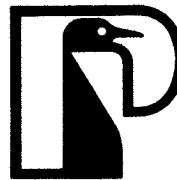




ROBERT D. McNEIL
PRESIDENT



PENGUIN INDUSTRIES, INC.
EXECUTIVE OFFICES
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COATESVILLE, PA 19320
TEL: 610.857.2000
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March 24, 2008

Joe DiSciullo, Chairman
Redevelopment Authority of
The City of Coatesville
One City Hall Place
Coatesville, PA 19320

RE: The "Flats Property"

Dear Joe,

Penguin Real Estate Investors, LP hereby withdraws our offer to purchase the property known as the "Flats".

Having confirmed Harry Walker's comments in the Daily Local News, March 18, 2008 article, titled "City gets another offer for The Flats", in which Harry described the offer as "better than anything else on the table" as well as having talked directly with Harry today and being told that the other offer is from Baker Homes and is in the amount of \$5 million cash with a fast settlement, we feel that at this time it is prudent to stop our pursuit of this property.

Unfortunately, we feel that we were treated as a pawn for the last 6 months, while City's management continued to look for other buyers, including power plants, even after the RDA had approved Penguin Real Estate Investors' offer.

As a caring resident of Coatesville, it is my sincere hope that the right decision was made and that the larger cash offer and their development of the Flats is even better than what we had hoped for.

We would like to thank the members of the RDA for their support and to those on the City Council who supported us for believing that our intentions were in the best interests for Coatesville. We also very much appreciated the support of the Coatesville residents that backed our vision to the gateway to the City.

Sincerely,

Robert D. McNeil
RDM/mt

Cc: Harry Walker
Karen Jorgenson
Joseph Riper
James P. Lisa, Jr.
Frank LaMarr