CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY

AND

ALSTOM TRANSPORTATION INC.

AMENDED AND RESTATED PAYMENT IN LIEU OF TAX AGREEMENT

As of September 1, 2003

Affected Tax Jurisdictions:
County of Steuben
City of Hornell
Hornell City School District

PASSENGER RAIL CAR MANUFACTURING FACILITY

AMENDED AND RESTATED PAYMENT IN LIEU OF TAX AGREEMENT
(Passenger Rail Car Manufacturing Facility)

THIS AGREEMENT, dated as of September 1, 2003, by and between CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY, a public benefit corporation duly existing under the laws of the State of New York with offices at 40 Main Street, Hornell, New York 14843 (the "Agency" or the "Issuer") and ALSTOM TRANSPORTATION INC., a business corporation duly formed and validly existing under the laws of the State of New York, with offices at 353 Lexington Avenue, Suite 800, New York, New York 10016 (the "Company").

W I T N E S S E T H :

WHEREAS, the Agency was created by Chapter 670 of the Laws of 1974 of the State of New York pursuant to Title I 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, on or about November 30, 2000 the Agency issued its $5,925,000 Taxable Variable Rate Demand Industrial Development Revenue Bonds (ALSTOM Transportation Inc. Project), Series 2000 (the "Bonds"), for the benefit of the Company to assist with a certain project (the "Project") consisting of: (i) the Issuer continuing to hold fee title in an approximately two-acre parcel of land located at 1 Transit Drive in the City of Hornell, Steuben County, New York, cleared of prior improvements by the Company (the "Land"); (B) the construction and equipping on the Land of an approximately 70,000 square-foot metal building to be used in the assembly of rapid transit passenger rail cars (the "Improvements"); (C) the acquisition and installation in and around the Improvements of certain machinery, equipment, furniture and other items of tangible personal property (the "Equipment" and, together with the Land and the Improvements, the "Facility"); (D) paying certain costs and expenses incidental to the issuance of the Bonds (the costs associated with items (A) through (D) above being hereinafter collectively referred to as the "Project Costs"); (E) the financing of all or a portion of the costs of the foregoing by the issuance of the Bonds; and (F) the lease with an option to purchase of the Facility to the Company pursuant to the Lease Agreement (as defined below) to be entered into between the Agency and the Company; and

WHEREAS, in order to induce the Company to develop the Facility, the Agency retained fee title to the land, improvements and personal property constituting the Facility and leased said land, improvements and personal property back to the Company pursuant to the terms and conditions of a certain Lease Agreement dated on or about November 30, 2000 (the "Lease Agreement"); and

WHERE...

be imposed for special improvements or special district improvements; and

WHEREAS, the Agency and the Company deemed it necessary and proper to enter into an agreement making provisions for payments in lieu of taxes by the Company to the Agency for the benefit of the County of Steuben (the "County"), the City of Hornell (the "City"), and the Hornell City School District (the "School" and, collectively, the "Affected Tax Jurisdictions").

WHEREAS, the Agency and the Company entered into the Payment in Lieu of Tax Agreement as of November 1, 2000 (the "Original Pilot") pursuant to which the Agency provided to the Company an abatement from real property taxes with respect to the Facility;

WHEREAS, the Agency and the Company desire to amend and restate certain provisions of the Original Pilot in accordance with the Memorandum of Understanding dated as of March 12, 2003;

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:

<u>The terms of the Original Pilot are hereby amended and restated as follows:</u>

<u>All Sections of the Original Pilot shall be deleted and replaced by the following Sections 1 through 8.5.</u>

<u>Section I - Payment in lieu of Ad Valorem Taxes:</u>

1.1 <u>Payee</u>. As long as the Facility is owned by the Agency, the Company agrees to pay annually to the Agency at 40 Main Street, Hornell, New York 14843, or at such other address as shall be designated from time to time by the Agency, as a payment in lieu of taxes, on or before December 31, of each calendar year (the "Payment Date"), an amount equal to the Total PILOT Payment set forth on Schedule A hereto; <u>provided</u> that, in the event that, at any time during the term of this Agreement, the Company fails to continue to qualify under the New York State Empire Zones Program for the New York State QEZE Credit for Real Property Taxes (the "Credit"), or any agency or other entity of the State of New York repeals all of any portion of the Credit, or any agency or other entity of the State of New York disallows to the Company all or any portion of the Credit, or all or any portion of the Credit is not available to the Company for any reason, including but not limited to, reasons based on changes in tax or similar laws, any of which results in the Company not receiving all or any portion of the Credit, either by refund or credit against taxes (in any such case, any such amount being the "Non-Reimbursed Amount"):

(a) on the next Payment Date following such failure, repeal, disallowance or unavailability and on the Payment Dates for each subsequent year during the term of the Pilot Agreement, the Company shall make payments in lieu of property taxes in the amounts provided for under Schedule B attached hereto; and

(b) the Agency shall reimburse to the Company all such Non-Reimbursed Amount in the following manner: (i) Within 12 months following notice to the Agency by the Company of the existence of a Non-Reimbursed Amount, the Agency shall credit 50% of such Non-Reimbursed Amount against amounts payable to the Agency by the Company under either this Agreement and/or other payment-in-lieu of tax agreements and/or leases, as the Agency shall elect (it being understood that the Agency shall not be required to pay cash to the Company), and (ii) within 24 months following notice to the Agency by the Company of the existence of the Non-Reimbursed Amount, the Agency shall credit the remaining 50% of the Non-Reimbursed Amount against amounts payable to the Agency by the Company under either this Agreement and/or other payment-in-lieu of tax agreements and/or leases, as the Agency shall elect (it being understood that the Agency shall not be required to pay cash to the Company).

1.2 Allocation. The Agency shall remit to the Affected Tax Jurisdictions amounts received hereunder within thirty (30) days of receipt of said payment and shall allocate said payments among the Affected Tax Jurisdictions in the same proportion as ad valorem taxes would have been allocated but for the Agency's involvement, unless the Affected Tax Jurisdictions have consented to a different allocation in accordance with the Act.

1.3 Tax Rates. Unless the Affected Tax Jurisdictions have consented to a different allocation in accordance with the Act, for purposes of determining the allocation of the Total PILOT Payment among the Affected Tax Jurisdictions, the Agency shall use the last tax rate utilized for levy of taxes by each such jurisdiction. For county, city and special district purposes, the tax rates used to determine the allocation of the Total PILOT Payment shall be the tax rates relating to the calendar year which includes the PILOT payment due date. For school district purposes, the tax rates used to determine the allocation of the PILOT payment shall be the rate relating to the school year which includes the PILOT payment due date.

1.4 Valuation of Future Additions to the Facility. If there shall be a future addition to the Facility constructed or added in any manner after the date of this Agreement, the Company shall notify the Agency of such future addition ("Future Addition"). The notice to the Agency shall contain a copy of the application for a building permit, plans and specifications, and any other relevant evidence that the Agency may thereafter request. Upon the earlier of completion, or the issuance of a certificate of occupancy for any such Future Addition to the Facility, the Company shall become liable for payment of an increase in the Total PILOT Payment. The Agency shall notify the Company of any proposed increase in the Total PILOT Payment by such Future Addition and the Agency and the Company shall use their best efforts to agree on the amount of the increase. If the Company and the Agency shall [illegible] value for any Future Addition [illegible] competent [illegible] each Future Addition, the increase in the Assessed Value (the "Future Addition Increase") caused by the Future Addition shall be multiplied by the Future Addition Exemption Schedule attached hereto as Schedule C, and the respective equalization rate and tax rate for each of the Affected Tax Jurisdictions (to the extent the Future Addition is within the respective jurisdiction) as set forth in Section 1.3 hereof shall be applied to calculate the additional PILOT payment. The Agency shall make said calculation on an annual basis and payments shall be due and payable throughout the remaining term of this Agreement on the December 31 next following the date the improvement is completed.

1.5 Period of Benefits. This Agreement shall expire on the date of termination of the Lease Agreement unless sooner terminated pursuant to Section VI herein. The Total Pilot Payments shall be due and payable commencing December 31, 2001, and each December 31 through the term of this Agreement. The tax benefits provided for herein shall be deemed to include (i) the 2003/2004 school fiscal tax year through the 2021/2022 school fiscal tax year and (ii) the 2003 county/city fiscal tax year through the 2021 county/city fiscal tax year. In no event shall the Company be entitled to receive tax benefits relative to the Facility for more than the periods provided for herein, unless the period is extended by amendment to this Agreement executed by both parties after any applicable public hearings. The Company agrees that it will not seek any tax exemption for the Facility which could provide benefits for more than the periods provided for herein and specifically agrees that the exemptions provided for herein, to the extent actually received (based on the number of lease years elapsed), supersede and are in substitution of the exemptions provided by Section 485-b of the New York Real Property Tax Law ("RPTL"). It is hereby agreed and understood that the Affected Tax Jurisdictions can rely upon and enforce the above waiver to the same extent as if they were signatories hereto

Section II - Special District Charges, Special Assessments and other charges.

2.1 Special district charges, special assessments, and special ad valorem levies (specifically including but not limited to fire district charges), and pure water charges and sewer charges are to be paid in full in accordance with normal billing practices.

Section III - Transfer of Facility.

3.1 In the event that the Facility is transferred from the Agency to the Company, and the Company is ineligible for a continued tax exemption under some other tax incentive program, or the exemption results in a payment to the Affected Tax Jurisdictions in excess of the payment described in Section I herein, or this Agreement terminates and the Facility is not transferred to the Company by the later to occur of the following: the then applicable Payment Date or thirty (30) days following the termination of this Agreement, the Company agrees to pay no later than the next tax lien date (plus any applicable grace period), to each of the Affected Tax Jurisdictions, an amount equal to the taxes and assessments which would have been levied on the Facility if the Facility had been classified as fully taxable after applying any other available exemption as of the date of transfer or loss of eligibility of all or a portion of the exemption described herein or date of termination.

Section IV - Assessment Challenges.

4.1 The Company shall have all of the rights and remedies of a taxpayer as if and to the same extent as if the Company were the owner of the Facility, with respect to any proposed assessment or change in assessment with respect to the Facility by any of the Affected Tax Jurisdictions and likewise shall be entitled to protest before and be heard by the appropriate assessors or Board of Assessment Review, and shall be entitled to take any and all appropriate appeals or initiate any proceedings to review the validity or amount of any assessment or the validity or amount of any tax equivalent provided for herein.

4.2 The Company shall have all of the rights and remedies of a taxpayer with respect to any tax, service charge, special benefit, ad valorem levy, assessment, or special assessment or service charge in lieu of which the Company is obligated to make a payment pursuant to this Agreement, as if and to the same extent as if the Company were the owner of the Facility.

Section V - Changes in Law.

5.1 To the extent the Facility is declared to be subject to taxation or assessment by an amendment to the Act, other legislative change, or by final judgment of a court of competent jurisdiction, the obligations of the Company hereunder shall, to such extent, be null and void.

Section VI - Events of Default.

6.1 The following shall constitute "Events of Default" hereunder. The failure by the Company to: (i) make the payments set forth on Section 1 within thirty (30) days of the Payment Date (the "Delinquency Date"); (ii) make any other payments described herein on or before the last day of any applicable cure period within which said payment can be made without penalty; or (iii) the occurrence and continuance of any events of default under the Lease Agreement after any applicable cure periods. Upon the occurrence of any Event of Default hereunder, in addition to any other right or remedy the Agency and/or the Affected Tax Jurisdictions may have at law or in equity, the Agency and/or Affected Tax Jurisdictions may, immediately and without further notice to the Company (but with notice to the Agency with respect to actions maintained by the Affected Tax Jurisdictions) pursue any action in the courts to enforce payment or to otherwise recover directly from the Company any amounts so in default. The Agency and the Company hereby acknowledge the right of the Affected Tax Jurisdictions to recover directly from the Company any amount so in default pursuant to Section 874(6) of the Act and the Company shall immediately notify the Agency of any action brought, or other measure taken, by any Affected Tax Jurisdiction to recover any such amount.

6.2 If payments pursuant to Section I herein are not made by the Delinquency Dates, or if any other payment required to be made hereunder is not made by the last day of any applicable cure period within which said payment can be made without penalty, the Company shall pay penalties and interest as follows. With respect to payments to be made pursuant to Section I herein, if said payment is not received by the Delinquency Date described in Section 6.1 herein, Company shall pay, in addition to said payment, (i) a late payment penalty equal to five percent (5%) of the amount due and (ii) for each month, or any part thereof, that any such payment is delinquent beyond the first month, interest on the total amount due, including the late payment penalty, in an amount equal to one percent (1%) per month. With respect to all other payments due hereunder, if said payment is not paid within any applicable cure period, the Company shall pay, in addition to said payment, the greater of the applicable penalties and interest or penalties and interest which would have been incurred had payments made hereunder been tax payments to the Affected Tax Jurisdictions.

<u>Section VII - Assignment</u>.

7.1 No portion of any interest in this Agreement may be assigned by the Company, nor shall any person other than the Company be entitled to succeed to or otherwise obtain any benefits of the Company hereunder without the prior written consent of the Agency, which shall not be unreasonably withheld or delayed.

<u>Section VIII - Miscellaneous</u>.

8.1 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.

8.2 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, as follows:

To the Agency: City of Hornell Industrial Development Agency
40 Main Street
Hornell, New York 14843
Attn.: James W. Griffin, Executive Director

With a Copy to: Harris Beach LLP

99 Garnsey Road
Pittsford, New York 14534
Attn.: Shawn M. Griffin, Esq.

To the Company: ALSTOM Transportation Inc.
1 Transit Drive
Hornell, New York 14843
Attn.: Steve Davies

With a Copy to: Doris L. Speer, Esq.
Corporate Counsel, North America
ALSTOM Transportation Inc.
353 Lexington Avenue, Suite 1100
New York, New York 10016

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.

8.3 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 Steuben County, New York.

8.4 Notwithstanding any other term or condition contained herein, all obligations of the Agency hereunder shall constitute a special obligation payable solely from the revenues and other monies, if any, derived from the Facility and paid to the Agency by the Company. Neither member of the Agency nor any person executing this Agreement on its behalf shall be liable personally under this Agreement. No recourse shall be had for the payment of the principal or interest on amounts due hereunder or for any claim based upon or in respect of any modification of or supplement hereto against any past, present or future member, officer, agent, servant, or employee, as such, of the Agency, or of any successor or political subdivision, either directly or through the Agency or any such successor, all such liability of such members, officer, agents, servants and employees being, to the extent permitted by law, expressly waived and released by the acceptance hereof and as part of the consideration for the execution of this Agreement.

8.5 The parties agree that this Agreement shall supercede and replace the Original Pilot, and that the Original Pilot shall have no further force and effect. 17

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

CITY OF HORNELL INDUSTRIAL
DEVELOPMENT AGENCY

By: ______________________________
James W. Griffin, Executive Director

ALSTOM TRANSPORTATION INC.

By: ______________________________
Alain Percet
Vice President, Rolling Stock
Americas

SCHEDULE A[1]

TO AMENDED AND RESTATED PILOT AGREEMENT
(NEW CAR FACILITY)
DATED AS OF SEPTEMBER 1, 2003
BETWEEN
THE CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY
AND
ALSTOM TRANSPORTATION INC

Year No.	School Tax Year	County/City Tax Year	Pilot Payment	Payment Date
1	2003/2004	2003	$85,000	December 31, 2003
2	2004/2005	2004	$87,550	December 31, 2004
3	2005/2006	2005	$90,177	December 31, 2005
4	2006/2007	2006	$92,882	December 31, 2006
5	2007/2008	2007	$95,668	December 31, 2007
6	2008/2009	2008	$98,538	December 31, 2008
7	2009/2010	2009	$101,494	December 31, 2009
8	2010/2011	2010	$104,539	December 31, 2010
9	2011/2012	2011	$107,675	December 31, 2011
10	2012/2013	2012	$110,906	December 31, 2012
11	2013/2014	2013	$114,233	December 31, 2013
12	2014/2015	2014	$114,009	December 31, 2014
13	2015/2016	2015	$130,477	December 31, 2015
14	2016/2017	2016	$134,392	December 31, 2016
15	2017/2018	2017	$138,423	December 31, 2017
16	2018/2019	2018	$142,576	December 31, 2018
17	2019/2020	2019	$146,853	December 31, 2019
18	2020/2021	2020	$151,259	December 31, 2020
19	2021/2022	2021	$ 52,927	November 1, 2021

[1] The Pilot Payments are less than or equal to what the Company would have paid but for the existence of the Agreement.

SCHEDULE B

TO AMENDED AND RESTATED PILOT AGREEMENT
(NEW CAR FACILITY)
DATED AS OF SEPTEMBER 1, 2003
BETWEEN
THE CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY
AND
ALSTOM TRANSPORTATION INC

2013-14

Year No.	School Tax Year	County/City Tax Year	Pilot Payment	Payment Date
1	2003/2004	2003	$0	December 31, 2003
2	2004/2005	2004	$0	December 31, 2004
3	2005/2006	2005	$0	December 31, 2005
4	2006/2007	2006	$10,000	December 31, 2006
5	2007/2008	2007	$20,600	December 31, 2007
6	2008/2009	2008	$31,827	December 31, 2008
7	2009/2010	2009	$43,709	December 31, 2009
8	2010/2011	2010	$56,275	December 31, 2010
9	2011/2012	2011	$69,556	December 31, 2011
10	2012/2013	2012 *	$83,584	December 31, 2012
11	2013/2014	2013	$98,390	December 31, 2013
12	2014/2015	2014	$114,009	December 31, 2014
13	2015/2016	2015	$130,477	December 31, 2015
14	2016/2017	2016	$134,392	December 31, 2016
15	2017/2018	2017	$138,423	December 31, 2017
16	2018/2019	2018	$142,576	December 31, 2018
17	2019/2020	2019	$146,853	December 31, 2019
18	2020/2021	2020	$151,259	December 31, 2020
19	2021/2022	2021	$52,927	November 1, 2021

SCHEDULE C

TO AMENDED AND RESTATED PILOT AGREEMENT
(NEW CAR FACILITY)
DATED AS OF SEPTEMBER 1, 2003
BETWEEN
THE CITY OF HORNELL INDUSTRIAL DEVELOPMENT AGENCY
AND
ALSTOM TRANSPORTATION INC

FUTURE ADDITION EXEMPTION SCHEUDLE

Year No.	School Tax Year	County/City Tax Year	Exemption
1	2003/2004	2003	100%
2	2004/2005	2004	95%
3	2005/2006	2005	90%
4	2006/2007	2006	85%
5	2007/2008	2007	80%
6	2008/2009	2008	75%
7	2009/2010	2009	70%
8	2010/2011	2010	65%
9	2011/2012	2011	60%
10	2012/2013	2012	55%