

COPY

TAX INCREMENT FINANCING AGREEMENT
AMONG
THE TOWN OF WALPOLE (Alternatively, the "Town")
AND
BAYER HEALTHCARE LLC (Alternatively, the "Company")

AGREEMENT is made this 14th day of November, 2006 by and between the Town and the Company.

WHEREAS the Company is a Delaware Limited Liability Company having its principal office at 511 Benedict Avenue, Tarrytown, NY 10591 and is authorized to do business in Massachusetts and is a wholly-owned subsidiary of Bayer Corporation; and

WHEREAS, the Town is a Massachusetts municipal corporation acting through its Board of Selectmen, having its principal office at Walpole Town Hall, 135 School Street, Walpole, MA 02081; and

WHEREAS, the Company owns a parcel of land located at 333 Coney Street, East Walpole, Massachusetts, shown on Walpole's Board of Assessor's Maps 29, Lot 69 and Map 28, Lot 186 (hereinafter the "Property"); and

WHEREAS, the Company plans to construct an approximate 115,171 square foot addition (the "Facility") to its current 400,000 square foot Walpole facility on the Property; and

WHEREAS the Property is located within the boundaries of the I-495/95 South Regional Technology Economic Target Area (ETA) (as that term is used in Massachusetts General Laws, Chapter 23A, Section 3D, and referred to below as the "ETA"); and

WHEREAS the Property is located within the 333 Coney Street Economic Opportunity Area (EOA) (as that term is used in Massachusetts General Laws, Chapter 23A, Section 3E, and referred to below as the "EOA"); and

WHEREAS the Company expects to (i) retain 510 jobs (including both direct employees of the Company and its affiliates working at the Property and employees of the Company's contractors working at the Property), of which at least 412 shall be full-time permanent jobs directly with the Company and its affiliates and the remainder of which may be contractor employees, temporary employees and/or part-time employees, and (ii) and create 70 new full-time jobs open to qualified residents of Walpole and the ETA; and plans to make an estimated capital investment of \$109 million, including \$64.7 million in construction costs and \$44.3 million for the acquisition of new equipment and personal property; and

WHEREAS the parties to the Agreement are desirous of entering into a Tax Increment Financing (TIF) Agreement in accordance with the Massachusetts Economic Development Incentive Program (EDIP) and Chapter 23A of the Massachusetts General Laws; and

WHEREAS, the Town strongly supports increased economic development to provide additional jobs for residents of Walpole and the ETA, to expand business within the Town, and to develop a healthy economy and stronger tax base; and

WHEREAS, the Project will further the economic development goals and criteria established for the ETA and EOA; and

WHEREAS, on September 19, 2006 the Board of Selectmen recommended the TIF Plan to Town Meeting.

Now, THEREFORE, in consideration of the mutual promises of the parties contained herein and other good and valuable consideration each to the other paid, receipt of which is hereby acknowledged, and contingent upon receipt of authorization from Town Meeting in accordance with applicable law, the parties hereby agree as follows:

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The TOWN'S OBLIGATIONS

1. A Tax Increment Financing Exemption (the "Exemption") is hereby granted to the Company by the Town in accordance with Chapter 23A, Section 3E; Chapter 40, Section 59; and Chapter 59, Section 5 of the Massachusetts General Laws. The Exemption shall be for a period of ten (10) years (the "Exemption Term"), commencing upon the date the Facility is placed into service (the "start date") as defined by receipt of a Certificate of Occupancy, and shall provide an exemption from taxation only on the value on the new Facility to be constructed on the Property, as follows:

Fiscal Year	Exemption Percentage
Year 1	10%
Year 2	10%
Year 3	10%
Year 4	10%
Year 5	10%
Year 6	10%
Year 7	10%
Year 8	10%
Year 9	10%
Year 10	10%

The Property becomes eligible for exemption on the July 1st following the date on which the EACC approves the TIF Plan, as provided in 760 CMR 22.05(4)(d). The exemptions granted pursuant to this Agreement, however, do not begin when the Property first becomes eligible for exemption, but begin at the start date specified above.

2. The base valuation shall be the assessed value of the Property for the fiscal year prior to the July 1st on which the Property becomes eligible for exemption pursuant to this Agreement.
3. The base valuation shall be adjusted annually by an adjustment factor, which reflects increased commercial and industrial property values within the community, as provided in Chapter 40, Section 59. The increased value or "increment" created by improvements to the Property (that is, the Facility) will be the amount eligible for exemption from taxation.

THE COMPANY'S OBLIGATIONS

1. The Company shall (i) retain 510 jobs (including both direct employees of the Company and its affiliates working at the Property and employees of the Company's contractors working at the Property), of which at least 412 shall be full-time permanent jobs directly with the Company and its affiliates and the remainder of which may be contractor employees, temporary employees and/or part-time employees, and (ii) create 70 new full-time jobs and multiple new contract jobs. The Company shall agree to operate the business and maintain said level of full-time jobs as long as this Agreement is in effect.
2. The Company shall make good faith efforts to recruit and hire qualified residents of Walpole and the regional ETA, including the advertising efforts as outlined in the Workforce Analysis and Job Creation Plans section of the Certified Project Application submitted to the Town by the Company in connection with the Company's request for a Tax Increment Financing Exemption.

CW

3. The Company shall construct an approximate 115,171 square foot Facility on the Property. It is expected that the capital investment for the construction and operation of the Facility shall be an estimated \$109 million, including \$64.7 million in construction costs and \$44.3 million for the acquisition of new equipment and personal property.
4. The Company shall submit annual reports on job creation, job retention, and new investments at the Property to the Town each fiscal year that this Agreement is in effect and to the State Economic Assistance Coordinating Council each year of the Certified Project designation. The annual report shall include the number of permanent full-time jobs created and the number of people hired from within the ETA during the past fiscal year and on a cumulative basis and the value of capital investments made by the Company with respect to the Property for the past fiscal year and on a cumulative basis.
5. The Company shall donate a total of \$40,000 over the life of the 10-year TIF to the Town of Walpole for community projects (the "Donation"). The timetable for payment of this donation shall be in accordance with a schedule acceptable to the parties and the Economic Assistance Coordinating Council of the Commonwealth of Massachusetts, and the parties shall meet not later than July 1, 2007 to finalize the terms of said schedule.
6. The Company agrees to enhance its "corporate citizenship" in Walpole. At the Town's request, the Company will assist the Town of Walpole in (a) identifying the types of community projects and activities which might meet the funding criteria for the Bayer Foundation (an independent not-for-profit entity sponsored by the Company's affiliate Bayer Corporation) (the "Foundation") and (b) in the Town's submission of grant applications to the Foundation with regard to such potential funding. The Foundation supports programs that enhance the quality of life, provide unique and enriching opportunities that connect diverse groups and ensure preparedness for tomorrow's leaders - thereby, resulting in sustainable partnerships that continually improve communities in which Bayer employees live and work. It is acknowledged and agreed that the Foundation's funding decisions can be approved only by certain authorized individuals acting on its behalf and that the Company cannot guaranty that any funding will be granted by the Foundation. In the event of a transfer of this agreement to a successor, assign or subsequent owner of the Property pursuant to 760 C.M.R. 22.05(8)(d), such successor, assign or subsequent owner must designate another charitable institution or program which it or an affiliate sponsors (similar to Bayer's sponsorship of the Foundation) supporting similar community goals to replace the Bayer Foundation for the purposes of this provision, so that the Town has continuing opportunities to seek funding for its community projects and activities from such institution or program.
7. The Company expects to become an active corporate citizen and participate in the East Walpole civic community.
8. If the Company fails to meet any of the obligations specified in Sections 1 through 5 above, the Town, acting through its Board of Selectmen, upon Board of Selectmen approval, may take action to request decertification of the Project by the Massachusetts Economic Assistance Coordination Council in accordance with the Commonwealth of Massachusetts Regulations 760 C.M.R, Section 22.08, as amended, M.G.L. Chapter 23A, Section 3F. Upon decertification, the Town shall discontinue the Tax Increment Financing Exemption benefits provided to the Company as set forth herein, commencing with the first fiscal year in which the Project is decertified, or if such benefits have already been received by the Company for the fiscal year in which the Project has been decertified, commencing as of the fiscal year immediately following that fiscal year.
9. If the Company plans to sell or otherwise transfer control of the Facility or business and/or the operations therein to an entity that is either affiliated or not affiliated with the Company, the Company shall give the Town written notice thereof at least ninety (90) days prior to such sale or transfer, together with the name, address and description of the nature of the entity that is to be the



operator, purchaser or transferee, if known at the time, and if not known at the time, as soon as a commitment is made in writing. Said notice shall be given to the Town at the address set forth above. The Town acknowledges receipt of the Company's letter dated June 29, 2006 regarding the proposed acquisition by Siemens Medical Solutions.

10. The Company shall use reasonable efforts to increase income generation for business in Walpole by making concerted efforts to solicit qualified local businesses to participate in requests for quotations for goods and services to be purchased by Bayer.

OTHER CONSIDERATIONS

1. Pursuant to 760 C.M.R. 22.05(8)(d), this Agreement shall be binding upon the Company, its successors, assigns and any subsequent owners of the Property.
2. The matters described above as obligations of the Company are only conditions to the eligibility of tax exemptions under this agreement, and do not create any enforceable obligations or covenants. The Town's sole remedy for failure by the Company to satisfy any such condition is set forth in subsection 8 of the Company Obligation section of this Agreement.
3. This Agreement is subject to M.G.L. Chapter 23A, Section 3A-3F inclusive, M.G.L Chapter 40, Section 59 and M.G.L Chapter 59, Section 5, cl. 51, and regulations promulgated thereunder.
4. If it is later determined by the Town and the Commonwealth of Massachusetts that the Company is not entitled to a local personal property tax exemption otherwise granted by the "manufacturing classification" designation, then the Town may choose to issue a personal property tax bill to the Company. Further, the Company may choose to appeal this determination and the subject personal property tax assessment thereon. If a Court later rules that the Company is not entitled to a local personal property tax exemption, then the Company will pay in full the subject personal property tax bill, and, will not claim exemption from such personal property taxation as a result of this TIF Agreement.
5. If any provision of this Agreement shall be found invalid for any reason, such invalidity shall be construed as narrowly as possible and the balance of this Agreement shall be deemed to be amended to the minimum extent necessary to provide to the Town and the Company substantially the benefits set forth in this Agreement. This Agreement may be amended only with the written consent of the Town and the Company.
6. All notices permitted or required under the provisions of this Agreement shall be in writing, and shall be sent by registered or certified mail, postage prepaid, or shall be delivered by private express carrier to the addresses listed above or at such other address as may be specified by a party in writing and served upon the other in accordance with this section.
7. If and to the extent that either party is prevented from performing its obligations hereunder by an event of force majeure, except for the obligation of the Company to make the Donations, such party shall be excused from performing hereunder and shall not be liable in damages or otherwise, and the parties instead shall negotiate in good faith with respect to appropriate modifications to the terms hereof. For purposes of this Agreement, the term force majeure shall mean any supervening cause beyond the reasonable control of the affected party, including without limitation, requirement of statute or regulation; action of any court, regulatory authority, or public authority having jurisdiction; acts of God, fire, earthquake, floods, explosion, actions of the elements, war, terrorism, riots, mob violence, inability to procure or a general shortage of labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, laws or orders of governmental or military authorities, denial of, refusal to grant or appeals of any permit, approval or action of any public or quasi public authority, official, agency or

subdivision and any litigation relating thereto, or any other cause similar to the foregoing, not within the control of such party obligated to perform such obligation.

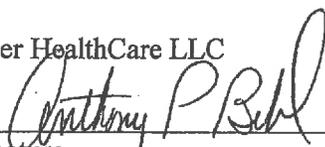
8. This Agreement shall not be binding without approval from the Walpole Town Meeting and the Massachusetts Economic Assistance Coordination Council.

WITNESSETH the execution and delivery of this Agreement by the Town of Walpole and Bayer HealthCare LLC as an instrument under seal as of the date first above written.

AGREED TO:

Town of Walpole
By Its Board of Selectmen
Or a Majority Thereof

CW
Bayer HealthCare LLC



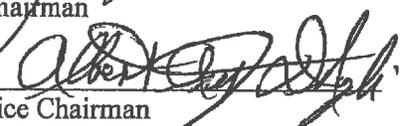
Signature

10/27/06

Date of Signature



Chairman



Vice Chairman



Clerk

12/11/06 - Pulled

Certificate No: OP-2007-0064

Building Permit No.: BP-2006-0491

Commonwealth of Massachusetts

Town of Walpole

Building Electrical Mechanical Permits

This is to Certify that the COMMERCIAL BUILDING located at
Dwelling Type

335 CONEY ST
Address

in the

TOWN OF WALPOLE
Town/City Name

**IS HEREBY GRANTED A PERMANENT CERTIFICATE OF
OCCUPANCY**

780 CMR SIXTH EDITION

This permit is granted in conformity with the Statutes and ordinances relating thereto.

Issued On: Mon Sep 8, 2008

GeoTMS® 2014 Des Lauriers Municipal Solutions, Inc.

Certificate No: OP-2007-0064

Building Permit No.: BP-2006-0491

Commonwealth of Massachusetts

Town of Walpole

Building Electrical Mechanical Permits

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GeoTMS® 2014 Des Lauriers Municipal Solutions, Inc.

SIEMENS

June 19, 2007

Town of Walpole
Walpole Town Hall
135 School Street
Walpole, MA 02081

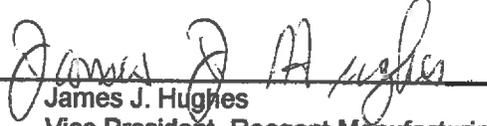
Re: Tax Increment Financing Agreement (the "Agreement") dated November 7, 2006 between the Town of Walpole (the "Town") and Siemens Medical Solutions Diagnostics (the "Company"), as assignee of Bayer HealthCare LLC

Pursuant to Company Obligation #5 of the above-referenced Agreement, the Company hereby agrees with the Town that the schedule for the donation of \$40,000 to the Town shall be as follows:

Beginning with the first fiscal period in which the tax payable by the Company on the Project (as defined in the Agreement) is reduced by the exemption granted under the Agreement, the Company shall donate for each fiscal period 100% of the amount of the tax savings realized by the Company as a result of such exemption, each such donation to be paid to the Town on or before the due date of the tax payment for such fiscal period, until the aggregate amount of donations equals \$40,000.

Very truly yours,

SIEMENS MEDICAL SOLUTIONS DIAGNOSTICS

By: 
James J. Hughes
Vice President, Reagent Manufacturing

Accepted and Agreed:

TOWN OF WALPOLE
By its Board of Selectmen or a Majority Thereof


Chairman


Vice Chairman


Clerk

Siemens Medical Solutions Diagnostics

333 Coney Street
E. Walpole, MA 02032

508-668-5000

7-9

June 22, 2007

Town of Walpole
Walpole Town Hall
135 School Street
Walpole, MA 02081

Attn: Michael E. Boynton, Town Administrator

Re: Tax Increment Financing Agreement (the "Agreement") dated November 7, 2006
between the Town of Walpole (the "Town") and Siemens Medical Solutions Diagnostics
(the "Company"), as assignee of Bayer HealthCare LLC

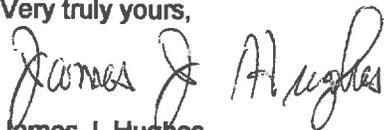
Dear Mr. Boynton,

Enclosed is a letter of agreement, which we have prepared to document the agreed payment schedule for the donation to be made to the Town by the Company pursuant to Company Obligation #5 of the Agreement. The Company suggests that the donations be used to support the following activities.

High School Math & Science Department
Public Schools Information Technology Infrastructure
Emergency Management Program (E.O.C. & Shelter Service)
Local Emergency Planning Committee
Fire Department
Central Business Community Development Studies
Council of Aging / Health & Awareness
Police Department
Recreation Facility Improvement Fund
Municipal facilities upgrade & meeting space addition

It is understood, however, that the donations may be used in whatever manner the Town deems appropriate and the Company shall have no responsibility for the disposition of the funds.

Very truly yours,



James J. Hughes
Vice President, Reagent Manufacturing

RECEIVED
07 JUL -2 PM 12: 01
TOWN OF WALPOLE

Siemens Medical Solutions Diagnostics

333 Coney Street
E. Walpole, MA 02032

508-668-5000