

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
(TOWN OF BROOKHAVEN, NEW YORK)

and

LAX HOTEL, LLC

LEASE AGREEMENT

Dated as of October 1, 2012

Town of Brookhaven Industrial Development Agency
(LAX Hotel, LLC/Amneal Pharmaceuticals of New York, LLC 2012 Facility)

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THIS LEASE AGREEMENT, dated as of October 1, 2012 (this “**Lease Agreement**”), is between the TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York, having its office at 1 Independence Hill, 3rd Floor, Farmingville, New York 11738 (the “**Agency**”), and LAX HOTEL, LLC, a limited liability company, organized and existing under the laws of the State of California and authorized to transact business in the State of New York, having an address c/o Tarsadia Investments, LLC, 620 Newport Beach Center Drive, Fourteenth Floor, Newport Beach, California 92660, Att: Edward G. Coss, Esq. (the “**Company**”).

RECITALS

WHEREAS, Title 1 of Article 18-A of the General Municipal Law of the State of New York was duly enacted into law as Chapter 1030 of the Laws of 1969 of the State of New York (the “**State**”); and

WHEREAS, the aforesaid act authorizes the creation of industrial development agencies for the Public Purposes of the State; and

WHEREAS, the aforesaid act further authorizes the creation of industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and empowers such agencies, among other things, to acquire, construct, reconstruct, renovate, refurbish, equip, lease, sell and dispose of land and any building or other improvement, and all real and personal property, including but not limited to machinery and equipment deemed necessary in connection therewith, whether now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, recreation or industrial facilities, in order to advance job opportunities, health, general prosperity and the economic welfare of the people of the State and to improve their standard of living; and

WHEREAS, pursuant to and in accordance with the provisions of the aforesaid act and Chapter 358 of the Laws of 1970 of the State, as amended (collectively, the “**Act**”), the Agency was created and is empowered to undertake the providing, financing and leasing of the Facility defined below; and

WHEREAS, the Facility shall consist of (i) the acquisition of an approximately 37.8 acre parcel of land located at 50 Horseblock Road, Yaphank, Town of Brookhaven, New York (collectively, the “**Land**”), upon which there is an existing 110,000 square foot building, and upon which there is proposed to be constructed a three-story approximately 322,000 square foot expansion, the components of which are: First Floor (a) an approximately 13,000 square foot first floor office and employee space, (b) an approximately 65,000 square foot manufacturing area, (c) an approximately 117,000 square foot warehousing area, (d) an approximately 30,000 square foot technical area, and (e) an approximately 4,000 square foot pharmacy; Second Floor (f) an approximately 27,000 square foot office and laboratory area, and (g) an approximately 46,000 square foot warehousing area; Third Floor (h) an approximately 20,000 square foot research and development area;

and (ii) an approximately 42,000 square foot stand-alone state-of-the-art facility for manufacturing, warehousing, packaging, and research and development of potent compounds and hormones; (iii) the construction and equipping of an approximately 4,725 square foot on-site sewerage industrial waste treatment plant to process approximately 26,000 gallons/day of industrial waste flow and approximately 22,000 gallons/day domestic waste flow (collectively the **"Improvements"**), and the acquisition and installation of certain equipment not currently owned by the Company or Amneal Pharmaceuticals of New York, LLC, a limited liability company (the **"Sublessee"**) and part of the Equipment (as such term is defined in Exhibit A to the Equipment Lease Agreement, dated as of October 1, 2012 (the **"Equipment Lease Agreement"**), between the Agency and the Sublessee (the **"Facility Equipment"**); and, together with the Land and Improvements, the **"Company Facility"**), to be leased by the Agency to the Company for further sublease by the Company to, and used by the Sublessee; and (iv) the acquisition and installation of certain Equipment potentially including, but not limited to, blenders, high share mixers, fluid bed processors, community mills, laser equipment, compression tablet pressers, D-Dusters, metal detectors, hardness testers, weight variation machines, capsulation machines, polishers, weight sorting machines, analytical scales, coding process equipment, air control systems, packing lines including fully automated vision systems, soft gelatin manufacturing equipment, homogenized mixers, soft gel capsulation machines, drying tunnels, sorting equipment, inks, laser printing machines, FVAC systems, temperature and humidity control systems, air compressors, ionized water and dust collection systems, hi-los facilities, laboratory equipment, HPLC, GC, LC, spectrometer, material management software and ERP, a stainless steel ballasted racking system, high-efficiency invertors and a solar panel system to be installed on the roof-top to include approximately 1250 solar panels (collectively, the **"Equipment"**), which Equipment is to be leased by the Agency to, and used by, the Sublessee for the development, manufacturing and warehousing of generic drugs as well as other uses in connection with the operation of the Facilities, including but not limited to the executive and administrative office space (the Company Facility and the Equipment collectively referred to herein as the **"Facility"**); including the following as they relate to the appointment of the Company and the Sublessee as agents of the Agency pursuant to the acquisition, construction and equipping of such Facility, whether or not any materials or supplies described below are incorporated into or become an integral part of such Facility: (i) all purchases, leases, rentals and other uses of tools, machinery and equipment in connection with the acquisition, construction and equipping of the Facility, (ii) all purchases, rentals, uses or consumption of supplies, materials and services of every kind and description used in connection with the acquisition, construction and equipping of the Facility, and (iii) all equipment, machinery, and other tangible personal property (including installation costs with respect thereto) installed or placed in, upon or under such Facility. The Equipment shall specifically exclude any equipment owned by the Company or Sublessee which is located at the Improvements as of the date hereof; and

WHEREAS, the Agency proposes to acquire and lease the Company Facility to the Company; and

WHEREAS, the Company has agreed with the Agency, on behalf of the Agency and as the Agency's agent, to, directly or indirectly through or by the Sublessee, acquire,

construct and equip the Company Facility in accordance with the Plans and Specifications; and

WHEREAS, the Agency proposes to acquire and lease the Company Facility to the Company, and the Company desires to rent the Company Facility from the Agency, upon the terms and conditions set forth in this Lease Agreement; and

WHEREAS, the Agency proposes to acquire and lease the Equipment to the Sublessee, and the Sublessee desires to rent the Equipment from the Agency upon the terms and conditions set forth in the Equipment Lease Agreement; and

WHEREAS, the Company proposes to sublease the Company Facility to the Sublessee, and the Sublessee desires to rent the Company Facility from the Company, upon the terms and conditions set forth in the Sublease Agreement, dated October 18, 2012 (the "**Sublease Agreement**"), by and between the Company, as sublessor and the Sublessee, as sublessee;

AGREEMENT

For and in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto do hereby mutually agree as follows:

ARTICLE I DEFINITIONS

All capitalized terms used in this Lease Agreement and not otherwise defined herein shall have the meanings assigned thereto in the Schedule of Definitions attached hereto as Schedule A.

ARTICLE II REPRESENTATIONS AND COVENANTS

Section 2.1 Representations and Covenants of Agency. The Agency makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Agency is duly established and validly existing under the provisions of the Act and has full legal right, power and authority to execute, deliver and perform each of the Agency Documents and the other documents contemplated thereby. Each of the Agency Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Agency.

(b) The Agency will cause the Land and the Improvements to be constructed and the Facility Equipment to be acquired and installed and will lease the Company Facility to the Company pursuant to this Lease Agreement, all for the Public Purposes of the State.

(c) By resolution dated August 15, 2012, the Agency determined that, based upon

the review by the Agency of the materials submitted and the representations made by the Company relating to the Facility, the Facility would not have a “significant impact” or “significant effect” on the environment within the meaning of the SEQR Act.

(d) Neither the execution and delivery of any of the Agency Documents and the other documents contemplated thereby or the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Agency Documents and the other documents contemplated thereby will conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of the Act, any other law or ordinance of the State or any political subdivision thereof, the Agency’s Certificate of Establishment or By-Laws, as amended, or any corporate restriction or any agreement or instrument to which the Agency is a party or by which it is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Agency under the terms of the Act or any such law, ordinance, Certificate of Establishment, By-Laws, restriction, agreement or instrument, except for Permitted Encumbrances.

(e) Each of the Agency Documents and the other documents contemplated thereby constitutes a legal, valid and binding obligation of the Agency enforceable against the Agency in accordance with its terms.

(f) The Agency has been induced to enter into this Lease Agreement by the undertaking of the Company and the Sublessee to utilize the Facility in the Town of Brookhaven, New York in furtherance of the Public Purposes of the Agency.

Section 2.2 Representations and Covenants of Company. The Company makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Company is a limited liability company, organized and existing under the laws of the State of California, is in good standing under the laws of the State of New York, and has full legal right, power and authority to execute, deliver and perform each of the Company Documents and the other documents contemplated thereby. Each of the Company Documents and the other documents contemplated thereby has been duly authorized, executed and delivered by the Company.

(b) Neither the execution and delivery by the Company of any of the Company Documents and the other documents contemplated thereby or the consummation of the transactions contemplated thereby nor the fulfillment of or compliance with the provisions of any of the Company Documents and the other documents contemplated thereby will, as to the Company, conflict with or result in a breach of or constitute a default under any of the terms, conditions or provisions of any law or ordinance of the State or any political subdivision thereof, the Company’s Articles of Organization or Operating Agreement, as amended, or any restriction or any agreement or instrument to which the Company is a party or by which it is bound, or result in the creation or imposition of any Lien of any nature upon any of the Property of the Company under the terms of any such law, ordinance, Articles of Organization or Operating Agreement, as amended, restriction, agreement or instrument, except for Permitted Encumbrances.

(c) The Company Facility and the design, acquisition, construction, renovation, equipping and operation thereof will, to the best knowledge of the Company, conform with all applicable zoning, planning, building and environmental laws, ordinances, rules and regulations of governmental authorities having jurisdiction over the Company Facility. The Company shall defend, indemnify and hold harmless the Agency from any liability, including reasonable attorneys' fees, resulting from any failure by the Company to comply with the provisions of this subsection.

(d) Each of the Company Documents and the other documents contemplated thereby constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms.

(e) The Company will complete or has completed construction of the Facility substantially in accordance with the terms and provisions of the Plans and Specifications.

(f) The Company Facility is and will continue to be a "project" as such quoted term is defined in the Act. The Company will not take any action, or fail to take any action, which action or failure to act would cause the Facility not to constitute a "project" as such quoted term is defined in the Act.

(g) The Company hereby represents to the Agency that the Agency's involvement with the Facility (i) will not result in the removal of an industrial or manufacturing plant from one area of the State to another area of the State nor an abandonment of one or more plants of the Company or the Sublessee located in the State, or (ii) is reasonably necessary to discourage the Company and the Sublessee from removing such other plant or facility to a location outside the State, or is reasonably necessary to preserve the competitive position of the Company and the Sublessee in their respective industry and is an inducement to the Company and the Sublessee to maintain and expand the Facility within the Town of Brookhaven and to promote services not otherwise readily available to the residents of the Town of Brookhaven but for the Facility.

(h) The Company agrees to take any actions reasonably deemed necessary by the Agency, or its Chairman, Vice Chairman, Executive Director, or any member or officer of the Agency, counsel to the Agency or Transaction Counsel, in order to ensure compliance with Sections 2.2(g) and 9.3 of this Lease Agreement. Without limiting the generality of the foregoing, the Company will provide the Agency with any and all information and materials describing proposed project occupants as necessary.

ARTICLE III FACILITY SITE AND TITLE INSURANCE

Section 3.1 Agreement to Convey to Agency. The Company has conveyed or has caused to be conveyed to the Agency (i) good and marketable title to the Land, including any buildings, structures or other improvements thereon, and (ii) lien-free title to the Facility Equipment, in each case except for Permitted Encumbrances, and will convey or cause to be conveyed to the Agency lien-free title to the Facility Equipment acquired after the date hereof.

Section 3.2 Title Insurance. The Company has obtained or will obtain a fee title insurance policy for the benefit of the Agency insuring fee title to the Land and the Improvements as of the Closing Date, in an amount equal to the fair market value of the Land and the Improvements, and except for Permitted Encumbrances.

Section 3.3 Subordination of Lease Agreement. This Lease Agreement and any and all modifications, amendments, renewals and extensions thereof is subject and subordinate to any Mortgage or Mortgages which may be granted by the Agency and the Company on the Facility or any portion thereof and to any and all modifications, amendments, consolidations, extensions, renewals, replacements and increases thereof.

Section 3.4 Public Authorities Law Representations. The parties hereto hereby acknowledge and agree that the Company Facility and the interest therein to be conveyed by this Lease Agreement are not "Property" as defined in Article 9, Title 5-A of the Public Authorities Law of the State because the Company Facility and the leasehold interests therein are securing the financial obligations of the Company. The Company Facility and the leasehold interests therein secure the obligations of the Company to the Agency under the PILOT Agreement, the Environmental Compliance and Indemnification Agreement and this Lease Agreement, including the Company's obligation to acquire, construct, equip and maintain the Company Facility on behalf of the Agency and the Company's obligation to indemnify and hold harmless the Agency.

ARTICLE IV

ACQUISITION, CONSTRUCTION AND EQUIPPING OF COMPANY FACILITY

Section 4.1 Acquisition, Construction and Equipping of Company Facility.

(a) The Company agrees that, on behalf of the Agency, it will construct, renovate, and equip or cause the Sublessee to be constructed, renovated and equipped, the Company Facility in accordance with the Plans and Specifications.

(b) The Company or the Sublessee may not materially revise the Plans and Specifications without the written approval of the Agency which approval will not be unreasonably withheld or delayed.

(c) Except as otherwise provided in the Equipment Lease Agreement, title to certain materials, equipment, machinery and other items of Property incorporated or installed in the Facility shall vest in the Agency immediately upon the Company's or the Sublessee's obtaining an interest in or to the materials, equipment, machinery and other items of Property. The Company and/or Sublessee, as appropriate, shall execute, deliver and record or file all instruments necessary or appropriate so to vest such title to such Property in the Agency and shall take all action necessary or appropriate to protect such title against claims of any third Persons.

(d) The Agency hereby appoints the Company its true and lawful agent, and the Company hereby accepts such agency (i) to construct and equip the Company Facility in

accordance with the Plans and Specifications, (ii) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions with any other Persons, and in general to do all things which may be requisite or proper, all for constructing the Improvements and acquiring and installing the Facility Equipment with the same powers and with the same validity as the Agency could do if acting on its own behalf, (iii) to pay all fees, costs and expenses incurred in the construction of the Improvements and the acquisition and installation of the Facility Equipment from funds made available therefor in accordance with this Lease Agreement, (iv) to ask, demand, sue for, levy, recover and receive all such sums of money, debts, dues and other demands whatsoever which may be due, owing and payable to the Agency under the terms of any contract, order, receipt or writing in connection with the construction of the Improvements and the acquisition and installation of the Facility Equipment, and (v) to enforce the provisions of any contract, agreement, obligation, bond or other performance security. This agency appointment expressly excludes the Company from purchasing any motor vehicle, including any cars, trucks, vans or buses which are licensed by the Department of Motor Vehicles for use on public highways or streets. The Agency acknowledges and agrees that the Company may delegate the agency granted hereunder to the Sublessee, such that the Sublessee shall enter directly into construction and other contracts with a construction manager, contractors, materialmen and other parties, and the provisions hereof are modified accordingly to place responsibility for compliance for the obligations listed herein directly upon the Sublessee.

(e) The Agency shall enter into, and accept the assignment of, such contracts as the Company may request in order to effectuate the purposes of this Section 4.1.

(f) The Company, as agent for the Agency, shall comply with all provisions of the Labor Law of the State applicable to the acquisition, construction and equipping of the Company Facility and shall include in all construction contracts all provisions which may be required to be inserted therein by such provisions. Except as provided in the preceding sentence, the provisions of this subsection do not create any obligations or duties not created by applicable law outside of the terms of this Lease Agreement.

Section 4.2 Making of Loans; Disbursement of Loan Proceeds. The Agency acknowledges that the Company may request one or more Lenders to make one or more loans to finance and refinance the costs of the acquisition, renovation and equipping of the Company Facility or to reimburse the Company for the cost of acquiring, constructing and equipping the Company Facility. Proceeds of such Loan or Loans shall be disbursed by such Lender or Lenders in accordance with the provisions of the Mortgage or Mortgages or other related documentation applicable to such Loan or Loans.

Section 4.3 Certificates of Completion. To establish the Completion Date, the Company shall deliver to the Agency and to the Lender, if any (i) a certificate signed by an Authorized Representative of the Company stating (a) that the acquisition, construction and equipping of the Company Facility has been completed in accordance with the Plans and Specifications therefor, and (b) that payment for all labor, services, materials and supplies used in such acquisition has been made or provided for; and (ii) such other certificates as may be satisfactory to the Agency and to the Lender, if any, including without limitation, a final certificate of occupancy, if applicable. The Company agrees to use commercially

reasonable efforts to cause the completion of the construction, renovation and equipping of the Company Facility by November 30, 2014.

Section 4.4 Completion by Company.

(a) In the event Net Proceeds of the Loan, if any, are not sufficient to pay in full all costs of acquiring, constructing and equipping the Company Facility in accordance with the Plans and Specifications, the Company agrees to pay, for the benefit of the Agency and such Lender, if any, all such sums as may be in excess of Net Proceeds of such Loan, if any. Title to all portions of the Company Facility acquired, installed or renovated at the Company's cost or expense shall immediately upon such acquisition, installation or renovation vest in the Agency. The Company shall execute, deliver and record or file such instruments as the Agency or such Lender, if any, may request in order to perfect or protect the Agency's title in or the lien of any Mortgage on such portions to the Company Facility.

(b) The Company shall not be entitled to any reimbursement for such excess cost or expense from the Agency, nor shall it be entitled to any diminution or abatement of any other amounts payable by the Company under this Lease Agreement.

Section 4.5 Remedies to Be Pursued Against Contractors, Subcontractors, Materialmen and Their Sureties. In the event of a default by any contractor, subcontractor, materialman or other Person under any contract made by it in connection with the Company Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship or performance guaranty, the Company at its expense, shall cause the Sublessee, either separately or in conjunction with others, to pursue any and all remedies available to it and the Agency, as appropriate, against the contractor, subcontractor, materialman or other Person so in default and against any surety for the performance of such contract. The Company, in its own name or in the name of the Agency, shall cause the Sublessee, prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, materialman, surety or other Person which the Company deems reasonably necessary, and in such event the Agency, at the Sublessee's expense, hereby agrees to cooperate fully with the Company and to take all action necessary to effect the substitution of the Company or Sublessee for the Agency in any such action or proceeding.

Section 4.6 Construction Signage. The Agency shall have the right to erect on the Facility site, subject to the approval of location by the Company, at the Agency's own cost and expense an appropriate sign stating that financial assistance for the Facility has been provided through the Agency.

ARTICLE V
DEMISING CLAUSES AND RENTAL PROVISIONS

Section 5.1 Demise of Facility. The Agency hereby leases the Company Facility, consisting of the Land as more particularly described in Exhibit A attached hereto, and the Improvements and Facility Equipment as more particularly described in Exhibit B attached hereto, to the Company and the Company hereby takes the Company Facility from the Agency upon the terms and conditions of this Lease Agreement.

Section 5.2 Duration of Lease Term; Quiet Enjoyment.

(a) The Agency shall deliver to the Company sole and exclusive possession of the Company Facility (subject to Sections 3.3, 8.3 and 10.2 hereof), and the leasehold estate created hereby shall commence, on the Closing Date and the Company shall accept possession of the Company Facility on the Closing Date.

(b) Except as provided in Section 10.2 and 11.1 hereof, the estate created hereby shall terminate at 11:59 p.m. on October 31, 2024.

(c) Except as provided in Sections 3.3, 8.3 and 10.2 hereof, the Agency shall neither take nor suffer or permit any action to prevent the Company and/or the Sublessee during the Lease Term from having quiet and peaceable possession and enjoyment of the Company Facility and will, at the request of the Company and at the Company's cost, cooperate with the Company in order that the Company and/or the Sublessee may have quiet and peaceable possession and enjoyment of the Company Facility as hereinabove provided.

Section 5.3 Rents and Other Amounts Payable.

(a) The Company shall pay basic rent for the Company Facility as follows: One Dollar (\$1.00) per year commencing on the Closing Date and on each January 1 thereafter during the term of this Lease Agreement.

(b) In addition to the payments of basic rent pursuant to Section 5.3(a) hereof, throughout the Lease Term, the Company shall pay to the Agency as additional rent, within ten (10) days of receipt of written demand therefor, the expenses of the Agency and the members thereof reasonably incurred (i) by reason of the Agency's ownership or leasing of the Company Facility, or (ii) in connection with the carrying out of the Agency's duties and obligations under the Agency Documents, the payment of which is not otherwise provided for under this Lease Agreement. The foregoing shall not be deemed to include any annual or continuing administrative or management fee beyond any initial administrative fee or fee for services rendered by the Agency.

(c) The Company, under the provisions of this Section 5.3, agrees to make the above-mentioned payments in immediately available funds and without any further notice in lawful money of the United States of America. In the event the Company shall fail to timely make any payment required in Section 5.3(a) or 5.3(b), the Company shall pay the same together with interest on such payment at a rate equal to two percent (2%) plus the Prime Rate, but in no event at a rate higher than the maximum lawful prevailing rate, from the date on which such payment was due until the date on which such payment is made.

Section 5.4 Obligations of Company Hereunder Unconditional. The obligations of the Company to make the payments required in Section 5.3 hereof, and to perform and observe any and all of the other covenants and agreements on its part contained herein, shall be a general obligation of the Company, and shall be absolute and unconditional irrespective of any defense or any rights of setoff, recoupment or counterclaim it may otherwise have against the Agency. The Company agrees it will not (i) suspend, discontinue or abate any payment required hereunder, or (ii) fail to observe any of its other covenants or agreements in this Lease Agreement.

Subject to the foregoing provisions, nothing contained in this Section shall be construed to release the Agency from the performance of any of the agreements on its part contained in this Lease Agreement or to affect the right of the Company to seek reimbursement, and in the event the Agency should fail to perform any such agreement, the Company may institute such separate action against the Agency as the Company may deem necessary to compel performance or recover damages for non-performance, and the Agency covenants that it will not, subject to the provisions of Sections 3.3 and 8.3 and Article X hereof, take, suffer or permit any action which will adversely affect, or create any defect in its title to the Company Facility or which will otherwise adversely affect the rights or estate of the Company hereunder, except upon written consent of the Company.

Section 5.5 Payment of Additional Moneys in Prepayment of Loan. In addition to any other moneys required or permitted to be paid pursuant to this Lease Agreement, the Company may, subject to the terms of any Note and any Mortgage, pay moneys to any Lender to be used for the prepayment of any Loan at such time or times and on such terms and conditions as is provided in such Note and such Mortgage.

Section 5.6 Rights and Obligations of the Company upon Prepayment of Loan. In the event any Loan shall have been paid in full prior to the termination date specified in Section 5.2(b) hereof (i) all references in this Lease Agreement to such Lender, such Note and such Mortgage applicable to such Loan shall be ineffective, and (ii) the Company shall be entitled, at its option, to the exclusive use, occupancy and enjoyment of the Company Facility from the date of such payment until the scheduled expiration of the Lease Term, on all of the terms and conditions hereof, except that the Company shall not be required to carry any insurance for the benefit of any such Lender, or the Company may, at its option, require the Agency to convey the Company Facility to the Company pursuant to the terms of Section 11.3 hereof. In the event of any such payment or the making of any such provision, the Agency, at the sole cost of the Company, shall obtain and record or file appropriate discharges or releases of the applicable Mortgage and any other security interest relating to the Facility or this Lease Agreement.

ARTICLE VI MAINTENANCE, MODIFICATIONS, TAXES AND INSURANCE

Section 6.1 Maintenance and Modifications of Company Facility by Company.

(a) The Company shall not abandon the Company Facility or cause or permit any waste to the Improvements. During the Lease Term, the Company shall not remove any part

of the Company Facility outside of the jurisdiction of the Agency and shall (i) keep the Company Facility in as reasonably safe condition as its operations shall permit; (ii) make all necessary repairs and replacements to the Company Facility (whether ordinary or extraordinary, structural or nonstructural, foreseen or unforeseen); and (iii) operate the Company Facility in a sound and economic manner.

(b) With the written consent of the Agency and the Lender, if any (if required by such Lender), which shall not be unreasonably withheld or conditioned, or its consideration unreasonably delayed, the Company or any permitted sublessee from time to time may make any structural additions, modifications or improvements to the Company Facility or any part thereof in excess of \$1,000,000, provided such actions do not adversely affect the structural integrity of the Company Facility. All such additions, modifications or improvements made by the Company after the date hereof shall become a part of the Company Facility and the Property of the Agency. The Company agrees to deliver to the Agency all documents which may be necessary or appropriate to convey to the Agency title to such Property and to perfect or protect the lien of the Mortgage, if any.

Section 6.2 Installation of Additional Equipment. Subject to the provisions of Section 8.10 hereof, the Company or any permitted sublessee of the Company from time to time may install additional machinery, equipment or other personal property in the Facility (which may be attached or affixed to the Facility), and such machinery, equipment or other personal property shall not become, or be deemed to become, a part of the Facility. The Company from time to time may create or permit to be created any Lien on such machinery, equipment or other personal property owned by the Company. The Sublessee may create or permit to be created any Lien on such machinery, equipment or other personal property owned by the Sublessee, subject to the terms and limitations, if any, under and pursuant to the Sublease Agreement between the Company and the Sublessee. Further, the Company from time to time may remove or permit the removal of such machinery, equipment and other personal property from the Facility, provided that any such removal of such machinery, equipment or other personal property shall not occur (i) if any Event of Default has occurred; or (ii) if any such removal shall adversely affect the structural integrity of the Facility or impair the overall operating efficiency of the Facility for the purposes for which it is intended, and provided further, that if any damage to the Facility is occasioned by such removal, the Company agrees promptly to repair such damage at its own expense.

Section 6.3 Taxes, Assessments and Utility Charges.

(a) The Company agrees to pay, as the same become due and before any fine, penalty, interest (except interest which is payable in connection with legally permissible installment payments) or other cost may be added thereto or become due or be imposed by operation of law for the non-payment thereof, (i) all taxes, payments in lieu of taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Company Facility and any machinery, equipment or other Property installed or brought by the Company therein or thereon, including, without limiting the generality of the foregoing, any sales or use taxes imposed with respect to the Company Facility or any part or component thereof, or the rental or sale of the Company Facility or any part thereof, and any taxes levied upon or with respect to the income or

revenues of the Agency from the Company Facility; (ii) all utility and other charges, including service charges, incurred or imposed for or with respect to the operation, maintenance, use, occupancy, upkeep and improvement of the Company Facility; (iii) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements; and (iv) all payments under the PILOT Agreement; provided that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Company shall be obligated under this Lease Agreement to pay only such installments as are required to be paid during the Lease Term.

(b) The Company may in good faith contest any such taxes, assessments and other charges. In the event of any such proceedings, the Company may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such proceedings and any appeal therefrom, provided, however, that (i) neither the Company 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 and (ii) the Company shall have set aside on its books adequate reserves with respect thereto and shall have furnished such security, if any, as may be required in such proceedings or requested by the Agency or any Lender.

(c) The Agency agrees that if it or the Company contests any taxes, assessments or other charges provided for in paragraph (b) hereof, all sums returned, as a result thereof, will be promptly transmitted by the Agency to the Company and that the Company shall be entitled to retain all such amounts.

(d) Within thirty (30) days of receipt of written request therefor, the Company shall deliver to the Agency and the Lender, if any, official receipts of the appropriate taxing authorities or other proof reasonably satisfactory to the Agency and any such Lender evidencing payment of any tax.

Section 6.4 Insurance Required. At all times throughout the Lease Term, including, when indicated herein, during the Construction Period, if any, the Company shall, at its sole cost and expense, maintain or cause to be maintained (by the Sublessee under the Sublease Agreement or otherwise) insurance against such risks and for such amounts as are customarily insured against by facilities of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto, including, but not necessarily limited to:

(a) Insurance against loss or damage by fire, lightning and other casualties customarily insured against, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the completed Improvements, exclusive of footings and foundations, as determined by a recognized appraiser or insurer selected by the Company, but in no event less than the greater of \$1,000,000 or the amount as may be required by any Lender. During the Construction Period, such policy shall be written in the so-called "Builder's Risk Completed Value Non-Reporting Form" and shall contain a provision granting the insured permission to complete and/or occupy.

(b) Workers' compensation insurance, disability benefits insurance and each other

form of insurance which the Company or any permitted sublessee is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Company or any permitted sublessee who are located at or assigned to the Facility. This coverage shall be in effect from and after the Completion Date or on such earlier date as any employees of the Company, any permitted sublessee, any contractor or subcontractor first occupy the Facility.

(c) Insurance protecting the Agency and the Company against loss or losses from liability imposed by law or assumed in any written contract (including the contractual liability assumed by the Company under Section 8.2 hereof) or arising from personal injury, including bodily injury or death, or damage to the property of others, caused by an accident or other occurrence, with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage); comprehensive automobile liability insurance covering all owned, non-owned and hired autos, with a limit of liability of not less than \$1,000,000 (combined single limit or equivalent for personal injury, including bodily injury or death, and property damage); and blanket excess liability coverage, in an amount not less than \$5,000,000 combined single limit or equivalent, protecting the Agency and the Company against any loss or liability or damage for personal injury, including bodily injury or death, or property damage. This coverage shall also be in effect during the Construction Period.

(d) During the Construction Period, if any (and for at least one year thereafter in the case of Products and Completed Operations as set forth below), the Company shall cause the general contractor to carry liability insurance of the type and providing the minimum limits set forth below:

- i. Workers' compensation and employer's liability with limits in accordance with applicable law.
- ii. Comprehensive general liability providing coverage for:
 - Premises and Operations
 - Products and Completed Operations
 - Owners Protective
 - Contractors Protective
 - Contractual Liability
 - Personal Injury Liability
 - Broad Form Property Damage
(including completed operations)
 - Explosion Hazard
 - Collapse Hazard
 - Underground Property Damage Hazard

Such insurance shall have a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

iii. Comprehensive auto liability, including all owned, non-owned and hired autos, with a limit of liability of not less than \$1,000,000 (combined single limit for personal injury, including bodily injury or death, and property damage).

iv. Excess “umbrella” liability providing liability insurance in excess of the coverages in (i), (ii) and (iii) above with a limit of not less than \$5,000,000.

Section 6.5 Additional Provisions Respecting Insurance.

(a) All insurance required by Section 6.4 hereof shall be procured and maintained in financially sound and generally recognized responsible insurance companies authorized to write such insurance in the State and selected by the entity required to procure the same. The company issuing the policies required by Section 6.4(a) and (e) shall be rated “A” or better by A.M. Best Co., Inc. in Best’s Key Rating Guide. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the procuring entity is engaged. All policies evidencing the insurance required by Section 6.4 (a) and (e) hereof shall contain a standard New York non-contributory mortgagee clause showing the interest of any Lender and shall provide for payment to any Lender of the Net Proceeds of insurance resulting from any claim for loss or damage thereunder, and all policies of insurance required by Section 6.4 hereof shall provide for at least thirty (30) days’ prior written notice to the Agency and any Lender of the restriction, cancellation or modification thereof. The policy evidencing the insurance required by Section 6.4(c) hereof shall name the Agency and any Lender as additional insureds. All policies evidencing the insurance required by Section 6.4(d)(ii), (iii) and (iv) shall name the Agency and the Company as additional insureds. The Company acknowledges that a mortgage and security interest in the policies of insurance required by Section 6.4(a) and the Net Proceeds thereof have been or may be granted by the Agency to any Lender pursuant to the Mortgage, and the Company consents thereto. Upon request of any Lender, the Company will assign and deliver (which assignment shall be deemed to be automatic and to have occurred upon the occurrence of an Event of Default under any Mortgage) to any Lender the policies of insurance required under Section 6.4(a), so and in such manner and form that any Lender shall at all times, upon such request and until the payment in full of any Loan, have and hold said policies and the Net Proceeds thereof as collateral and further security under any Mortgage for the payment of any Loan. The policies required under Section 6.4(a) shall contain appropriate waivers of subrogation. Nothing contained in this Lease Agreement is intended to limit or modify any insurance requirements set forth in any Mortgage.

(b) The policies (or a certificate and binder) of insurance required by Section 6.4(a), (c) and (e) hereof shall be deposited with the Agency on or before the Closing Date. A copy of the policy (or a certificate and binder) of insurance required by Section 6.4(d)(ii), (iii) and (iv) hereof shall be delivered to the Agency on or before the Closing Date. The Company shall deliver to the Agency and any Lender before the first Business Day of each calendar year thereafter a certificate dated not earlier than the immediately preceding month reciting that there is in full force and effect, with a term

covering at least the next succeeding calendar year, insurance of the types and in the amounts required by Section 6.4 hereof and complying with the additional requirements of Section 6.5(a) hereof. Prior to the expiration of each such policy or policies, the Company shall furnish to the Agency and any other appropriate Person a new policy or policies of insurance or evidence that such policy or policies have been renewed or replaced or are no longer required by this Lease Agreement. The Company shall provide such further information with respect to the insurance coverage required by this Lease Agreement as the Agency and any Lender may from time to time reasonably require.

Section 6.6 Application of Net Proceeds of Insurance. The Net Proceeds of the insurance carried pursuant to the provisions of Section 6.4 hereof shall be applied as follows: (i) the Net Proceeds of the insurance required by Section 6.4(a) and (e) hereof shall be applied as provided in Section 7.1 hereof, and (ii) the Net Proceeds of the insurance required by Section 6.4(b), (c) and (d) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid.

Section 6.7 Right of Lender or Agency to Pay Taxes, Insurance Premiums and Other Charges. If the Company fails (i) to pay any tax, together with any fine, penalty, interest or cost which may have been added thereto or become due or been imposed by operation of law for nonpayment thereof, payments in lieu of taxes pursuant to the PILOT Agreement, assessment or other governmental charge required to be paid by Section 6.3 hereof, (ii) to maintain any insurance required to be maintained by Section 6.4 hereof, (iii) to pay any amount required to be paid by any law or ordinance relating to the use or occupancy of the Company Facility or by any requirement, order or notice of violation thereof issued by any governmental person, (iv) to pay any mechanic's Lien which is recorded or filed against the Facility or any part thereof (unless contested in accordance with the provisions of Section 8.9(b) hereof), or (v) to pay any other amount or perform any act required to be paid or performed by the Company hereunder, the Agency or Lender, if any may pay or cause to be paid such tax, payments in lieu of taxes pursuant to the PILOT Agreement, assessment or other governmental charge, premium for such insurance or any such other payment, or may perform any such act. No such payment shall be made or act performed by the Agency or any Lender until at least ten (10) days shall have elapsed since written notice shall have been given by any Lender to the Agency, with a copy of such written notice being given to the Company (or by the Agency to any Lender and the Company), and in the case of any tax, assessment or governmental charge or the amounts specified in clauses (iii) and (iv) hereof, no such payment shall be made in any event if the Company is contesting the same in good faith to the extent and as permitted by this Lease Agreement, unless an Event of Default hereunder shall have occurred and be continuing. No such payment by the Agency or any Lender shall affect or impair any rights of the Agency hereunder or of the Lender, if any, under the Mortgage arising in consequence of such failure by the Company. The Company shall, on demand, reimburse the Agency or any Lender for any amount so paid or for expenses or costs incurred in the performance of any such act by the Agency or any Lender pursuant to this Section (which shall include all reasonable legal fees and disbursements), together with interest thereon from the date of payment of such amount, expense or cost by the Agency or any Lender at one percent (1%) in excess of the rate set forth in any applicable Note, and such amount, together with such interest, shall become additional indebtedness secured by such applicable Mortgage.

ARTICLE VII
DAMAGE, DESTRUCTION AND CONDEMNATION

Section 7.1 Damage or Destruction of the Company Facility.

(a) If the Company Facility or any part or component shall be damaged or destroyed (in whole or in part) at any time during the Lease Term:

(i) the Agency shall have no obligation to replace, repair, rebuild, restore or relocate the Company Facility;

(ii) there shall be no abatement or reduction in the amounts payable by the Company under this Lease Agreement or the PILOT Agreement (whether or not the Company Facility is replaced, repaired, rebuilt, restored or relocated);

(iii) the Company shall promptly give written notice thereof to the Agency and any Lender;

(iv) upon the occurrence of such damage or destruction, the Net Proceeds derived from the insurance shall be paid to the Company, or if there is a Mortgage or Mortgages in effect, to the applicable Lender or Lenders and except as otherwise provided in Section 11.1 and subsection (d) hereof, applied by such Lender or Lenders pursuant to the terms of the Mortgage or Mortgages;

(v) if the Company Facility is not replaced, repaired, rebuilt, restored or relocated, as provided herein and in Section 7.1(b) hereof, this Lease Agreement shall be terminated at the option of the Agency, and the provisions either of Sections 11.2, 11.3 and 11.4 hereof or of Section 7.1(f) hereof shall apply.

(b) Any replacements, repairs, rebuilding, restorations or relocations of the Company Facility by the Company after the occurrence of such damage or destruction shall be subject to the following conditions:

(i) the Company Facility shall be in substantially the same condition and value as an operating entity as existed prior to the damage or destruction;

(ii) the Company Facility shall continue to constitute a "project" as such term is defined in the Act;

(iii) the Company Facility will be subject to no Liens, other than Permitted Encumbrances; and

(iv) any other conditions any Lender may reasonably impose.

(c) All such repair, replacement, rebuilding, restoration or relocation of the Company Facility shall be effected with due diligence in a good and workmanlike manner in

compliance with all applicable legal requirements, shall be promptly and fully paid for by the Company in accordance with the terms of the applicable contracts and shall automatically become a part of the Company Facility as if the same were specifically provided herein.

(d) If the Company shall exercise its option to terminate this Lease Agreement pursuant to Section 11.1 hereof, any Net Proceeds derived from insurance shall be applied to the payment of the amounts required to be paid by Section 11.2 hereof. If an Event of Default hereunder shall have occurred and will be continuing and the Agency or any Lender shall have exercised their respective remedies under Section 10.2 hereof such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 10.2 and Section 10.4 hereof.

(e) If the entire amount of every outstanding Loan, if any, and interest thereon and all other amounts due and owing to the Agency hereunder has been fully paid, all such remaining Net Proceeds shall be paid to the Company.

(f) If the Company Facility has been substantially damaged or destroyed and is not replaced, repaired, rebuilt, restored or relocated, the Company Facility may be reconveyed to the Company subject to any Mortgage.

Section 7.2 Condemnation.

(a) If title to or use of the Company Facility shall be taken by Condemnation (in whole or in part) at any time during the Lease Term:

(i) the Agency shall have no obligation to replace, repair, rebuild, restore or relocate the Company Facility or to acquire, by construction or otherwise, facilities of substantially the same nature as the Company Facility (“**Substitute Facilities**”);

(ii) there shall be no abatement or reduction in the amounts payable by the Company under this Lease Agreement or the PILOT Agreement (whether or not the Company Facility is replaced, repaired, rebuilt, restored or relocated or Substitute Facilities are acquired);

(iii) the Company shall promptly give written notice thereof to the Agency and each Lender;

(iv) upon the occurrence of such Condemnation, the Net Proceeds derived therefrom shall be paid to the Company, or if there is a Mortgage or Mortgages in effect, to the applicable Lender or Lenders pursuant to the terms of the applicable Mortgage except as otherwise provided in Section 11.1 and subsection (d) hereof, applied by such Lender or Lenders pursuant to the terms of the applicable Mortgage; and

(v) if the Company Facility is not replaced, repaired, rebuilt, restored or relocated, as provided herein and in Section 7.2(b) hereof, this Lease Agreement shall be terminated at the option of the Agency, and the provisions

of either Sections 11.2, 11.3 and 11.4 hereof or of Section 7.2(f) hereof shall apply.

(b) Any replacements, repairs, rebuilding, restorations, relocations of the Company Facility by the Company after the occurrence of such Condemnation or acquisitions by the Company of Substitute Facilities shall be subject to the following conditions:

(i) the Company Facility or the Substitute Facilities shall be in substantially the same condition and value as an operating entity as existed prior to the Condemnation;

(ii) the Company Facility or the Substitute Facilities shall continue to constitute a "project" as such term is defined in the Act;

(iii) the Company Facility or the Substitute Facilities will be subject to no Liens, other than Permitted Encumbrances; and

(iv) any other conditions the Agency or any Lender may reasonably impose pursuant to the applicable Mortgage.

(c) All such repair, replacement, rebuilding, restoration or relocation of the Company Facility shall be effected with due diligence in a good and workmanlike manner in compliance with all applicable legal requirements, shall be promptly and fully paid for by the Company in accordance with the terms of the applicable contracts and shall automatically become a part of the Company Facility as if the same were specifically described herein.

(d) If the Company shall exercise its option to terminate this Lease Agreement pursuant to Section 11.1 hereof, any Net Proceeds derived from the Condemnation shall be applied to the payment of the amounts required to be paid by Section 11.2 hereof. If any Event of Default hereunder shall have occurred and the Lender, if any, shall have exercised its remedies under Section 10.2 hereof, such Net Proceeds shall be applied to the payment of the amounts required to be paid by Section 10.2 and Section 10.4 hereof.

(e) If the entire amount of every outstanding Loan, if any, and interest thereon and all other amounts due and owing to the Agency hereunder has been fully paid, all such remaining Net Proceeds shall be paid to the Company.

(f) If the Company Facility has been substantially condemned and is not replaced, repaired, rebuilt, restored or relocated and a Substitute Facility is not acquired, renovated and equipped, the Company Facility may be reconveyed to the Company subject to any Mortgage.

Section 7.3 Condemnation of Company-Owned Property. The Company shall be entitled to the proceeds of any Condemnation award or portion thereof made for damage to or taking of any Property which, at the time of such damage or taking, is not part of the Company Facility.

Section 7.4 Waiver of Real Property Law Section 227. The Company hereby waives the provisions of Section 227 of the Real Property Law of the State or any law of like import now or hereafter in effect.

ARTICLE VIII SPECIAL COVENANTS

Section 8.1 No Warranty of Condition or Suitability by Agency. THE AGENCY MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF, OR TITLE TO, THE COMPANY FACILITY OR THAT THE COMPANY FACILITY IS OR WILL BE SUITABLE FOR THE COMPANY'S PURPOSES OR NEEDS.

Section 8.2 Hold Harmless Provisions.

(a) The Company agrees that the Agency, its directors, members, officers, agents (except the Company), and employees shall not be liable for and agrees to defend, indemnify, release and hold the Agency, its directors, members, officers, agents (except the Company), and employees harmless from and against any and all (i) liability for loss or damage to Property or injury to or death of any and all Persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the 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 Company Facility or the Land, or (ii) liability arising from or expense incurred in connection with the Agency's acquisition, renovating, equipping, owning and leasing of the Company Facility, including without limiting the generality of the foregoing all claims arising from the breach by the Company of any of its covenants contained herein, the exercise by the Company of the authority conferred upon it pursuant to Section 4.1(d) of this Lease Agreement and all causes of action and attorneys' fees (whether by reason of third party claims or by reason of the enforcement of any provision of this Lease Agreement (including without limitation this Section) or any of the other documents delivered on the Closing Date by the Agency) and any other expenses incurred in defending any claims, suits or actions which may arise as a result of any of the foregoing, provided that any such losses, damages, liabilities or expenses of the Agency are not incurred on account of and do not result from the gross negligence or intentional or willful wrongdoing of the Agency or any of its directors, members, officers, agents (except the Company) or employees. The foregoing indemnities shall apply notwithstanding the breach of a statutory obligation or the application of any rule of comparative or apportioned liability. The foregoing indemnities are limited only to the extent of any prohibitions imposed by law, and upon the application of any such prohibition by the final judgment or decision of a competent court of law, the remaining provisions of these indemnities shall remain in full force and effect.

(b) Notwithstanding any other provisions of this Lease Agreement, the obligations of the Company pursuant to this Section 8.2 shall remain in full force and effect after the termination of this Lease Agreement 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 relating to the matters herein described and the payment of all expenses and charges incurred by the Agency, or its members, directors, officers,

agents and employees, relating to the enforcement of the provisions herein specified.

(c) In the event of any claim against the Agency or its members, directors, officers, agents or employees by any employee or contractor of the Company or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

Section 8.3 Right to Inspect Facility. The Agency and its duly authorized agents of either of them shall have the right at all reasonable times on reasonable written notice delivered to the Company and the Sublessee to inspect the Facility, and subject to the Agency's compliance with such reasonable requirements of the Company and/or the Sublessee to cause the Facility to remain in compliance with all applicable laws and regulations pertaining to the Sublessee's operation of the Facility.

Section 8.4 Company to Maintain Its Existence. The Company covenants and agrees that at all times during the Lease Term, it will (i) maintain its existence, (ii) continue to be a limited liability company subject to service of process in the State and either organized under the laws of the State, or organized under the laws of any other state of the United States and duly qualified to do business as a foreign limited liability company in the State, (iii) not liquidate, wind-up or dissolve or otherwise dispose of all or substantially all of its property, business or assets remaining after the execution and delivery of this Lease Agreement, and (iv) not consolidate with or merge into another corporation or permit one or more corporations to consolidate with or merge into it.

Section 8.5 Qualification in State. The Company throughout the Lease Term shall continue to be duly authorized to do business in the State.

Section 8.6 Agreement to File Annual Statements and Provide Information. The Company shall file with the New York State Department of Taxation and Finance an annual statement of the value of all sales and use tax exemptions claimed in connection with the Facility in compliance with Sections 874(8) and (9) of the New York State General Municipal Law. The Company shall submit a copy of such annual statement to the Agency at the time of filing with the Department of Taxation and Finance. The Company further agrees whenever requested by the Agency to provide and certify or cause to be provided and certified such information concerning the Company, its operations and its employment reasonably necessary to enable the Agency to make any report required by law, governmental regulation, including, without limitation, any reports required by the Act, the Public Authorities Accountability Act of 2005, or the Public Authorities Reform Act of 2009, as amended from time to time, or any other reports required by the New York State Authority Budget Office or the Office of the State Comptroller or any of the Agency Documents or Company Documents. Such information shall be provided within thirty (30) days following written request from the Agency.

Section 8.7 Books of Record and Account; Financial Statements. The Company at all times agrees to maintain proper accounts, records and books in which full and correct

entries shall be made, substantially in accordance with generally accepted accounting principles, of all transactions and events relating to the business and financial affairs of the Company. The Company shall furnish to the Agency, within thirty (30) days of their filing, copies of all reports, if any, filed with the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended, relative to the Company.

Section 8.8 Compliance with Orders, Ordinances, Etc.

(a) The Company, throughout the Lease Term, agrees that it will promptly comply, and cause any sublessee, tenant or occupant of the Company Facility to comply, in all material respects with all statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Company Facility or any part thereof, or to the acquisition, renovation and equipping thereof, or to any use, manner of use or condition thereof, of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers having jurisdiction over the Company Facility or any part thereof, and of any companies or associations insuring the premises.

(b) The Company shall keep or require the Company Facility to be kept free of Hazardous Substances, except in compliance with applicable law. Without limiting the foregoing, the Company shall not cause or permit the Company Facility to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance with all applicable federal, state and local laws or regulations, nor shall the Company cause or permit, as a result of any intentional or unintentional act or omission on the part of the Company or any contractor, subcontractor, tenant or subtenant, a release of Hazardous Substances onto the Company Facility or onto any other property. The Company shall comply with and require compliance by all contractors, subcontractors, tenants and subtenants with all applicable federal, state and local laws, ordinances, rules and regulations, whenever and by whomever triggered, and shall obtain and comply with, and require that all contractors, subcontractors, tenants and subtenants obtain and comply with, any and all approvals, registrations or permits required thereunder. The Company shall (i) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to clean up and remove all Hazardous Substances on, from or affecting the Company Facility (A) in accordance with all applicable federal, state and local laws, ordinances, rules, regulations and policies, and (B) in accordance with the orders and directives of all federal, state and local governmental authorities; and (ii) defend, indemnify and hold harmless the Agency and any Lender, and their members, employees, agents, officers and directors 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, arising out of, or in any way related to (A) the presence, disposal, release or threatened release of any Hazardous Substances which are on, from or affecting the soil, water, vegetation, buildings, personal property, persons, animals or otherwise, (B) any bodily injury, personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Substances, (C) any lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Substances, and/or (D) any violation of laws,

orders, regulations, requirements or demands of government authorities, or any policies or requirements of any Lender or the Agency, which are based upon or in any way related to such Hazardous Substances, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses. In the event any Mortgage is foreclosed or the Company tenders a deed in lieu of foreclosure, the Company shall deliver the Company Facility free of any and all Hazardous Substances so that the condition of the Company Facility shall conform with all applicable federal, state and local laws, ordinances, rules or regulations affecting the Company Facility. The provisions of this Section shall be in addition to any and all other obligations and liabilities the Company may have to the Agency or any Lender at common law, and shall survive the transactions contemplated herein.

(c) Notwithstanding the provisions of subsections (a) and (b) hereof, the Company may in good faith contest the validity or the applicability of any requirement of the nature referred to in such subsections (a) and (b) by appropriate legal proceedings conducted in good faith and with due diligence. In such event, the Company may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom, unless the Agency or any Lender shall notify the Company that by failure to comply with such requirement or requirements, the lien of any Mortgage as to any part of the Company Facility may be materially endangered or the Facility or any part thereof may be subject to loss, penalty or forfeiture, in which event the Company shall promptly take such action with respect thereto or provide such security as shall be satisfactory to any such Lender or to the Agency. If at any time the then existing use or occupancy of the Company Facility shall, pursuant to any zoning or other law, ordinance or regulation, be permitted only so long as such use or occupancy shall continue, the Company shall use its best efforts not to cause or permit such use or occupancy to be discontinued without the prior written consent of the Agency.

(d) Notwithstanding the provisions of this Section 8.8, if, because of a breach or violation of the provisions of subsections (a) or (b) hereof (without giving effect to subsection (c) hereof), either the Agency, the Lender or any of their respective members, directors, officers, agents or employees shall be threatened with a fine, liability, expense or imprisonment, then, upon written notice from the Agency or Lender, if any, the Company shall immediately provide legal protection and/or pay amounts necessary, in the opinion of the Agency or the Lender, as the case may be, and their respective members, directors, officers, agents and employees, to the extent permitted by applicable law, to remove the threat of such fine, liability, expense or imprisonment.

(e) Notwithstanding any provisions of this Section 8.8, the Agency and any Lender each retain the right to defend itself in any action or actions which are based upon or in any way related to such Hazardous Substances. In any such defense of themselves, the Agency and any Lender shall select their own counsel, and any and all costs of such defense, including, without limitation, attorney and consultant fees, investigation and laboratory fees, court costs and litigation expenses, shall be paid by the Company.

Section 8.9 Discharge of Liens and Encumbrances.

(a) The Company, throughout the Lease Term, shall not permit or create or suffer

to be permitted or created any Lien, except for Permitted Encumbrances, upon the Company Facility or any part thereof by reason of any labor, services or materials rendered or supplied or claimed to be rendered or supplied with respect to the Company Facility or any part thereof.

(b) Notwithstanding the provisions of subsection (a) hereof, the Company may in good faith contest any such Lien. In such event, the Company may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom, unless the Agency or any Lender shall notify the Company that by nonpayment of any such item or items, the lien of the applicable Mortgage may be materially endangered or the Company Facility or any part thereof may be subject to loss or forfeiture, in which event the Company shall promptly secure payment of all such unpaid items by filing a bond, in form and substance satisfactory to the Agency and any Lender, thereby causing such Lien to be removed, or by taking such other actions as may be satisfactory to the Agency and any Lender to protect their respective interests. Mechanics' Liens shall be discharged or bonded within thirty (30) days of the filing or perfection thereof.

Section 8.10 Identification of Facility Equipment. All Facility Equipment which is or may become the Property of the Agency pursuant to the provisions of this Lease Agreement shall be properly identified by the Company by such appropriate records, including computerized records, as may be approved by the Agency. All Facility Equipment and other Property of whatever nature affixed or attached to the Land or used or to be used by the Company in connection with the Land or the Improvements shall be deemed presumptively to be owned by the Agency, rather than the Company, unless the same were utilized for purposes of construction of the Facility or were installed by the Company and title thereto was retained by the Company as provided in Section 6.2 of this Lease Agreement and such Facility Equipment and other Property were properly identified by such appropriate records as were approved by the Agency.

Section 8.11 Depreciation Deductions and Investment Tax Credit. The parties agree that, as between them, the Company and/or the Sublessee shall be entitled to all depreciation deductions with respect to any depreciable property comprising a part of the Company Facility and to any investment credit with respect to any part of the Company Facility.

Section 8.12 Employment Opportunities; Notice of Jobs. The Company covenants and agrees that, in consideration of the participation of the Agency in the transactions contemplated herein, it will, except as otherwise provided by collective bargaining contracts or agreements to which they are a party, cause any new employment opportunities created by the Company in connection with the Facility to be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the Facility is located (collectively, the "**Referral Agencies**"). The Company also agrees, and shall cause any and all sublessees to agree, that they will, except as otherwise provided by collective bargaining contracts or agreements to which they are parties, first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the Referral Agencies.

ARTICLE IX
RELEASE OF CERTAIN LAND; ASSIGNMENTS AND SUBLEASING

Section 9.1 Restriction on Sale of Company Facility; Release of Certain Land.

(a) Except as otherwise specifically provided in this Article IX, Section 10.2 hereof, Article XI hereof and the Mortgage, the Agency shall not sell, convey, transfer, encumber or otherwise dispose of the Company Facility or any part thereof or any interest therein, or any of its rights under this Lease Agreement, without the prior written consent of the Company and any Lender, if required by the Loan Documents.

(b) With the prior written consent of the Lender, if required by the Loan Documents, the Agency and the Company from time to time may release from the provisions of this Lease Agreement and the leasehold estate created hereby any part of, or interest in, the Land which is not necessary, desirable or useful for the Facility. In such event, the Agency, at the Company's sole cost and expense, shall execute and deliver any and all instruments necessary or appropriate so to release such part of, or interest in, the Land and convey such title thereto, or interest therein, to the Company or such other Person as the Company may designate. As a condition to such conveyance, the Agency shall be provided with a copy of the instrument transferring such title or interest in such Land, an instrument survey (if the Lender so requests) of the Land to be conveyed, together with a certificate of an Authorized Representative of the Company stating that there is then no Event of Default under this Lease Agreement and that such part of, or interest in, the Land is not necessary, desirable or useful for the Facility.

(c) No conveyance of any part of, or interest in, the Land affected under the provisions of this Section 9.1 shall entitle the Company to any abatement or diminution of the rents payable by it under this Lease Agreement or any abatement or diminution of the amounts payable by it under the PILOT Agreement.

Section 9.2 Removal of Facility Equipment.

(a) The Agency shall not be under any obligation to remove, repair or replace any inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary item of Facility Equipment. In any instance where the Company determines that any item of Facility Equipment has become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company or the Sublessee, with the prior written consent of any Lender, if required by the Mortgage, if any, may remove such items from the Company Facility and may sell, trade-in, exchange or otherwise dispose of the same, as a whole or in part, free from the lien of the Mortgage, if any, provided that such removal will not materially impair the operation of the Facility for the purpose for which it is intended or change the nature of the Company Facility so that it does not constitute a "project" under the Act.

(b) The Agency shall execute and deliver to the Company all instruments necessary or appropriate to enable the Company to sell or otherwise dispose of any such item of Facility Equipment. The Company shall pay any costs (including counsel fees) incurred in transferring title to any item of Facility Equipment removed pursuant to this Section 9.2.

(c) The removal of any item of Facility Equipment pursuant to this Section shall not entitle the Company to any abatement or diminution of the rents payable by it under this Lease Agreement or any abatement or diminution of the amounts payable by it under the PILOT Agreement.

Section 9.3 Assignment and Subleasing.

(a) Except pursuant to the Sublease Agreement, this Lease Agreement may not be assigned, in whole or in part, and the Company Facility may not be subleased, in whole or in part, without the prior written consent of the Agency and any Lender, if required by the Mortgage, if any, in each instance. Any assignment or sublease shall be on the following conditions, as of the time of such assignment or sublease:

- (i) no assignment or sublease shall relieve the Company from primary liability for any of its obligations hereunder;
- (ii) the assignee or sublessee (except in the case of a true sublessee in the ordinary course of business) shall assume the obligations of the Company hereunder to the extent of the interest assigned or subleased;
- (iii) the Company shall, within ten (10) days after the delivery thereof, furnish or cause to be furnished to the Agency a true and complete copy of such assignment or sublease and the instrument of assumption;
- (iv) neither the validity nor the enforceability of the Lease Agreement or any Mortgage shall be adversely affected thereby;
- (v) the Company Facility shall continue to constitute a "project" as such quoted term is defined in the Act, and, without limiting the generality of the foregoing, no assignment or sublease shall cause the Company Facility to be used in violation of previous Section 862(2)(a) of the Act and no assignment or sublease shall cause the Company Facility to be occupied by a sublessee in violation of Section 862(1) of the Act; and
- (vi) the sublessee will execute and deliver an agency compliance agreement, in form and substance reasonably satisfactory to the Agency;

(b) If any Lender or the Agency shall so request, as of the purported effective date of any assignment or sublease pursuant to subsection (a) of this Section 9.3, the Company at its cost shall furnish such Lender and the Agency with opinions, in form and substance reasonably satisfactory to such Lender and the Agency, (i) of Transaction Counsel as to item (v) above, and (ii) of Independent Counsel as to items (i), (ii), and (iv) above.

(c) In accordance with Section 862(1) of the Act, the Company Facility shall not be occupied by a sublessee whose tenancy would result in the removal of a facility or plant of the proposed sublessee from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of such sublessee located within the State; provided, however, that neither restriction shall apply if the Agency shall determine:

- (i) that such occupation of the Company Facility is reasonably necessary to discourage the proposed sublessee from removing such other plant or facility to a location outside the State, or
- (ii) that such occupation of the Company Facility is reasonably necessary to preserve the competitive position of the proposed sublessee in its respective industry.

Section 9.4 Mortgage and Pledge of Agency's Interests to Lender. The Agency shall at the request of and at the sole cost and expense of the Company (i) mortgage its interest in the Company Facility, and (ii) pledge and assign its rights to and interest in this Lease Agreement and in all amounts payable by the Company pursuant to Section 5.3 hereof and all other provisions of this Lease Agreement (other than Unassigned Rights), to the Lender as security for the payment of the principal of and interest on the Loan. The Company hereby acknowledges and consents to such mortgage, pledge and assignment by the Agency. Notwithstanding the foregoing, all indemnities herein contained shall, subsequent to such mortgage, pledge and assignment, continue to run to the Agency for its benefit. Any transfer to the Lender by the Company of its interest in this Lease Agreement in satisfaction of the Company's obligations to the Lender shall not be subject to the provisions of Section 9.3 hereof.

Section 9.5 Pledge of Company's Interest to Lender. The Company shall have the right to pledge and assign its rights to and interest in this Lease Agreement and the Plans and Specifications to any Lender as security for the payment of the principal of and interest on the Loan. The Agency hereby acknowledges and consents to any such pledge and assignment by the Company.

Section 9.6 Merger of Agency. (a) Nothing contained in this Lease Agreement shall prevent the consolidation of the Agency with, or merger of the Agency into, or transfer of title to the entire Company Facility to, any other public benefit corporation or political subdivision which has the legal authority to own and lease the Company Facility, provided that upon any such consolidation, merger or transfer, the due and punctual performance and observance of all the agreements and conditions of this Lease Agreement 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 or surviving such merger or to which the Company Facility shall be transferred.

(b) Within thirty (30) days after the consummation of any such consolidation, merger or transfer of title, the Agency shall give written notice thereof in reasonable detail to the Company and any Lender and shall, upon request, furnish to the Company and any Lender, at the sole cost and expense of the Company, a favorable opinion of Independent Counsel as to compliance with the provisions of Section 9.6(a) hereof. The Agency promptly shall furnish such additional information with respect to any such transaction as the Company or any Lender may reasonably request.

ARTICLE X EVENTS OF DEFAULT AND REMEDIES

Section 10.1 Events of Default Defined.

(a) The following shall be "Events of Default" under this Lease Agreement:

(i) the failure by the Company to pay or cause to be paid, on the date due, the amount specified to be paid pursuant to Section 5.3(a) hereof, and such default shall continue for a period of ten (10) days after receipt by the Company and of the Sublessee of written notice that the same is past due;

(ii) the failure by the Company to observe and perform any covenant contained in Sections 2.2(g) or (i), 6.4, 6.5, 8.2, 8.4, 8.6, 8.8, 9.3 and 10.6 hereof, and such failure shall continue for a period of ten (10) days after receipt by the Company and the Sublessee of written notice specifying, in reasonable detail, such failure, and requesting that it be remedied;

(iii) the failure by the Company to pay or cause to be paid, on the dates due, the amounts specified to be paid pursuant to the PILOT Agreement;

(iv) the invalidity, illegality or unenforceability of the PILOT Agreement after the Completion Date of the Facility, or the failure of the Company to observe and perform any covenant contained in the PILOT Agreement;

(v) any representation or warranty of the Company herein or in any of the Company Documents shall prove to have been false or misleading in any material respect;

(vi) the failure by the Company to observe and perform any covenant, condition or agreement hereunder on its part to be observed or performed (except obligations referred to in 10.1(a)(i), (ii) and (xii)) for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, has been given to the Company and the Sublessee by the Agency or any Lender;

(vii) the dissolution or liquidation of the Company; or the failure by the Company to release, stay, discharge, lift or bond within sixty (60) days any execution, garnishment, judgment or attachment of such consequence as may impair its ability to carry on its operations; or the failure by the Company generally to pay its debts as they become due; or an assignment by the Company for the benefit of creditors; or the commencement by the Company (as the debtor) of a case in Bankruptcy or any proceeding under any other insolvency law; or the commencement of a case in Bankruptcy or any proceeding under any other insolvency law against the Company (as the debtor), wherein a court having jurisdiction in the premises enters a decree or order for relief against the Company as the debtor, or such case or proceeding is consented to by the Company or remains undismissed for forty (40) days, or the Company consents to or admits the material allegations against it in any such case or proceeding; or a trustee, receiver or agent (however named) is

appointed or authorized to take charge of substantially all of the property of the Company for the purpose of enforcing a lien against such Property or for the purpose of general administration of such Property for the benefit of creditors;

(viii) the failure of the Company or the Sublessee to create, maintain or retain the full-time and part-time jobs at the Company Facility (including the full and part-time employees of the Sublessee located at the Company Facility), that the Sublessee represented to the Agency in the Sublessee's application to the Agency for financial assistance that the Sublessee would create, maintain or retain at the Company Facility, and such failure shall continue for a period of thirty (30) days after receipt by the Company and the Sublessee of written notice specifying, in reasonable detail, such failure, and requesting that it be remedied;

(ix) a material default under the Mortgage, if any, shall have been declared by the Lender thereunder and shall and be continuing beyond any applicable cure period;

(x) the breach of any covenant or representation contained in Section 8.8 hereof with respect to environmental matters, and such breach shall continue for a period of thirty (30) days after receipt by the Company and the Sublessee of written notice specifying, in reasonable detail, such failure and requesting that it be remedied; or

(xi) an Event of Default under the Environmental Compliance and Indemnification Agreement or the Agency Compliance Agreement, if any, shall have occurred and be continuing.

(b) Notwithstanding the provisions of Section 10.1(a), if by reason of force majeure any party hereto shall be unable in whole or in part to carry out its obligations under Sections 4.1 and 6.1 of this Lease Agreement, and if such party shall give notice and full particulars of such force majeure in writing to the other party, within a reasonable time after the occurrence of the event or cause relied upon, such obligations under this Lease Agreement of the party giving such notice (and only such obligations), so far as they are affected by such force majeure, shall be suspended during continuation of the inability, which shall include a reasonable time for the removal of the effect thereof. The term "force majeure" as used herein shall include, without limitation, acts of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts, priorities or orders of any kind of the government of the United States of America or of the State or any of their departments, agencies, governmental subdivisions or officials or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquakes, fire, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accident to machinery, transmission pipes or canals, shortages of labor or materials or delays of carriers, partial or entire failure of utilities, shortage of energy or any other cause or event not reasonably within the control of the party claiming such inability and not due to its fault. The party claiming such inability shall remove the cause for

the same with all reasonable promptness. It is agreed that the settlement of strikes, lockouts and other industrial disturbances shall be entirely within the discretion of the party having difficulty, and the party having difficulty shall not be required to settle any strike, lockout and other industrial disturbances by acceding to the demands of the opposing party or parties.

Section 10.2 Remedies on Default.

(a) Whenever any Event of Default shall have occurred, the Agency or any Lender may take, to the extent permitted by law, any one or more of the following remedial steps:

(i) declare, by written notice to the Company and the Sublessee, to be immediately due and payable, whereupon the same shall become immediately due and payable: (A) all unpaid installments of rent payable pursuant to Section 5.3(a) and (b) hereof, (B) all unpaid and past due payments in lieu of taxes pursuant to the PILOT Agreement, and (C) all other payments due under this Lease Agreement; provided, however, that if an Event of Default specified in Section 10.1(a)(vii) hereof shall have occurred, such installments of rent and other payments due under this Lease Agreement shall become immediately due and payable without notice to the Company or the Sublessee or the taking of any other action by the Agency or any Lender;

(ii) terminate this Lease Agreement, reconvey the Facility to the Company and terminate the PILOT Agreement. The Agency shall have the right to execute an appropriate deed with respect to the Company Facility and to place the same on record in the Suffolk County Clerk's office, at the sole cost and expense of the Company and in such event the Company waives delivery and acceptance of such deed and the Company hereby appoints the Agency its true and lawful agent and attorney-in-fact (which appointment shall be deemed to be an agency coupled with an interest), with full power of substitution to file on its behalf all affidavits, questionnaires and other documentation necessary to accomplish the recording of such deed;

(iii) take any other action at law or in equity which may appear necessary or desirable to collect the payments then due or thereafter to become due hereunder and under the PILOT Agreement, to secure possession of the Company Facility and to enforce the obligations, agreements and covenants of the Company under this Lease Agreement and under the PILOT Agreement.

(b) Any sums payable to the Agency as a consequence of any action taken pursuant to this Section 10.2 (other than those sums attributable to Unassigned Rights) shall be paid to any Lender and applied to the payment of any Loan.

(c) No action taken pursuant to this Section 10.2 (including repossession of the Company Facility) shall relieve the Company from its obligation to make all payments required by Section 5.3 hereof or under the PILOT Agreement.

(d) After an Event of Default shall have occurred, the Company shall have the right upon notice to the Agency and to any Lender to enter the Company Facility with agents or representatives of the Agency and any Lender to remove any equipment or other personalty owned by the Company if such equipment or personalty is not part of the Company Facility.

Section 10.3 Remedies Cumulative. No remedy herein conferred upon or reserved to the Agency or any Lender is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right and power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Agency and any Lender, as appropriate, to exercise any remedy reserved to it in this Article X, it shall not be necessary to give any notice, other than such notice as may be herein expressly required in this Lease Agreement. Notwithstanding anything to the contrary herein, if the Agency provides written notice to the Sublessee of any Event of Default hereunder, then provided that the Sublessee cures such default within thirty (30) days after receipt of such notice (or commences to so cure and diligently pursues the same to completion, if the default is not reasonably capable of being cured within thirty (30) days), then the Agency will take no action that will interfere with the Sublessee's use and possession of the Facilities.

Section 10.4 Agreement to Pay Attorneys' Fees and Expenses.

(a) In the event the Company should default under any of the provisions of this Lease Agreement and the Agency should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, the Company shall, on demand therefor, pay to the Agency the reasonable fees of such attorneys and such other expenses so incurred.

(b) In the event the Company should default under any of the provisions of this Lease Agreement and any Lender should employ attorneys or incur other expenses for the collection of amounts payable hereunder or the enforcement of performance or observance of any obligations or agreements on the part of the Company herein contained, the Company shall, on demand therefor, pay to such Lender the reasonable fees of such attorneys and such other expenses so incurred.

Section 10.5 No Additional Waiver Implied by One Waiver. In the event any agreement contained herein should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 10.6 Certificate of No Default. The Company shall deliver to the Agency each year no later than January 15, a certificate signed by an Authorized Representative of the Company stating that, to the best of his knowledge, the Company is not in default under this Lease Agreement and No Event of Default exists under this Lease Agreement, the

PILOT Agreement or any other Company Document. Such certificate shall also contain all information required under Section 8.6 hereof.

ARTICLE XI
EARLY TERMINATION OF LEASE AGREEMENT

OPTION IN FAVOR OF COMPANY

Section 11.1 Early Termination of Lease Agreement. The Company shall have the option to terminate this Lease Agreement at any time upon filing with the Agency a certificate signed by an Authorized Representative of the Company stating the Company's intention to do so pursuant to this Section and stating the date upon which such payments required by Section 11.2 hereof shall be made (which date shall not be less than 45 nor more than 90 days from the date such certificate is filed), and upon compliance with the requirements set forth in Section 11.2 hereof.

Section 11.2 Conditions to Early Termination of Lease Agreement. In the event the Company exercises its option to terminate this Lease Agreement in accordance with the provisions of Section 11.1 hereof, the Company shall make the following payments:

(a) To the Agency or the Taxing Authorities (as such term is defined in the PILOT Agreement), as appropriate pursuant to the PILOT Agreement: all amounts due and payable under the PILOT Agreement as of the date of the conveyance described in Section 11.3 hereof.

(b) To the Agency: an amount certified by the Agency to be sufficient to pay all unpaid fees and expenses of the Agency incurred under the Agency Documents.

(c) To the appropriate Person: an amount sufficient to pay all other fees, expenses or charges, if any, due and payable or to become due and payable under the Transaction Documents.

Section 11.3 Obligation to Purchase Facility. Upon expiration or termination of the Lease Term, in accordance with Section 5.2 or 11.1 (a) hereof, the Company shall purchase the Company Facility from the Agency, for the purchase price of One Dollar (\$1.00) plus all unpaid payments in lieu of taxes pursuant to the PILOT Agreement through the date upon which this Lease Agreement terminates or expires. The Company shall purchase the Company Facility by giving written notice to the Agency and to any Lender (which may be contained in the certificate referred to in Section 11.1 (a) hereof) (i) declaring the Company's election to purchase, and (ii) fixing the date of closing such purchase, which shall be the date on which this Lease Agreement is to be terminated.

Section 11.4 Conveyance on Purchase. At the closing of any purchase of the Company Facility pursuant to Section 11.3 hereof, the Agency shall, upon receipt of the purchase price, deliver and request the Lender, if any, to deliver to the Company all necessary documents (i) to convey to the Company title to the Property being purchased, as such Property exists, subject only to the following: (A) any Liens to which title to such

Property was subject when conveyed to the Agency, (B) any Liens created at the request of the Company, to the creation of which the Company consented or in the creation of which the Company acquiesced, (C) any Permitted Encumbrances, and (D) any Liens resulting from the failure of the Company to perform or observe any of the Transaction Documents on its part, or contained in this Lease Agreement or arising out of an Event of Default hereunder, (ii) to release and convey to the Company 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 Company Facility (but not including any Unassigned Rights); and (iii) (A) in the case of the expiration of the Lease Term pursuant to Section 5.2(b) hereof, to release the Agency from any Mortgage and any other Loan Documents to which it is a party, and (B) if applicable, to discharge and release the Mortgage and any other security interest held by such Lender. Upon the conveyance of the Company Facility by the Agency to the Company pursuant to this Article XI, the PILOT Agreement shall terminate.

ARTICLE XII MISCELLANEOUS

Section 12.1 Notices. All notices, certificates and other communications hereunder shall be in writing and shall be either delivered personally or sent by certified mail, postage prepaid, return receipt requested, addressed as follows or to such other address as any party may specify in writing to the other:

To the Agency:

Town of Brookhaven Industrial Development Agency
1 Independence Hill, 3rd Floor
Farmingville, New York 11738
Attention: Lisa MG Mulligan, Chief Executive Officer

With a copy to:

Brookhaven Town Attorney's Office
1 Independence Hill, 3rd Floor
Farmingville, New York 11738
Attention: Annette Eaderesto, Esq.

To the Company:

LAX Hotel, LLC
c/o Tarsadia Investments, LLC
620 Newport Center Dr. Fourteenth Floor
Newport Beach, California 92660
Attention: Edward G. Coss, Esq.

With a copy to:

Farrell Fritz, P.C.
1320 RXR Plaza
Uniondale, New York 11556-1320
Attention: Peter Curry, Esq.

Copies of all notices given either to the Agency or to the Company shall also be sent to any Lender, if such Lender shall deliver written instructions to the Agency and the Company with the address of such Lender.

Section 12.2 Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns.

Section 12.3 Severability. In the event any provision of this Lease Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 12.4 Amendments, Changes and Modifications. This Lease Agreement may not be amended, changed, modified, altered or terminated except in a writing executed by the parties hereto and consented thereto by any Lender.

Section 12.5 Execution of Counterparts. This Lease Agreement 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.

Section 12.6 Applicable Law. This Lease Agreement shall be governed exclusively by the applicable laws of the State without regard or reference to its conflict of laws principles.

Section 12.7 List of Additional Facility Equipment; Further Assurances.

(a) Upon the Completion Date with respect to the Company Facility and the installation of all of the Facility Equipment therein, the Company shall prepare and deliver to the Agency, a schedule listing all of the Facility Equipment not previously described in this Lease Agreement. If requested by the Agency, the Company shall thereafter furnish to the Agency, within sixty (60) days after the end of each calendar year, a schedule listing all of the Facility Equipment not theretofore previously described herein or in the aforesaid schedule.

(b) The Agency and the Company shall execute and deliver all instruments and shall furnish all information necessary or appropriate to perfect or protect any security interest created or contemplated by this Lease Agreement and any Mortgage.

Section 12.8 Survival of Obligations. This Lease Agreement shall survive the performance of the obligations of the Company to make the payments required by Section 5.3, and all indemnities shall survive the foregoing and any termination or expiration of this Lease Agreement.

Section 12.9 References to Lender, Loan, Note, or Mortgage. All references herein to Lender, Loan, Note or Mortgage or other similar words, whether in the singular or the plural, are in anticipation of future Loans to be made by future Lenders. Such references shall only be effective if such Loans have been made and are still outstanding. If such Loans are never made or have been repaid, such references shall not be of any force or effect.

Section 12.10 Table of Contents and Section Headings Not Controlling. The Table of Contents and the headings of the several Sections in this Lease Agreement have been prepared for convenience of reference only and shall not control or affect the meaning of or be taken as an interpretation of any provision of this Lease Agreement.

Section 12.11 Mortgage Financing. In order to finance or refinance certain costs of the construction, renovation and equipping of the Facility, the Company may decide to utilize a lender or lenders, as may be determined, to finance, refinance, modify and/or extend an amount as determined by the Company on the date of delivery of this Lease Agreement or thereafter, including existing loans (the "**Loan**"). The Agency agrees to cooperate with the Company in connection with such financing or refinancing, including without limitation granting one or more mortgages on the Facility, inclusive of any existing mortgages, executing such other documents required by the Company's lender(s) and complying with the terms and provisions of such mortgage(s) and other documents, provided that such mortgage and other documents shall meet all the requirements set forth on Exhibit C attached hereto and made a part hereof. The Agency and the Company agree that this Lease Agreement shall, at the written request of the Company, be subject and subordinate to the Loan and the term and provisions of all documents evidencing and securing the Loan (collectively, the "**Loan Documents**"). The Company shall perform or cause to be performed, for and on behalf of the Agency, each and every obligation of the Agency under and pursuant to the Loan Documents.

(Remainder of Page Intentionally left Blank -Signature Pages Follow)

IN WITNESS WHEREOF, the Agency and the Company have caused this Lease Agreement to be executed in their respective names by their duly authorized representatives, all as of October 1, 2012.

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

By: *Lisa MG Mulligan*
Name: Lisa MG Mulligan
Title: Chief Executive Officer

STATE OF NEW YORK)
 : SS.:
COUNTY OF NASSAU)

On the 18th day of October in the year 2012, before me, the undersigned, personally appeared **Lisa MG Mulligan** 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 she executed the same in her capacity, and that by her signature on the within instrument, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.

Elizabeth A Wood
Notary Public

ELIZABETH A. WOOD
Notary Public, State of New York
Reg. # 01WO6103025
Qualified in Monroe County
Certificate Filed in Monroe County
Commission Expires: 12/15/2015

LAX HOTEL, LLC,
a California limited liability company

By: *G. Patel*
Name: **Gautam Patel**
Title: **Authorized Signatory**

STATE OF NEW YORK)
 : SS.:
COUNTY OF NASSAU)

On the 18th day of October in the year 2012, before me, the undersigned, personally appeared **Gautam Patel**, 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 within instrument, the individual, or the person or entity on behalf of which the individual acted, executed the instrument.

ELIZABETH A. WOOD
Notary Public, State of New York
Reg. # 014006103025
Qualified in Monroe County
Certificate Filed in Monroe County
Commission Expires: 12/15/**2015**

 Elizabeth A. Wood
Notary Public

Signature Page to Lease Agreement
Page 2 of 2

EXHIBIT A

Legal Description of Real Property

All that certain plot, piece or parcel of land, situate, lying and being in the hamlet of North Bellport, in the Town of Brookhaven, County of Suffolk and State of New York, bounded and described as follows:

Beginning at a point on the easterly side of Station Road where the same is intersected by the northerly side of Southaven (not open) Avenue which said point or place of beginning is marked by a monument;

Running thence North 01°36'25" East, 1,844.54 feet to a point;

Thence North 17°36'25" East, 21.84 feet on the southeasterly side of Sills Road;

Thence northeasterly along the arc of a curve with a radius of 11,384.16, 67.0 feet to a point;

Thence North 45°13'58" East, 703.00 feet to a point;

Thence North 83°19'13" East, 27.56 feet to a point on the southwesterly side of Horseblock Road;

Thence South 36°46'35" East, 508.75 feet to a point;

Thence South 09°50'30" West, 2,132.95 feet to a point on the northerly side of Southaven (not open) Avenue at which point is located a monument;

Thence North 80°12'05" West, 580.75 feet to the point or place of beginning.

For conveyancing only: Together with all the rights, title and interest of the party of the first part, of in and to the land lying in the street in front of and adjoining said premises.

For Information Only: District 0200 Section 813.00 Block 01.00 Lot 005.005 & 005.006

EXHIBIT B

Facility Equipment

All equipment, fixtures, machinery, building materials and items of personal property acquired, renovated or installed or to be acquired, constructed or installed but excluding the Equipment described in Exhibit A to the Equipment Lease Agreement in connection with the completion of the Town of Brookhaven Industrial Development Agency's LAX Hotel, LLC/Amneal Pharmaceuticals of New York, LLC 2012 Facility located at 50 Horseblock Road, Yaphank, Town of Brookhaven, Suffolk County, New York.

EXHIBIT C

MORTGAGE REQUIREMENTS

A mortgage should be granted by the Agency and the Company, or an existing mortgage may be modified and/or extended with the Agency joining in on the granting clauses and the remedy provisions and then all other covenants that would usually be from the mortgagor should come from the Company only and not the Agency. In those instances where a covenant by the Agency is required, please word the covenant as follows: "The Mortgagor agrees, the Agency having first been indemnified against any liability or expense to its satisfaction,...". Further, if the lender requires the Agency to provide any certificates or take any action, such action or provisions must be at the sole cost and expense of the Company. In addition, the mortgage must contain the Agency's standard non-recourse and hold harmless provisions set forth below. Pursuant to the granting clauses of the mortgage, the Agency will grant to the lender a mortgage lien on and a security interest in the Facility and the Agency's rights under the Lease Agreement except for the Agency's Unassigned Rights (as defined below). The Agency will also enter in an assignment of rents and leases with respect to the Lease Agreement except for the Agency's Unassigned Rights and also subject to the requirements herein with respect to a mortgage. All other loan documents, such as the Note, should come from the Company. The Agency will not be a party to them.

Finally, in order to preserve the Mortgage Recording Tax exemption, the mortgage should contain a provision stating that the Agency will record the mortgage or cause the mortgage to be recorded in the Suffolk County Clerk's Office. That language is also below.

Required Language:

Non-Recourse and Hold Harmless Provisions to be included in the Lender's Mortgage

Section _____. No Recourse Against Agency. The general credit of the Agency is not obligated or available for the payment of this Mortgage. The Mortgagee will not look to the Agency or any principal, member, director, officer or employee of the Agency with respect to the indebtedness evidenced by this Mortgage or any covenant, stipulation, promise, agreement or obligation contained herein. In enforcing its rights and remedies under this Mortgage, the Mortgagee will look solely to the mortgaged premises and/or the Company for the payment of the indebtedness secured by this Mortgage and for the performance of the provisions hereof. The Mortgagee will not seek a deficiency or other money judgment against the Agency or any principal, member, director, officer or employee of the Agency and will not institute any separate action against the Agency by reason of any default that may occur in the performance of any of the terms and conditions of this Mortgage or the Loan Documentation. This agreement on the part of the Mortgagee shall not be construed in any way so as to effect or impair the lien of this Mortgage of the Mortgagee's right to foreclose hereunder as provided by law or construed in any way so as to limit or restrict any of the rights or remedies of the Mortgagee in any foreclosure proceedings or other enforcement of payment of the indebtedness secured hereby out of and from the security given therefor. All covenants, stipulations, promises, agreements and obligations are the

Agency's and not of any member, director, officer, employee or agent (except the Company) of the Agency in his or her individual capacity, and no recourse shall be had for the payment of the principal of any debt or interest thereon or for any claim based thereon or hereunder against any member, director, officer, employee or agency (except the Company) of the Agency or any natural person executing this Mortgage on behalf of the Agency. No covenant contained herein shall be deemed to constitute a debt of the State of New York or the Town of Brookhaven and neither the State of New York nor the Town of Brookhaven shall be liable on any covenant contained herein, nor shall any obligations hereunder be payable out of any funds of the Agency.

Section _____. Hold Harmless Provisions. The Company agrees that the Agency, its directors, members, officers, agents (except the Company) and employees shall not be liable for and agrees to defend, indemnify, release and hold the Agency, its director, members, officers, agents (except the Company) and employees harmless from and against any and all (i) liability for loss or damage to property or injury to or death of any and all persons that may be occasioned by, directly or indirectly, any cause whatsoever pertaining to the Facility or arising by reason of or in connection with the use thereof or under this Mortgage, or (ii) liability arising from or expense incurred by the Agency's acquiring, constructing, renovating, equipping, installation, owning and leasing of the Facility, including without limiting the generality of the foregoing, all claims arising from the breach by the Company of any of its covenants contained herein and all causes of action and reasonable attorneys' fees (whether by reason of third party claims or by reason of the enforcement of any provision of the Mortgage (including, without limitation, this Section)) and any other expenses incurred in defending any claims, suits or actions which may arise as a result of the foregoing, provided that any such losses, damages, liabilities or expenses of the Agency are not incurred or do not result from the gross negligence or intentional or willful wrongdoing of the Agency or any of its directors, members, officers, agents (except the Company) or employees. The foregoing indemnities shall apply notwithstanding the fault or negligence on the part of the Agency, or any of its members, directors, officers, agents, or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability. The foregoing indemnities are limited only to the extent of any prohibitions imposed by law, and upon the application of such prohibition by the final judgment or decision of a competent court of law, the remaining provisions of these indemnities shall remain in full force and effect.

(b) Notwithstanding any other provisions of this Mortgage, the obligations of the Company pursuant to this Section ____ shall remain in full force and effect after the termination of this Mortgage 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 and payment in full or the satisfaction of such claim, cause of action or prosecution relating to the matters herein described and the payment of all reasonable expenses and charges incurred by the Agency, or its respective members, directors, officers, agents (except the Company) and employees, relating to the enforcement of the provisions herein specified.

(c) In the event of any claim against the Agency or its members, directors, officers, agents (except the Company) or employees by any employee or contractor of the

Company or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, the obligations of the Company hereunder shall not be limited in any way by any limitation on the amount or type of damages, compensation, disability benefits or other employee benefit acts.

Section ____ . Recordation of Mortgage. The Agency covenants that it will record or cause this Mortgage to be duly recorded in all offices where recordation thereof is necessary.

“Unassigned Rights” means the rights of the Agency and moneys payable pursuant to and under Sections 5.3(b), 6.4(b), (c) and (d), 6.7, 8.1, 8.2, 8.6, 8.8, 8.9, 8.12, and 10.2(a)(i)(B), 10.2(a)(ii) and 10.2(a)(iii), 10.4, 11.1, 11.2(a) and (b), 11.3 and 12.8 of the Lease Agreement

SCHEDULE A

SCHEDULE OF DEFINITIONS

“Act” means, collectively, Title 1 of Article 18-A of the General Municipal Law of the State, enacted into law as Chapter 1030 of the Laws of 1969 of the State, as amended, together with Chapter 358 of the Laws of 1970 of the State, as amended.

“Agency” means (i) the Town of Brookhaven Industrial Development Agency, its successors and assigns, and (ii) any local governmental body resulting from or surviving any consolidation or merger to which the Agency or its successors may be a party.

“Agency Compliance Agreement” means the Agency Compliance Agreement, dated as of October 1, 2012, by and between the Agency and the Sublessee, as the same may be amended from time to time.

“Agency Documents” means the Lease Agreement, the Environmental Compliance and Indemnification Agreement, the Equipment Lease Agreement, the PILOT Agreement, the Recapture Agreement and the Agency Compliance Agreement.

“Approving Resolution” or “Authorizing Resolution” means the resolution adopted by the Agency on August 15, 2012, authorizing the execution and delivery of the Agency Documents, as such resolution may be amended and supplemented from time to time.

“Authorized Representative” means, in the case of the Agency, the Chairman, the Vice Chairman, the Executive Director or any member or officer of the Agency; in the case of the Company, the Manager or any member and, in the case of the Sublessee, the Manager or any member, in the case of all, such additional persons as, at the time, are designated to act on behalf of the Agency, or the Company or the Sublessee, as the case may be, by written certificate furnished to the Agency and/or the Company and/or the Sublessee, as the case may be, containing the specimen signature of each such person and signed on behalf of (i) the Agency by the Chairman, the Vice Chairman, the Executive Director or any other member of the Agency, (ii) the Company, the Manager or any member, (iii) the Sublessee, the Manager or any member.

“Bill of Sale” means the Bill of Sale, dated the Closing Date, given by the Company to the Agency with respect to the Facility Equipment, which is part of the Company Facility and defined in Exhibit B to the Lease Agreement, as the same may be amended from time to time.

“Business Day” means any day other than a Saturday, a Sunday, a legal holiday or a day on which banking institutions in New York, New York, or any city in which the principal office of the Lender, if any, is located are authorized by law or executive order to remain closed.

“Closing Date” means the date of delivery of the Deed.

“Company” means LAX Hotel, LLC, a limited liability company, organized and existing under the laws of the State of California and authorized to transact business in the State of New York, and its successors and assigns.

“Company Documents” means the Bill of Sale, the Deed, the Lease Agreement, the Environmental Compliance and Indemnification Agreement, the PILOT Agreement, the Recapture Agreement, and the Sublease Agreement.

“Company Facility” means the Land, the Improvements and the Facility Equipment.

“Completion Date” with respect to the Company Facility, means the date of completion of the Company Facility as certified pursuant to Section 4.3 of the Lease Agreement and with respect to the Equipment, means the date of completion of the installation of the Equipment certified pursuant to Section 4.2 of the Equipment Lease Agreement.

“Condemnation” means the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any governmental entity or other Person acting under governmental authority.

“Construction Period” means the period (a) beginning on the earlier of (i) the date of commencement of acquisition, construction and equipping of the Facility, which date shall not be prior to August 15, 2012 or (ii) the Closing Date, and (b) ending on the Completion Date.

“Deed” means the Bargain and Sale Deed, dated the Closing Date, given by the Company to the Agency with respect to the Land and the existing improvements thereon.

“Environmental Compliance and Indemnification Agreement” means the Environmental Compliance and Indemnification Agreement, dated as of October 1, 2012, by and between the Agency and the Company.

“Equipment” means all machinery, equipment and other personal property used and to be used in connection with the Facility, as described in Exhibit A to the Equipment Lease Agreement.

“Equipment Bill of Sale” means the Equipment Bill of Sale, dated the Closing Date, given by the Sublessee to the Agency with respect to the Equipment, as the same may be amended from time to time.

“Equipment Lease Agreement” means the Equipment Lease Agreement, dated as of October 1, 2012, by and between the Agency, as lessor, and the Sublessee, as lessee, with respect to the Equipment, as the same may be amended from time to time.

“Event of Default” means (a) when used with respect to the Lease Agreement, means any of the events defined as Events of Default by Section 10.1 of the Lease Agreement, (b) when used with respect to the Equipment Lease Agreement, means any of the events defined as Events of Default by Section 10.1 of such Equipment Lease Agreement, and (c) when

used with respect to any Mortgage, means any of the events defined as Events of Default in such Mortgage.

“Facility” means collectively the Company Facility leased to the Company under the Lease Agreement and the Equipment leased to the Sublessee under the Equipment Lease Agreement.

“Facility Equipment” means all machinery, equipment and other personal property used and to be used in connection with Company Facility as described in Exhibit B to the Lease Agreement, but not including the Equipment as described in Exhibit A to the Equipment Lease Agreement.

“Facility Services” means all services necessary for the acquisition, construction and equipping of the Facility.

“Hazardous Substance” means, without limitation, any flammable, explosive, radon, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, petroleum, petroleum constituents, petroleum products, methane, hazardous materials, hazardous wastes, hazardous or toxic substances or related materials, pollutants, or toxic pollutants, as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sections 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Sections 6901, et seq.), the Hazardous Materials Transportation Act, as amended (49 U.S.C. Sections 1801, et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. Sections 2601, et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. Sections 1251 et seq.), Articles 17 and 27 of the New York State Environmental Conservation Law, or any other applicable Environmental Law and the regulations promulgated thereunder.

“Improvements” means all those buildings, improvements, structures and other related facilities (i) affixed or attached to the Land, and (ii) not part of the Equipment, all as they may exist from time to time.

“Independent Counsel” means an attorney or attorneys or firm or firms of attorneys duly admitted to practice law before the highest court of any state of the United States of America or in the District of Columbia and not a full time employee of the Agency, the Company or the Sublessee.

“Land” means the real property leased by the Agency to the Company pursuant to the Lease Agreement and more particularly described in Exhibit A attached thereto.

“Lease Agreement” means the Lease Agreement, dated as of October 1, 2012, by and between the Agency, as lessor, and the Company, as lessee, with respect to the Facility, as the same may be amended from time to time.

“Lease Term” means (i) the duration of the leasehold estate created by the Lease Agreement as specified in Section 5.2 of the Lease Agreement, and (ii) the duration of the

leasehold estate created by the Equipment Lease Agreement as specified in Section 5.2 of the Equipment Lease Agreement.

“Lender” means any lender making a Loan to the Company to finance in whole or in part the acquisition, remediation and development of the Facility or any portion of the Facility.

“Lien” means any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” includes reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar encumbrances, affecting real property. For the purposes of this definition, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Loan” means any loan (including refinancings) made by a Lender to the Company or the Sublessee to pay for the costs of acquisition, renovating, construction and developing the Facility, or any portion thereof, which Loan is secured by a Mortgage on the Facility.

“Mortgage” means any mortgage and security agreement granted by the Agency and the Company to a Lender which grants a mortgage lien on and security interest in the Facility in favor of the Lender as security for such Lender’s Loan to the Company.

“Net Proceeds” means so much 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, with respect to the Company Facility, (i) exceptions to title set forth in the Title Report, (ii) any Mortgage granted to any Lender, (iii) the Lease Agreement, (iv) 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, (v) mechanics’, materialmen’s, warehousemen’s, carriers’ and other similar Liens which are approved in writing by the Lender, if any, or its counsel and, if no Lender, then by the Agency or its Counsel, (vi) Liens for taxes not yet delinquent, and (vii) the Sublease Agreement; and, with respect to the Equipment, (i) the Equipment Lease Agreement, (ii) mechanic’s materialmen’s, warehousemen’s, carrier’s and other similar liens which are approved in writing by the Lender, if any, or its counsel and, if no Lender, then by the Agency or its Counsel, (iii) liens for taxes not yet delinquent, and (iv) purchase money security interests and/or blanket liens in favor of any Lender including UCC-1 Financing Agreements for the leasing of any of said Equipment.

“Person” or “Persons” means an individual, partnership, limited liability partnership, limited liability company, corporation, trust or unincorporated organization, or a government agency, political subdivision or branch thereof.

“PILOT Agreement” means the Payment-in-Lieu-of-Tax Agreement, dated as of October 1, 2012, among the Company, the Sublessee and the Agency, as the same may be amended from time to time.

“Plans and Specifications” means the plans and specifications, if any, for the Improvements, prepared for the Company and approved by the Agency and Lender, if any, as revised from time to time in accordance with the Lease Agreement.

“Prime Rate” means (i) if no Lender, the rate designated by The Wall Street Journal from time to time as its “prime rate”, or (ii) if a Lender exists, the rate designated by the Lender from time to time as its “prime rate”.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Public Purposes” shall mean the State’s objective to create industrial development agencies for the benefit of the several counties, cities, villages and towns in the State and to empower such agencies, among other things, to acquire, construct, reconstruct, lease, improve, maintain, equip and sell land and any building or other improvement, and all real and personal properties, including, but not limited to, machinery and equipment deemed necessary in connection therewith, whether or not now in existence or under construction, which shall be suitable for manufacturing, warehousing, research, commercial, recreation or industrial facilities, including industrial pollution control facilities, in order to advance job opportunities, health, general prosperity and the economic welfare of the people of the State and to improve their standard of living.

“Recapture Agreement” means the Recapture Agreement, dated as of October 1, 2012, among the Agency, the Company and the Sublessee, as the same may be amended from time to time.

“Schedule of Definitions” means the words and terms set forth in this Schedule of Definitions attached to the Lease Agreement, as the same may be amended from time to time.

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

“State” means the State of New York.

“Sublease Agreement” means a certain Sublease Agreement, dated October 18, 2012, by and between the Company, as sublessor, and the Sublessee, as sublessee, as the same may be amended from time to time.

“Sublessee” means Amneal Pharmaceuticals of New York, LLC, a business corporation, organized and existing under the laws of the State of Delaware and authorized to transact business in the State of New York, as sublessee under the Sublease, and its successors and assigns.

“Sublessee Documents” means the Agency Compliance Agreement, the Sublease Agreement, the Equipment Lease Agreement, the Equipment Bill of Sale, the Equipment Environmental Compliance and Indemnification Agreement, the Recapture Agreement and the PILOT Agreement.

“Substitute Facilities” means facilities of substantially the same nature as the proposed Facility.

“Title Report” means Certificate of Title No. NCS-554132-SA1 issued by First American Title Insurance Company, to the Agency on June 11, 2012, and redated and recertified on the Closing Date.

“Transaction Counsel” means the law firm of Nixon Peabody LLP.

“Transaction Documents” means the Agency Documents, the Company Documents, and the Sublessee Documents.

“Unassigned Rights” means the rights of the Agency and moneys payable to the Agency pursuant to and under Sections 5.3(b), 6.4(b) and (c), 6.7, 8.1, 8.2, 8.8, 8.9, 8.12, 10.2(a)(i)(A) with respect to amounts payable under Section 5.3(b) of the Lease Agreement, 10.2(a)(i)(B), 10.2(a)(iii), 10.2(a)(v) 10.2(a)(vi) (for each case with respect to Section 10.2 upon a continuing default in payment by the Company under the PILOT Agreement), 10.4(a), 11.2(b), 11.3 and 12.8 of the Lease Agreement and under Sections 5.3(b), 6.4(b) and (c), 8.1, 8.2, 8.8, 8.9, 10.2(a)(iii), 10.4, 11.2 and 12.8 of the Equipment Lease Agreement.