
COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY

and

MCDHARMON, LLC

AGENCY LEASE AGREEMENT

Dated as of March 25, 2011

THIS AGENCY LEASE AGREEMENT (this "Lease") is dated as of the ____ day of March, 2011 by and between the **COUNTY OF CHAUTAUQUA INDUSTRIAL DEVELOPMENT AGENCY**, a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State of New York, having an office at 200 Harrison Street, Jamestown, NY 14701 ("Agency") and **MCDHARMON, LLC**, a limited liability company organized and existing under the laws of the State of New York, having an address at c/o McGuire Development Co., 560 Delaware Avenue, Suite 300, Buffalo, NY 14202 ("Lessee").

WITNESSETH:

WHEREAS, the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") authorizes and provides for the creation of industrial development agencies in the several counties, cities, villages and towns in the State of New York and empowers such agencies, among other things, to promote, develop, encourage and assist in the acquiring, construction, reconstruction, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, among others, including industrial pollution control facilities, and to thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and to improve their prosperity and standard of living;

WHEREAS, in accordance with the provisions of the Enabling Act, the Agency was established pursuant to Chapter 71 of the 1972 Laws of the State of New York, as amended, constituting Section 895-h of the New York General Municipal Law (said Chapter and the Enabling Act, each as amended from time to time, collectively, the "Act"), for the benefit of the County of Chautauqua and its inhabitants;

WHEREAS, to accomplish its stated purposes, the Agency is authorized and empowered under the Act to acquire, construct, reconstruct and install one or more "projects" (as defined in the Act), or to cause said projects to be acquired, constructed, reconstructed and installed and to convey said projects or to lease said projects with the obligation to purchase;

WHEREAS, SKF USA Inc., a corporation organized and existing under the laws of the State of Delaware and qualified to do business in the State of New York as a foreign corporation (the "Applicant" or "Sublessee"), presented an application (the "Application") to the Agency, which Application requested that the Agency consider undertaking a project in one (1) or more phases (collectively, the "Project") consisting of the following: (A) (1) the acquisition of an interest in an approximately 66.3 acre parcel of land located at and around One Maroco Road, in the Village of Falconer and Town of Ellicott, County of Chautauqua, New York (the "One Maroco Parcel"), (2) the making of certain improvements to an existing approximately 216,700 square foot building, together with related improvements, located on the One Maroco Parcel (collectively, the "Existing Building"), and (3) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment (the "One Maroco Equipment"), all of the foregoing to constitute a manufacturing and commercial facility (collectively, the "One Maroco Project Facility"); (B) (1) the acquisition of an interest in an approximately 5.85 acre

parcel of land located adjacent to the One Maroco Parcel, in the Village of Falconer and Town of Ellicott, County of Chautauqua, New York (the "Expansion Parcel"), (2) the construction of one (1) or more buildings comprising approximately 96,000 square feet, together with related improvements, on the Expansion Parcel (collectively, the "New Building"), and (3) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment (the "New Equipment"), all of the foregoing to constitute a manufacturing and commercial facility (collectively, the "New Project Facility"); (C) the granting of certain "financial assistance" (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including potential exemptions or partial exemptions from sales and use taxes, mortgage recording taxes and real property taxes (but not including special assessments and ad valorem levies) (collectively, the "Financial Assistance"); (D) the lease (with an obligation to purchase) or sale of the One Maroco Project Facility to the Applicant or such other entity as may be designated by the Applicant and agreed upon by the Agency; and (E) the lease (with an obligation to purchase) or sale of the New Project Facility to the Applicant or such other entity as may be designated by the Applicant and agreed upon by the Agency and, if applicable, the sublease of the New Project Facility by such other entity to the Applicant;

WHEREAS, the Applicant desires to develop the New Project Facility in more than one (1) phase, and requested that the Agency undertake the first phase of such portion of the Project consisting of the following: (1) the acquisition of an interest in the approximately 4.00 acre portion of the Expansion Parcel more particularly described on Schedule A attached to this Lease (the "Phase 1 Expansion Parcel" which is also referred to herein as the "Land"), (2) the construction of a new approximately 66,000 square foot building, together with related improvements, on the Land (collectively, the "Phase 1 New Building" which is also referred to herein as the "Building"), and (3) the acquisition and installation therein and thereon of certain furniture, fixtures, machinery and equipment (the "Phase 1 New Equipment" which is also referred to herein as the "Equipment"), all of the foregoing to constitute a manufacturing and commercial facility (collectively, the "Phase 1 New Project Facility" which is also referred to herein as the "Project Facility");

WHEREAS, the Applicant proposed that Lessee be the lessee under this Lease for purposes of constructing, installing and equipping the Project Facility on behalf of the Applicant and the Agency has approved such proposal;

WHEREAS, pursuant to a resolution passed by the Agency on May 21, 2010 (the "Authorizing Resolution"), the Agency agreed to undertake the Project and to execute and deliver the Transaction Documents (as defined below);

WHEREAS, the Agency proposes to appoint Lessee and the Applicant as agents of the Agency to undertake the acquisition, construction, installation and equipping of the Project Facility and to lease the Project Facility to Lessee, and Lessee and the Applicant desire to act as agents of the Agency to undertake the acquisition, construction, installation and equipping of the Project Facility and Lessee desires to lease the Project Facility from the Agency, all pursuant to the terms and conditions hereinafter set forth in this Lease and the other Transaction Documents;

WHEREAS, the acquisition of the Project Facility, the lease of the Project Facility, the subleasing of the Project Facility by Lessee to the Applicant and the granting of the Financial Assistance by the Agency to Lessee and the Applicant are for proper purposes, including, without limitation, the advancement of job opportunities, health, general prosperity and economic welfare of the people of the State of New York and the improvement of their prosperity and standard of living;

WHEREAS, immediately prior to the execution and delivery of this Lease, Lessee will execute and deliver or cause to be executed and delivered to the Agency (A) a certain deed dated as of the date hereof (the "Deed to the Agency") from Lessee to the Agency, which conveys to the Agency all right, title and interest of Lessee in and to the Premises (as defined below), and (B) a bill of sale dated as of the date hereof (the "Bill of Sale to Agency"), which conveys to the Agency all right, title and interest of Lessee in and to the Equipment;

WHEREAS, pursuant to a certain Payment in Lieu of Taxes Agreement of even date herewith (the "Pilot Agreement") among Lessee, the Applicant and the Agency, Lessee and the Applicant have agreed to make certain payments in lieu of real property taxes with respect to the Land and the improvements thereon;

WHEREAS, Lessee and the Applicant anticipate that either or both of them will enter into a mortgage loan transaction with a bank or lending institution (the "Bank"), after the date hereof, and will request from the Agency a mortgage recording tax exemption in connection therewith, and the Agency is willing to provide such exemption, subject to satisfactory review of the documents evidencing such loan and further subject to the terms of the Authorizing Resolution;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreement herein contained, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

1.1. Definitions. The following words and terms used in this Lease shall have the respective meanings set forth below:

"Applicable Laws" means all current and future statutes, codes, laws, acts, ordinances, treaties, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions, determinations and requirements, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to or affect the Project Facility or any part thereof or the conduct of work on the Project Facility or any part thereof or to the operation, use, manner of use or condition of the Project Facility or any part thereof (the applicability of the foregoing to be determined both as if the Agency were the owner of the Project Facility and as if Lessee and not the Agency were the owner of the Project Facility).

“Applicant” shall have the meaning assigned to such term in the recitals to this Lease.

“Approved Agents” shall mean those Persons set forth on Schedule B to this Lease, as such Schedule B may be amended or supplemented from time to time with the written consent of the Agency, which consent shall not be unreasonably withheld, conditioned or delayed, subject to the execution and delivery of such agreements and documentation as the Agency may require in connection therewith.

“Assignment Notice” shall have the meaning assigned to such term in Section 7.8(a) of this Lease.

“Authorized Representative” means the person or persons at the time designated to act on behalf of the Agency, Lessee or the Sublessee, as the case may be, by written certificate furnished to the Agency, Lessee or the Sublessee, as the case may be, containing the specimen signature of each such person.

“Bank” shall have the meaning assigned to such term in the recitals to this Lease.

“Bank Documents” shall mean the one (1) or more mortgages, loan agreements and/or assignments of leases and rents encumbering the Premises, dated after the date hereof, among the Agency, the Bank, Lessee and/or Sublessee, which documents and agreements shall be in form and substance satisfactory to the Agency and Counsel to the Agency:

“Closing” means the closing at which the Transaction Documents are executed and delivered by Lessee and Sublessee to the Agency.

“Closing Date” means the date of the Closing.

“Counsel” means an attorney, or firm of attorneys, admitted to practice before the highest court of any State of the United States of America or the District of Columbia (who may be counsel for the Agency, Lessee or Sublessee).

“County” means Chautauqua County, New York.

“Environmental Laws” means all federal, state and local environmental, land use, zoning, health, chemical use, safety and sanitation laws, statutes, ordinances, regulations, codes and rules relating to the protection of the environment and/or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Materials, including but not limited to, each of the following statutes, as well as any and all comparable statutes and regulations of the United States, the State of New York, the County of Chautauqua, or any applicable municipal authority effective on or after the effective date of this Lease: Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Section 1251, et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 3300F et seq.; and the Toxic Substances Control Act, 15 U.S.C. Section 2601, et seq.

“Environmental Permits” means all permits, approvals, identification numbers, licenses, registrations, and other authorizations required under any applicable Environmental Laws.

“Equipment” means all those materials, machinery, equipment, fixtures or furnishings intended to be acquired with the proceeds of any payment made by Lessee pursuant to this Lease, and such substitutions and replacements therefor as may be made from time to time pursuant to this Lease, including without limitation, all the property described in Exhibit A attached hereto. “Equipment” shall not include: (i) rolling stock, (ii) any item of personalty having a useful life of less than one (1) year or which shall not constitute a tangible capital asset, (iii) plants, shrubs, trees, flowers, lawns or plants, or (iv) fine art or other similar decorative items.

“Event of Default” (collectively, “Events of Default”) means any of the events or conditions designated as such in this Lease.

“Hazardous Materials” means all hazardous materials, including, without limitation, any explosives, radioactive materials, radon, asbestos-containing materials, urea formaldehyde foam insulation, polychlorinated biphenyls, lead based paints, petroleum, petroleum products, methane, hazardous materials, hazardous chemicals, hazardous wastes, extremely hazardous wastes, restricted hazardous wastes, hazardous or toxic substances, toxic pollutants, hazardous air pollutants, pollutants, contaminants, toxic chemicals, toxics, pesticides or related materials as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Clean Water Act, as amended (33 U.S.C. Section 1251 et seq.), the Safe Drinking Water Act, as amended (42 U.S.C. Section 300f, et seq.) the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), Articles 15 or 27 of the New York State Environmental Conservation Law, or in the regulations adopted and publications promulgated pursuant thereto, or any other federal, state or local environmental law, ordinance, rule or regulation.

“Lien” means any interest in personal or real property securing an obligation owed to a Person whether such interest is based on the common law, statute or contract. The term “Lien” includes reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances affecting real property.

“Net Proceeds” means the amount of the gross proceeds with respect to which that term is used as remain after payment of all expenses, costs and taxes (including attorneys’ fees) incurred in obtaining such gross proceeds.

“Permitted Encumbrances” means (i) Liens described in the title insurance policy referred to in Section 3.4 of this Lease, (ii) this Lease, (iii) utility, access and other easements and rights of way, restrictions and exceptions that do not materially impair the utility or the value of the property affected thereby for the purposes for which it is intended, (iv) mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar Liens to the extent permitted by the

Lease, (v) Liens for taxes at the time not delinquent, and (vi) any lien or security interest granted by Lessee and/or Sublessee in favor of the Bank pursuant to the Bank Documents.

“Person” means an individual, partnership, corporation, association, joint venture, trust or unincorporated organization, and a government or governmental agency or political subdivision thereof.

“Pilot Agreement” shall have the meaning assigned to such term in the recitals to this Lease.

“Plans and Specifications” means the plans and specifications for the Project Facility prepared by Lessee’s or Sublessee’s architect and approved by the Agency and all applicable governmental authorities.

“Premises” means the Land, together with the Building and the other improvements located thereon.

“Recapture Event” shall have the meaning assigned to such term in Section 9.4 of this Lease.

“Related Lease” means the Agency Lease Agreement dated the date hereof between the Agency, as lessor, and the Applicant, as lessee, with respect to the One Maroco Project Facility.

“Sales Tax Letter” shall have the meaning assigned to such term in Section 3.5 of this Lease.

“SEQR Act” means the State Environmental Quality Review Act and the regulations thereunder.

“State” means the State of New York.

“Sublease Agreement” means the Sublease Agreement dated the date hereof between Lessee, as sublessor, and Sublessee, as sublessee.

“Sublessee” shall have the meaning assigned to such term in the recitals to this Lease.

“Title Company” means Chicago Title Insurance Company.

“Transaction Documents” means the Deed to the Agency, the Bill of Sale to Agency, the Pilot Agreement, this Lease, the Sublease Agreement, the Sales Tax Letter and all other instruments, agreements, certificates and documents related thereto and executed in connection therewith, and any other instrument, agreement, certificate or document supplemental thereto, each as amended from time to time.

“Unassigned Rights” means, collectively: (a) the right of the Agency in its own behalf to receive all opinions of counsel, reports, financial statements, certificates, insurance policies or insurance binders or certificates, or other notices or communications required to be delivered to

the Agency under this Lease; (b) the right of the Agency to grant or withhold any consents or approvals required of the Agency under this Lease; (c) the right of the Agency to enforce on its own behalf the obligation of Lessee to complete the Project as contemplated hereby; (d) the right of the Agency to enforce or otherwise exercise in its own behalf all agreements of Lessee and Sublessee with respect to ensuring that the Project Facility shall, during the term hereof, constitute a qualified "project" as defined in and as contemplated by the Act; (e) the right of the Agency to amend with Lessee this Lease, the Pilot Agreement or any other Transaction Document, and the right of the Agency to enforce, receive amounts payable under or otherwise exercise its rights or remedies under this Lease, the Pilot Agreement or any other Transaction Document; (f) the right of the Agency in its own behalf to declare an Event of Default under Section 8.1 of this Lease, under the Pilot Agreement or under any other Transaction Document, and to exercise its remedies hereunder or thereunder; (g) the right of the Agency to receive any monies due to it for its own account, or that of its members, directors, officers, employees and/or agents, or that of any of the affected taxing jurisdictions, pursuant to this Lease; (h) the rights of the Agency to indemnify and defense pursuant to Sections 3.1, 5.6 and 6.2 of this Lease; (i) the right of the Agency as to any of the above, exercisable with respect to Sublessee or any other subtenant(s) and any other sublessees; and (j) the right to enforce the foregoing pursuant to the Pilot Agreement and Section 4.5 and Article VIII of this Lease.

1.2. Interpretation. In this Lease, unless the context otherwise requires: (i) the words "hereof", "herein", "hereto", "hereby" and "hereunder" when used in the Lease shall refer to this Lease; (ii) words of masculine gender shall mean and include correlative words of feminine and neuter genders; (iii) words importing the singular number shall mean and include the plural number, and vice versa; (iv) words importing persons shall include firms, associations, partnerships, trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons; (v) any certificates, letters or opinions required to be given pursuant to this Lease shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Lease; and (vi) references to documents, instruments or agreements shall mean such documents, instruments and agreements as they may be amended, modified, renewed, replaced or restated from time to time.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF LESSEE

2.1. Representations. Lessee makes the following representations and warranties as the basis for the undertakings on its part contained herein:

(a) Lessee has the power to enter into this Lease and the other Transaction Documents and to perform its obligations hereunder and thereunder. The entry into and the fulfillment of and compliance with the provisions of this Lease and the other Transaction Documents have been duly authorized by all necessary action, and no other consent or approval is required as a condition to the validity or enforceability of this Lease or any of the other Transaction Documents.

(b) This Lease and the other Transaction Documents to which Lessee is a party constitute valid and binding obligations of Lessee, enforceable in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting the enforcement of creditors' rights.

(c) Neither the entry into nor the fulfillment of and compliance with the provisions of this Lease or any other Transaction Document to which Lessee is a party will conflict with or result in a breach of or constitute a default under (i) any provision of law, (ii) any order, writ, judgment, injunction or decree of any court or other governmental agency, or (iii) any document, instrument or agreement by which Lessee or its properties are bound.

(d) There is no litigation, proceeding or investigation before or by any court, public board or body, whether state, local or federal, pending or threatened against or affecting Lessee, nor is there any basis therefor, wherein any unfavorable decision, ruling or finding would, in any way, adversely affect the business, operations or condition, financial or otherwise, of Lessee, or question the validity of any of the Transaction Documents or any action to be taken in connection therewith.

(e) The leasing of the Project Facility by the Agency to Lessee has induced Lessee to undertake the Project in the County, will increase employment opportunities and promote the health, general prosperity and economic welfare of the inhabitants of the County, and the completion of the Project Facility, the lease thereof by the Agency to Lessee, the operation thereof by Lessee and the subleasing thereof to Sublessee will not result in the removal of a facility or plant of Lessee, Sublessee or any other occupant or user of the Project Facility from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of Lessee, Sublessee or any other occupant or user located within the State (but outside of the County); it being understood that the relocation of heat treat and related facilities and certain office facilities of Sublessee from Jamestown, New York to the Project Facility is permitted under this provision.

(f) The Project Facility and the operation thereof will conform with all applicable zoning, planning, building and environmental laws, and all ordinances, rules and regulations of governmental authorities having jurisdiction over the Project Facility.

(g) Neither this Lease nor any other Transaction Document nor any other document, certificate, agreement or instrument furnished by or on behalf of Lessee or Sublessee contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading.

(h) Lessee acknowledges receipt of notice of Section 874(8) of the Act, which requires that Lessee as agent of the Agency annually file a statement with the New York State Department of Taxation and Finance, on a form and in such a manner as is prescribed by the Commissioner of Taxation and Finance, of the value of all sales and use tax exemptions claimed by Lessee or Sublessee under the authority granted by the Agency.

(i) Lessee acknowledges receipt of notice of Section 858-b of the Act, which requires that new employment opportunities created as a result of the Project be listed with the following entities (hereinafter, the "JTPA Entities"): (1) the New York State Department of Labor Community Services Division and (2) the administrative entity of the service delivery area created by the Federal Job Training Partnership Act (P.L. No. 97-300), or any successor statute thereto, in which the Project Facility is located. Lessee agrees, except as is otherwise provided by collective bargaining contracts or agreements, where practicable, to first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the JTPA Entities.

(j) Lessee acknowledges that the Agency will file within thirty (30) days of the date Lessee is appointed the agent of the Agency, a statement with the New York State Department of Taxation and Finance, on a form and in such a manner prescribed by the Commissioner of Taxation and Finance, identifying Lessee and Sublessee (and any Approved Agent) as agents of the Agency, setting forth the taxpayer identification number of Lessee and Sublessee (and any Approved Agent), giving a brief description of the goods and/or services intended to be exempted from sales and use taxes as a result of such appointment as agent, indicating a rough estimate of the value of the goods and/or services to which such appointment as agent relates, indicating the date when such designation as agent became effective and indicating the date upon which such designation as agent shall cease. Lessee agrees to timely provide the foregoing information to the Agency and to otherwise cooperate with the Agency in connection with the preparation and filing of such form.

(k) The Project does not constitute a project where facilities or property that are primarily used in making retail sales of goods and/or services to customers who personally visit such facilities constitute more than one-third of the total cost of the Project.

(l) No funds of the Agency shall be used in connection with the Project for the purpose of preventing the establishment of an industrial or manufacturing plant, nor shall any funds of the Agency be given in connection with the Project to any group or organization which is attempting to prevent the establishment of an industrial or manufacturing plant within the State, nor shall any funds of the Agency be used for advertising or promotional materials which depict elected or appointed government officials in either print or electronic media.

ARTICLE III

ACQUISITION OF PROJECT

3.1. Transfer.

(a) Pursuant to the Deed to the Agency, Lessee has or will convey to the Agency all of its right, title and interest in and to the Premises for the purpose of undertaking and completing the Project. Lessee represents and warrants that it has good and marketable title to the Premises, free and clear of all Liens, except for Permitted Encumbrances, and agrees to

defend (with counsel selected by the Agency and reasonably satisfactory to Lessee), indemnify and hold the Agency harmless from any liability due to any defect in title thereto.

(b) Title to all materials, equipment, machinery and other items of property described in the Bill of Sale intended to be incorporated or installed in the Project Facility which is owned by Lessee shall vest in the Agency immediately upon execution of the Bill of Sale to Agency. Title to all materials, equipment, machinery or other items of property acquired by Lessee or Sublessee subsequent to the Closing Date and intended to be incorporated or installed in the Project Facility shall vest in the Agency immediately upon deposit on the Premises or incorporation or installation in the Project Facility. Lessee shall and shall cause to execute, deliver and record or file all instruments necessary or appropriate to vest title to the above in the Agency and shall take all action necessary or appropriate to protect such title against claims of any third Persons.

(c) Lessee and the Agency acknowledge that the Project Facility and the interest therein conveyed to the Agency from Lessee and leased by the Agency back to Lessee are not "property" as defined in Title 5-A of the Public Authorities Law of the State because such property and the interests therein are security for Lessee's obligations to the Agency under this Lease and the other Transaction Documents, including, without limitation, (i) Lessee's obligation to acquire, construct, install, equip and maintain the Project Facility on behalf of the Agency, and (ii) the performance by Lessee to the Agency of Lessee's other obligations under this Lease and the other Transaction Documents.

3.2. Acquisition, Construction and Installation of the Project Facility.

(a) Lessee shall and shall cause Sublessee to, on behalf of the Agency, acquire, construct, install and equip the Project Facility on the Land in accordance with the Plans and Specifications; provided, however, that Lessee may make changes to the Plans and Specifications on prior written notice to the Agency and subject to Section 11 of the Pilot Agreement.

(b) The Agency hereby appoints Lessee and Sublessee, and Lessee hereby accepts such appointment, as its true and lawful agent to perform the following in compliance with the terms, purposes and intent of the Transaction Documents: (i) to acquire, construct, install and equip any and all aspects of the Project Facility in accordance with the Plans and Specifications (as modified in accordance with subsection (a) above); (ii) to execute and deliver any contracts, orders or instruments, and do all other things necessary or appropriate, for the acquisition, construction, installation and equipping of the Project Facility, on behalf of the Agency, provided that the liability of the Agency thereunder shall be limited to moneys made available therefor by Lessee and advanced for such purposes by Lessee in accordance with this Lease; (iii) to pay all fees, costs and expenses incurred in connection with completing the Project Facility; and (iv) to ask, sue for, recover and receive all sums of money and other demands that may be due and owing to the Agency under and to enforce any contracts, orders or instruments in connection with the acquisition, construction or installation of the Project Facility.

(c) Lessee shall give or cause to be given all notices, secure all permits and licenses and comply or cause compliance with all Applicable Laws applying to or affecting the

construction, installation, equipping or operation of the Project Facility, and Lessee will defend (with counsel selected by the Agency and reasonably satisfactory to Lessee) and save the Agency and their respective officers, members and agents harmless from all fees, expenses and fines due to failure to comply therewith. All permits and licenses necessary for the prosecution of work on the Project Facility shall be timely procured by Lessee.

(d) If required by Applicable Law, Lessee, as agent of the Agency, will cause (i) compliance with the requirements of Article 8 of the New York Labor Law, and (ii) any contractors, subcontractors and other persons involved in the acquisition, construction, installation and equipping of the Project Facility to comply with Article 8 of the New York Labor Law. Lessee shall not take any action, or neglect to take any action, including, without limitation, the employment of any contractor, if such action or inaction results in jurisdictional disputes or strikes or labor disharmony in connection with the Project.

(e) Lessee agrees, for the benefit of the Agency, to undertake and complete the Project and to pay all such sums as may be required in connection therewith, including, without limitation, all costs of construction, installation and equipping of the Project Facility and all permitting, planning and consulting fees. Title to portions of the Project Facility acquired, constructed and installed at Lessee's cost shall immediately upon such acquisition, construction or installation vest in the Agency. Lessee shall execute, deliver and record or file such instruments as the Agency may request in order to perfect or protect the Agency's title to such portions of the Project Facility.

(f) No payment by Lessee pursuant to this Section 3.2 shall entitle Lessee to any reimbursement for any such expenditure from the Agency or to any diminution or abatement of any amounts payable by Lessee under this Lease.

3.3. Completion Date. Lessee will proceed with due diligence to complete the construction, installation and equipping of the Project Facility on or before December 31, 2011, 2011 (the "Estimated Completion Date"). Completion of the Project Facility shall be evidenced by a certificate signed by an Authorized Representative of Lessee delivered to the Agency stating: (i) the date of such completion in accordance herewith and the PILOT Agreement (the "Completion Date"); (ii) that all labor, services, materials and supplies used therefor and all costs and expenses in connection therewith have been paid; (iii) that the acquisition, construction, installation and equipping of the Project Facility has been completed, with the exception of ordinary punchlist items (if any), and that such completion has been accomplished in a manner so as to conform with all Applicable Laws; (iv) that Lessee or the Agency has good and valid title to all property constituting a portion of the Project Facility, free and clear of all Liens and encumbrances except Permitted Encumbrances; (v) that the Project Facility is ready for occupancy, use and operation for its intended purposes; and (vi) that all certificates, including any certificate of occupancy, necessary for the operation of the Project Facility have been secured. Lessee shall establish the Completion Date, which shall be no later than February 29, 2012.

3.4. Title Insurance and Survey. On or prior to the Closing Date, Lessee will obtain and deliver to the Agency (i) title insurance in the amount of at least \$100,000 insuring the fee

title of the Agency in the Premises, subject only to Permitted Encumbrances, and (ii) a current survey of the Premises certified to the Agency, Lessee and the Title Company.

3.5. Sales Tax Exemption.

(a) Any exemption from the payment of New York sales or use taxes resulting from Agency involvement in the Project shall be limited to purchases of services and tangible personal property conveyed to the Agency or utilized by the Agency or by Lessee or Sublessee (itself or through an Approved Agent) as agent of the Agency as a part of or incorporated within the Project Facility prior to the Completion Date. No operating expenses of the Project Facility, and no other purchases of services or property shall be subject to an exemption from the payment of New York sales or use taxes. The Agency makes no representations or warranties that any property is exempt from the payment of New York sales or use taxes.

(b) On the Closing Date, the Agency shall execute and deliver to Lessee and Sublessee a sales tax exemption letter (the "Sales Tax Letter"). The Sales Tax Letter shall be effective commencing on its date and shall expire on the earlier to occur of (i) the termination of this Lease, (ii) the Completion Date, or (iii) the termination of such letter pursuant to its terms. Anything to the contrary in this Lease or the Sales Tax Letter notwithstanding, the sales and use tax exemption provided by the Sales Tax Letter shall not be available for or with respect to tangible personal property having a useful life of less than one year.

(c) Lessee covenants to file annually, and cause Sublessee, any Approved Agent, sublessee or other operator of the Project Facility to file with the New York State Department of Taxation and Finance (with a copy to the Agency) a statement, in a form and manner prescribed by the New York State Commissioner of Taxation and Finance, describing the value of the sales and use tax exemptions claimed with respect to the Project Facility by Lessee, any Approved Agent of Lessee or any operator of the Project Facility. If Lessee shall fail to comply with the foregoing, Lessee and Sublessee (and the Approved Agents) shall immediately cease to be the agent for the Agency in connection with the Project Facility. Lessee further covenants and agrees that it will, upon any request by the Agency, provide and certify, or cause to be provided and certified, any information concerning Lessee, Sublessee any Approved Agent or any sublessee or operator, and its or their finances, operations and affairs, as may be necessary or appropriate in order to enable the Agency to make or prepare any report required by any provision of law, governmental regulation, this Lease or any other Transaction Document.

(d) Lessee covenants and agrees that it shall include or cause to be included the following language in and as a part of each contract, invoice, bill or purchase order entered into by Lessee or Sublessee (or any Approved Agent), as agent of the Agency, in connection with the acquisition, construction, installation and equipping of the Project Facility:

"This [contract] is being entered into by [insert agent name] (the "Agent"), as agent for and on behalf of the County of Chautauqua Industrial Development Agency (the "Agency") in connection with a certain project of the Agency for MCDHARMON, LLC and SFK USA Inc. consisting in part of the acquisition and construction of a commercial building and the acquisition and installation of

certain machinery, equipment and building materials, all for incorporation and installation in certain premises located along Harmon Avenue, in the Village of Falconer, County of Chautauqua, New York (the "Premises"). The machinery, equipment and building materials to be incorporated and installed in the Premises shall be exempt from the sales and use taxes levied by the State of New York if the acquisition thereof is effected in accordance with the terms and conditions set forth in the attached sales tax exemption letter of the Agency; and the Agent hereby represents that this [contract] is in compliance with the terms of the sales tax exemption letter. This [contract] is non-recourse to the Agency, and the Agency shall not be directly, indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever. By execution or acceptance of this [contract], the [vendor/contractor] hereby acknowledges and agrees to the terms and conditions set forth in this paragraph."

If Lessee or Sublessee fails to include, incorporate by reference or otherwise cause a contract, invoice, bill or purchase order to be subject to the above provision (or to cause its Approved Agents to comply with such requirement), then such contract, invoice, bill or purchase order shall not be an undertaking on behalf of the Agency and shall not be entitled to any of the benefits that may be conferred by the Agency, Lessee and Sublessee shall not claim any sales or use tax benefits or exemptions with respect thereto, and Lessee shall return to the Agency any such benefits or exemptions so taken, together with interest thereon at a rate of 12% per annum (the "Default Rate") from the date of such taking.

(e) If Lessee or Sublessee (or any of their Approved Agents) shall use the sales or use tax exemption provided pursuant to the Sales Tax Letter in violation of the provisions of this Section 3.5, Lessee shall promptly notify the Agency of the same and shall pay to the Agency a return of sales or use tax exemptions in an amount equal to all such unauthorized sales or use tax exemptions together with interest at the Default Rate from the date and with respect to the dollar amount for which each such unauthorized sales or use tax exemption was used by Lessee or Sublessee.

(f) The Sales Tax Letter may not be assigned or transferred by Lessee or Sublessee to any other Person without the prior written consent of the Agency, which consent may be withheld in the sole and absolute discretion of the Agency, and any such assignment or transfer without Agent's consent shall be null and void.

ARTICLE IV

DEMISE OF PROJECT FACILITY; RENTAL PROVISIONS

4.1. Demise. The Agency hereby leases the Project Facility to Lessee, and Lessee hereby leases the Project Facility from the Agency, upon the terms and conditions of this Lease.

4.2. Lease Term; Quiet Enjoyment. The leasehold estate created hereby shall commence on the Closing Date and, provided that all amounts, costs and expenses payable by Lessee to the Agency under this Lease and all other Transaction Documents are paid in full, shall

terminate at 12:00 a.m. on the earlier to occur of (1) December 31, 2027, or (2) the date that this Lease shall terminate pursuant to Article VIII or Article IX hereof. The Agency shall not take nor permit any action, other than pursuant to Article VIII of this Lease, to prevent Lessee during the term of the Lease from having quiet and peaceable possession of the Project Facility or which will otherwise adversely affect the rights or estate of Lessee hereunder, except upon the written consent of Lessee.

4.3. Rent and Other Amounts Payable. Lessee shall pay to the Agency as the basic rental payments due hereunder: (i) the sum of One Dollar (\$1.00) per year on each anniversary of the Closing Date throughout the term of this Lease; (ii) all reasonable fees and expenses of Counsel to the Agency in connection with the negotiation, modification, administration or enforcement of this Lease and/or the Transaction Documents, and (iii) all other reasonable costs and expenses incurred by the Agency in connection with the transactions contemplated by this Lease and the other Transaction Documents (items (ii) and (iii) to be paid upon demand therefor from the Agency). In addition to the foregoing, Lessee shall also pay to the Agency, as additional rent, within fifteen (15) days after receipt of demand therefor from the Agency, the sum of the reasonable expenses of the Agency and the officers, members and agents thereof, incurred by reason of the Agency's ownership, leasing or sale of the Project Facility or in connection with the carrying out of the Agency's duties and obligations under this Lease or any of the other Transaction Documents, and any other reasonable fee or expense of the Agency with respect to the Project Facility, the leasing or sale of the Project Facility to Lessee, or any of the other Transaction Documents, the payment of which is not otherwise provided for under this Lease. All payments made pursuant to this Article IV shall be made in immediately available funds in lawful money of the United States.

4.4. Administrative Fee. The Agency acknowledges and agrees that the Agency's administrative fee in the amount of \$100,000 with respect to the Project has been paid. The term "Project" as used in this Section 4.4 shall, solely for purposes of this Section 4.4, mean, collectively, the "Project" as defined in this Lease and the "Project" as defined in the Related Lease. Such administrative fee is non-refundable and is deemed earned in full upon the execution and delivery of this Lease.

4.5. Intentionally Omitted.

4.6. Sublease.

(a) Prior to or simultaneously with entering into this Lease, Lessee shall, and is authorized by the Agency to, enter into the Sublease Agreement. Lessee covenants and agrees to enforce the Sublease Agreement in accordance with its terms for the benefit of the Agency. Lessee may fulfill its obligations under this Lease by causing Sublessee to perform such obligations under the Sublease Agreement and the Agency hereby agrees to accept such performance by Sublessee pursuant to the Sublease Agreement as performance of such obligations hereunder.

(b) In order to further secure the payment and performance of the obligations of Lessee under this Lease and the other Transaction Documents, Lessee does hereby assign,

transfer and set over to the Agency all of Lessee's right, title and interest in and to the Sublease Agreement, including all sublease rentals, revenues and receipts therefrom, and the right to enforce all of Lessee's rights and remedies thereunder.

(c) In order to further secure the payment and performance of the obligations of Lessee under this Lease and the other Transaction Documents, Lessee does hereby assign, transfer and set over to the Agency all of Lessee's right, title and interest in and to the Sublease Agreement, including all sublease rentals, revenues and receipts therefrom, and the right to enforce all of Lessee's rights and remedies thereunder.

(d) In the exercise of the powers herein granted, no liability shall be asserted or enforced against the Agency, all such liability being hereby expressly waived and released by Lessee. The Agency shall not be obligated to perform or discharge any obligation, duty or liability under the Sublease Agreement, or under or by reason of this assignment.

ARTICLE V

COVENANTS OF LESSEE

5.1. Maintenance and Operation. Lessee shall: (i) not abandon the Project Facility nor cause or permit any waste, loss or damage, ordinary wear and tear excepted, to the Project Facility; (ii) not remove any part of the Project Facility outside the jurisdiction of the Agency; (iii) maintain and operate the Project Facility and make all necessary repairs and replacement thereto (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); (iv) not take any action or fail to take any action which would cause the Project Facility not to constitute a "project" for purposes of the Act; provided, further that at no time shall any such use be other than as a manufacturing, office and research & development facility, together with uses incidental thereto, except with the prior written consent of the Agency, which consent may be withheld in the Agency's sole and absolute discretion. Lessee may from time to time, upon prior written notice to the Agency and subject to Section 11 of the Pilot Agreement, make structural additions, modifications and improvements to the Project Facility which it deems desirable, all of which shall become a part of the Project Facility (but in no way an obligation or expense of the Agency).

5.2. Taxes and Special Assessments.

(a) Lessee shall pay or cause to be paid, as the same respectively become due: (i) all taxes and governmental charges of any kind which may at any time be lawfully assessed or levied against or with respect to the Project Facility (other than those taxes for which payments in lieu thereof are being paid pursuant to the Pilot Agreement); (ii) all utility and other charges incurred or imposed with respect to the Project Facility or the operation, maintenance, use, occupancy, upkeep or improvement thereof, and (iii) all assessments and charges of any kind lawfully imposed by any governmental body.

(b) Lessee may in good faith contest any such taxes, assessments and other charges, so long as the overall operating efficiency of the Project Facility for the purposes for

which it is intended is not impaired. In the event of any such contest, Lessee may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, provided that (i) Lessee is not in default under any of the Transaction Documents, (ii) neither the Project Facility nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited or lost by reason of such proceedings, (iii) Lessee diligently prosecutes such contest to completion, and (iv) Lessee shall have set aside on its books adequate reserves with respect thereto.

5.3. Insurance.

(a) At all times throughout the term of this Lease, Lessee will maintain or cause to be maintained, in financially sound and generally recognized responsible insurance companies, the following insurance coverages:

(i) "All-Risk" property insurance protecting the interests of Lessee and the Agency, as their interests may appear, in an amount sufficient to cover 100% of the replacement cost of the Project Facility, without deduction for depreciation;

(ii) insurance protecting Lessee and the Agency against loss or losses from liabilities imposed by law or assumed in any written contract (including the contractual liability assumed by Lessee under Section 5.6 hereof) and arising from personal injury and death or damage to the property of others caused by any accident or occurrence, with limits of not less than \$2,000,000 per accident or occurrence on account of personal injury and property damage and an excess liability policy in an amount not less than \$5,000,000, naming the Agency as an additional insured party; and

(iii) during any period of construction, renovation, improvement or reconstruction (A) "Builder's Risk" extended coverage casualty insurance in an amount satisfactory to the Agency, and (B) to the extent not covered by the liability insurance described in the preceding paragraph, Owners & Contractors Liability Insurance for the benefit of Lessee and the Agency with limits for personal and property damage satisfactory to the Agency.

(b) All policies evidencing the insurance required by this Section 5.3 shall name Lessee, the Agency and the Bank as insureds and provide for (i) payment of the losses to Lessee, the Agency and the Bank as their respective interests may appear, and (ii) at least thirty (30) days' written notice to Lessee, the Agency and the Bank prior to cancellation, lapse, reduction of benefits or material change in coverage thereof. Certificates satisfactory in form and substance to the Agency to evidence all insurance required hereby shall be delivered to the Agency on or before the Closing Date. Prior to the expiration of any policy of insurance, Lessee shall furnish to the Agency evidence that the policy has been renewed or replaced or is no longer required by this Lease.

(c) The Net Proceeds of the insurance required by Sections 5.3(a)(i) and 5.3(a)(iii)(A) shall be applied as set forth in Section 7.1 hereof, and the Net Proceeds of the

insurance required by Sections 5.3(a)(ii) and 5.3(a)(iii)(B) shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance is written.

5.4. Disposal of Assets. During the term of this Lease, Lessee shall maintain its limited liability company existence and its state of formation and not dissolve, liquidate or otherwise dispose of all or substantially all of its assets, nor shall Lessee merge or consolidate with another entity or permit one or more other entities to merge or consolidate with it, without the written consent of the Agency, which consent may be withheld in the Agency's sole and absolute discretion; provided, however, that the Agency's consent shall not be required if any such merger or consolidation would not result in a "change of control" of Lessee. A "change of control" shall mean (a) a change in the identity of the individual or group of individuals who, as of the date hereof, have the right, by virtue of the articles of organization, the operating agreement or any other agreement, with or without taking formative action, to cause Lessee to take some action or to block Lessee from taking some action which, in either case, Lessee could take or could refrain from taking were it not for the rights of such person or group of persons, and (b) a change in the day-to-day operations or management of the Project Facility. Lessee shall give the Agency prior written notice of any proposed merger or consolidation, which notice shall be given to the Agency not less than thirty (30) nor more than ninety (90) days prior to the proposed effective date of such merger or consolidation, which notice shall also set forth the terms of such proposed merger or consolidation. If required by the Agency, the entity resulting from or surviving any such merger or consolidation shall sign an assumption of the terms of this Lease and the other Transaction Documents in form and substance satisfactory to the Agency.

5.5. Right of Agency to Perform Lessee's Obligations. Should Lessee fail to make any payment or to do any act provided for in this Lease, the Agency may, but shall not be obligated to, without notice to or demand on Lessee and without releasing Lessee from any obligation, make or do the same on behalf of Lessee, including, without limitation, appearing in and defending any action purporting to affect the rights or powers of Lessee or the Agency, and paying all premiums, fees, costs and expenses (including reasonable attorneys' fees) incurred by the Agency in connection therewith; and Lessee shall pay immediately upon demand all sums so incurred or expended by the Agency under the authority hereof, together with interest thereon, at the Default Rate.

5.6. Indemnity and Hold Harmless Provisions.

(a) Lessee releases the Agency from, agrees that the Agency shall not be liable for, and indemnifies, defends (with counsel selected by the Agency and reasonably satisfactory to Lessee) and holds harmless the Agency and its officers, members, agents (other than Lessee) and employees, past, present and future, from and against any and all claims, causes of action, judgments, liabilities, damages, losses, costs and expenses (including reasonable attorneys' fees) resulting from or arising in connection with the Agency's undertaking the Project, including, but not limited to: (i) liability for loss or damage to property or bodily injury to or death of any and all persons that may be occasioned, directly or indirectly, by any cause whatsoever pertaining to the Project or the Project Facility or arising by reason of or in connection with the occupation or the use thereof or the presence of any person or property on, in or about the Project Facility, (ii) liability arising from or expense incurred by the Agency's acquiring, constructing, equipping,

installing, owning, leasing or selling the Project Facility, including, without limiting the generality of the foregoing, any sales or use taxes which may be payable with respect to goods supplied or services rendered with respect to the Project Facility, all liabilities or claims arising as a result of the Agency's obligations under this Lease or any of the other Transaction Documents or the enforcement of or defense of validity of any provision of any of the Transaction Documents, (iii) liability or loss in connection with or occasioned by any breach of Lessee's covenants or agreements under this Lease; (iv) all claims arising from the exercise by Lessee of its authority conferred pursuant to Section 3.2(b) hereof, and (v) all causes of action and attorneys' fees and other expenses incurred in connection with any suits or actions which may arise as a result of any of the foregoing; provided that such claims, causes of action, judgments, liabilities, damages, losses, costs or expenses of the Agency are not incurred or do not result from the intentional wrongdoing or gross negligence of the Agency or any of its officers, members, agents (other than Lessee) and employees. Lessee agrees to provide for and insure, to the extent possible, in the liability policies required by Section 5.3 (a)(ii) of this Lease, its liabilities assumed pursuant to this Section 5.6.

(b) Notwithstanding any other provisions of this Lease, the obligations of Lessee pursuant to this Section 5.6 shall remain in full force and effect after the termination of this Lease until the expiration of the period stated in the applicable statute of limitations during which a claim, cause of action or prosecution relating to the matters herein described may be brought, the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Agency or its officers, members, employees or agents, relating to the enforcement of the provisions herein specified.

5.7. Limitation of Liability of the Agency. Notwithstanding any other provision of this Lease, any liability of the Agency to Lessee under this Lease shall be enforceable only out of the Agency's interest under this Lease, and there shall be no other recourse against the Agency, its officers, members, agents and employees, past, present or future, or any of the property now or hereafter owned by it or them.

5.8. Discharge of Liens. If any Lien (other than a Permitted Encumbrance) is filed or asserted against the Project Facility or the Agency's or Lessee's interest therein, Lessee will cause each such Lien to be fully discharged and released within thirty (30) days after its assertion; provided, however, Lessee may contest any such Lien in good faith. If any such Lien shall be reduced to final judgment, and such judgment or other process issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, Lessee shall forthwith pay and discharge said judgment.

5.9. Certificate of No Default; Financial Statements. Within ninety (90) days after the close of each fiscal year, Lessee shall, upon the request of the Agency, furnish to the Agency: (i) a certificate stating that no Event of Default under this Lease has occurred, and that no event has occurred which with the giving of notice or lapse of time or both would constitute an Event of Default (or, if either of such statements is not correct, the details with respect to the event or occurrence); and (ii) compiled financial statements of Lessee consisting of a balance sheet as of the last day of such period and an operating or income statement through the last day of such period.

5.10. Compliance with Laws. Lessee agrees that it will, during the term of this Lease, comply with all Applicable Laws.

5.11. Employment Opportunities.

(a) Lessee shall ensure that all employees and applicants for employment with regard to the Project are afforded equal employment opportunities without discrimination.

(b) Pursuant to Section 858-b of the Act, except as otherwise provided by collective bargaining contracts or agreements, Lessee agrees (i) to list all new employment opportunities created as a result of the Project with the New York State Department of Labor, Community Services Division (the "NYSDOL") and with the administrative entity (collectively with NYSDOL, the "JTPA Referral Entities") of the service delivery area created by the federal Job Training Partnership Act (P.L. No. 97-300) (including any successor statute thereto, the "JTPA") in which the Project is located, and (ii) where practicable, to first consider for such new employment opportunities persons eligible to participate in federal JTPA programs who shall be referred by the JTPA Referral Entities.

(c) Pursuant to the requirements of subsection one of Section 6 of Chapter 127 of the 1995 Laws of the State, Lessee agrees to file with the Agency, prior to the effective date of this Lease, an employment plan, in form and substance satisfactory to the Agency.

(d) Pursuant to the requirements of subsection one of Section 6 of Chapter 127 of the 1995 Laws of the State, Lessee agrees to file with the Agency, on an annual basis not later than January 1 of each year during the term of this Lease, reports regarding the number of people employed at the Project Facility and certain other matters, such annual employment report to be in such form and to contain such information as may be reasonably requested by the Agency.

5.12. Payments in Lieu of Taxes.

(a) It is recognized that, under the provisions of the Act, the Agency is required to pay no taxes or assessments upon any of the property acquired by it or under its jurisdiction, control or supervision or upon its activities. It is the intention of the parties hereto that the Project Facility be treated as exempt from real property taxation to the extent set forth in the Pilot Agreement. Accordingly, the parties hereto acknowledge that the Agency shall file New York State Board of Real Property Services Form RP-412-a with respect to the Project Facility.

(b) The Agency and Lessee hereby agree that Lessee and Sublessee shall be required to make or cause to be made payments in lieu of taxes to the school district or school districts, city, town, county, village and other political units wherein the Project Facility is located having taxing powers in such amounts and at such times as are required by the Pilot Agreement.

ARTICLE VI

HAZARDOUS MATERIALS

6.1. Environmental Representations and Warranties. Lessee represents and warrants that (i) Lessee has not used Hazardous Materials on, from or affecting the Project Facility in any manner which violates any Environmental Law, (ii) the environmental and ecological condition of the Project Facility is not in violation of any Environmental Law, (iii) Lessee or Sublessee has all Environmental Permits required to construct and operate the Project Facility and is in compliance with their requirements, (iv) the Premises is not listed in CERCLIS, the NPL, the New York State Registry of Inactive Hazardous Waste Sites, or any similar state or local listing nor is it included in an area included in such a list, and Lessee has no knowledge that such a listing is pending or contemplated, (v) no event has occurred which, with the passage of time or the giving of notice or both, would constitute a violation of any Environmental Law, (vi) to the best of Lessee's knowledge, there are not now, nor have there ever been, above ground or underground storage tanks on or under the Premises, (vii) there are no actions, suits, claims or proceedings seeking money damages, injunctive relief, remedial action or any other remedy pending or, to Lessee's knowledge, threatened relating to a violation of Environmental Law or the disposal, discharge or release of Hazardous Materials, (viii) there has been no release or threatened release of any Hazardous Materials on, upon or into the Project Facility site and, to Lessee's knowledge, there have been no such releases or threatened releases on, upon or into any real property adjoining or in the vicinity of the Project Facility site which through soil or groundwater migration could have come to be located upon the Project Facility site, and (ix) to the best of Lessee's knowledge, no prior owner of the Project Facility or any tenant, subtenant, operator, occupant, prior tenant, prior subtenant, prior operator or prior occupant, has used Hazardous Materials on, from or affecting the Project Facility in any manner which violates any Environmental Law.

6.2. Environmental Covenants.

(a) Lessee shall keep and shall cause the Project Facility to be kept free of Hazardous Materials, except in compliance with all Environmental Laws. Without limiting the foregoing, Lessee shall not cause or permit the Project Facility to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials, except in compliance with all Environmental Laws, nor shall Lessee cause or permit, as a result of any intentional or unintentional act or omission on the part of Lessee, Sublessee, or any tenant, subtenant, operator or occupant of the Project Facility, a release or threatened release of Hazardous Materials onto, under or from the Project Facility or onto any other property, except in compliance with all Environmental Laws. Lessee shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of Lessee or its members, directors, officers, agents, servants, employees or representatives, a release or threatened release of Hazardous Materials on, under or from the Project Facility, except in compliance with all Environmental Laws.

(b) Lessee shall comply with, and ensure compliance by all tenants, subtenants and occupants of the Project Facility with, all Environmental Laws whenever and by whomever triggered, and shall obtain and comply with, and ensure that all tenants, subtenants, operators and occupants of the Project Facility obtain and comply with, any and all approvals, registrations or

permits required thereunder. Lessee agrees to provide the Agency with copies of any notifications given by Lessee to any governmental authority or received by Lessee from any governmental authority with respect to any Environmental Law respecting the Project Facility.

(c) Lessee shall (i) conduct and complete all investigations, studies, sampling, and testing, and all remedial, removal, and other actions necessary to clean up, remove or contain all Hazardous Material on, from or affecting the Project Facility (A) in accordance with all Applicable Laws, (B) to the satisfaction of the Agency, and (C) in accordance with the orders and directives of all governmental authorities, and (ii) defend (with counsel selected by the Agency and reasonably satisfactory to Lessee), indemnify, and hold harmless the Agency and its employees, agents, officers, attorneys, servants and members, past, present and future, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature, known or unknown, contingent or otherwise, whether groundless or not, arising out of, or in any way related to: (A) the presence, disposal, release or threatened release of any Hazardous Materials on, from, under or affecting the Project Facility, (B) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (C) any lawsuit brought or threatened, settlement reached, or any government order relating to such Hazardous Materials, and/or (D) any violation of any Environmental Law, including, without limitation, attorney and consultant fees, costs of remediation, investigation and laboratory fees, court costs and litigation expenses. Costs under this subsection 6.2 (c) will be repaid immediately with interest at the Default Rate.

ARTICLE VII

DAMAGE TO AND STATUS OF PROJECT

7.1. Damage, Destruction and Condemnation.

(a) If (i) the Project Facility or any portion thereof shall be destroyed (in whole or in part) or damaged by fire or other casualty, or (ii) title to, or the temporary use of the Project Facility or any portion thereof shall be taken under the exercise of the power of eminent domain by a Person acting under governmental authority, Lessee may, within ninety (90) days after the occurrence, terminate this Lease upon notice to the Agency or continue the Lease in effect. In no event shall the Agency have any liability or duty to replace, repair, rebuild or restore the Project Facility and in no event shall there be an abatement or reduction in the amounts payable by Lessee under this Lease (whether or not the Project Facility is replaced, repaired, rebuilt or restored by Lessee). In the event of damage by fire or other casualty, Lessee shall have the right, as between the Agency and Lessee, to rebuild the Project Facility and the insurance proceeds from the insurance maintained by Lessee as set forth in Section 5.3(a) shall be made available for such purpose. In the event of any taking, Lessee shall have the right, as between the Agency and Lessee, to utilize any condemnation award made with respect to such taking for the purpose of restoring and/or replacing those portions of the Project Facility that are affected by such taking.

(b) Lessee shall have the right to settle and adjust all claims under any policies of insurance or in condemnation on behalf of the Agency and itself.

7.2. No Warranty by Agency. THE AGENCY MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE PROJECT FACILITY OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE PROJECT FACILITY OR ANY PART THEREOF FOR LESSEE'S PURPOSES OR NEEDS. LESSEE ACCEPTS THE PROJECT FACILITY "AS IS".

7.3. Inspection. The Agency and its agents shall have the right at all reasonable times to inspect the Project Facility to comply with the Agency's obligations under Applicable Laws and/or to verify compliance with the provisions of this Lease and the other Transaction Documents.

7.4. Information. Lessee agrees to provide promptly such information concerning Lessee, its finances and the Project Facility as the Agency may reasonably request from time to time, including, without limitation, any such information required to enable the Agency to make any report(s) required by Applicable Laws.

7.5. Identification of Equipment. All Equipment which is or may become a part of the Project Facility shall be properly identified by Lessee by such appropriate records as may be approved by the Agency.

7.6. Depreciation. The parties agree that, as between them, Lessee shall be entitled to all depreciation or recovery deductions with respect to any depreciable property in the Project Facility pursuant to Sections 167 or 168 of the Internal Revenue Code and to all other state and/or federal income tax deductions and credits which may be available with respect to the Project Facility.

7.7. Restriction on Sale and Encumbrance of Project Facility. Except as otherwise specifically provided in this Lease, Lessee shall not sell, convey, transfer or encumber the Project Facility or any part thereof without the prior written consent of the Agency, which consent may be granted or withheld in the Agency's sole discretion.

7.8. No Assignment or Sublease. (a) Lessee shall have the right to assign its interest in this Lease at any time during the term of this Lease on prior written notice to the Agency. Such written notice to the Agency shall be given to the Agency by Lessee not less than thirty (30) days nor more than sixty (60) days prior to the effective date of the assignment and such notice shall include the name, address and form and state of organization of the assignee (the "Assignment Notice"). Lessee shall also furnish the Agency with such other information as the Agency may reasonably request with respect to the assignee and/or the assignment transaction prior to the effective date of the assignment, together with an assignment and assumption of this Lease and the other Transaction Documents by the assignee in form and substance satisfactory to the Agency. Notwithstanding the foregoing, the Agency shall have the right, exercisable in its sole and absolute discretion, to terminate this Lease, the Related Lease and the other Transaction

Documents by giving written notice of termination to Lessee within thirty (30) days after the later of the Agency's receipt of the Assignment Notice or the Agency's receipt of any other information it requests from Lessee pursuant to the immediately preceding sentence unless Lessee revokes the Assignment Notice prior to the date on which the Agency gives notice of termination. If the Sublessee is not in compliance with the Minimum Employment Requirement (as defined in the Pilot Agreement) at the time of the delivery of such Assignment Notice or at any time thereafter up to and including the effective date of the assignment or the effective date of earlier termination of this Lease by the Agency as aforesaid, then such assignment shall constitute an Event of Default pursuant to Section 8.1 of this Lease and a Recapture Event pursuant to Section 9.4 of this Lease.

(b) Except as set forth in Section 4.6 of this Lease, Lessee shall not sublease all or any portion of the Project Facility without the prior written consent of the Agency, which consent may be withheld in the sole and absolute discretion of the Agency.

7.9. Merger of Agency.

(a) Nothing contained in this Lease shall prevent the consolidation of the Agency with, the merger of the Agency into, or the assignment by the Agency of its rights and interests hereunder to, any other public benefit corporation of the State or any political subdivision thereof which has the legal authority to own and lease the Project Facility and to perform the Agency's obligations hereunder, provided that upon any such consolidation, merger or assignment, the due and punctual performance and observance of all the agreements and conditions of this Lease to be kept and performed by the Agency shall be expressly assumed in writing by the public benefit corporation or political subdivision resulting from such consolidation, surviving such merger or to which the Agency's rights and interests under this Lease shall be assigned.

(b) The Agency shall endeavor to give Lessee notice in reasonable detail as to any such consolidation, merger or assignment. The Agency shall promptly furnish such additional information with respect to any such consolidation, merger or assignment as Lessee may reasonably request.

7.10. Waiver of Real Property Law Section 227. Lessee hereby waives the provisions of Section 227 of the Real Property Law of the State or any laws of like import now or hereafter in effect.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

8.1. Events of Default Defined. Any one or more of the following events shall be "Events of Default" under this Lease:

(a) failure by Lessee to pay or cause to be paid any amount due under this Lease or under any other Transaction Document when due;

(b) failure by Lessee to pay any amount required to observe and perform or Lessee's failure to otherwise observe and perform any covenant, condition or agreement on its part to be performed with respect to Section 5.3 of this Lease and continuance of such failure for a period of five (5) days after receipt by Lessee of written notice specifying such default from the Agency;

(c) failure by Lessee to observe and perform any other of the covenants, conditions or agreements in this Lease on its part to be observed or performed and the continuation thereof for a period of thirty (30) days after written notice thereof is given by the Agency to Lessee;

(d) Lessee shall (i) apply for or consent to the appointment of or the taking of possession by a receiver, custodian, trustee or liquidator of itself or of any of its assets, (ii) admit its inability, or be generally unable, to pay its debts as such debts become due, (iii) make a general assignment for the benefit of its creditors, (iv) commence a voluntary case under the federal Bankruptcy Code (as now or hereafter in effect), (v) file a petition or other request seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, or (vi) take any corporate action for the purpose of effecting any of the foregoing;

(e) a proceeding or case shall be commenced, without the application or consent of Lessee, in any court of competent jurisdiction, seeking (i) liquidation, reorganization, arrangement, adjustment of debts, adjudication as a bankrupt, dissolution, winding-up, or relief as a debtor, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of Lessee or of any of its assets, or (iii) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) days;

(f) any certificate, statement, representation, warranty or financial statement furnished by or on behalf of Lessee or Sublessee shall prove to have been false or misleading in any material respect at the time as of which the facts therein set forth were made, or to have omitted any substantial or unliquidated liability or claim against Lessee or Sublessee;

(g) the Project Facility, or any portion thereof, shall be removed outside Chautauqua County, New York, without the prior written consent of the Agency;

(h) a default, beyond applicable notice, cure or grace periods, or an Event of Default shall occur under any Bank Document or under any other Permitted Encumbrance or the holder of such Bank Document or other Permitted Encumbrance shall commence an action or proceedings to foreclose such Bank Document or Permitted Encumbrance;

(i) Lessee shall sell, lease, assign, transfer or otherwise dispose of all or any part of its interest in the Project Facility in violation of this Lease;

(j) failure of Sublessee to maintain the Minimum Employment Requirement (as defined in the Pilot Agreement) at any time;

(k) the occurrence of any event of default under the Related Lease or any document, instruction or agreement executed in connection therewith; and/or

(l) the occurrence of any event of default under the Sublease Agreement or any other Transaction Document.

8.2. Force Majeure. Notwithstanding the provisions of Section 8.1 hereof, if by reason of force majeure (as hereinafter defined) either party hereto is unable in whole or in part to carry out the agreements on its part herein contained, Lessee shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall include acts outside of the control of the Agency and Lessee, including, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, restraint of government and people, civil disturbances, breakage or accident to transmission pipes or canals, and partial or entire failure of utilities. Notwithstanding anything to the contrary contained in this Section 8.2, an event of force majeure shall not excuse, delay or in any way diminish the obligations of Lessee to make the payments required under this Lease, to obtain and provide the insurance required by Section 5.3 hereof, to provide the indemnity required by Sections 3.1, 5.6 and 6.2(c) hereof and to comply with the provisions of Sections 5.4, 5.10 and 7.4 hereof. Lessee agrees that after the occurrence of an event of force majeure, it will take such steps as may thereafter be within its reasonable control to mitigate the cause or causes preventing Lessee from carrying out its obligations under this Lease.

8.3. Remedy on Default. Upon the occurrence of an Event of Default, in addition to any other remedy which may be available under any other Transaction Document, the Agency may, at its option, terminate this Lease, terminate the Sales Tax Letter and/or deed and transfer the Project Facility to Lessee.

8.4. No Remedy Exclusive. No course of dealing and no delay or omission by the Agency in exercising any right or remedy hereunder shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. The Agency may remedy any default by Lessee hereunder or with respect to any other Person in any reasonable manner without waiving such default. All rights and remedies of the Agency hereunder are cumulative.

8.5. Agreement to Pay Attorneys' Fees and Expenses. In the event Lessee defaults under any of the provisions of this Lease or any other Transaction Document and the Agency retains attorneys or incurs other expenses for the collection of amounts payable hereunder or thereunder, or the enforcement of performance or observance of any obligations or agreements on the part of Lessee herein or therein contained, Lessee shall, on demand therefor, pay to the Agency such fees and expenses (including, without limitation, attorneys' fees and expenses) so incurred, whether an action is commenced or not.

ARTICLE IX

TERMINATION OF THIS LEASE; OPTION IN FAVOR OF LESSEE

9.1. Early Termination. Lessee shall have the option to terminate this Lease prior to the termination date specified in Section 4.2 hereof by filing with the Agency a certificate signed by an Authorized Representative of Lessee stating Lessee's intention to do so pursuant to this Section 9.1. The exercise of the option to terminate pursuant to this Section 9.1 shall not constitute a "Recapture Event" (as such term is defined in Section 9.4 hereof), provided that the Sublessee is in compliance with the Minimum Employment Requirement (as defined in the Pilot Agreement) at the time of the delivery of such certificate and at all times thereafter up to and including the effective date of termination of this Lease.

9.2. Obligation to Purchase Project Facility. Upon termination of this Lease in accordance with Section 4.2 or Section 9.1 hereof, the Agency shall sell and Lessee shall purchase all of the Agency's right, title and interest in and to the Project Facility for the purchase price of One Dollar (\$1.00) plus payment of all sums required to be paid to the Agency or any other Person pursuant to this Lease and the other Transaction Documents, including, without limitation, any payment due under Section 9.4 hereof. The obligation of the Agency under this Section 9.2 to convey the Project Facility to Lessee will be subject to there being no unpaid sums required to be paid to the Agency or any other Person pursuant to this Lease or any other Transaction Document.

9.3. Conveyance on Purchase. At the closing of the purchase of the Project Facility pursuant to Section 9.2 hereof, the Agency shall, upon the satisfaction of the conditions set forth in Sections 9.1 and 9.2 hereof, deliver all necessary documents (a) to convey to Lessee title to the Project Facility, as the Project Facility then exists, subject only to the following: (i) any Liens to which title was subject when conveyed to the Agency, (ii) any Liens created at the request of Lessee, to the creation of which Lessee consented or in the creation of which Lessee acquiesced, (iii) any Permitted Encumbrances, and (iv) any Liens resulting from the failure of Lessee to perform or observe any of its agreements contained in this Lease or in any other Transaction Document or arising out of an Event of Default; (b) to release and convey to Lessee all of the Agency's rights and interest in and to any rights of action or any Net Proceeds of insurance or condemnation awards with respect to the Project Facility; and (c) to discharge and release any security interest or lien of any nature held by the Agency.

9.4 Recapture of Benefits.

(a) It is understood and agreed by the parties to this Lease that the Agency is entering into this Lease in order to provide the Financial Assistance to Lessee for the Project and to accomplish the purposes of the Act. In consideration therefor, Lessee hereby agrees that if there shall occur a Recapture Event (as hereinafter defined), then Lessee shall pay to the Agency as a return of public benefits conferred by the Agency, an amount as follows:

(1) one hundred percent (100%) of the Benefits (as defined below) if the Recapture Event occurs on or before the fifth (5th) anniversary of the Closing Date;

(2) ninety percent (90%) of the Benefits if the Recapture Event occurs after the fifth (5th) anniversary of the Closing Date but on or before the sixth (6th) anniversary of the Closing Date;

(3) eighty percent (80%) of the Benefits if the Recapture Event occurs after the sixth (6th) anniversary of the Closing Date but on or before the seventh (7th) anniversary of the Closing Date;

(4) seventy percent (70%) of the Benefits if the Recapture Event occurs after the seventh (7th) anniversary of the Closing Date but on or before the eighth (8th) anniversary of the Closing Date;

(5) sixty percent (60%) of the Benefits if the Recapture Event occurs after the eighth (8th) anniversary of the Closing Date but on or before the ninth (9th) anniversary of the Closing Date;

(6) fifty percent (50%) of the Benefits if the Recapture Event occurs after the ninth (9th) anniversary of the Closing Date but on or before the tenth (10th) anniversary of the Closing Date;

(7) twenty-five percent (25%) of the Benefits if the Recapture Event occurs after the tenth (10th) anniversary of the Closing Date but on or before the twelfth (12th) anniversary of the Closing Date;

(8) twenty percent (20%) of the Benefits if the Recapture Event occurs after the twelfth (12th) anniversary of the Closing Date but on or before the fourteenth (14th) anniversary of the Closing Date;

(9) ten percent (10%) of the Benefits if the Recapture Event occurs after the fourteenth (14th) anniversary of the Closing Date but on or before the fifteenth (15th) anniversary of the Closing Date;

(10) zero percent (0%) of the Benefits thereafter.

(b) The term "Benefits" shall mean the Agency's calculation of, collectively:

(1) all real estate tax benefits which have accrued to the benefit of Lessee during such time as the Agency was the owner of the Project Facility by reason of the Agency's ownership, such tax benefits to be computed by subtracting the payments in lieu of taxes paid under the Pilot Agreement from those payments which Lessee would have been required to pay during the term of this Lease (within the meaning of Section 4.2 hereof) had Lessee been the owner of the Project Facility during such term and the Agency not been involved in the Project; and

(2) all miscellaneous benefits derived from the Agency's participation in the transactions contemplated by this Lease, including, but not limited to, any exemption from real property transfer taxes, any exemption from mortgage recording taxes and any exemption from applicable sales and use taxes.

(c) For the purposes of this Section 9.4 the term "Recapture Event" shall mean the occurrence of any of the following events:

- (1) Lessee or Sublessee shall have liquidated its operations and/or assets; or
- (2) Lessee or Sublessee shall have ceased all or substantially all of its operations at the Project Facility (whether by relocation to another facility or otherwise, or whether to another facility either within or outside of the County) or Lessee shall have abandoned the Project Facility; or
- (3) Lessee or Sublessee shall have transferred all or substantially all of its employees engaged in the construction, maintenance or operation of the Project Facility to a location outside of the County; or
- (4) The occurrence of an Event of Default under this Lease or the Sublease Agreement; or
- (5) Lessee or Sublessee shall have effected a substantial change in the scope and nature of the Project Facility or the operations of Lessee or Sublessee at the Project Facility; or
- (6) Lessee or Sublessee shall have sold, leased, assigned, transferred or otherwise disposed of all or any part of its interest in the Project Facility in violation of this Lease;
- (7) Sublessee fails to maintain the Minimum Employment Requirement (as defined in the Pilot Agreement) at any time during the term of this Lease; or
- (8) The occurrence of a Recapture Event under the Related Lease.

Notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a direct, immediate result of (i) a Condemnation by governmental authority of all or substantially all of the Project Facility or any interest therein, or (ii) the inability at law of Lessee to rebuild, repair, restore or replace the Project Facility after the occurrence of a casualty to substantially its condition prior to such casualty, which inability shall have arisen in good faith through no fault on the part of Lessee.

(B) Lessee covenants and agrees to furnish the Agency with written notification upon any Recapture Event, which notification shall set forth the terms of such Recapture Event.

(C) In the event any payment owing by Lessee under this Section 9.4 shall not be paid on demand by Lessee, such payment shall bear interest from the date of such demand at the Default Rate until Lessee shall have paid such payment in full, together with such accrued interest to the date of payment, to the Agency.

ARTICLE X

MISCELLANEOUS

10.1. Notices. All notices, certificates and other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given, if by delivery, when delivered and, if delivered by mail, on the second day following the day on which mailed by certified mail, postage prepaid, addressed as follows:

To the Agency: County of Chautauqua Industrial Development Agency
200 Harrison Street
Jamestown, New York 14701
Attention: Administrative Director

With a copy to: Phillips Lytle LLP
8 East Third Street, Suite 307
P.O. Box 1279
Jamestown, NY 14702
Attention: Jonathan P. Taber, Esq.

To Lessee: MCDHARMON, LLC
[]
[]
Attention: []

The Agency or Lessee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates and other communications shall be sent.

10.2. Binding Effect. This Lease shall inure to the benefit of the Agency and Lessee and shall be binding upon the Agency, Lessee and, as permitted by this Lease, their respective successors and assigns.

10.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

10.4. Execution of Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

10.5. Integrated Agreement; Amendments. This Lease represents the entire agreement between the parties hereto on the subject matter hereof and may not be amended, changed, modified or altered except by an instrument in writing signed by the parties hereto.

10.6. Survival of Certain Obligations. (a) The obligations of Lessee to make payments required by the provisions of this Lease and to provide the indemnity required by Sections 3.1, 5.6 and 6.2(c) hereof shall survive the termination of this Lease, and all such payments after such termination shall be made upon demand of the party to whom such payment is due.

(b) The obligations of Lessee to the Agency with respect to the Unassigned Rights shall survive the termination or expiration of this Lease until the expiration of the period stated in the applicable statute of limitation during which a claim, cause of action or prosecution relating to the Unassigned Rights may be brought and the payment in full or the satisfaction of such claim, cause of action or prosecution and the payment of all expenses and charges incurred by the Agency, or its officers, members, agents (other than Lessee), attorneys, servants or employees, past, present or future, related thereto.

10.7. Net Lease. The obligation of Lessee to make the payments specified in this Lease shall be absolutely net to the Agency without any abatement, recoupment, diminution, reduction, deduction, counterclaim, set-off or offset whatsoever, so that this Lease shall yield, net, to the Agency, the payments set forth herein.

10.8. Applicable Law. This Lease shall be governed and construed under the internal laws of the State, as the same may be in effect from time to time, without regard to principles of conflicts of law.

10.9. Headings for Convenience Only. The descriptive headings in this Lease are inserted for convenience only and shall not control or affect the meaning or construction of any provisions hereof.

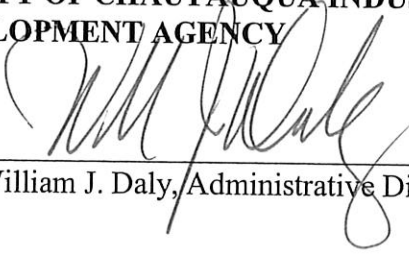
10.10. WAIVER OF JURY TRIAL. THE AGENCY AND LESSEE HEREBY WAIVE THE RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION ARISING IN CONNECTION WITH THIS LEASE OR ANY OTHER TRANSACTION DOCUMENT.

10.11. 3rd Party Beneficiaries. Nothing in this Lease is intended to be for or inure to the benefit of any Person other than the parties hereto.

10.12. Relationship to Bank Mortgage. This Lease and the other Transaction Documents are not assumable by the Bank, its successors or assigns, or their respective designees, without the prior written consent of the Agency, which consent shall not be unreasonably withheld or delayed.

IN WITNESS WHEREOF, the Agency and Lessee have hereby executed this Lease as of the date first above written.

**COUNTY OF CHAUTAUQUA INDUSTRIAL
DEVELOPMENT AGENCY**

By: 
William J. Daly, Administrative Director/CEO

MCDHARMON, LLC

By: MCG Real Estate Holdings, LLC,
Its managing member

By: _____
James Dentinger, President

IN WITNESS WHEREOF, the Agency and Lessee have hereby executed this Lease as of the date first above written.

**COUNTY OF CHAUTAUQUA INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____
William J. Daly, Administrative Director/CEO

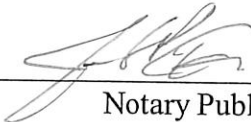
MCDHARMON, LLC

By: MCG Real Estate Holdings, LLC,
Its managing member

By: _____
James Dentinger, President

STATE OF NEW YORK)
) SS:
COUNTY OF CHAUTAUQUA)

On the 14th day of March, 2011, before me, the undersigned, a notary public in and for said state, personally appeared William J. Daly, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

Jonathan P. Taber #02TA6061680
Notary Public, State of New York
Qualified in Chautauqua County
My Commission Expires July 16, 2011

STATE OF NEW YORK)
) SS:
COUNTY OF)

On the ____ day of March, 2011, before me, the undersigned, a notary public in and for said state, personally appeared James Dentinger, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) SS:
COUNTY OF CHAUTAUQUA)

On the ____ day of March, 2011, before me, the undersigned, a notary public in and for said state, personally appeared William J. Daly, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK)
) SS:
COUNTY OF *Erie*)

On the 24th day of March, 2011, before me, the undersigned, a notary public in and for said state, personally appeared James Dentinger, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Dale B. McLean

Notary Public
NOTARY PUBLIC, State of New York
Qualified in Erie County
My Commission Expires October 31, 2013

Schedule A

LAND

SCHEDULE "A"

ALL THAT TRACT OR PARCEL OF LAND situate in the Village of Falconer, Town of Ellicott, County of Chautauqua and State of New York, being part of Lot 4, Town 2 and Range 11 of the Holland Land Company's survey and being also part of Lot 21, all of Lots 22 and 23 as shown on a map of O. F. Price's Allotment filed in the Chautauqua County Clerk's office in Liber 7 of Miscellaneous Records at page 244 and more and further bounded and described as follows:

COMMENCING at a point in the easterly line of Harmon Avenue, formerly known as Herman Avenue, at the northwesterly corner of Lot 19 of aforementioned allotment, said point being also the southwest corner of lands of Lawrence A. Briggs and Marjorie H. Wickmark, as described in a deed recorded in the Chautauqua County Clerk's office May 11, 1988, in Liber 2157 of Deeds at page 39;

thence S 02°-55'-00" W, along the easterly line of Harmon Avenue, 135.00 feet to a point, said point being the POINT OF BEGINNING of the parcel hereinafter described;

thence S 87°-05'-00" E, 262.43 feet to a point in the westerly line of lands of MRC Bearings, Inc., as described in a deed recorded in the Chautauqua County Clerk's office August 18, 1986, in Liber 2101 of Deeds at page 76;

thence S 02°-55'-00" W, along the said westerly line of lands of MRC Bearings, Inc., 262.29 feet to an existing iron stake;

thence continuing along the same course S 02°-55'-00" W, and still along the said westerly line of lands of MRC Bearings, Inc., 400.01 feet to an existing iron stake at the northeasterly corner of lands of Lyndon Development, LLC, as described in a deed recorded in the Chautauqua County Clerk's office March 27, 2009, in Liber 2674 of Deeds at page 756;

thence N 87°-35'-35" W, along the northerly line of said lands of Lyndon Development, LLC, 262.44 feet to a point;

thence N 02°-55'-00" E, along the easterly line of said lands of Lyndon Development, LLC and further along the easterly line of Harmon Avenue, 664.63 feet to the point of beginning containing 3.997 acres of land to be the same more or less.

SUBJECT TO a sanitary sewer easement as described in a deed recorded in the Chautauqua County Clerk's office in Liber 1893 of Deeds at page 137.

SUBJECT TO any easements or rights of way of record that may validly affect the above described premises.

ACCORDING TO a survey by Rodgers Land Surveying, Jamestown, New York, dated February 5, 2010, and last revised October 19, 2010.

Schedule B

APPROVED AGENTS

Name

Taxpayer ID No.

Exhibit A

EQUIPMENT

All equipment, fixtures, machines, building materials and items of personal property and all appurtenances (A) acquired, constructed and/or intended to be installed and/or to be acquired, constructed or installed in connection with the acquisition, construction, installation and equipping of the 2010 SKF USA Inc. Project (the "Project") of the County of Chautauqua Industrial Development Agency (the "Agency") located on the real property described on Schedule A hereto (the "Land"), said Project to be acquired, constructed, installed and equipped by MCDHARMON, LLC (the "Lessee") as agent of the Agency pursuant to an Agency Lease Agreement dated as of the date hereof (the "Lease Agreement") by and between the Agency and Lessee and (B) now or hereafter attached to, contained in or used in connection with the Land or placed on any part thereof, though not attached thereto, including but not limited to the following:

(1) Pipes, screens, fixtures, heating, lighting, plumbing, ventilation, air conditioning, compacting and elevator plants, call systems, stoves, ranges, refrigerators and other lunch room facilities, rugs, movable partitions, cleaning equipment, maintenance equipment, shelving, flagpoles, signs, waste containers, outdoor benches, drapes, blinds and accessories, sprinkler systems and other fire prevention and extinguishing apparatus and materials, motors and machinery;

(2) Together with any and all products of any of the above, all substitutions, replacements, additions or accessions therefor and any and all cash proceeds or non-cash proceeds realized from the sale, transfer or conversion of any of the above.