

TAX ABATEMENT AGREEMENT between THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF CALERA, a public corporation and instrumentality under the laws of Alabama (herein called the "Board"), SHELBY COMMERCE PARK LLC, a limited liability company organized under the laws of the State of Alabama (herein called the "Company"), and HILTI, INC., a corporation organized under the laws of the State of Oklahoma (herein called the "User")

RECITALS:

In order to promote local industrial and commercial development, the Company proposes to acquire certain real property located in the City of Calera, Alabama (herein called the "Plant Site") and to construct thereon a warehouse and distribution facility (herein called the "Plant") for lease to and use and occupancy by the User.

The Company and the User have requested that the Board grant certain tax abatements with respect to the Plant Site and the Plant (herein together called the "Project") pursuant to the provisions of Act No. 92-599 enacted at the 1992 Regular Session of the Legislature of Alabama, now codified as Chapter 9B of Title 40 of the Code of Alabama 1975 (herein called the "Tax Abatement Act").

NOW, THEREFORE, in consideration of the respective agreements on the part of the Board, the Company and the User herein contained, the Board, the Company and the User do hereby agree as follows:

Section 1. The Company hereby makes the following representations and warranties with respect to the Project:

(a) The total amount to be invested by the Company in the acquisition and construction of the Project is presently expected to be approximately \$6,000,000.

(b) No part of the Project has been placed in service prior to the execution and delivery of this Agreement.

(c) The User is an industrial enterprise described in the 1987 standard industrial classification 5072, as set forth in the Standard Industrial Classification Manual published by the United States Government Office of Management and Budget.

(d) Upon the completion of the construction of the Project, the User expects to employ 7 individuals with a total annual payroll of \$225,000 and three years thereafter, the User expects to employ 21 individuals with a total annual payroll of \$575,000.

Section 2. The User hereby makes the following representations and warranties with respect to the Project:

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(a) The total amount to be invested by the User in the acquisition and installation of equipment and other personal property (herein called the "User Property") in the Plant is presently expected to be approximately \$500,000.

(b) No part of the User Equipment has been placed in service prior to the execution and delivery of this Agreement.

(c) The User is an industrial enterprise described in the 1987 standard industrial classification 5072, as set forth in the Standard Industrial Classification Manual published by the United States Government Office of Management and Budget.

(d) Upon the completion of the construction of the Project, the User expects to employ 7 individuals with a total annual payroll of \$225,000 and three years thereafter, the User expects to employ 21 individuals with a total annual payroll of \$575,000.

Section 3. Pursuant to the Tax Abatement Act, the Board hereby grants an abatement with respect to the Project from Noneducational Ad Valorem Taxes, Construction Related Transaction Taxes and Mortgage and Recording Taxes. The terms "Noneducational Ad Valorem Taxes," "Construction Related Transaction Taxes" and "Mortgage and Recording Taxes" shall have the same meaning herein as in the Tax Abatement Act. As a basis for the abatements herein granted by the Board, the Board hereby finds and declares (in reliance, in part, upon certain information supplied by the Company and the User) as follows:

(a) The estimated approximate amount of each abatement for the Company is as follows:

- (i) Noneducational Ad Valorem Taxes: \$26,400 per year;
- (ii) Construction-Related Transaction Taxes: \$90,000; and
- (iii) Mortgage and Recording Taxes: \$-0-.

(b) The estimated approximate amount of each abatement for the User is as follows:

- (i) Noneducational Ad Valorem Taxes: \$2,200 per year;
- (ii) Construction-Related Transaction Taxes: \$34,500; and
- (iii) Mortgage and Recording Taxes: \$-0-.

(c) The abatements herein granted to the Company shall continue in effect for the Maximum Exemption Period (as defined in the Tax Abatement Act) which is ten years from the date the Project (other than the User Property) becomes owned, for federal income tax purposes, by the Company, in accordance with the Tax Abatement Act.

(d) The abatements herein granted to the User shall continue in effect for the Maximum Exemption Period (as defined in the Tax Abatement Act) which is ten years from the date the User Property becomes owned, for federal income tax purposes, by the User, in accordance with the Tax Abatement Act.

Section 4. The Company releases the Board from, and will indemnify and hold the Board, its directors, officers, employees and agents harmless against, any and all claims and liabilities of any character or nature whatsoever asserted by or on behalf of any person, firm, corporation or governmental authority arising out of, resulting from, or in any way connected with the Project (other than the User Property), including without limiting the generality of the foregoing,

(a) obligations for the payment of any costs of the Project which are not paid because the Company fails to pay such costs, and

(b) any destruction of or damage to property or any injury to or death of any person or persons caused by or related to the Project (other than the User Property).

The Company will also pay or reimburse all legal or other expenses reasonably incurred by the Board, its directors, officers, agents and employees in connection with the investigation or defense of any action or proceeding, whether or not resulting in liability, with respect to any claim, liability or loss in respect of which indemnity may be sought against the Company under the provisions of this Section 4.

Section 5. The User releases the Board from, and will indemnify and hold the Board, its directors, officers, employees and agents harmless against, any and all claims and liabilities of any character or nature whatsoever asserted by or on behalf of any person, firm, corporation or governmental authority arising out of, resulting from, or in any way connected with the User Property, including without limiting the generality of the foregoing,

(a) obligations for the payment of any costs of the User Property which are not paid because the User fails to pay such costs, and

(b) any destruction of or damage to property or any injury to or death of any person or persons caused by or related to the User Property.

The User will also pay or reimburse all legal or other expenses reasonably incurred by the Board, its directors, officers, agents and employees in connection with the investigation or defense of any action or proceeding, whether or not resulting in liability, with respect to any claim, liability or loss in respect of which indemnity may be sought against the User under the provisions of this Section 5.

Section 6. The Company represents and warrants to the Board as follows:

(a) that the granting of the tax abatements herein granted by the Board will assist the Company and the User in establishing a new industrial or research enterprise (within the meaning of the Tax Abatement Act);

(b) that it is being induced, in part, to arrange for and proceed with the acquisition and construction of the Project in reliance on the undertakings of the Board herein contained;

(c) that the Company is a limited liability company organized under the laws of the State of Alabama and has the power to enter into, and to perform and observe the agreements and covenants on its part contained in, this Agreement; and

(d) the execution and delivery of this Agreement on its part have been duly authorized by all necessary action.

Section 7. The User represents and warrants to the Board as follows:

(a) that the granting of the tax abatements herein granted by the Board will assist the Company and the User in establishing a new industrial or research enterprise (within the meaning of the Tax Abatement Act);

(b) that it is being induced, in part, to arrange for and proceed with the acquisition of the User Property in reliance on the undertakings of the Board herein contained;

(c) that the User is a corporation organized under the laws of the State of Oklahoma, is qualified to do business in Alabama and has the power to enter into, and to perform and observe the agreements and covenants on its part contained in, this Agreement; and

(d) the execution and delivery of this Agreement on its part have been duly authorized by all necessary action.

Section 8. The Board represents and warrants to the Company and the User (a) that it has corporate power under the constitution and laws of the State of Alabama (including particularly the provisions of the Tax Abatement Act) and under its Certificate of Incorporation to carry out the provisions of this Agreement, (b) that the execution of this Agreement on its behalf has been duly authorized by resolution adopted by its Board of Directors.

Section 9. The Company, by its execution of this Agreement, agrees that it will pay all expenses relating to the subject matter of this Agreement, including, without limitation, the fees and expenses of Bradley Arant Rose & White LLP and the fees and expenses of counsel to the Board.

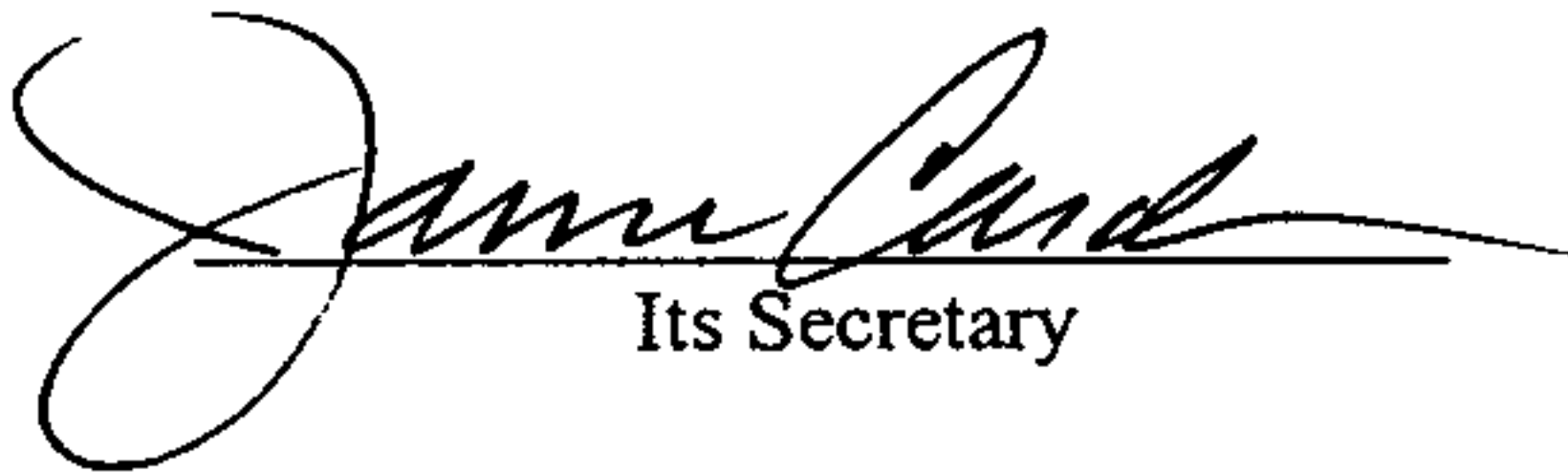
Section 10. This Agreement shall become effective immediately upon its execution in full by the Board, the Company and the User and shall be binding upon and shall inure to the benefit of, the Board, the Company and the User and their respective successors and assigns.

IN WITNESS WHEREOF, the Board, the Company and the User have caused this Agreement to be executed in their respective names, have caused their respective seals to be hereunto affixed, have caused this Agreement to be attested, all by their duly authorized officers, in several counterparts, each of which shall be deemed an original, and have caused this Agreement to be dated as of November 1, 2000.

THE INDUSTRIAL DEVELOPMENT BOARD
OF THE CITY OF CALERA

By 
Chairman


ATTEST:


Its Secretary

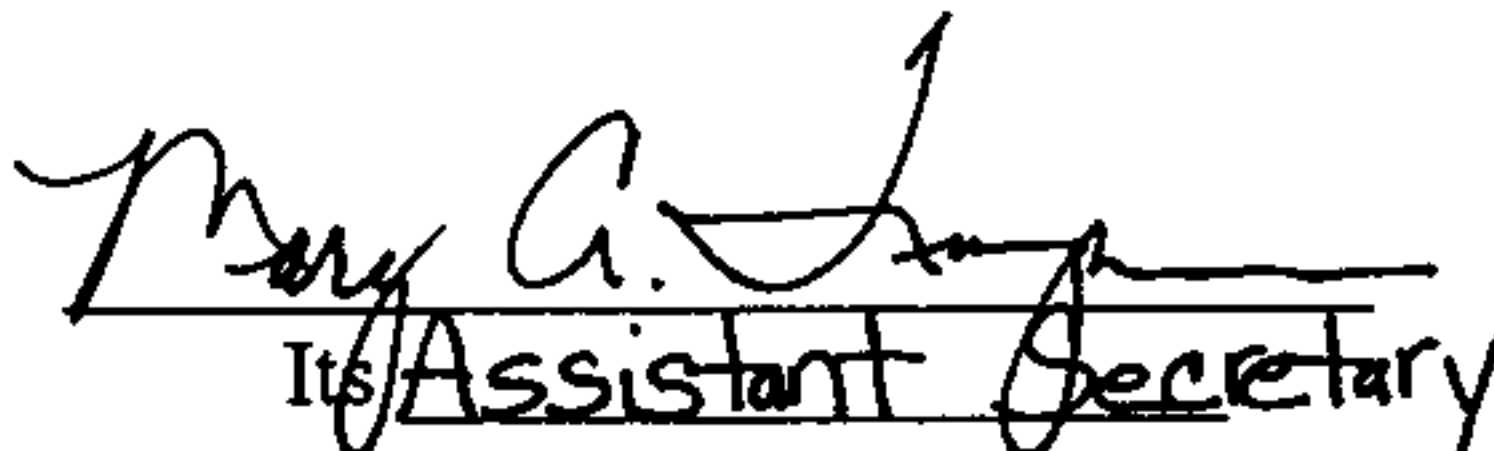
SHELBY COMMERCE PARK LLC

By 
A Member

HILTI, INC.

By 
Vice President of Taxes

ATTEST:


Its Assistant Secretary

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