not met, then no conversion shall occur, but the affected Bonds shall continue to be subject to any mandatory tender otherwise required without regard to the failure to fulfill such condition, and thereafter shall accrue interest at Weekly Rates for Weekly Rate Periods determined as provided in the Indenture.

Optional Tender of Bonds in Weekly Rate Period

Bonds accruing interest at Weekly Rates may be tendered for purchase, at the option of the owners thereof, at a purchase price equal to **100%** of the principal amount of such Bonds (or portions in authorized denominations) plus accrued interest, if any, to the purchase date. The owners of Bonds (or the beneficial owners of Bonds held in a Book-Entry System ("**Beneficial Owners**")) accruing interest at Weekly Rates may elect (directly or through the applicable DTC direct Participant) to have their Bonds or beneficial interests (or portions thereof in minimum authorized denominations) purchased on any Business Day upon Electronic Notice of tender given to the Trustee not later than **3:00 p.m.**, New York City time, on a Business Day at least 7 days prior to the purchase date.

Each notice of tender must be delivered by the Bondowner (or if the Bonds are held under the Book-Entry System, by the Beneficial Owner through its Participant in the Securities Depository) to the Trustee and the Remarketing Agent at their notice addresses (as herein provided) and be in form satisfactory to the Trustee. The notice shall state (A) the principal amount of Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered, (B) that the owner irrevocably demands purchase of such Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered (or a specified portion thereof), (C) the date on which such Bonds or beneficial interest (or portion thereof in authorized denominations) to be tendered (or portion thereof) is to be purchased, and (D) the identity of the Participant through which the Beneficial Owner maintains its interest and payment instructions with respect to the purchase price.

The notice shall automatically constitute (A) an irrevocable offer to sell the Bonds (or portion thereof) to which the notice relates on the purchase date at the purchase price, (B) an irrevocable authorization and instruction to the Trustee to effect transfer of such Bonds (or portion thereof) upon payment of the purchase price to the Trustee on the purchase date, (C) an agreement of the owner (or Beneficial Owner through its participation in the Securities Depository) to make arrangements to deliver and transfer the Bonds or beneficial interest being tendered, with all necessary endorsements for transfer and signature guarantees, to the Trustee at its designated payment office not later than **11:00 a.m.**, New York City time, on the purchase date, and (D) an acknowledgment that such owner will have no further rights with respect to such Bond (or portion thereof) upon payment of the purchase price thereof to the Trustee on the purchase date, except for the right of such owner to receive such purchase price upon delivery of such Bonds to the Trustee, and that after the purchase date such owner will hold any undelivered bond certificate as agent for the Trustee.

Mandatory Tender of Bonds

Bonds are subject to mandatory tender for purchase at a purchase price equal to **100%** of the principal amount of such Bonds, plus accrued interest, if any, as follows:

Mandatory Tender of Weekly Rate Bonds. Bonds accruing interest at a Weekly Rate are subject to mandatory tender for purchase on any Interest Payment Date applicable to such Bond upon written demand of the Bank (unless an Event of Default exists under the Financing Documents, in which case no consent of the Company is necessary) or upon written demand of the Company with prior written consent of the Bank.

Mandatory Tender of Commercial Paper Rate Bonds. Bonds accruing interest at a Commercial Paper Rate are subject to mandatory tender for purchase on each Interest Payment Date applicable to such Bond.

Mandatory Tender Upon Conversions between Rate Periods. Bonds to be converted from one type of rate period to a different type of rate period are subject to mandatory tender for purchase on the Conversion Date.

Mandatory Tender Upon Expiration or Termination of the Letter of Credit. The Bonds are subject to mandatory tender for purchase on the **5th** Business Day prior to the expiration or termination of the Letter of Credit if the Trustee has not received evidence satisfactory to it by the **30th** day preceding the scheduled expiration or termination date of an extension of the then existing Letter of Credit.

Mandatory Tender Upon Substitution of Alternate Letter of Credit. The Bonds are subject to mandatory tender for purchase on the date of substitution of an Alternate Letter of Credit for the then existing Letter of Credit.

Notice of Mandatory Tender. The Trustee shall give notice to the owners of Bonds of a mandatory tender for purchase (other than mandatory tenders on an Interest Payment Date during a Commercial Paper Rate Period) to the owners of the Bonds, the Issuer, the Bank, the Remarketing Agent, principal bond depositories, information services and each rating agency maintaining a rating on the bonds not less than **15** days before the mandatory tender date. If the Bonds are in certificated form, the notice shall include information with respect to required delivery of bond certificates and payment of the purchase price. The Trustee will at the same time give a copy of the notice to the Issuer, the Bank, the Remarketing Agent, principal bond depositories, information services and the rating services maintaining a rating on the Bonds. The notice will state (1) the purchase date, (2) the purchase price, (3) if a Book-Entry System is not in effect, that the Bonds subject to mandatory tender must be surrendered to collect the purchase price, (4) if a Book-Entry System is not in effect, the address at which the Bonds must be surrendered, and (5) that interest on the Bonds purchased ceases to accrue on the purchase date. In addition, if a Letter of Credit is expiring, the notice will state the expiration date and that the expiration might result in a reduction or withdrawal of any rating of the Bonds.

The owner of any Bond accruing interest at a Commercial Paper Rate shall provide the Trustee with written payment instructions for the purchase price on or before tender thereof to the Trustee.

Delivery of Tendered Bonds. So long as the Bonds are held in a Book-Entry System, transfers of beneficial ownership of the Bonds to purchasers thereof upon a tender for purchase and remarketing

will be effected on the registration books of the Securities Depository pursuant to its rules and procedures. When a Book-Entry System is in effect, any requirement for physical delivery of the Bonds in connection with an optional or mandatory tender will be deemed satisfied by the Trustee when the ownership rights in the Bonds are transferred by direct participants in DTC's book-entry system ("**Participants**") on the records of the Securities Depository. See "-- Book-Entry System" below.

When a Book-Entry System is not in effect, all tendered Bonds must be delivered to the Trustee at or prior to **11:00 a.m.**, New York City time on the purchase date to the designated payment office of the Trustee or its designated agent or drop service in New York City. The Bonds shall be accompanied by an instrument of transfer satisfactory to the Trustee, executed in blank by the owner, with all signatures guaranteed. The Trustee may refuse to accept delivery of any Bond for which an instrument of transfer satisfactory to it has not been provided and shall have no obligation to pay the purchase price of such Bond until a satisfactory instrument is delivered. If the owner of any Bond (or portion thereof) in certificated form that is subject to optional or mandatory purchase fails to deliver such Bond to the Trustee for purchase on the purchase date, and if the Trustee is in receipt of the purchase price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the purchase date thereof and ownership of such Bond (or portion thereof) shall be transferred to the purchaser. Any owner who fails to deliver such Bond for purchase shall have no further rights thereunder except the right to receive the purchase price thereof upon presentation and surrender of said Bond to the Trustee.

Remarketing and Purchase of Tendered Bonds

Remarketing of Bonds. Unless otherwise instructed by the Company, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for all Bonds or portions thereof for which notice of tender has been received pursuant to the optional tender provisions, or which are subject to mandatory tender under certain of the circumstances as described above. The Remarketing Agent will not remarket any Bond that is optionally tendered as to which a notice of redemption or a notice of mandatory tender has been given by the Trustee if the purchase date would occur on or after the **10th** day prior to the redemption date or mandatory tender date, unless the Remarketing Agent consents and has notified the purchaser of the redemption notice or the mandatory tender and in any event will not remarket the Bonds on or after the second day prior to the redemption date or mandatory tender date. In addition, the Remarketing Agent may not remarket any Bonds to the Issuer or the Company (or any "insider", as defined in the United States Bankruptcy Code, of the Company, a guarantor of the Company or the Issuer). In addition, Bonds will not be offered for sale by the Remarketing Agent during the continuance of an event of default under the Indenture of which the Remarketing Agent has notice, unless the purchaser of such Bonds is given notice of such event of default.

Purchase of Tendered Bonds. At or before **1:45 p.m.**, New York City time, in the case of Bonds accruing interest at Weekly Rates, or **3:00 p.m.**, New York City time, in the case of Bonds accruing interest at Commercial Paper Rates, on the purchase date for tendered Bonds and upon receipt by the Trustee of **100%** of the aggregate purchase price of the tendered Bonds, the Trustee shall pay the purchase price of such Bonds to the owners thereof. Such payments shall be made in immediately available funds.

Registration and Delivery of Purchased Bonds. On the date of purchase, the Trustee shall register and deliver (or hold) all Bonds purchased on any purchase date as follows: (1) Bonds purchased or remarketed by the Remarketing Agent shall be registered and made available to the Remarketing Agent by **12:00 noon**, New York City time, in the case of Bonds accruing interest at Weekly Rates, or

3:00 p.m., New York City time, in the case of Bonds accruing interest at Commercial Paper Rates, in accordance with the instructions of the Remarketing Agent, (2) Bonds purchased with proceeds made available through the Letter of Credit shall be registered in the name of the Bank and shall be held by the Trustee as "**Bank Bonds**" as described in the following paragraph, and (3) Bonds purchased with amounts provided by the Company shall be registered in the name of the Company and shall be held in trust by the Trustee on behalf of the Company and shall not be released from such trust unless the Trustee shall have received written instructions from the Company. Notwithstanding anything herein to the contrary, so long as the Bonds are held under a Book-Entry System, Bonds will not be delivered as set forth above; rather, transfers of beneficial ownership of the Bonds to the Person indicated above will be effected on the registration books of the Securities Depository pursuant to its rules and procedures.

Bank Bonds. Bonds purchased with proceeds made available through the Letter of Credit shall be deemed purchased by the Company for the benefit of the Bank, shall constitute "Bank Bonds", and shall be held by the Trustee as fiduciary for the Bank (and shall be shown as Bank Bonds on the bond register or, if the Bonds are held in the Book-Entry System, such Bank Bonds shall be recorded in the books of the Securities Depository for the account of the Trustee, as custodian for the Bank) in accordance with the provisions of the Indenture and the Reimbursement Agreement. The Remarketing Agent shall continue to use its best efforts to arrange for the sale of any Bank Bonds, subject to full reinstatement of the amount available to be drawn under the Letter of Credit with respect to such Bonds, at which time the Bank's security interest in the Bonds shall be released.

Redemption of Bonds Before Maturity

The Bonds are subject to optional and mandatory redemption prior to maturity at a redemption price equal to **100%** of the principal amount thereof, plus accrued interest to the redemption date, as described below. The redemption price will be paid to the registered owner in immediately available funds by the close of business on the redemption date. While any Bonds are held by the Securities Depository, such payments will be made to the Securities Depository, and the rules and practices of the Securities Depository and its Participants will determine when Beneficial Owners receive such payments. See "-- Book-Entry System" above. Bonds tendered for purchase on a date after a call for redemption but before the redemption date will be purchased pursuant to the tender.

Optional Redemption At the Option of the Company. When interest on the Bonds is payable at a Weekly Rate or a Commercial Paper Rate, the Bonds may be redeemed in whole or part, at the written direction of the Company, with the written consent of the Bank if the Letter of Credit is in effect, on any Interest Payment Date.

Mandatory Redemption Upon Demand by Bank. The Bonds are subject to mandatory redemption in whole or in part at the earliest date for which notice of redemption can be given upon receipt by the Trustee of written notice from the Bank requesting such redemption, specifying the principal amount of the Bonds to be redeemed (if less than all of the Bonds are to be redeemed) and stating that (1) an "event of default" under and as defined in the Reimbursement Agreement has occurred and is continuing, or (2) it holds as the registered or beneficial owner Bonds purchased by the Bank and not remarketed; provided, however, only Bonds so held by the Bank shall be subject to mandatory redemption pursuant to clause (2).

Mandatory Redemption on Determination of Taxability. The Bonds will be redeemed in whole or in part under the circumstances described below, on any day within **120** days after the occurrence of a Determination of Taxability. A "**Determination of Taxability**" will be deemed to have

occurred if a final decree or judgment of any federal court or a final action of the Internal Revenue Service is taken which determines that interest paid or payable on any Bond is or was includable in the gross income of any Bondholder, Beneficial Owner, former Bondholder or former Beneficial Owner for federal income tax purposes under the Code (other than a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code). If, in the written opinion of Bond Counsel, the redemption of fewer than all of the Bonds would result in interest on the Bonds not being includable in gross income for federal income tax purpose to the holders of the Bonds, then less than all of the Bonds may be redeemed in accordance with such opinion.

Purchase in Lieu of Redemption. When Bonds are called for redemption upon the demand of the Bank or upon a Determination of Taxability, Bonds paid by the Company or paid from a draw or claim under the Letter of Credit or otherwise paid by or on behalf of the Bank shall be purchased in lieu of redemption on the applicable redemption date at a purchase price equal to the principal amount thereof, plus accrued interest thereon to but not including the date of such purchase, if the Trustee has received a written request on or before said purchase date from the Company or the Bank, as the case may be, specifying that the moneys provided or to be provided by such party shall be used to purchase Bonds in lieu of redemption. Any purchase by the Company pursuant to the terms of this paragraph must be made with Eligible Moneys.

Notice of Redemption. At least **30** days before each redemption, the Trustee will mail notice of redemption by first-class mail to each Bondholder at the holder's registered address. Any defect in any notice or the failure of any parties to receive any notice of redemption shall not cause any Bond called for redemption to remain outstanding. Any notice mailed as provided in this paragraph will be conclusively presumed to have been given whether or not actually received by the addressee. So long as the Securities Depository is effecting book-entry transfers of the Bonds, the Trustee shall provide the notice only to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. No defect in any of the forgoing further notices nor any failure to give all or any portion of such notices shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

With respect to optional redemptions, at the option of the Company, such notice may be conditional upon Eligible Moneys being on deposit with the Trustee on or prior to the redemption date in an amount sufficient to pay the redemption price on the redemption date. If such notice is conditional and Eligible Moneys are not received, such notice shall be of no force and effect, the Trustee shall not redeem such Bonds and the Trustee shall give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such Bonds will not be redeemed.

Effect of Notice of Redemption. Except as otherwise described in the preceding paragraph with respect to a conditional notice of redemption, when notice of redemption is required and given, Bonds called for redemption become due and payable on the redemption date at the applicable redemption price, and in such case when funds are deposited with the Trustee sufficient for redemption, interest on the Bonds to be redeemed ceases to accrue as of the date of redemption.

Book-Entry System

Portions of the following information concerning DTC and DTC's book-entry system have been obtained from DTC. The Issuer, the Company, the Bank, the Underwriter and the Remarketing Agent make no representation as to the accuracy of such information.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each issue of Bonds in the aggregate principal amount of the Bonds of such issue and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds securities that its participants (**"Direct Participants"**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**"Indirect Participants"**). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission (the "SEC").

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct

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

As long as the Bonds are registered in the name of Cede & Co. any redemption notice with respect to the Bonds will be sent by the Trustee to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

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

Redemption proceeds, principal, premium and interest payments on the Bonds will be made to DTC or such other name as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon receipt of funds and corresponding detail information from the Issuer or the Trustee on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor Securities Depository is not obtained, bond certificates are required to be delivered as described in the Indenture (See "-- Revision of Book-Entry System; Replacement Bonds" below). The Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the registered owner of the Bonds.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be delivered as described in the Indenture (See "-- Revision of Book-Entry System; Replacement Bonds" below).

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners. Under the Indenture, payments made by the paying agent to DTC or its nominee will satisfy the Issuer's obligations under the Indenture, the Company's obligations under the Agreement and the Bank's obligations under the Letter of Credit, to the extent of the payments so made. Beneficial Owners will not be, and will not be considered by the Issuer or the Trustee to be, and will not have any rights as, holders of Bonds under the Indenture.

THE ISSUER, THE COMPANY, THE BANK, THE UNDERWRITER, THE REMARKETING AGENT AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION OR PURCHASE PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE INDENTURE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

The Trustee and the Issuer, so long as a book-entry system is used for the Bonds, will send any notice of redemption or of proposed document amendments requiring consent of registered owners and any other notices required by the document to be sent to registered owners only to DTC (or any successor Securities Depository) or its nominee. Any failure of DTC to advise any Direct Participant, or of any Direct Participant or Indirect Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption, the document amendment or any other action premised on that notice.

The Issuer, the Company, the Bank, the Trustee, the Underwriter and the Remarketing Agent cannot and do not give any assurances that DTC will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner or any redemption or other notices, to the Participants, or that the Participants or others will distribute such payments or notices to the Beneficial

Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

According to DTC, the foregoing information with respect to DTC has been provided for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Revision of Book-Entry System; Replacement Bonds

The Book-Entry System will be discontinued by the Trustee, at the direction and expense of the Company, and the Trustee will cause the delivery of Bond certificates to Beneficial Owners of the Bonds, registered in the names of such Beneficial Owners and in such principal amounts as will be specified to the Trustee by DTC in writing, under the following circumstances:

(a) the Company or the Remarketing Agent determines that (i) the Securities Depository is unable to discharge its responsibilities, (ii) the Securities Depository is no longer qualified to act as a securities depository or (iii) continuation of the Book-Entry System is no longer in the interest of the Beneficial Owners of the Bonds, and no successor Securities Depository is appointed.

(b) Participants representing **50%** of the Bonds outstanding certify to the Trustee that continuation of the Book-Entry System is no longer in the best interest of the Beneficial Owners of the Bonds.

The Trustee may rely on information from the Securities Depository and its Participants as to the names, addresses and principal amounts held by the Beneficial Owners of the Bonds.

In the event that the Book-Entry System is discontinued, the principal or redemption price of and interest on the Bonds will be payable, and the Bonds will be issued in the Authorized Denominations, in the manner described above under "— General," and the following provisions will apply. Bonds may be transferred or exchanged for other Bonds in Authorized Denominations at the principal corporate trust office of the Trustee. The Trustee will require the payment by a Bondholder requesting exchange or transfer of any tax or other governmental charge required to be paid in respect of the exchange or transfer but will not impose any other charge on such Bondholder. The Trustee will not be required to transfer or exchange any Bond during the period beginning **15** business days before the mailing of notice calling the Bonds and ending at the close of business on the day of such mailing, or to transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

THE LETTER OF CREDIT

The Initial Letter of Credit

The Initial Letter of Credit will be the irrevocable, direct-pay obligation of the Bank to pay to the Trustee, upon request and in accordance with the terms thereof, up to (i) an amount sufficient to pay up to $35,000,000 of principal of the Bonds (or that portion of the purchase price of the Bonds corresponding to principal) when due, at maturity or upon acceleration, redemption, purchase pursuant to a tender,

defeasance or otherwise plus (ii) an amount equal to **35** days' interest, computed at a maximum interest rate of **12%** per annum (based on a year of **365** days), on the Bonds to pay interest thereon (or that portion of the purchase price of the Bonds corresponding to interest).

The Initial Letter of Credit will terminate on the earliest of (i) the close of business on March 15, 2002, or, if such day is not a Business Day, then on the next succeeding Business Day (such date, as it may be extended from time to time in accordance with the Initial Letter of Credit, being called the "**Stated Termination Date**"), (ii) the making by the Trustee and the honoring by the Bank of the final drawing available to be made under the Letter of Credit; (iii) the Bank's receipt of a written notice from the Trustee stating that the Trustee is surrendering the Letter of Credit and thus such Letter of Credit is terminated; (iv) two Business Days following the first day of a Fixed Rate Period under the Indenture; or (v) 30 days after notification to the Trustee from the Bank of an Event of Default under the Reimbursement Agreement directing the Trustee to accelerate the Bonds and draw on the Letter of Credit. The Bonds will be subject to mandatory tender for purchase on the fifth Business Day before the expiration date of the Initial Letter of Credit or any other Letter of Credit or on the date of any substitution of an Alternative Letter of Credit. See "THE BONDS – Mandatory Tender -- Mandatory Tender Upon Substitution of Alternate Letter of Credit" and "– Mandatory Tender Upon Expiration or Termination of the Letter of Credit."

The Trustee is directed under the Indenture to draw upon the Letter of Credit (including the Initial Letter of Credit) (i) to enable the Trustee to pay principal of and interest on the Bonds when due and (ii) to enable the Trustee to pay the purchase price of Bonds tendered for purchase, in all cases to the extent that other moneys permitted by the Indenture to be applied for such purposes are not available.

Except as described below, under the Initial Letter of Credit, if a drawing for payment is presented by the Trustee prior to **1:00** p.m., New York City time, on a Business Day and provided that such drawing and the documents presented in connection therewith conform to the terms and conditions of the Initial Letter of Credit, payment will be made to the Trustee of the amount specified, in immediately available funds, not later than **1:30** p.m., New York City time, on the following Business Day. If a drawing for payment is presented by the Trustee under the Initial Letter of Credit after the time specified in the preceding sentence on a Business Day, and provided that such drawing and the documents presented in connection therewith conform to the terms and conditions of the Initial Letter of Credit, payment will be made to the Trustee of the amount specified, in immediately available funds, not later than **1:30** p.m., New York City time, on the second Business Day thereafter. Notwithstanding the foregoing, certain draws on the Initial Letter of Credit required to pay optional and mandatory tenders of the Bonds will be paid by **1:30** p.m., New York City time, in the case of Bonds accruing interest at Weekly Rates, or **2:45** p.m., New York City time, in the case of Bonds accruing interest at Commercial Paper Rates, on the same Business Day of the drawing if such drawing is received not later than **10:00** a.m., New York City time, in the case of Bonds accruing interest at Weekly Rates, or **12:15** p.m., New York City time, in the case of Bonds accruing interest at Commercial Paper Rates, on that day. If such a drawing is presented by the Trustee for payment after the time specified in the preceding sentence on a Business Day, payment will be made not later than **1:30** p.m., New York City time, on the following Business Day.

The obligation of the Bank under the Initial Letter of Credit with respect to the payment of interest and principal on the Bonds will be reduced to the extent of any drawing thereunder, subject to automatic reinstatement with respect to interest drawings as described in the immediately succeeding paragraph. With respect to a drawing by the Trustee solely to pay the purchase price of Bonds tendered or required to be tendered for purchase pursuant to the Indenture, the amount available for payment of

principal under the Initial Letter of Credit will be reduced by an amount equal to the principal amount of the Bonds tendered and the amount available for payment of interest under the Initial Letter of Credit will be reduced by an amount equal to **35** days of accrued interest on the principal amount of the tendered Bonds (computed at a maximum interest rate on such tendered Bonds of **12%** per annum, based on a year of **365** days), subject to reinstatement as described in the second succeeding paragraph.

After a drawing with respect to the payment of interest on the Bonds, the obligation of the Bank to honor demands for payment under the Initial Letter of Credit with respect to the payment of interest on the Bonds will be reinstated by an amount equal to such drawing (subject to any subsequent reductions of the amount of the Initial Letter of Credit); provided, that no portion of an interest drawing applied to interest on the principal amount of Bonds that has been paid shall be reinstated.

After a drawing with respect to the payment or provision for payment of the purchase price of Bonds tendered or required to be tendered for purchase pursuant to the Indenture, the obligation of the Bank to honor demands under the Initial Letter of Credit with respect to such payments will be reinstated by the amount equal to the sum of (i) the principal amount of those Bonds previously purchased with the proceeds of such drawing which have been resold by the Remarketing Agent plus (ii) the amount equal to **35** days' of accrued interest on the principal amount of such Bonds (computed at the maximum interest rate on such Bonds of **12%** per annum, based on a year of **365** days), upon delivery of the proceeds of such remarketing or an equivalent amount or such reimbursement payment to the Bank in immediately available funds.

Alternate Letter of Credit

Pursuant to the terms of the Indenture, the Company may elect to replace any Letter of Credit with an Alternate Letter of Credit conforming to the requirements of the Indenture. The Company will promptly notify the Trustee of its intention to deliver an Alternate Letter of Credit. Upon receipt of such notice, the Trustee will deliver a notice of mandatory tender of the Bonds in accordance with the terms of the Indenture. See "The Bonds – Mandatory Tender -- Mandatory Tender of Bonds--Mandatory Tender Upon Substitution of Alternate Letter of Credit" and "-- Notice of Mandatory Tender" above.

The Reimbursement Agreement

Under the Reimbursement Agreement, the Company and Infineon Technologies AG (the indirect parent of the Company, referred to herein as the "Parent") will agree to pay to the Bank certain fees and expenses and will agree to certain affirmative covenants. The occurrence of any of the following events will be an Event of Default under the Reimbursement Agreement, unless waived by the Bank:

(a) The Company or the Parent fail to pay any amount payable under the Reimbursement Agreement or under any of the Related Documents (as defined in the Reimbursement Agreement) on the date when due (after giving effect to applicable grace periods); or

(b) Any representation, warranty, certification or statement made by the Company or the Parent in the Reimbursement Agreement or by the Company or the Parent in connection with the Reimbursement Agreement, any of the Related Documents or in any writing furnished by or on behalf of the Company or the Parent proves to have been false, misleading or incomplete in any material respect on the date as of which made; or

(c) The Company or the Parent fails to perform or observe certain covenants contained in the Reimbursement Agreement; or

(d) The Company or the Parent fails to perform or observe any other term, covenant or agreement contained in the Reimbursement Agreement on its part to be performed or observed and any such failure remains unremedied for a period of **30** days after the date upon which written notice of such failure, requiring the same to be remedied, shall have been given to the Company and the Parent by the Bank; or

(e) The Company fails to pay any Indebtedness in specified amounts (as defined in the Reimbursement Agreement) or any interest or premium thereon, when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) and such failure continues after the applicable grace period, if any, specified in the agreement or instrument relating to such Indebtedness; or any other default under any agreement or instrument relating to any such Indebtedness, or any other event, occurs and continues after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such default or event is to accelerate, or to permit the acceleration, of the maturity of such Indebtedness; or any such Indebtedness shall be declared to be due and payable, or required to be prepaid, prior to the stated maturity thereof; or

(f) Liquidation or dissolution of the Company or the Parent, or suspension of the business of the Company or the Parent or filing by the Company or the Parent of a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under the Bankruptcy Code, as amended, or under any other insolvency act or law, state or Federal, now or hereafter existing, or any other action of the Company or the Parent indicating its consent to, approval of, or acquiescence in any such petition or proceeding; the application by the Company or the Parent for, or the appointment by or with the consent or acquiescence of the Company or the Parent of, a receiver, a trustee or a custodian for the Company or the Parent; the application by the Company or the Parent for, or the consent to or acquiescence of the Company or the Parent in, an assignment for the benefit of creditors; or the inability of the Company or the Parent or the admission by the Company or the Parent in writing of its inability to pay its debts as they mature; or

(g) Filing of an involuntary petition against the Company or the Parent in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under the Bankruptcy Code, as amended, or under any other insolvency act or law, state or Federal, now or hereafter existing; or the involuntary appointment of a receiver, a trustee or a custodian of the Company or the Parent or for all or a substantial part of their respective property; the rendering of one or more judgments or orders against the Company, the Parent or certain of their subsidiaries in excess of certain amounts; the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of the Company and the continuance of any of such events for **30** days undismissed, undischarged or unstayed; or

(h) Any provision of the Reimbursement Agreement shall at any time for any reason cease to be valid and binding on the Company or the Parent, or is declared to be null and void, or

the validity or enforceability thereof is contested by the Company or the Parent, or a proceeding is commenced by any governmental agency or authority having jurisdiction over the Company or the Parent seeking to establish the invalidity or unenforceability thereof, or the Company or the Parent denies that it has any or further liability or obligation under the Reimbursement Agreement; or

(i) Any "event of default" under and as defined in the Agreement, the Indenture, any other Related Document or certain credit agreements to which the Parent is a party shall have occurred and not been waived; or

(j) The Bonds for any reason are determined to be invalid or any Related Document for any reason ceases to be in full force and effect; or

(k) Any Plan Termination Event (as defined in the Reimbursement Agreement) with respect to a Plan (as defined in the Reimbursement Agreement) which the Bank determines in good faith might constitute grounds for the termination of any Plan or for the appointment of a trustee to administer any Plan shall have occurred, and, after the expiration of no less than 30 days after notice thereof shall have been given to the Company or the Parent by the Bank, (i) such Plan Termination Event (if correctable) shall not have been corrected, and (ii) the then present value of such Plan's vested benefits exceeds the then current value of assets accumulated in such Plan.

In the event of any of the foregoing events of default, the Bank may, in its sole discretion, (1) declare all amounts payable by the Company and the Parent under the Reimbursement Agreement to be forthwith due and payable, and the same thereupon will become due and payable without demand, presentment, protest or further notice of any kind, all of which are expressly waived, or (2) exercise all of its rights and remedies under the Reimbursement Agreement or any of the other Related Documents, or (3) direct the Trustee to accelerate payment of all Bonds and interest accrued thereon as provided in the Indenture and to draw on the Letter of Credit, and thereupon direct the Trustee to either redeem or purchase the Bonds, as provided in the Indenture.

THE AGREEMENT

Term

The Agreement will remain in full force and effect to and including the later of (a) the date on which the principal of, redemption premium, if any, and interest on all of the Bonds shall have been fully paid (or provision for their payment shall have been made in accordance with the Indenture) or (b) such time as all of the Bonds and the fees and expenses of the Issuer and the Trustee and all amounts payable to the Bank under the Reimbursement Agreement have been fully paid or provision made for such payments.

Issuance of Bonds

The Issuer will issue the Bonds for the purpose of providing funds to make a loan to the Company for the payment of the cost of acquiring, constructing, furnishing and equipping the Project and for paying certain costs of issuing the Bonds (the "Loan").

Events of Default and Remedies

Any one of the following will constitute an Event of Default under the Agreement:

(a) A default in the payment of any interest on the Loan when such interest becomes due and payable.

(b) A default in the payment of the principal of (or premium, if any, on) the Loan when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise).

(c) A default in the payment of the purchase price of Bonds tendered for purchase pursuant to the Indenture.

(d) A default in the performance, or breach, of any covenant or agreement of the Company in the Agreement (except as otherwise expressly provided), and continuance of such default or breach for a period of **30** days after there has been given to the Company by the Issuer or the Trustee or to the Company and the Trustee by the owners of at least **25%** in principal amount of the Bonds then remaining outstanding a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **30**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Company shall promptly upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

(e) Any representation or warranty made by the Company in the Agreement or in any written statement or certificate furnished to the Issuer or the Trustee or the purchaser of any Bond in connection with the sale of any Bond or furnished by the Company pursuant to the Agreement proves untrue in any material respect as of the date of the issuance or making thereof, which is not corrected or brought into compliance within **60** days after there has been given to the Company by the Issuer or the Trustee or to the Company and the Trustee by the owners of at least **25%** in principal amount of the Bonds then remaining outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Company shall promptly upon receipt of such notice commence the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch.

(f) The entry of a decree or order by a court having jurisdiction in the premises for relief in respect of the Company, or adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, adjustment or composition of or in respect of the Company under the United States Bankruptcy Code or any other applicable federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of or for the Company or any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order remains unstayed and in effect for a period of **90** consecutive days.

(g) The commencement by the Company of a voluntary case, or the institution by it of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization, arrangement or relief under the United States Bankruptcy Code or any other applicable federal or state law, or the consent or acquiescence by it to the filing of any such petition or the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability or its failure to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

(h) The occurrence and continuance of any "event of default" specified in the Indenture that has not been waived or cured.

Whenever any Event of Default has occurred under the Agreement, the Trustee, with the consent of the Bank during any period that the Letter of Credit is in effect, may (and upon the written request by the owners of not less than **25%** in principal amount of the Bonds outstanding shall) take one or any combination of the following remedial steps:

(a) declare the principal amount of the Loan and the interest accrued thereon to be due and payable, and upon any such declaration such principal and interest shall become immediately due and payable.

(b) pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of, premium, if any, and interest on the Loan, or to preserve any other rights or interests of the Trustee under the Agreement existing at law or in equity.

Loan; Repayment

The Company will repay the Loan as follows: on or before any Interest Payment Date for the Bonds or any other date that any payment of interest, premium, if any, or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of, premium, if any, and interest on the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such purpose in any account of the Debt Service Fund (established under the Indenture) will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Bonds as provided in the Indenture. The Company also will pay or cause to be paid, to the Trustee, such amounts as are necessary to enable the Trustee to pay the purchase price of Bonds delivered to it for purchase, all as more particularly described in the Indenture. The obligation of the Company to make any payment of purchase price of the Bonds will be reduced by the amount of moneys available for such payment in the Remarketing Account of the Bond Purchase Fund (established under the Indenture). In addition, the obligation of the Company to make any payment (whether principal, premium, interest or purchase price) under the Agreement will be deemed satisfied and discharged to the extent of the corresponding payment made by the Bank to the Trustee under the Letter of Credit.

The obligations of the Company to make the payments required under the Agreement and to perform its other agreements contained in the Agreement are absolute and unconditional.

THE INDENTURE

Assignment of Issuer's Interests

The Indenture will constitute an assignment to the Trustee by the Issuer of certain payments made by the Company pursuant to the Agreement and of certain funds created under the Indenture. In addition, under the Indenture the Issuer will assign to the Trustee all of its rights under the Agreement (except for amounts, if any, required to pay rebate to the United States and money or security held in the Bond Purchase Fund established under the Indenture and amounts required to pay the Issuer's fees and expenses and for Issuer indemnification).

Debt Service Fund and Bond Purchase Fund

The Indenture will provide for a Debt Service Fund to be established with the Trustee, which includes therein a Letter of Credit Account, an Eligible Moneys Account and a Non-Eligible Moneys Account. Payments by the Company under the Agreement in respect of principal of, and premium, if any, and interest on the Bonds and any earnings resulting from the investment of moneys on deposit in the Non-Eligible Moneys Account of the Debt Service Fund will be deposited to the Non-Eligible Moneys Account of the Debt Service Fund. Amounts derived by the Trustee from the Letter of Credit for the payment of principal of, premium, if any, and interest on the Bonds will be deposited into the Letter of Credit Account of the Debt Service Fund. Any excess Bond proceeds not needed to complete the Project shall be deposited to the Eligible Moneys Account of the Debt Service Fund. In addition, any other funds initially deposited to the Non-Eligible Moneys Account of the Debt Service Fund which, on account of the passage of time, constitute "Eligible Moneys" shall be transferred to the Eligible Moneys Account of the Debt Service Fund. Amounts deposited to the Debt Service Fund will be applied to the payment of principal of, premium, if any, and interest on the Bonds.

The Indenture also will provide for a Bond Purchase Fund to be established with the Trustee which will include therein a Remarketing Account, a Bank Purchase Account and a Company Purchase Account. Amounts received from the remarketing of Bonds by the Remarketing Agent on account of any optional or mandatory tender will be deposited to the Remarketing Account of the Bond Purchase Fund. Amounts drawn on the Letter of Credit for the purchase of Bonds on account of any optional or mandatory tender will be deposited into the Bank Purchase Account, and amounts, provided by the Company to purchase Bonds, if needed, will be deposited to the Company Purchase Account of the Bond Purchase Fund. Amounts deposited to the Bond Purchase Fund will be used to pay the purchase price of Bonds tendered for optional or mandatory tender. The Trustee will apply such payment first from the Remarketing Account, then from the Bank Purchase Account and finally from the Company Purchase Account.

Project Fund

The Indenture will provide for a Project Fund to be established with the Trustee, which includes therein a Costs of Issuance Account and a Project Account. Moneys in the Costs of Issuance Account in the Project Fund shall be used solely for the purpose of paying costs of issuing the Bonds. Moneys in the Project Account in the Project Fund shall be used for the purpose of paying costs of the Project.

Rebate Fund

The Indenture provides for a Rebate Fund to be established with the Trustee. Amounts deposited to the Rebate Fund by the Company will be used to pay any rebate due to the United States on account of the investment of proceeds of the Bonds.

Investment of Moneys

All moneys held by the Trustee will be invested and reinvested as directed in writing by the Company in accordance with the Indenture and a Tax Compliance Agreement among the Issuer, the Trustee and the Company.

Defeasance

Bonds will be deemed to be paid and discharged and no longer outstanding under the Indenture and will cease to be entitled to any lien, benefit or security of the Indenture if the Issuer shall pay or provide for the payment of such Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of (including redemption premium, if any) and interest on such Bonds, as and when the same become due and payable;

(b) by delivering such Bonds to the Trustee for cancellation; or

(c) by depositing in trust with the Trustee moneys and Government Obligations (as defined below) (provided that, while a Letter of Credit is in effect, such moneys shall constitute Eligible Funds, as defined in the Indenture, and such Government Obligations shall be purchased with moneys that constitute Eligible Funds) in an amount, together with the income or increment to accrue thereon, without consideration of any reinvestment thereof, sufficient to pay or redeem (when redeemable) and discharge the indebtedness on such Bonds at or before their respective maturity or redemption dates (including the payment of the principal of, premium, if any, and interest payable on such Bonds to the maturity or redemption date thereof); provided that, if any such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption is given in accordance with the requirements of the Indenture or provision satisfactory to the Trustee is made for the giving of such notice; and further provided that Bonds that bear interest at other than a Fixed Rate, shall not be deemed to have been paid and discharged within the meaning of the Indenture unless the interest rate payable on such Bonds is calculated at the Maximum Rate.

The term "**Government Obligations**" means (a) bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations on which the fully and timely payment of principal and interest is fully and unconditionally guaranteed by, the United States of America; and (b) evidences of direct ownership of a proportionate or individual interest in future interest or principal payments on specified direct obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian in form and substance satisfactory to the Trustee.

The Bonds may be defeased in advance of their maturity or redemption dates only with cash or Government Obligations pursuant to (c) above, subject to receipt by the Trustee of (1) a verification

report prepared by independent certified public accountants, or other verification agent (which may be the Remarketing Agent), satisfactory to the Trustee, the Issuer and the Bank, to the effect that the payment of the principal of and redemption premium, if any, and interest on all of the Bonds then Outstanding and any and all other amounts required to be paid under the provisions of the Indenture has been provided for in the manner set forth in the Indenture, and (2) an Opinion of Bond Counsel addressed and delivered to the Trustee, the Issuer and the Bank to the effect that so providing for the payment of any Bonds will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes, notwithstanding the satisfaction and discharge of the Indenture.

In any case, if the Bonds are rated by a rating service maintaining a rating on the Bonds, the Bonds shall not be deemed to have been paid or discharged by reason of any deposit pursuant to paragraphs (a) or (c) above unless such rating service shall have confirmed in writing to the Trustee that its rating will not be withdrawn or lowered as the result of any such deposit. Moneys and Government Obligations deposited with the Trustee pursuant to the Indenture shall not be a part of the Trust Estate but shall constitute a separate trust fund for the benefit of the Persons entitled thereto. Such moneys and Government Obligations shall be applied by the Trustee to the payment to the Persons entitled thereto, of the principal and interest for whose payment such moneys and Government Obligations have been deposited with the Trustee.

Events of Default and Remedies

The Indenture provides that each of the following will constitute an Event of Default:

(a) default in the payment of any interest on any Bond when such interest becomes due and payable;

(b) default in the payment of the principal of (or premium, if any, on) any Bond when the same becomes due and payable (whether at maturity, upon proceedings for redemption, by acceleration or otherwise);

(c) default in the payment of the purchase price of any Bond upon tender of such Bond to the Trustee for purchase pursuant to the Indenture when such payment becomes due and payable;

(d) when no Letter of Credit is in effect, default in the performance, or breach, of any covenant or agreement of the Issuer in the Indenture (other than a covenant or agreement a default in the performance or breach of which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of **60** days after there has been given to the Issuer and the Company by the Trustee or to the Issuer, the Company and the Trustee by the owners of at least **25%** in principal amount of the Bonds Outstanding, a written notice specifying such default or breach and requiring it to be remedied; provided, that if such default cannot be fully remedied within such **60**-day period, but can reasonably be expected to be fully remedied, such default shall not constitute an event of default if the Issuer immediately upon receipt of such notice commences the curing of such default and shall thereafter prosecute and complete the same with due diligence and dispatch;

(e) when no Letter of Credit is in effect, any event of default under the Agreement shall occur and is continuing and has not been waived; and

(f) receipt by the Trustee of written notice from the Bank that an Event of Default under the Reimbursement Agreement (as defined therein) has occurred and is continuing and has not been waived by the Bank, accompanied by a written request of the Bank to accelerate the payment of principal of and interest on the Bonds.

If an Event of Default occurs and is continuing, and if the Letter of Credit is in effect and the Bank is not in default in its payment obligations thereunder, then the Trustee upon demand of the Bank shall declare the Bonds to be immediately due and payable and the Trustee shall immediately make an acceleration draw on the Letter of Credit in the amount due and payable to the bond owners and will be immediately applied to pay the Bonds. However, in no event will the principal of and interest on the Bonds be declared due and payable without receipt by the Trustee of the prior written consent to such action by the Bank, so long as the Bank is not then in default of its payment obligations under the Letter of Credit. At the option and written direction of the Bank, the Trustee may either accelerate, redeem and cancel the Bonds or purchase and hold the Bonds for the account of the Bank.

Upon the occurrence of an Event of Default described in (a), (b), (c) or (f) above while a Letter of Credit is in effect, the Trustee shall pursuant to the Indenture, by notice to the Issuer, the holders, the Bank, the Remarketing Agent and the Company, declare the entire unpaid principal of and premium, if any, and interest on the Bonds immediately due and payable and, thereupon, the entire unpaid principal of an premium, if any, and interest on the Bonds shall forthwith become immediately due and payable.

In all other cases, if an Event of Default occurs and is continuing, the Trustee may, and upon the written request of the owners of not less than **25%** in aggregate principal amount of Bonds then outstanding will, by notice in writing delivered to the Issuer, the Company and the Bank, immediately declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest will thereupon become and be immediately due and payable.

At any time after a declaration of acceleration has been made, but prior to any judgment or decree for payment of money due on any Bonds has been obtained, the declaration of acceleration may be rescinded and annulled by written notice of the majority in principal amount of the outstanding Bonds subject to the following conditions: (i) there is deposited with the Trustee a sum sufficient to pay (1) all overdue installments of interest on all Bonds, (2) the principal of any Bonds which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Bonds, and (3) all sums paid or advanced by the Trustee under the Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and (ii) all events of default, other than the non-payment of the principal of Bonds which have become due solely by such declaration of acceleration, have been cured or have been waived as provided in the Indenture. In addition, if the Letter of Credit is in effect, no declaration of acceleration of the Bonds will be annulled and rescinded without (i) receipt by the Trustee of the prior written consent to such action by the Bank, provided that the Bank is not then in default of its payment obligations under the Letter of Credit, and (ii) receipt by the Trustee of written evidence from the Bank that the Letter of Credit has been reinstated to the full stated amount in effect just prior to any acceleration drawing and that the Bank has rescinded any declaration of default under the Reimbursement Agreement.

Upon the acceleration of the maturity of the bonds, by declaration or otherwise, the Trustee will immediately draw upon the Letter of Credit for the aggregate unpaid principal amount of the Bonds and all premiums, if any (but only to the extent permitted in the Letter of Credit), and interest accrued thereon which shall be applied immediately as set forth in the Indenture.

So long as a Letter of Credit is in effect and the Bank has not wrongfully failed to honor a properly presented draw, the Trustee shall exercise any other remedies provided under the Indenture at the written direction or consent of the Bank. Subject to the provisions described above, the owners of a majority in aggregate principal amount of Bonds then outstanding under the Indenture will have the right to direct the conduct of the Trustee in the enforcement of the Indenture, the Agreement, or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction may not be otherwise than in accordance with the provisions of law and of the Indenture or expose the Trustee to personal liability, and the Trustee must be indemnified as provided in the Indenture.

No owner of any Bond will have the right under the Indenture to institute any suit for any remedy (other than to enforce such owner's right to receive principal of, premium, if any, and interest on such Bond when due), unless a default has occurred of which the Trustee has been notified, or is deemed to have notice, in accordance with the Indenture, and unless such default has become an Event of Default and the owners of at least **25%** in aggregate principal amount of the Bonds then outstanding have made written request to the Trustee, and unless satisfactory indemnity has been offered to the Trustee against the costs and expenses to be incurred and the Trustee thereafter has failed or refused for **60** days to exercise its powers under the Indenture. No owner of any Bond will have any right to initiate any suit, action or proceeding at equity or at law to enforce a drawing under the Letter of Credit.

Supplemental Indentures, Consents and Amendments

The Issuer and the Trustee, without the consent of any of the Bondholders, but with the prior written consent of the Bank, may enter into any indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(a) to more precisely identify the Project financed out of the proceeds of the Bonds, or to substitute or add additional property thereto as permitted by the Agreement, or to correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;

(b) to add to the conditions, limitations and restrictions on the authorized amount, terms or purposes of issue, authentication and delivery of the Bonds, additional conditions, limitations and restrictions thereafter to be observed;

(c) to evidence the appointment of a separate trustee or the succession of a new trustee under the Indenture, or the appointment of a new Remarketing Agent or Trustee, and in connection therewith to change any times of day specified in the Indenture by which any action must be taken;

(d) while the Bonds bear interest at Weekly Rates or Commercial Paper Rates, (1) to alter the manner in which the Remarketing Agent may, in the reasonable exercise of its judgment, act pursuant to the Indenture to increase the likelihood of achieving the lowest net interest cost during the term of the Bonds, but only if the Company provides to the Trustee and the Issuer an Opinion of Bond Counsel to the effect that the amendment will not adversely affect the exclusion from gross income on any Bonds for federal income tax purposes, (2) to change the number of days specified for the giving of notices in connection with a conversion of the Bonds to a different interest rate period and to make corresponding changes to the period for notice of

mandatory tender of the Bonds, to provide for an uncertificated system of registering the Bonds or to provide for changes to or from the Book-Entry System, to make any change to be effective on a mandatory tender date if disclosed to all purchasers on the tender date; to make any change necessary to secure from a Rating Agency a rating on the Bonds equal to the then current rating on the unsecured indebtedness of the Bank (or the parent company of the Bank), to add another method of determining the interest rate on the Bonds, and to make any change necessary to preserve the exclusion of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, or (3) to alter, prior to the applicable conversion of the Bonds to a Fixed Rate, the manner in which a schedule of principal payments and the interest rate may be set, or the redemption provisions to be applicable to Bonds accruing interest at a Fixed Rate, but only if the Company provides to the Trustee and the Issuer an Opinion of Bond Counsel to the effect that the amendment will not adversely affect the exclusion from gross income on any Bonds for federal income tax purposes;

(e) to add to the covenants of the Issuer or to the rights, powers and remedies of the Trustee for the benefit of the owners of all of the Bonds or to surrender any right or power conferred in the Indenture upon the Issuer;

(f) to cure any ambiguity, to correct or supplement any provision in the Indenture which may be inconsistent with any other provision therein or to make any other change, with respect to matters or questions arising under the Indenture, provided such action shall not materially adversely affect the interests of the owners of the Bonds;

(g) to provide for an Alternate Letter of Credit, or to make any amendments required to secure a rating on the Bonds from a rating agency to the rating of the Bank's unsecured indebtedness; or

(h) to modify, eliminate or add to the provisions of the Indenture to such extent as shall be necessary to effect the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, or to permit the qualification of the Bonds for sale under the securities laws of the United States or any state of the United States.

No such supplemental indenture will modify the rights, duties or immunities of the Trustee without the written consent of the Trustee.

The Issuer and the Trustee may enter into one or more supplemental indentures for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the owners of the Bonds under the Indenture with the consent of the Bank and the owners of not less than a majority in principal amount of the Bonds then outstanding affected by such supplemental indenture; provided, however, that no such supplemental indenture shall, without the consent of the owner of each Outstanding Bond affected thereby:

(a) change the stated maturity of the principal of, or any installment of interest on, any Bond, or reduce the principal amount or purchase price thereof or the interest thereon or any premium payable upon the redemption thereof, or change any place of payment where, or the coin or currency in which, any Bond, or the interest thereon is payable, or impair the right to

institute suit for the enforcement of any such payment on or after the stated maturity thereof (or, in the case of redemption, on or after the redemption date);

(b) reduce the percentage in principal amount of the Bonds, the consent of whose owners is required for any such supplemental indenture, or the consent of whose owners is required for any waiver provided for in the Indenture of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences;

(c) modify the obligation of the Issuer to make payment on or provide funds for the payment of any Bond;

(d) modify or alter the provisions relating to when a Bond is treated as "outstanding" under the Indenture;

(e) modify any of the provisions of the Indenture relating to supplemental indentures and waivers of defaults under the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the owner of each Bond affected thereby; or

(f) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the trust estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the owner of any Bond of the security afforded by the lien of the Indenture.

The Trustee

The Trustee, prior to the occurrence of any Event of Default which may have occurred, will undertake to perform such duties and only such duties as are specifically set forth in the Indenture. In case an Event of Default has occurred (which has not been cured or waived) the Trustee will exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent corporate trustee would exercise or use under the circumstances.

The Trustee may resign at any time by giving written notice thereof to the Issuer, the Company, the Bank, the Remarketing Agent and each owner of Bonds as shown by the list of bondowners required by the Indenture to be kept by the Trustee. If an instrument of acceptance by a successor Trustee is not delivered to the Trustee within **30** days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Issuer, the Bank, the Remarketing Agent and the Trustee signed by the owners of a majority in principal amount of the Outstanding Bonds, or, so long as the Company is not in default under the Agreement, by the Company. The Issuer, the Company, the Bank or any bondowner may at any time petition any court of competent jurisdiction for the removal for cause of the Trustee.

Every successor Trustee must be a commercial bank or trust company organized and doing business under the laws of the United States of America or of any state thereof, authorized under such laws to exercise corporate trust powers, subject to supervision or examination by federal or state authority, and having a combined capital and surplus of at least **$50,000,000**, or must provide a guaranty

of the full and prompt performance by the Trustee of its obligations under this Indenture and any other agreements made in connection with the Bonds, on terms satisfactory to the Issuer, by a guarantor with such combined capital and surplus. The Trustee will also serve as tender agent pursuant to the terms of the Indenture. The Company may have other normal and customary banking relationships with the Trustee.

UNDERWRITING

Under the terms of an Underwriting Agreement with the Issuer, as approved by the Company, Banc of America Securities LLC (the "**Underwriter**") has proposed, subject to the approval of certain legal matters by counsel and to certain other conditions, to purchase the Bonds from the Issuer at the public offering price set forth on the cover page of this Official Statement. As compensation for purchasing and distributing the Bonds, the Company will pay to the Underwriter an underwriting commission of 0.675%, exclusive of out of pocket expenses. The Underwriter will agree to purchase all of the Bonds if any of the Bonds are purchased. The Company will indemnify the Underwriter and the Issuer against certain liabilities, including certain liabilities under federal securities laws relating to the Bonds. In the ordinary course of their respective businesses, the Underwriter and certain of its affiliates may have engaged, and may in the future engage, in investment banking or commercial banking transactions with the Company and its affiliates.

TAX EXEMPTION

In the opinion of Troutman Sanders Mays & Valentine LLP, Bond Counsel, subject to compliance by the Issuer and the Company with certain covenants and requirements of the Code, interest on the Bonds is not includable in gross income for federal income tax purposes under existing statutes, regulations and rulings, except that no opinion is expressed with respect to interest on any Bond for any period during which such Bond is held by a "substantial user" of the Project or a "related person", as these terms are used in the Code. Failure by the Issuer and the Company to comply with such covenants and requirements may cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

Interest on the Bonds will be treated as an item of tax preference for federal income tax purposes in calculating the alternative minimum tax liability of individuals and corporations and will be taken into account in computing the environmental tax liability of certain corporations and the "branch profits tax" of certain foreign corporations imposed by the Code.

Ownership of tax-exempt obligations may result in collateral income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations.

Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of any collateral income tax consequences.

Virginia Taxes

In the opinion of Bond Counsel, under existing statutes, interest on the Bonds will be exempt from income taxation by the State and by any political subdivision thereof. Prospective purchasers of the

Bonds should consult their tax advisors as to the exemption of interest on the Bonds from taxation in states other than Virginia.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the approving legal opinion of Troutman Sanders Mays & Valentine LLP, Richmond, Virginia, Bond Counsel. The form of such opinion is included as **Appendix B** hereto. Certain legal matters will be passed upon for the Company by Troutman Sanders Mays & Valentine LLP, counsel to the Company. Certain legal matters will be passed upon for the Bank by Smith Helms Mulliss & Moore, L.L.P., Charlotte, North Carolina, special counsel to the Bank. Certain legal matters will be passed upon for the Issuer by the Office of the County Attorney for the County of Henrico, Virginia, counsel to the Issuer. Certain legal matters will be passed upon for the Underwriter by Ballard Spahr Andrews & Ingersoll, LLP, Philadelphia, Pennsylvania, special counsel to the Underwriter.

Except as specifically set forth below, Bond Counsel has not prepared and does not pass upon the accuracy or completeness of this Official Statement. No person is entitled to rely on such firm's limited participation as an assumption of responsibility for or an expression of any kind with regard to the accuracy or completeness of any information contained herein. Bond Counsel has reviewed the information appearing under the captions "THE BONDS" (other than the heading "Book-Entry System"), "THE AGREEMENT," "THE INDENTURE," "TAX EXEMPTION" and in **Appendix B**.

RATING

Standard & Poor's Ratings Service ("S&P") has assigned a long-term rating of "AA-" and a short-term rating of "A-1+" to the Bonds. Such ratings are based on the credit of the Bank and reflect only the view of S&P. S&P rates long-term certificates of deposit of the Bank as "AA-" and short-term certificates of deposit, banker's acceptances, etc. of the Bank as "A-1+." An explanation of the significance of such ratings may be obtained from S&P.

There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Neither the Underwriter nor the Remarketing Agent has undertaken any responsibility either to bring to the attention of the holders of the Bonds any proposed revision or withdrawal of the ratings of the Bonds or to oppose any such proposed revision or withdrawal. A downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

LITIGATION

The Issuer

No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to its knowledge, threatened against the Issuer with respect to (i) the organization and existence of the Issuer, (ii) the Issuer's authority to execute or deliver the Agreement, the Indenture, the Underwriting Agreement or the Bonds, (iii) the validity or enforceability of the Agreement, the Indenture, the Underwriting Agreement or the Bonds, or the transactions contemplated thereby, (iv) the title of any officer of the Issuer who executed the Agreement, the Indenture, the Underwriting Agreement or the Bonds or (v) any authorization or proceedings related to the execution and delivery of the Agreement, the Indenture, the Underwriting Agreement or the Bonds, on behalf of the Issuer, and no such authorization or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

The Company

There is no litigation at law or in equity or any proceeding before any governmental agency involving the Company pending or, to the knowledge of the Company, threatened in which any liability of the Company is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Company or that would affect the validity of the Agreement, the Remarketing Agreement, the Tax Agreement, the Underwriting Agreement or the Reimbursement Agreement or the performance of the Company's obligations thereunder.

CONTINUING DISCLOSURE

The Bonds are exempt from the continuing disclosure requirements of paragraph (b)(5) of Rule 15c2-12 (the "**Rule**") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 so long as they bear interest at a Weekly Rate or Commercial Paper Rates. If the Company converts the Bonds to bear interest at a Fixed Rate, the Bonds will become subject to the continuing disclosure requirements of the Rule and, in such event, the Company has agreed to comply with the requirements of the Rule which include, among other things, entering into an undertaking to provide continuing information as required by the Rule.

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APPENDIX A

BANK OF AMERICA, N.A.

The information contained herein as Appendix A to the Official Statement has been obtained from Bank of America, N.A. The Issuer, the Company and the Underwriter make no representations as to the accuracy or completeness of such information.

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APPENDIX A

CERTAIN INFORMATION CONCERNING THE BANK

Bank of America, N.A. (the *"Bank"*), is a national banking association organized under the laws of the United States, and its principal executive offices are located in Charlotte, North Carolina. The Bank is a wholly owned indirect subsidiary of Bank of America Corporation and is engaged in general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of December 31, 2000, the Bank had consolidated assets of $584 billion, consolidated deposits of $386 billion and stockholder's equity of $49 billion based on regulatory accounting principles.

Bank of America Corporation is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding Bank of America Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 1999, together with any subsequent documents it filed with the Securities and Exchange Commission (the "*Commission*") pursuant to the Securities Exchange Act of 1934, as amended (the "*Exchange Act*").

The Letter of Credit has been issued by the Bank. Moody's Investors Service, Inc. ("*Moody's*") currently rates the Bank's long-term certificates of deposit as "Aa1" and short-term certificates of deposit as "P-1". Standard & Poor's Rating Services ("*Standard & Poor's*") rates the Bank's long-term certificates of deposit as "AA-" and its short-term certificates of deposit as "A-1+". Fitch IBCA, Inc. (*"Fitch"*) rates long-term certificates of deposit of the Bank as "AA" and short-term certificates of deposit as "F1+." Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Bank's instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the Commission pursuant to the Exchange Act), and the most recent publicly available portions of the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communications

PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF

REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF BANK OF AMERICA CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The information contained in this Appendix A relates to and has been obtained from the Bank. The information concerning Bank of America Corporation and the Bank contained herein is furnished solely to provide limited introductory information regarding Bank of America Corporation and the Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery hereof shall not create any implication that there has been no change in the affairs of Bank of America Corporation or the Bank since the date hereof, or that the information contained or referred to in this Appendix A is correct as of any time subsequent to its date.

APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

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TROUTMAN SANDERS MAYS & VALENTINE LLP

ATTORNEYS AT LAW
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March 8, 2001

Economic Development Authority
of Henrico County, Virginia
Suite 160, B Building
8011 Villa Park Drive
Richmond, Virginia 23228

Banc of America Securities LLC,
as the Underwriter
600 Peachtree Street, NE, 12th Floor
Atlanta, Georgia 30308

Infineon Technologies Richmond, LP
6000 Technology Boulevard
Sandston, Virginia 23150

First Union National Bank, as Trustee
800 East Main Street
Richmond, Virginia 23219

Bank of America, N.A., as issuer of the
Letter of Credit
121 W. Trade Street, 12th Floor
Charlotte, North Carolina 28255

$35,000,000
Economic Development Authority of Henrico County, Virginia
Exempt Facility Revenue Bonds
(Infineon Technologies Richmond, LP Project),
Series 2001

We have served as Bond Counsel in connection with the issuance by the Economic Development Authority of Henrico County, Virginia (the "Issuer") of its $35,000,000 Exempt Facility Revenue Bonds (Infineon Technologies Richmond, LP Project), Series 2001 (the "Bonds") pursuant to the terms of the Trust Indenture, dated as of March 1, 2001 (the "Indenture"), between the Issuer and First Union National Bank, as trustee (the "Trustee"), and the Loan Agreement, dated as of March 1, 2001 (the "Agreement"), between the Issuer and Infineon Technologies Richmond, LP, a Delaware limited partnership (the "Company"). All capitalized terms not otherwise defined herein shall have the same meaning as set forth in Article I of the Indenture.

In connection with our opinion, we have examined the Industrial Development and Revenue Bond Act, Chapter 49, Title 15.2, Code of Virginia of 1950, as amended (the

"Act"), certified copies of proceedings and other papers relating to the issuance and sale by the Issuer of the Bonds, including the resolutions adopted by the Issuer on January 18, 2001 and February 15, 2001 (together, the "Resolutions"), the Bonds, the Indenture and the Agreement.

The Bonds are dated the date of their issuance. Principal and purchase price of, premium, if any, and interest on the Bonds are payable at such times, in such manner and at the rate provided therein. The Bonds are payable solely from the funds provided pursuant to the Indenture. We refer you to the Bonds and the Indenture for a description of the purposes for which the Bonds are issued and the security therefor.

With respect to the due authorization, execution and delivery of the Letter of Credit by the Bank and the validity and binding effect of it against the Bank, we refer you to the opinion of Smith Helms Mulliss & Moore, L.L.P., Counsel to the Bank, dated the date hereof.

As to questions of fact material to our opinion and the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), we have relied upon representations of and assumed compliance with covenants by the Company and the Issuer contained in the Agreement and the Indenture, certificates of public officials furnished to us, and certificates of representatives of the Company and the Issuer, without undertaking any independent verification.

Based on the foregoing, we are of the opinion that:

1. The Issuer is a duly organized and validly existing political subdivision of the State pursuant to the Act, vested with the rights and powers conferred upon the Issuer under the Act.

2. The Bonds have been duly authorized, executed and issued by the Issuer in accordance with the Act and the Indenture and, subject to paragraph 4 below, constitute valid, binding and enforceable limited obligations of the Issuer, payable as to principal, purchase price, premium, if any, and interest solely from the revenues and receipts, if any, derived from the Agreement, from amounts drawn under the Letter of Credit and other security pledged therefor. The Bonds do not create or constitute a general obligation debt or pledge of the faith and credit or taxing power of the State or any political subdivision thereof, including the County and the Issuer. The Bonds are entitled to the benefit and security of the Indenture to the extent set forth therein.

3. The Indenture and the Agreement have been duly authorized, executed and delivered by the Issuer and, subject to paragraph 4 below, constitute valid and binding agreements of the Issuer, enforceable against the Issuer in accordance with their terms. The Resolutions have been duly adopted by the Issuer and are in full force and effect in the form adopted.

4. The obligations of the Issuer under the Bonds, the Indenture and the Agreement are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally. Such obligations are also subject to usual equitable principles, which may limit the specific enforcement of certain remedies but which do not affect the validity of such documents. Certain indemnity provisions of such documents may be unenforceable pursuant to court decisions invalidating such indemnity provisions on grounds of public policy.

5. Under existing statutes, regulations and rulings, interest on the Bonds is excludable from gross income for federal income tax purposes, except that interest on any Bond shall not be excludable from gross income for federal income tax purposes for any period during

which such Bond is held by a person who is a "substantial user" of the Project or a "related person," within the meaning of Section 147(a) of the Code. It should be noted, however, that interest on the Bonds is an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion set forth in the first sentence of this paragraph is subject to the condition that the Issuer and the Company comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Company have covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of the issuance of the Bonds.

We express no opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

No opinion is expressed herein as to the excludability of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes on or after a Conversion Date with respect to the commencement of a Fixed Rate Period or the delivery to the Trustee of an Alternate Letter of Credit. A subsequent Opinion of Bond Counsel is required to be furnished prior to the Conversion Date with respect to the commencement of a Fixed Rate Period or the delivery of such Alternate Letter of Credit, and this opinion is rendered with the understanding that in the event such subsequent Opinion of Bond Counsel is obtained, such subsequent opinion will be the only opinion upon which any person will be entitled to rely with respect to the matters addressed therein, and the opinion set forth in this paragraph shall not be deemed to address such matters.

6. In accordance with the Act, as in effect on the date hereof, interest on the Bonds is exempt from all income taxation by the State and any political subdivision thereof.

We have not examined any documents or other information concerning the business or financial resources of the Company or the Bank, and, therefore, we express no opinion as to the accuracy or completeness of any information that may have been relied upon by the owners of the Bonds in making their decision to purchase such Bonds or the Bank in making its decision to issue the Letter of Credit. This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or changes in law that may hereafter occur.

Very truly yours,