

AGENT AGREEMENT

THIS AGREEMENT, made as of May 16, 2011, by and between the ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York, with offices at 143 Genesee Street, Buffalo, New York 14203 (the "Agency"), and NIAGARA TRANSFORMER CORP., a corporation duly organized, validly existing and in good standing under the laws of the State of New York, with offices at 1747 Dale Road, Cheektowaga, New York 14225 (the "Company").

WITNESSETH:

WHEREAS, the Agency was created by Chapter 293 of the Laws of 1970 of the State of New York pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York (collectively, the "Act") as a body corporate and politic and as a public benefit corporation of the State of New York; and

WHEREAS, the Company has requested the Agency's assistance with a certain project (the "Project") consisting of: (i) a 3.20+/- acre parcel of land located at 1755 Dale Road, Town of Cheektowaga, Erie County, New York (the "Land"), (ii) the construction and equipping of improvements thereon of a 29,259+/- SF commercial building for operation of a manufacturing facility to be used for the final assembly, painting and testing of power transformers (the "Improvements"), and (iii) the acquisition and installation by the Company of certain items of machinery, equipment and other tangible personal property (the "Equipment," and collectively with the Land and the Improvements, the "Facility"); and

WHEREAS, by Resolution dated May 16, 2011 (the "Resolution"), the Agency authorized the Company to act as its Agent for the purposes of acquiring, constructing and/or equipping the Facility subject to the Company entering into this Agent Agreement.

NOW THEREFORE, in consideration of the covenants herein contained and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is mutually agreed as follows:

1. Scope of Agency. The Company hereby agrees to limit its activities as Agent for the Agency under the authority of the Resolution to acts reasonably related to the acquisition, construction and equipping of the Facility. The right of the Company to act as Agent of the Agency shall expire on **May 31, 2012**, unless extended as contemplated by the Resolution. The aggregate amount of work performed as Agent for the Agency shall not exceed the amounts described in the Company's application to the Agency in this matter.

All contracts entered into as Agent for the Agency shall include the following language:

"Except to the extent of bond proceeds (to the extent bonds are issued by Agency with respect to the Project), the Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, agreement, invoice, bill or purchase order in any manner and to any extent whatsoever (including payment or performance obligations), and the Company shall be the sole party liable thereunder."

2. Representations and Covenants of the Company. The Company makes the following representations and covenants in order to induce the Agency to proceed with the Facility:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, has the authority to enter into this Agreement and has duly authorized the execution and delivery of this Agreement.

(b) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Agreement will conflict with or result in a breach of any of the terms, conditions or provisions of any material restriction or any agreement or instrument to which the Company is a party or by which it is bound, or will constitute a material default under any of the foregoing, 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 instrument or agreement.

(c) The Facility and the operation thereof will conform in all material respects with all applicable zoning, planning, building and environmental laws and regulations of governmental authorities having jurisdiction over the Facility, and the Company shall defend, indemnify and hold the Agency harmless from any liability or expenses resulting from any failure by the Company to comply with the provisions of this subsection (c).

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of the Company, threatened against or affecting the Company, to which the Company is a party, and in which an adverse result would in any way diminish or adversely impact on the Company's ability to fulfill its obligations under this Agreement.

(e) The Company covenants that the Facility will comply in all respects with all applicable environmental laws and regulations, and, except in compliance with environmental laws and regulations, (i) that no pollutants, contaminants, solid wastes, or toxic or hazardous substances will be stored, treated, generated, disposed of, or allowed to exist on the Facility except in compliance with all material applicable laws, (ii) that the Company will take all reasonable and prudent steps to prevent an unlawful release of hazardous substances onto the Facility or onto any other property, (iii) that no asbestos will be incorporated into or disposed of on the Facility, (iv) that no underground storage tanks will be located on the Facility, and (v) that no investigation, order, agreement, notice, demand or settlement with respect to any of the above is threatened, anticipated, or in existence. The Company upon receiving any information or notice contrary to the representations contained in this Section shall immediately notify the Agency in writing with full details regarding the same. The Company hereby releases the Agency from liability with respect to, and agrees to defend, indemnify, and hold harmless the Agency, its executive director, directors, members, officers, employees, agents, representatives, successors, and assigns from and against any and all claims, demands, damages, costs, orders, liabilities, penalties, and expenses (including reasonable attorneys' fees) related in any way to any violation of the covenants or failure to be accurate with respect to the representations contained in this Section. In the event the Agency in its reasonable discretion deems it necessary

diligence with respect to any of the above, or to have an environmental audit performed by a consultant reasonably acceptable to the Company with respect to the Facility, the Company agrees to pay the expenses of same to the Agency upon written demand accompanied by supporting documentation, and agrees that upon failure to do so, its obligation for such expenses shall be deemed to be additional rent.

(f) Any personal property acquired by the Company in the name of the Agency shall be located in the Town of Cheektowaga, except for temporary periods during ordinary use.

3. Hold Harmless Provision. The Company hereby releases the Agency from, agrees that the Agency shall not be liable for, and agrees to indemnify, defend and hold the Agency and its executive director, directors, members, officers, employees, agents (except the Company), representatives, successors and assigns 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 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 on, in or about the Facility or breach by the Company of this Agreement or (ii) liability arising from or expense incurred by the Agency's financing, rehabilitating, renovation, equipping, owning and leasing of the Facility, including without limiting the generality of the foregoing, all causes of action and reasonable attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. The foregoing indemnities shall apply notwithstanding the fault or negligence on the part of the Agency, or any of its respective executive director, directors, members, officers, agents or employees and irrespective of the breach of a statutory obligation or the application of any rule of comparative or apportioned liability, except that such indemnities will not be applicable with respect to willful misconduct or gross negligence on the part of the Agency or any other person or entity to be indemnified.

4. Insurance Required. Effective as of the date hereof and until the expiration or termination of the right of the Company to act as Agent of the Agency hereunder, the Company shall maintain, or cause to be maintained by its subagent or contractors or subcontractors, certain insurance requirements, and paying, as the same become due and payable, all premiums in respect thereto, including, but not necessarily limited to:

Certificates of Insurance shall be provided to the Agency and indicate the following minimal coverage, limits of insurance, policy numbers and policy effective and expiration dates as described below.

(a) Commercial General Liability:

i) Accepted Form: ACORD 25 (2009/09 or later revisions)

ii) The Company shall provide evidence of insurance for the named insured's premises and operations, products-completed operations, blanket contractual liability on an occurrence basis and have attached Designated Location(s) General Aggregate Limit CG 25 04 endorsement. Limits expressed shall be no less than:

General Aggregate	\$2,000,000
Products-Completed Operations Aggregate	\$2,000,000
Per Occurrence	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Fire Damage Liability	\$ 100,000
Medical Payments (per person)	\$ 5,000

Erie County Industrial Development Agency shall be named as Additional Insured per ISO Form CG 20 26-Additional Insured Designated Person or Organization to provide coverage for the Additional Insured on a Primary & Non-Contributory basis and be indicated as such on the submitted Certificate of Insurance. All insurance required of the Company shall waive any right of subrogation of the insurers against any person insured under such policy, and waive any right of the insurers to any off-set or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of any person insured under such policy.

(b) Property Insurance (or Builder's Risk if applicable):

i) Accepted Forms: ACORD 27 (2009/12) or ACORD 28 (2009/12)

ii) The Company shall provide evidence of insurance with respect to the Improvements against all direct physical loss, including mechanical breakdown. Such insurance shall be in an amount as is required by the Company's lender, if any, or as is in accordance with general industry practice applicable to the Company, exclusive of excavations and foundations, as determined by a recognized insurer selected by the Company.

(c) Workers Compensation & Employers Liability:

The Company, if applicable, and all Company contractors and subcontractors for the project shall maintain Workers Compensation insurance as required by statute to cover claims for injury or illness to their employees and those who may be eligible under the Act. Exclusions for proprietors, partners, members of limited liability companies or executive officers of the respective contractor(s) and subcontractor(s) will not be permitted.

Workers Compensation:	Statutory
Employers Liability:	
Bodily Injury by Accident (per Accident)	\$100,000
Bodily Injury by Disease (Policy Permit)	\$500,000
Bodily Injury by Disease (Per Employee)	\$100,000

(d) Automobile Liability:

The Company shall maintain Business Auto Liability insurance covering the use of all owned, hired or non-owned autos for Bodily Injury and Property Damage with a Combined Single Limit of \$1,000,000 per accident. Required limits may be satisfied by a combination of a primary policy and an excess/umbrella policy.

(e) Umbrella/Excess Liability:

The Company shall provide evidence of Commercial Umbrella or Excess Liability insurance for a limit of at least \$5,000,000 per occurrence with a \$5,000,000 Aggregate. Coverage should respond on a follow-form basis and excess over the aforementioned underlying policy limits. Erie County Industrial Development Agency shall be named as Additional Insured.

(f) Cancellation or Non-renewal:

Each Certificate shall state that in the event of any material change in or cancellation of said policies, the Agency will receive thirty (30) days prior notice of such change or cancellation. Each Certificate of Insurance shall be sent to:

Erie County Industrial Development Agency
Attention: Andrew Schoepich
143 Genesee Street
Buffalo, NY 14203

5. Additional Provisions Respecting Insurance. (a) All insurance shall be provided evidencing the insurance is currently maintained and in force with an insurance carrier approved to do business in the State of New York and maintaining an A.M. Best Rating of A- or better showing Erie County Industrial Development Agency as Certificate Holder. 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 Company is engaged. All policies evidencing such insurance other than property insurance described in paragraph (b) above shall provide for payment of the losses of the Company and the Agency as their respective interests may appear.

(b) All such certificates of insurance of the insurers indicating that such insurance is in force and effect, and all policies (if applicable), shall be deposited with the Agency on the date hereof. At least thirty (30) days prior to expiration of the policy evidenced by said certificates, the Company shall furnish the Agency evidence that the policy has been renewed or replaced or is no longer required by this Agreement.

6. This Agreement may be executed in any number of counterparts each of which shall be deemed an original but which together shall constitute a single instrument.

7. All notices, claims and other communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or mailed first class, postage prepaid, or by a nationally-recognized overnight courier, addressed as follows:

To the Agency: Erie County Industrial Development Agency
143 Genesee Street
Buffalo, NY 14203
Attn: Al Culliton, CFO

With a copy to: Harris Beach PLLC
726 Exchange Street, Suite 1000
Buffalo, NY 14210
Attn: Robert G. Murray, Esq.

To the Company: Niagara Transformer Corp.
1747 Dale Road
Cheektowaga, NY 14225
Attn: John Darby, President

With a copy to: Harter Secrest & Emery, LLP
Twelve Fountain Plaza, Suite 400
Buffalo, NY 14202-2293
Attn: Anthony D. Mancinelli, Esq.

or at such other address as any party may from time to time furnish to the other party by notice given in accordance with the provisions of this Section. All notices shall be deemed given when mailed or personally delivered in the manner provided in this Section.

8. This Agreement shall be governed by, and all matters in connection herewith shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements executed and to be wholly performed therein and the parties hereto hereby agree to submit to the personal jurisdiction of the Federal or state courts located in Erie County, New York.

9. The parties are contemplating that, after any applicable public hearings, the Agency will negotiate and enter into a lease agreement ("Lease Agreement"), leaseback agreement (the "Leaseback Agreement") and payment-in-lieu-of-tax agreement ("PILOT Agreement") with the Company. The Company agrees not to take title to any real property as agent for the Agency. Upon completion of the acquisition and installation of the Equipment acquired by the Company as agent for the Agency, the Agency shall transfer title to the Equipment to the Company by a bill of sale (the "Bill of Sale") in the form attached hereto as Exhibit A. In addition, at any time prior to completion of the acquisition and installation of the Equipment, the Company can demand that the Agency transfer title to the Company with respect to the Equipment, provided all amounts owed the Agency have been paid current.

10. By executing this Agent Agreement, the Company covenants and agrees to pay all fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel or bond/transaction counsel, and (2) other consultants retained by the Agency, if any, in connection with the Project; in accordance with the terms of the Administrative Fee Agreement between the Company and the Agency. The Agency counsel fees are currently scheduled at **\$18,000.00** based upon the Company's representations made in its application for Agency assistance and as established in accordance with the Agency counsel fee schedule.

The Company further covenants and agrees to make a non-refundable partial payment of one-third of the Agency Legal Counsel Fee of **\$6,000.00** upon execution of this Agreement. The Company further covenants and agrees that the Company is liable for payment to the Agency of all charges referred to above, as well as all other actual costs and expenses incurred by the Agency in undertaking the Project notwithstanding the occurrence of any of (1) the applicant's withdrawal, abandonment, cancellation or failure to pursue the Project; (2) the inability of the Agency or the Company to procure the services of one or more financial institutions to provide financing for the Project; or (3) the Company's failure, for whatever reason, to undertake and/or successfully complete the Project.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the parties hereto have executed this Agent Agreement as of the day and year first above written.

**ERIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

Dated: July 18, 2011

By: 
Name: Karen M. Fiala
Its: Assistant Treasurer

NIAGARA TRANSFORMER CORP.

Dated: May 14, 2011

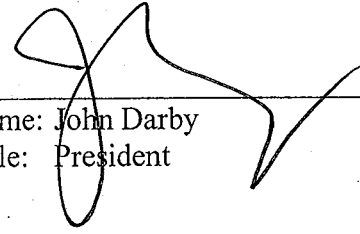
By: 
Name: John Darby
Title: President

Exhibit A

FORM OF BILL OF SALE

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation of the State of New York with offices at 143 Genesee Street, Buffalo, New York 14203 (the "Grantor"), for the consideration of One Dollar (\$1.00), cash in hand paid, and other good and valuable consideration received by the Grantor from NIAGARA TRANSFORMER CORP, a corporation duly organized, validly existing and in good standing under the laws of the State of New York with offices at 1747 Dale Road, Cheektowaga, New York 14225 (the "Grantee"), the receipt of which is hereby acknowledged by the Grantor, hereby sells, transfers and delivers unto the Grantee and its successors and assigns, all those materials, machinery, equipment, fixtures or furnishings which were acquired by the Grantee as agent for the Grantor pursuant to the Agent Agreement dated as of May 17, 2011 (the "Equipment"), whether now owned or hereafter acquired, which Equipment is located or intended to be located at the Grantee's Facility located at 1755 Dale Road, Cheektowaga, New York 14225.

TO HAVE AND TO HOLD the same unto the Grantee and its successors and assigns, forever.

THE GRANTOR MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE EQUIPMENT OR ANY PART THEREOF OR AS TO THE SUITABILITY OF THE EQUIPMENT OR ANY PART THEREOF FOR THE GRANTEE'S PURPOSES OR NEEDS. THE GRANTEE SHALL ACCEPT TITLE TO THE EQUIPMENT "AS IS," WITHOUT RECOURSE OF ANY NATURE AGAINST THE GRANTOR FOR ANY CONDITION NOW OR HEREAFTER EXISTING. IN THE EVENT OF ANY DEFECT OF DEFICIENCY OF ANY NATURE, WHETHER PATENT OR LATENT, THE GRANTOR SHALL HAVE NO RESPONSIBILITY OR LIABILITY WITH RESPECT THERETO.

IN WITNESS WHEREOF, the Grantor has caused this bill of sale to be executed in its name by the officer described below on the date indicated beneath the signature of such officer and dated as of the _____ day of _____, 20____.

**ERIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**

Form Only - Do Not Sign

By: _____

Name: Karen M. Fiala

Title: Assistant Treasurer