

FAMILY DOLLAR SERVICES, INC.

and

ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

Oneida County Industrial Development Agency
2005 Real Estate Transfer
(Family Dollar Facility)

Tax Account Number: Portion of 244.000-3-3

PAYMENT-IN-LIEU-OF-TAX AGREEMENT

THIS PAYMENT-IN-LIEU-OF-TAX AGREEMENT, dated as of April 1, 2005 (the "Agreement") is by and between **FAMILY DOLLAR SERVICES, INC.**, a corporation duly organized and validly existing under the laws of the State of North Carolina, having its principal office at 10401 Monroe Road, Matthews, North Carolina 28105 (the "Company") and **ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, an industrial development agency and a public benefit corporation of the State of New York having its principal office at 153 Brooks Road, Rome, New York 13441-4105 (the "Agency").

WITNESSETH:

WHEREAS, the Agency is authorized and empowered and in compliance by the provisions of Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, (the "Enabling Act"), and Chapter 372 of the 1970 Laws of New York, as amended, constituting Section 901 of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of, among others, industrial facilities for the purpose of promoting, attracting and developing economically sound commerce and industry in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration; and

WHEREAS, the Agency has agreed to accept title to the Facility (as defined in Schedule A of the Lease Agreement referenced below) from the Company in order to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and Oneida County; and

WHEREAS, the Agency has agreed to lease the Facility to the Company pursuant to a Lease Agreement dated as of April 1, 2005 between the Agency and the Company (the "Lease Agreement") such that title will remain in the Agency throughout the Lease Term (as such term is defined in the Lease Agreement); and

WHEREAS, the Facility will be exempt from, among other things, real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature levied and/or assessed upon the Facility or the interest therein of the Company or the occupancy thereof by the Company (the "Exempt Taxes") commencing on the first date of the Exemption Term, as that date is established by the parties and as described herein, because the Facility is, or will be, owned

by the Agency and used for a purpose within the meaning of the applicable New York constitutional and statutory provisions, including the Enabling Act, provided, however, such exemption will not extend to special assessments or ad valorem levies; and

WHEREAS, the Company understands that it, as lessee of the Facility leased by the Agency, will not be obligated to pay any Exempt Taxes which become a lien against or are due with respect to the Facility during the period from the Closing Date through the term of the Lease Agreement (the "Exemption Term"); and

WHEREAS, each year of the term of this Agreement after the initial period thereof (which initial period runs from the Closing Date through and including July 25, 2006) shall be referred to herein as an "Exemption Year" and shall be measured by the twelve (12) month period commencing on the last Tuesday of each month of July (beginning on July 26, 2005), through and including the Monday immediately preceding the last Tuesday of the next succeeding July; and

WHEREAS, as a condition precedent to its obligation to accept title to the Facility and enter into the Lease Agreement, the Agency requires that the Company enter into this Agreement with the Agency whereby the Company agrees (a) to make certain payments to the Agency from which the Agency, in turn, will make payments to Griffiss Local Development Corporation ("GLDC"), and to the City of Rome, the County of Oneida, and the Rome City School District (each, a "Taxing Authority" and, collectively, the "Taxing Authorities") in accordance with the provisions of that certain Agreement Allocating PILOT Payments dated as of March 23, 2005 by and among the Taxing Authorities, the Agency, and GLDC pursuant to the Enabling Act (the "Allocation Agreement"), a copy of which Allocation Agreement is attached hereto as Exhibit A and the terms of which are incorporated herein by reference, and (b) to pay all special assessments and ad valorem levies imposed upon the Facility for which the Facility is not exempt, and (c) to pay all Exempt Taxes which are or become a lien against, or are to become due, either before the Exemption Term commences or after the Exemption Term ends; and

WHEREAS, the Agency warrants and covenants that there are no real property taxes, general property taxes, general school district taxes, or rollback taxes that are currently due or represent a Lien against the Facility, or any portion thereof, prior to the Closing Date as specified in the Lease Agreement; and

WHEREAS, all defined terms herein as indicated by the capitalization of the first letter thereof and not otherwise defined herein shall have the meanings ascribed to such terms as set forth in Schedule A to the Lease Agreement.

NOW, THEREFORE, to provide for certain payments in lieu of taxes to the Agency, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The Company shall pay to each Taxing Authority (at the address set forth in Exhibit B attached hereto) or to the applicable assessing entity (at its address) all special assessments and ad valorem levies coming due and payable during the Exemption Term for which the Facility is not exempt, no later than the last day during which such payments may be made without penalty.

Notwithstanding anything to the contrary herein contained, with respect to special assessments and ad valorem levies that may be lawfully paid in installments, the Company may elect to pay the same in such installments or in any combination of installments or payments that are allowed by the Taxing Authority or other entity assessing such levy.

2. The Company shall pay to the Agency an amount annually in lieu of the Exempt Taxes (each, a "PILOT Payment" and, collectively, the "PILOT Payments") during each Exemption Year, as follows:

- (a) an amount equal to one-hundred percent (100%) of such Exempt Taxes from the first (1st) through and including the tenth (10th) Exemption Year; and
- (b) an amount equal to two-thirds (2/3) of such Exempt Taxes from the eleventh (11th) through and including the fifteenth (15th) Exemption Year; and
- (c) an amount equal to one-hundred percent (100%) of such Exempt Taxes after the fifteenth (15th) Exemption Year, to the extent that this Agreement is still in effect.

Upon its receipt of PILOT Payments, the Agency shall remit the same to GLDC and the Taxing Authorities in accordance with the terms and provisions of the Allocation Agreement.

Notwithstanding anything to the contrary contained in the Lease Agreement or any other Transaction Document, this Agreement shall not terminate until the Early Termination Charge specified in Section 11 of this Agreement is paid, or otherwise satisfied, or no longer applicable beginning January 1, 2017.

3. The Company will make PILOT Payments to the Agency, in accordance with the provisions of this Agreement, as follows:

- (a) On August 1, 2006, the Company will make a PILOT Payment to the Agency covering the first (1st) Exemption Year (which runs from July 26, 2005 through and including July 24, 2006) consisting of:

- (i) the PILOT Payment which corresponds to the 2006 City of Rome Tax (both installments); and
 - (ii) the PILOT Payment which corresponds to the 2006 County of Oneida Tax; and
 - (iii) the PILOT Payment which corresponds to the 2006-07 Rome City School District Tax (both installments); and
- (b) During the second (2nd) Exemption Year (which runs from July 26, 2006 through and including July 30, 2007) and during each Exemption Year thereafter the Company will make PILOT Payments to the Agency hereunder for each such Exemption Year by making the required payment to the Agency no later than the last day on which the Exempt Taxes to which each such PILOT Payment corresponds could otherwise be made without penalty or interest if the Facility were owned by the Company and not by the Agency.

Agency shall provide to the Company an invoice for each PILOT Payment due hereunder at least thirty (30) days prior to the due date of such payment, which shall include the latest assessment notice from the City of Rome Assessor's Office as evidence of the Facility's assessed value from which the PILOT Payment has been calculated.

4. The PILOT Payments to be made by the Company pursuant to this Agreement are intended to be in lieu of all Exempt Taxes that otherwise would have to be paid on the Facility leased to the Company by the Agency pursuant to the Lease Agreement if the Facility were owned by the Company.

5. If, by reason of a change in the constitution or laws of the State of New York, or an interpretation of the constitution or the laws of the State of New York by the Court of Appeals (or such lower court from which the time to appeal has expired) of the State of New York, or for any other reason, the Company is required to pay any tax which the payments specified herein are intended to be in lieu of, the Company may deduct the aggregate of any such payments made by it from the amount herein agreed to be paid in lieu of such taxes and need only pay the difference (if such difference is a positive number). Furthermore, inasmuch as the PILOT Payments herein agreed to be made by the Company are intended to be in lieu of all Exempt Taxes, it is agreed that said PILOT Payments shall not, as to any Exemption Year, be in an amount greater than would be payable for such year for such Exempt Taxes, in the aggregate, by a fully taxable corporation (which is not exempt from Exempt Taxes) on account of its ownership of the Facility.

6. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but only during the term of this Agreement. The obligations of the Company and its successors and assigns hereunder shall

be incorporated by reference in all real property deeds and real property leases to the Company and its successors and assigns relating to the Facility as express real covenants and burdens upon the property to run with the land and be enforceable, *inter alia*, with the same force and effect against the Facility as though the same were a real property tax lien.

7. It is the intent of the parties that the Company will have all the rights, remedies, and standing of a taxpayer with respect to any real property or other tax, service charge, special benefit, ad valorem levy, assessment or special assessment because of which, or in lieu of which, the Company is obligated to make a payment hereunder, as if and to the same extent as if the Company were the owner of the Facility. It is the further intent of the parties that the Company will have all of the rights, remedies, and standing 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 concerning the Facility, or any portion thereof, whether through an assessor, board of assessment review, court of law, or otherwise and likewise will be entitled to protest before and be heard by such assessor, board of assessment review, court of law or otherwise and will 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 taxes that would have been payable but for the provisions hereof. In the event, however, that a court of competent jurisdiction shall enter an order or judgment determining or declaring that, by reason of the Agency's ownership of the Facility, the Company does not have the right to bring a proceeding to review such assessment under the Real Property Tax Law or any other law, then the Company shall have the right to contest such assessment in the name and as the agent of the Agency, and the Agency agrees to cooperate with the Company in all respects in any such proceeding.

It is the further intent of the parties that the Agency and its assigns and successors will have those same rights to enforce the obligations of the Company hereunder as any taxing jurisdiction would have to collect taxes if the Facility were owned by the Company and not the Agency or if the Facility were otherwise not exempt from Exempt Taxes.

8. All amounts payable by the Company hereunder will be paid to the Agency and will be payable in such lawful money of the United States of America as at the time of payment is legal tender for the payment of public and private debts, including a check payable in such money.

9. For so long as this Agreement is in effect, the Company hereby unconditionally and irrevocably waives its right, if any, to apply for and or receive the benefit of any other real property tax exemption with respect to the Facility, including, without limitation, any real property tax exemption that may be available under Section 485-b and Section 485-e of the Real Property Tax Law.

10. (a) If any term or provision hereof should be for any reason held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such term or provision will be deemed separate and independent and the remainder hereof will remain in full force and effect and will not be invalidated, impaired or otherwise affected by such holding or adjudication.

(b) This Agreement may not be effectively amended, changed, modified or altered except by an instrument in writing executed by the parties hereto and with the prior written consent of GLDC, which consent shall not be withheld if such amendment, change, modification, or alteration does not adversely affect GLDC with respect to its obligations with the GLDC Lenders.

(c) All notices, certificates or other communications hereunder shall be in writing and shall be sufficiently given and shall be deemed given when received or upon refusal of receipt by United States registered or certified mail, postage prepaid, return receipt requested, to the Agency or the Company, as the case may be, addressed as follows:

If to the Agency:

Oneida County Industrial Development Agency
153 Brooks Road
Rome, New York 13441-4105
Attn: Robert R. Calli, Chairman

With a copy to:

Kernan and Kernan, P.C.
258 Genesee Street, Suite 600
Utica, New York 13502-4691
Attn: Michael H. Stephens, Esq.

If to the Company:

Family Dollar Services, Inc.
P. O. Box 1017
Charlotte, NC 28201-1017
Attn: Christopher A. White, Divisional V.P. - Tax

With a copy to:

Janet Kelley, Esq.
Family Dollar Stores, Inc.
P. O. Box 1017
Charlotte, NC 28201-1017

With a copy to:

Family Dollar Stores, Inc.
P.O. Box 1017
Charlotte, NC 28201-1017
Attn: Christopher A. White, Divisional V.P. - Tax

If to GLDC:

Griffiss Local Development Corporation
153 Brooks Road
Rome, New York 13441-4105
Attn: Steven DiMeo, Executive Vice President

With a copy to:

Saunders, Kahler, Amoroso & Locke, LLP
185 Genesee Street, Suite 1400
Utica, New York 13501
Attn: Joseph E. Saunders, Esq.

provided, that the Agency or the Company or GLDC or the Guarantor may, by notice given hereunder to the other, designate any further or different addresses to which subsequent notices, certificates or other communications to them shall be sent.

(d) This Agreement is being executed and delivered in the State of New York and shall be governed by and construed in accordance with the law of the State of New York.

11. If, prior to the date that the GLDC Loans are irrevocably paid in full, this Agreement is set aside (and thus no longer in effect), invalidated, or otherwise terminates or is terminated, then, and in such event, and regardless of the reason therefor, the GLDC Loans shall be deemed (for the purposes of this Agreement) to have been "accelerated" thereby becoming immediately due and payable, in full, whereupon the Company shall pay an early termination charge (the "Early Termination Charge") to the Agency in an amount equal to the then unpaid and outstanding combined principal balances of the "accelerated" GLDC Loans plus all accrued interest and other sums due pursuant thereto or in connection therewith (e.g. prepayment penalties or hedge or swap "breakage" fees, etc.).

If, prior to the date that the GLDC Loans are irrevocably paid in full, the aggregate amount of PILOT Payments due hereunder in any given Exemption Year reduces or is reduced to a level whereby the allocation of PILOT Payments to be made by the Agency to GLDC and the Taxing Authorities pursuant to the Allocation Agreement would be insufficient to fully and timely pay the Scheduled Debt Service for GLDC Loans (as that term

is defined in the Allocation Agreement) for such Exemption Year, then GLDC shall promptly deliver written notice of such insufficiency to the Company and the Company shall, at its option, (i) elect to pay such insufficiency directly to GLDC at the normal time for which PILOT Payments are due; or (ii) pay the Early Termination Charge.

Upon its receipt of the Early Termination Charge, the Agency shall immediately remit the same to GLDC in accordance with the terms and provisions of the Allocation Agreement.

Notwithstanding the above provisions, the Company's obligation with respect to any Early Termination Charge shall not, under any circumstances, exceed the amount provided in Exhibit C, based upon the date that the Early Termination Charge becomes due. In addition, the amounts provided in Exhibit C shall be reduced by any amount of the \$4.1 million in PILOT - Tax Increment Financing proceeds that has not been disbursed by GLDC to the Company under the provisions of the Master Agreement or any other document related to the Facility as of the date that the Early Termination Charge becomes due. The payment of an Early Termination Charge under this PILOT Agreement by the Company or the Guarantor prior to a disbursement of the PILOT - Tax Increment Financing proceeds by GLDC to the Company will terminate GLDC's obligation to make any further disbursements of such proceeds to the Company.

12. Notwithstanding anything to the contrary herein contained, the Company shall not assign its rights or delegate its duties or obligations under this Agreement without the prior written consent of the Agency, which consent shall not be unreasonably withheld, conditioned or delayed. The Agency shall have the right to assign this Agreement to any person or entity. Without limiting the generality of the foregoing, the Agency shall have the right to assign this Agreement to GLDC and/or to any one or more of the GLDC Lenders (as that term is defined in the Lease Agreement) as collateral security for the payment any one or more of the GLDC Loans. The Agency shall notify the Company of any assignment and send a copy of the assignment agreement to the Company.

13. This Agreement shall remain in effect and the Company shall make PILOT Payments to the Agency in accordance with the provisions hereof until such time as the Facility is placed on the tax roll as a non-exempt property and Exempt Taxes first become due and payable.

14. Notwithstanding anything to the contrary contained herein, this Agreement shall survive until the performance of the obligations of the Company to make payments hereunder including, without limitation, the Company's obligations to pay the Early Termination Charge, have been paid or otherwise satisfied.

15. The Company agrees to arrange for the execution and delivery on the Closing Date by its indirect parent company, Family Dollar Stores, Inc. (the "Guarantor") to the

Agency, which Guarantee shall be in the form annexed hereto as Exhibit D. The Company further agrees to arrange for the execution and delivery on the Closing Date by its New York special counsel, Hancock & Estabrook, LLP, to the Agency and the GLDC Lenders of an opinion of counsel (the "Opinion of Counsel") relating to this Agreement and the Guarantee, which Opinion of Counsel shall be in the form annexed hereto as Exhibit E.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By:  _____

Robert R. Calli
Its Chairman

FAMILY DOLLAR SERVICES, INC.

By:  _____

Howard R. Levine
Chairman and Chief Executive Officer

STATE OF NEW YORK)
) SS:
COUNTY OF ONEIDA)

On the ___ day of _____ 2005 before me, the undersigned, personally appeared **Robert R. Calli**, 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 instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NORTH CAROLINA)
) SS:
COUNTY OF MECKLENBURG)

On the 7th day of APRIL 2005 before me, the undersigned personally appeared **Howard R. Levine**, 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 instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.



Notary Public
My Commission Expires: 4 OCT 2008

LIST OF EXHIBITS

- Exhibit A Allocation Agreement
- Exhibit B Taxing Authority Addresses
- Exhibit C Maximum Early Termination Charges
- Exhibit D Guarantee
- Exhibit E Opinion of Counsel Letter

AGREEMENT ALLOCATING PILOT PAYMENTS

THIS AGREEMENT ALLOCATING PILOT PAYMENTS dated as of March _____, 2005 (the "Agreement") is by, between and among **COUNTY OF ONEIDA**, a New York municipal corporation with offices at County Office Building, 800 Park Avenue, Utica, New York 13501 (the "County"), **CITY OF ROME**, a New York municipal corporation with offices at City Hall, 198 North Washington Street, Rome, New York 13440 (the "City"), **ROME CITY SCHOOL DISTRICT**, a New York school district with offices at 112 East Thomas Street, Rome, New York 13440 (the "School District") (the County, the City and the School District are hereinafter sometimes collectively referred to as the "Affected Tax Jurisdictions"), **ONEIDA COUNTY INDUSTRIAL DEVELOPMENT AGENCY**, a New York public benefit corporation with offices at 153 Brooks Road, Rome, New York 13441 (the "Agency"), and **GRIFFISS LOCAL DEVELOPMENT CORPORATION**, a New York local development corporation with offices at 153 Brooks Road, Rome, New York 13441 ("GLDC").

WITNESSETH:

WHEREAS, the United States of America, acting by and through the Secretary of the Air Force, conveyed a 152.972± acre parcel of land ("Parcel F4A/F12A") located in the Griffiss Business & Technology Park, Rome, Oneida County, New York to the Agency by means of a Quit Claim Deed dated July 20, 2001 and recorded on January 22, 2003 in the Oneida County Clerk's Office as Instrument No. 2003-001613; and

WHEREAS, the Agency, as lessor, leased said Parcel F4A/F12A to GLDC, as lessee, for a term of ten (10) years pursuant to that certain lease agreement dated as of December 1, 2002 (the "Agency/GLDC Lease Agreement"); and

WHEREAS, a memorandum of the Agency/GLDC Lease Agreement was recorded on January 22, 2003 in the Oneida County Clerk's Office as Instrument No. R2003-000078; and

WHEREAS, pursuant to the Agency/GLDC Lease Agreement, GLDC has the right to acquire from the Agency the fee simple title to all or any portion of said Parcel F4A/F12A at any time during the term thereof; and

WHEREAS, GLDC has notified the Agency that it intends to acquire the fee simple title to an 86.696± acre portion of said Parcel F4A/F12/A (the "Land"), which Land is more particularly shown on a map entitled "Property Map Showing a Portion of Lands of Oneida County Industrial Development Agency, City of Rome, County of Oneida, State of New York" made by Michael P. Waters, P.L.S. No. 50027, dated January 30, 2005 and last revised February

_____, 2005, a reduced-sized copy of which map is annexed hereto and made a part hereof as Exhibit A; and

WHEREAS, GLDC and Family Dollar Services, Inc. ("Family Dollar") have entered into or are about to enter into various agreements (collectively, the "GLDC/Family Dollar Agreements") which provide or will provide that, among other things, upon acquiring the fee simple title to the Land from the Agency, GLDC will sell, transfer and convey said Land to Family Dollar; and

WHEREAS, the GLDC/Family Dollar Agreements further provide or will further provide that, upon acquiring the fee simple title to the Land from GLDC, Family Dollar will construct thereon a building (the "Building") containing approximately 907,000 gross square feet of floor area, and related improvements, (the "Related Improvements"), acquire equipment (the "Equipment") and install the same in said Building, and thereafter operate said Building as a distribution center (the "Distribution Center") servicing Family Dollar retail stores located in the Northeast (Family Dollar's acquisition of the Land, its construction of the Building and Related Improvements, its acquisition of the Equipment and installation of the same in the Building, and its operation of the Distribution Center are hereinafter sometimes collectively referred to as the "Distribution Center Project"); and

WHEREAS, Family Dollar expects to create jobs for three hundred seventy five (375) full-time, permanent employees at the Distribution Center by January 1, 2008;

WHEREAS, the GLDC/Family Dollar Agreements further provide or will further provide that GLDC shall obtain one or more loans (from itself through internal borrowings and from outside sources), in the aggregate sum not to exceed \$6,324,384.00 (collectively, the "GLDC Loans"), which GLDC Loans are more particularly described in Exhibit B annexed hereto and made a part hereof; and

WHEREAS, the proceeds of the GLDC Loans shall be used by GLDC to either directly or indirectly finance and/or refinance various "hard" costs and "soft" costs incurred or to be incurred by it or others in connection with the Distribution Center Project including, without limitation, (i) the cost of acquiring the Land from the Agency, (ii) amortize as part of the Distribution Center Project financing that portion of the total amount of the Land value in excess of the amount paid to GLDC by Family Dollar (the "GLDC Land Purchase Loan"), (iii) the cost of making certain "on-site" improvements to the Land, the cost of undertaking certain "on-site" demolitions and/or removals including, but not limited to, removing, relocating and/or abandoning in place various utility lines and/or systems, the cost of providing a second source of water supply with sufficient capacity, flow and pressure to meet the requirements of Family Dollar's site fire protection system, and other utility extensions and upgrades, (iv) the cost of making certain "off-site" public improvements (e.g., the cost of installing off-site street lighting,

pavement striping, staging areas, street signage, sidewalks, landscaping, and intersection, road and other access improvements on Ellsworth Road and Perimeter Road) (the "GLDC Off Site Improvements Loan"), (v) the cost of architectural, engineering and legal services, (vi) the cost of environmental surveys, investigations and remedial actions, (vii) the cost of closing on the GLDC Loans (c.g., bank fees, attorneys' fees and disbursements, title insurance premiums, survey expenses), (viii) the cost of job training, (ix) the cost of interim interest, and (x) the cost of GLDC's project fee; and

WHEREAS, in order to better facilitate the Distribution Center Project, Family Dollar has requested or will request the Agency to undertake a "project", as that term is defined in the New York State Industrial Development Agency Act, General Municipal Law §850, *et seq.* (the "Act") consisting of (A)(i) the acquisition of the Land, (ii) the construction on the Land of the Building and Related Improvements, (iii) the acquisition of the Equipment and the installation of the same in the Building (the Land, the Building and Related Improvements, and the Equipment are hereinafter sometimes collectively referred to as the "Facility"), (B) the granting of certain other "financial assistance", as that term is defined in Section 854(14) of the Act, with respect to the foregoing, including an exemption from sales taxes, real estate transfer taxes, mortgage recording taxes and Real Property Taxes (as hereinafter defined), and (C) the leasing of the Facility to Family Dollar over a term of not less than fifteen (15) years pursuant to a lease agreement (the "Lease Agreement"); and

WHEREAS, in connection with the "project", Family Dollar has requested or will request the Agency to enter into a payment-in-lieu-of-tax agreement ("PILOT Agreement") with Family Dollar having a term of not less than fifteen (15) years; and

WHEREAS, to induce the Agency to enter into said PILOT Agreement, Family Dollar's parent company, Family Dollar Stores, Inc. (the "Parent Company") has entered into or will enter into a guaranty agreement with the Agency (the "PILOT Guaranty") whereby it unconditionally guarantees the payment and performance by Family Dollar of its obligations to the Agency under the PILOT Agreement including, without limitation, its obligation to make the PILOT Payments to the Agency; and

WHEREAS, under the PILOT Agreement, Family Dollar will be obligated to make payments in lieu of taxes (the "PILOT Payments") to the Agency (A) each year during the first ten (10) years of the term of the PILOT Agreement in an amount equal to one hundred percent (100%) of the real property taxes, general property taxes, general school district taxes, general assessments, service charges or other governmental charges of a similar nature (excluding special assessments and/or ad valorem levies) which would be levied and/or assessed upon the Facility or Family Dollar's interest therein or occupancy thereof (collectively, the "Real Property Taxes") during such year if the Facility were not exempt from such Real Property Taxes, (B) each year during the next five (5) years of the term of the PILOT Agreement in an amount equal

to two-thirds (2/3rds) of the Real Property Taxes which would be levied and/or assessed upon the Facility during such year if the Facility were not exempt from such Real Property Taxes and (C) each year thereafter during the term of the PILOT Agreement, if any, in an amount equal to one hundred percent (100%) of the Real Property Taxes which would be levied and/or assessed upon the Facility during such year if the Facility were not exempt from such Real Property Taxes; and

WHEREAS, in accordance with Section 858(15) of the Act, the parties hereto desire to allocate the PILOT Payments received by the Agency among GLDC and the Affected Taxing Jurisdictions as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises, the sum of One Dollar (\$1.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. So long as any portion of any of the GLDC Loans remains unpaid and outstanding, the Agency shall allocate the PILOT Payments received by it among GLDC and the Affected Taxing Jurisdictions in the following order and amounts:

FIRST: During each Exemption Year (as that term is defined in the PILOT Agreement), the Agency shall pay to GLDC that portion of the PILOT Payments received by it in such Exemption Year as is necessary to enable GLDC to pay the annual scheduled debt service (i.e., principal, interest and other sums, if any) due with respect to the GLDC Loans for such Exemption Year (the "Scheduled Debt Service for GLDC Loans"), a copy of which is annexed hereto and made a part hereof as **Exhibit C**.

SECOND: During each Exemption Year, the Agency shall allocate the remaining portion of the PILOT Payments received by it (i.e. that portion which remains after deducting therefrom and paying to GLDC an amount equal to the Scheduled Debt Service for GLDC Loans for such Exemption Year) among the Affected Tax Jurisdictions in proportion to the amount of Real Property Taxes which would have been received by each of said Affected Tax Jurisdictions in such year if the Facility were not then exempt from Real Property Taxes.

2. If, and to the extent that, the PILOT Agreement continues in effect from and after the date on which the GLDC Loans have been paid, in full, the Agency shall allocate the PILOT Payments received by it among the Affected Tax Jurisdictions in proportion to the amount of

Real Property Taxes which would have been received by each of said Affected Tax Jurisdictions in such year if the Facility were not then exempt from Real Property Taxes.

3. The PILOT Agreement shall contain such provisions as may be requested by GLDC in order to provide GLDC, and the lenders who made the GLDC Loans, with assurances satisfactory to them, in their sole discretion, that the PILOT Agreement and the PILOT Guaranty will be enforceable against Family Dollar and/or the Parent Company at all times until the GLDC Loans are irrevocably paid in full. Without limiting the generality of the foregoing, if GLDC so requests, the PILOT Agreement shall provide that if, prior to the date that the GLDC Loans are irrevocably paid in full, (a) the PILOT Agreement is set aside, invalidated or otherwise terminates or is terminated or (b) Family Dollar's obligation to make PILOT Payments thereunder reduces or is reduced to a level whereby the allocation of the PILOT Payments made by the Agency pursuant to paragraph 1 above would be insufficient to fully pay the Scheduled Debt Service for GLDC Loans, then, and in such event, and regardless of the reason therefor, the GLDC Loans shall be deemed (for the purposes of the PILOT Agreement) to have been "accelerated" thereby becoming immediately due and payable, in full, and Family Dollar shall pay an early termination charge (the "Early Termination Charge") to the Agency in an amount equal to the then unpaid and outstanding combined principal balances of the "accelerated" GLDC Loans plus all accrued interest and other sums due pursuant thereto or in connection therewith (e.g., prepayment penalties, hedge agreement "breakage" fees, etc.) and that upon the Agency's receipt of such Early Termination Charge, it shall immediately remit the same to GLDC.

4. The PILOT Agreement shall contain a provision whereby Family Dollar unconditionally and irrevocably waives its right, if any, to apply for and/or receive the benefit of, any other real property tax exemption including, without limitation, any real property tax exemptions that may be available under Section 485-b and Section 485-e of the Real Property Tax Law for so long as the PILOT Agreement is in effect.

5. As collateral security for the payment of the GLDC Loans, the Agency agrees to assign its rights under the PILOT Agreement, the PILOT Guaranty and this Agreement to the lenders who make the GLDC Loans to GLDC to the extent necessary to enable said lenders to enforce and fully collect upon their security for the GLDC Loans. Such assignment shall be in form and content satisfactory to the Agency, GLDC and the GLDC lenders, in their sole discretion.

6. Nothing contained herein shall be deemed to abridge, limit or restrict the City's ability (a) to impose or levy and to collect utility and/or service charges (in accordance with its standard rates for such utility and/or service charges in effect from time to time) for furnishing a municipal or private utility service including, without limitation, charges for water service, sanitary sewer service, solid waste collection, etc. to the Distribution Center or (b) to create

special assessment districts within the boundaries of the Land and/or to add, levy and collect special assessments for improvements made within the boundaries of the Land.

7. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

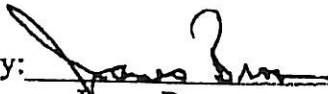
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IN WITNESS WHEREOF, the parties hereto have caused this Agreement Allocating PILOT Payments to be executed and delivered by their duly authorized officers as of the day and year first above written.

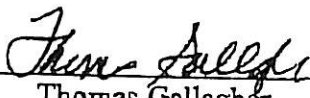
COUNTY OF ONEIDA

By: 
Joseph A. Griffo
County Executive


CITY OF ROME

By: 
James Brown
Mayor

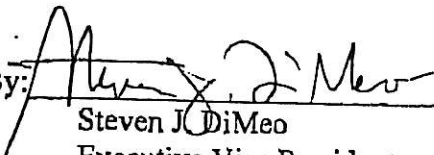
ROME CITY SCHOOL DISTRICT

By: 
Thomas Gallagher
Superintendent

ONEIDA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

By: 
Robert R. Calli
Chairman

GRIFFISS LOCAL DEVELOPMENT
CORPORATION

By: 
Steven J. DiMeo
Executive Vice President

STATE OF NEW YORK)
) ss.:
COUNTY OF ONEIDA)

On this 18 day of March, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared JOSEPH A. GRIFFO, 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 instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Michael W. Kelly
NOTARY PUBLIC
Comm. exp 4/17/07

STATE OF NEW YORK)
) ss.:
COUNTY OF ONEIDA)

On this 18 day of March, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared JAMES BROWN, 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 instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Debra J. Amara
NOTARY PUBLIC
Oneida County
Comm. expires 3/7/06

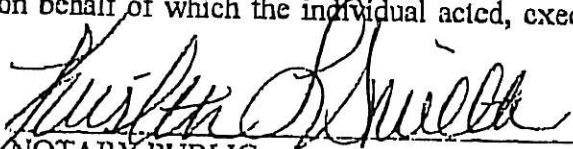
STATE OF NEW YORK)
) ss.:
COUNTY OF ONEIDA)

On this 16 day of March, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared THOMAS GALLAGHER 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 instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Mary K. Brady
NOTARY PUBLIC
exp 3/25/06

STATE OF NEW YORK)
) ss.:
COUNTY OF ONEIDA)

On this 23 day of March, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT R. CALLI 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 instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

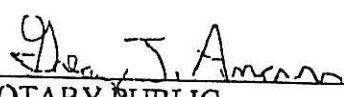


NOTARY PUBLIC

KRISTEN L. SMITH
Notary Public, State of New York
Qualified in Oneida County
My Commission Expires 5/4/08

STATE OF NEW YORK)
) ss.:
COUNTY OF ONEIDA)

On this 18 day of March, 2005, before me, the undersigned, a Notary Public in and for said State, personally appeared STEVEN J. DIMEO 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 instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



NOTARY PUBLIC

Oneida County
Comm. expires 3/1/04

Exhibit A
(Survey Map)