

**PURCHASE AGREEMENT**

**\$10,000,000  
Erie County Industrial Development Agency  
Industrial Development Revenue Bonds  
(Galvstar LLC Project),  
Series 2010A**

October 6, 2010

Galvstar LLC  
301 West 57th Street  
Suite 46-A  
New York, New York 10019

Erie County Industrial Development Agency  
275 Oak Street  
Buffalo, New York 14203  
Attention: Chief Operating Officer

Ladies and Gentlemen:

The undersigned, Sterne, Agee & Leach, Inc. (the "Underwriter"), offers to enter into the following agreement with the Erie County Industrial Development Agency (the "Agency"), and Galvstar LLC, a Delaware limited liability company (the "Company"), with respect to the purchase of the captioned bonds (the "Bonds"). Upon the mutual acceptance by each of you of this offer, this Agreement will be binding upon each of you and upon the Underwriter. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Limited Offering Memorandum (as hereinafter defined).

This offer is made subject to your mutual acceptance on or before 5:00 P.M., local time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Agency and the Company at the addresses set forth above at any time prior to the acceptance hereof by the Agency and the Company. This offer is also subject to the following provisions:

1. **Sale and Purchase of the Bonds.**

(a) Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants contained herein, the Underwriter hereby agrees to purchase from the Agency, and the Agency agrees to issue and sell to the Underwriter, all, but not less than all, of the \$10,000,000 aggregate principal amount of the Agency's Industrial Development Revenue Bonds (Galvstar LLC Project), Series 2010A (the "Bonds"), at the price

set forth in Schedule I attached hereto, plus accrued interest, if any. The Bonds are being purchased by the Underwriter for sale to one or more qualified institutions who execute and deliver on the Closing Date (hereinafter defined) (i) an investor letter addressed to the Agency substantially in the form attached to the Limited Offering Memorandum as Appendix A and (ii) an investor letter addressed to the Underwriter in form and substance reasonably satisfactory to the Underwriter.

(b) The Bonds are as described in Schedule I attached hereto and in the Master Indenture of Trust, dated as of October 1, 2010, as supplemented by the First Supplemental Indenture of Trust, dated as of October 1, 2010 (together, the "Indenture"), between the Agency and Wells Fargo Bank, N.A., as trustee (the "Trustee"), authorizing the issuance of the Bonds, and shall be issued and secured under and pursuant to the Indenture. The Bonds are to be issued concurrently with the issuance by the Agency of the Series 2010B Bonds and the Series 2010C Bonds pursuant to the Indenture, as supplemented by the Second Supplemental Indenture of Trust, dated as of October 1, 2010, between the Agency and the Trustee. The Series 2010B Bonds and the Series 2010C Bonds are being issued and purchased pursuant to a separate purchase agreement among the Underwriter, the Agency and the Company, to be dated as of a date not less than 15 days after the date of this Agreement. The Series 2010B Bonds and the Series 2010C Bonds will be delivered on the Closing Date and the obligations of the Underwriter hereunder are conditioned upon the simultaneous issuance and delivery of the Bonds, the Series 2010B Bonds and the Series 2010C Bonds. Subject to the terms and provisions of the purchase agreement to be entered into relating to the Series 2010B Bonds and Series 2010C Bonds, the Issuer agrees that it shall issue, and the Company agrees to take all reasonable steps within its power to cause the issuance of, the Series 2010B Bonds and the Series 2010C Bonds.

(c) The Agency will apply the proceeds of the Bonds to finance a portion of the cost of a project (the "Project") consisting of the acquisition, equipping and installation of a galvanizing steel plant located in Buffalo, New York, to be sold to the Company pursuant to the Installment Sale Agreement and utilized by the Company.

## 2. Purchase of the Bonds.

(a) The Underwriter hereby represents and warrants that it intends to sell the Bonds to one or more qualified institutions, each of which the Underwriter reasonably believes:

(1) is either a "qualified institutional buyer" or an "accredited investor", in each case as defined for purposes of the rules promulgated under the Securities Act of 1933, as amended (the "Securities Act");

(2) has such knowledge and experience in financial and business matters as are necessary in order to evaluate the merits and risks of an investment in the Bonds;

(3) is purchasing the Bonds for its own account and is not acquiring the Bonds with a view to any distribution thereof or with any present intention of offering or selling any of the Bonds in a transaction that would violate the Securities Act or the securities laws of any state of the United States or any other applicable jurisdiction; and

(4) has investigated independently the circumstances surrounding the issuance of the Bonds and the security and sources of payment for the Bonds and has had ample opportunity to request, or has received, such information relating to the Bonds and the Project that it deems necessary to make its independent determination to purchase the Bonds.

(b) The Underwriter agrees that it will not use any form of general solicitation or general advertising in connection with the purchase and sale of the Bonds, including any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio, or conduct any seminar or meeting with respect to the Bonds whose attendees have been invited by general solicitation or advertising.

(c) Each purchaser of the Bonds from the Underwriter will execute and deliver on the Closing Date (i) an investor letter addressed to the Agency substantially in the form attached to the Limited Offering Memorandum as Appendix A and (ii) an investor letter addressed to the Underwriter in form and substance reasonably satisfactory to the Underwriter.

(d) The Underwriter intends to make a limited offering of the Bonds as described above at a price or prices (or yield or yields) not in excess of the offering price or prices (or not lower than the yield or yields) set forth in the Limited Offering Memorandum, and the Underwriter may subsequently change such offering price or prices (or yield or yields). For purposes of Rule 15c2-12(d)(1)(i) promulgated under the Securities Act and the exemption contained therein, the Underwriter intends to sell the Bonds in denominations of \$100,000 and integral multiples of \$5,000 in excess thereof to no more than 35 persons, each of whom the Underwriter reasonably believes: (i) has such knowledge and experience in financial and business matters that it is capable of evaluating the risks of the prospective investment and (ii) is not purchasing for more than one account or with a view to distributing the Bonds.

3. Approval of Limited Offering Memorandum and Other Documents. On the date hereof, the Company shall deliver to the Underwriter a current draft copy of the Indenture, the Agreement, the Guaranty, the Mortgage and the Security Agreement. The Company shall cause to be delivered to the Underwriter the Limited Offering Memorandum relating to the Bonds, the Series 2010B Bonds and the Series 2010C Bonds, substantially in the form of the Preliminary Limited Offering Memorandum, dated October 6, 2010, on or before the Closing Date. Such Limited Offering Memorandum, including the cover page and all exhibits, appendices, reports and statements included with or attached to it and any amendments and supplements that may be authorized by the Company for use with respect to the Bonds, is hereinafter called the "Limited Offering Memorandum."

The Company hereby consents to the use of the Limited Offering Memorandum and the information contained therein by the Underwriter in connection with the limited offering of the Bonds as described in Section 2 above. The Company has authorized and approved this Purchase Agreement, the Limited Offering Memorandum, the Indenture, the Agreement, the Bonds, the Guaranty, the Tax Compliance Agreement, the Mortgage, the Security Agreement, the Lease, the Construction Contract and any and all related documents, each with such subsequent changes as may be approved by the Underwriter and the Company. The Agency consents to the distribution and use of the Limited Offering Memorandum in connection with the

limited offering of the Bonds as described in Section 2 above; provided that the Underwriter and the Company acknowledge that the only information in the Limited Offering Memorandum provided by the Agency is under the heading "THE ISSUER" and that the Agency is only responsible for the information contained under such heading.

4. Representations, Warranties and Covenants of the Agency. The Agency represents and warrants to and covenants with the Underwriter and the Company on the date hereof and as of the Closing Date that:

(a) It is a corporate governmental agency constituting a body corporate and politic and a public benefit corporation of the State, duly organized and existing under the laws of the State and is empowered by Title 1 of Article 18-A of the General Municipal Law, of the State, which was duly enacted into law as Chapter 1030 of the Laws of the State of New York and Section 891-a of the General Municipal Law of the State, each as amended to date (collectively, the "Act") and by the Resolution to (i) authorize the issuance of the Bonds, (ii) to enter into and effect the transactions contemplated by the Indenture, the Agreement, the Mortgage, the Tax Compliance Agreement and this Purchase Agreement (collectively, the "Agency Documents"), (iii) to consent to the distribution and use of the Limited Offering Memorandum and the information therein contained under the heading "THE ISSUER," which is the only information for which it is responsible, and (iv) to carry out and consummate all other transactions contemplated in the Agency Documents.

(b) The Agency represents and warrants that it has complied with all applicable provisions of the Act and has full power to consummate all transactions contemplated by the Agency Documents.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, governmental agency or instrumentality pending in which the Agency has been served or, to the actual knowledge of the Board of Directors of the Agency, threatened against or affecting the Agency wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by this Purchase Agreement or the validity or enforceability of any of the other Agency Documents.

(d) To its actual knowledge, the execution and delivery of the Agency Documents and compliance with the provisions thereof will not conflict with or constitute, on the part of the Agency, a breach of or default under any constitutional provision, existing law, court or administrative regulation, decree, order or any agreement, indenture, mortgage, lease or other instrument to which the Agency is subject or by which it is or may be bound; provided, however, that no representation is made with respect to federal, state or local permits or consents regarding the construction, occupancy or use of the Project, including, without limitation, planning, environmental, zoning and building permits or consents; and provided further, however, that no representation, warranty or covenant is made with respect to the tax laws, the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or other securities laws

or Blue Sky laws of the United States, the State, any other state of the United States or any other regulatory body having jurisdiction.

(e) The information contained in the Limited Offering Memorandum under the heading "THE ISSUER" is, as of its date and as of the Closing Date, will be, correct in all material respects, and will not omit to state a material fact relating to the Agency which is necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(f) The Agency has duly authorized and approved the execution and delivery of the Agency Documents. Prior to the Closing, the Agency shall have duly authorized and taken all necessary action to be taken by it for (i) the issuance and sale of the Bonds and the application of the proceeds of the Bonds to pay costs of the Project on the terms and for the purposes set forth herein and in the Agency Documents and (ii) the approval, execution, delivery and/or receipt by the Agency of the Agency Documents.

(g) The Bonds, when delivered to and paid for by the Underwriter as provided herein and in the Agency Documents, will have been duly authorized, executed, authenticated, issued and delivered, will be of the character described in the Agency Documents and will constitute valid and binding special and limited obligations of the Agency enforceable in accordance with their terms and entitled to the benefits and security of the Indenture and the Agreement, subject in each instance to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar law or laws affecting the enforcement of creditors rights generally or relating to political subdivisions such as the Agency as from time to time in effect, and further subject to the availability of equitable remedies.

(h) The Agency shall, on or before the Closing, execute and deliver the Agency Documents.

(i) This Purchase Agreement is and, when executed and delivered, the other Agency Documents will be, the legal, valid and binding obligations of the Agency, enforceable against the Agency in accordance with their respective terms, subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally and subject to the availability of equitable remedies, and to the qualification that enforcement of the indemnification provisions of this Purchase Agreement may be limited by federal or state securities laws.

(j) Neither the existence of the Agency nor the right of the members of the Agency to their offices nor the title of the members of the Agency to their respective offices are being contested and no authority or proceeding for the issuance of the Bonds has been repealed, revoked or rescinded.

(k) To the actual knowledge of the Board of Directors of the Agency, no further authorization, approval, consent or other order of any governmental authority or agency, or of any other entity or person(s) is required for the valid authorization, execution and delivery by the Agency of the Bonds and the other Agency Documents.

(l) No form of general solicitation or general advertising was used by the Agency or any of its representatives in connection with the sale of the Bonds, including any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting with respect to the Bonds whose attendees have been invited by general solicitation or advertising.

Unless prior to the Closing Date the Agency provides the Underwriter with written notice of each exception thereto, the Agency shall be deemed to have reaffirmed, as of the Closing Date, the representations, warranties and covenants set forth above in Section 4.

5. Representations, Warranties and Covenants of the Company. In order to induce (i) the Underwriter to enter into this Purchase Agreement and (ii) the Agency to enter into the Agency Documents and to issue the Bonds for the purposes stated above, and in consideration of the foregoing and of the execution and delivery of this Purchase Agreement by the other parties hereto, the Company represents, warrants to and covenants with the Underwriter and the Agency that, as of the date hereof and the date of the Closing:

(a) It is a limited liability company duly organized and validly existing under the laws of the State of Delaware. It presently has (or will acquire in connection with the acquisition, equipping and installation of the Project) all necessary licenses and permits required to carry out its business and operate and construct the Project, to the extent that such permits may be obtained at this time. It has not received any written notice of an alleged violation and to the best of its knowledge it is not in violation of any zoning, land use, environmental or other similar law or regulation applicable to the Project which would materially adversely affect the operations or financial condition of the Company. It has full right, power and authority to enter into and deliver this Purchase Agreement, and to execute and enter into and deliver or approve, as the case may be, the Agreement, the Guaranty, the Mortgage, the Security Agreement, the Tax Compliance Agreement, the Lease and the Construction Contract (together with this Purchase Agreement, collectively the "Company Documents"), the Limited Offering Memorandum and the Bonds, and to perform other acts and things as provided for in each of the foregoing documents.

(b) The execution and delivery by the Company of the Company Documents, the Limited Offering Memorandum and the other documents contemplated herein and in the Limited Offering Memorandum; the approval by the Company of the Bonds and the Indenture; the compliance with the provisions of any and all of the foregoing documents; and the application of the proceeds of the Bonds for the purposes described in the Limited Offering Memorandum, do not and will not conflict with or result in the breach of any of the terms, conditions or provisions of, or constitute a default under, the Operating Agreement, as amended, of the Company or any agreement, indenture, mortgage, lease or instrument to which the Company is a party or by which it or any of its property is or may be bound, or any existing law or court or administrative regulation, decree or order applicable to it or any of its property.

(c) No default, event of default or event which, with notice or lapse of time or both, would constitute a default or an event of default under the Company Documents or any other material agreement or material instrument to which it is a party or by which it is or may be bound or to which its property is or may be subject has occurred or is continuing.

(d) It has duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds by the Agency upon the terms and conditions set forth herein, in the Limited Offering Memorandum and in the Indenture; (ii) the approval of the Bonds and the Indenture; and (iii) the execution and delivery or approval, as the case may be, of the Company Documents, the Limited Offering Memorandum and the Bonds and any and all such other agreements and documents as may be required to be executed, delivered or received by it in order to carry out, effectuate and consummate the transactions contemplated herein and therein; and the performance by it of such transactions.

(e) The descriptions and information contained in the Limited Offering Memorandum (except for the information contained in the Limited Offering Memorandum under the captions "THE ISSUER" and "UNDERWRITING") are, and as of the date of the Closing, will be, correct in all material respects and such descriptions and information in the Limited Offering Memorandum, as of its date and as of the Closing Date, will not contain an untrue, incorrect or misleading statement of a material fact; and such descriptions and information in the Limited Offering Memorandum and the inclusion of the Appendices thereto do not, as of the date of the Limited Offering Memorandum, and as of the Closing Date, will not, omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The Bonds, the Company and the Project are fairly and accurately described in all material respects in the Limited Offering Memorandum.

(f) Appendices B through I to the Limited Offering Memorandum will be, as of the Closing Date, true, complete and correct copies of such documents, which have not been further amended, supplemented or modified. The documents included as Appendices E through I will be, as of the Closing Date, in full force and effect and valid, binding and enforceable against the Company (subject to the effect of applicable bankruptcy and similar laws and general equitable principles).

(g) It will not take or omit to take any action which in any way will cause or result in the proceeds of the sale of the Bonds being applied in a manner other than as provided in the Indenture and the Agreement and as described in the Limited Offering Memorandum.

(h) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any public board or body pending or, to the knowledge of the Company, threatened against or affecting the Company, any of its affiliates or any of its property (and, to its knowledge there is no meritorious basis therefor) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (i) the financial condition of the Company or any of its affiliates or the operation by the

Company of its property; (ii) except as described in the Limited Offering Memorandum, the transactions contemplated in this Purchase Agreement and in the Limited Offering Memorandum; (iii) the existence of the Company; (iv) the validity or enforceability of the Company Documents or any material agreement or instrument by which the Company any of its affiliates or the property of the Company is or may be bound, or would in any way contest the existence or powers of the Company or any of its affiliates; or (v) the federal tax-exempt status of the interest on the Bonds or the amounts to be received by the Agency pursuant to the Indenture or the Agreement.

(i) On or before the Closing Date, the Company shall execute and deliver the Company Documents. This Purchase Agreement is and, when executed and delivered, the other Company Documents will be, the legal, valid and binding obligations of the Company enforceable in accordance with their respective terms, subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights from time to time in effect and subject to the availability of equitable remedies, the exercise of judicial discretion in accordance with general principles of equity, and to the qualification that enforcement of the indemnification provisions of this Purchase Agreement may be limited by federal or state securities laws.

(j) Except for any approvals or consents required for the offer and sale of the Bonds under any state "blue sky" laws, all approvals, consents, authorizations, certifications, and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with such entities, which would constitute a condition precedent to or which, if not obtained by the Closing Date, would materially adversely affect the performance by the Company of its obligations under the Company Documents or the consummation of the transactions contemplated in the Limited Offering Memorandum, have been or will be, prior to the Closing Date, duly obtained.

(k) Any certificate signed by an authorized officer of the Company delivered to the Agency or to the Underwriter shall be deemed a representation and warranty by the Company to the Agency and the Underwriter as to the statements made therein.

(l) The Company has complied with all applicable requirements of the United States, the State, the Agency, Erie County, New York, the City of Buffalo, New York and of their respective agencies and instrumentalities, including, but not limited to the New York Department of Environmental Conservation, which are necessary to operate the Project as it is contemplated to be operated, and has obtained or will obtain, to the extent customarily obtained for similar activities, all permits, licenses, certifications, accreditation and qualifications necessary to operate the Project. To the extent a permit, license, certification, accreditation or qualification is not customarily obtained, the Company expects to obtain such permit, license, certification, accreditation or qualification in due course, and knows of no reason why such will not be so obtained.

(m) There have been no material changes in the operation of the Project that would make the Limited Offering Memorandum or any other information provided to the Underwriter with respect to the Project contain any material misstatements or omissions

that would cause the Limited Offering Memorandum, or any other information provided by the Company to the Underwriter, to be misleading.

(n) The Company agrees to furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and its counsel as the Underwriter and its counsel may reasonably request (i) in any endeavor to qualify the Bonds for offering and sale under the securities or "blue sky" laws of such jurisdictions of the United States as the Underwriter may request; (ii) for the application for exemption from such qualification; (iii) for the Underwriter's determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter designates; and (iv) to provide for the continuance of such qualifications or exemptions in effect for so long as required for distribution of the Bonds. The Company ratifies and consents to the use of the Limited Offering Memorandum and drafts thereof in obtaining such qualification, exemption, determination or continuance of any of the foregoing.

(o) No form of general solicitation or general advertising was used by the Company or any of its representatives in connection with the sale of the Bonds, including any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting with respect to the Bonds whose attendees have been invited by general solicitation or advertising.

Unless prior to the Closing Date the Company provides the Underwriter and the Agency with written notice of each exception thereto, the Company shall be deemed to have reaffirmed, as of the Closing Date, the representations, warranties and covenants set forth above in Section 5.

6. **Closing.** On October 22, 2010 or at such other time or such other date as shall have been mutually agreed upon by the Underwriter, the Company and the Agency (the "Closing Date"), the Agency will deliver, or cause to be delivered, the Bonds to the Underwriter through the book-entry-only system of The Depository Trust Company in New York, New York ("DTC"), in form duly executed by the Agency and authenticated by the Trustee, by delivering fully registered Bonds, together with the other documents hereinafter mentioned in Section 8, and the Underwriter will accept such delivery and pay the purchase price for the Bonds. The Bonds will be delivered to the Trustee to be held in its custody pursuant to a FAST delivery arrangement with and on behalf of DTC. The delivery of the Bonds is referred to as the "Closing." On the Closing Date, the Agency also will deliver to the Underwriter the Series 2010B and the Series 2010C Bonds. The Closing shall take place at the offices of Hiscock & Barclay, LLP, Buffalo, New York. The Bonds will be made available for receipt and inspection by the Underwriter not less than 48 hours prior to the Closing, at such place as the Agency, the Underwriter and the Trustee shall agree.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for any Bonds. The Underwriter and the Agency shall cooperate to obtain the CUSIP numbers.

7. Termination of the Purchase Agreement. The Underwriter shall have the right to cancel its obligations to purchase or place the Bonds if, between the date hereof and the date of Closing, (i) legislation shall be enacted, or actively considered for enactment, by the Congress or recommended by the President of the United States to the Congress for passage, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or the United States Tax Court shall be rendered, or a ruling, regulation or official statement by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other agency or department of the United States shall be made or proposed to be made which has the purpose or effect, directly or indirectly, of imposing federal income taxes upon interest on the Bonds; (ii) any other action or event shall have transpired which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith or contemplated by the Limited Offering Memorandum, or, in the reasonable opinion of the Underwriter, such action or event pertaining to the federal income tax consequences referenced above materially adversely affects the market for the Bonds or the sale, at the contemplated offering price or prices (or yield or yields), by the Underwriter of the Bonds; (iii) legislation shall be enacted, or actively considered for enactment by the Congress, with an effective date on or prior to the date of Closing, or a decision by a court of the United States shall be rendered, or a ruling or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction over the subject matter shall be made, the effect of which is that (A) the Bonds are not exempt from the registration, qualification or other requirements of the Securities Act as then in effect, or the Exchange Act as then in effect, or (B) the Indenture is not exempt from the registration, qualification or other requirements of the Trust Indenture Act as then in effect; (iv) a stop order, ruling or regulation by the Securities and Exchange Commission shall be issued or made, the effect of which is that the issuance, offering or sale of the Bonds, as contemplated herein, in the Limited Offering Memorandum is in violation of any provision of the Securities Act as then in effect, the Exchange Act as then in effect, or the Trust Indenture Act as then in effect; (v) there shall occur any event which in the reasonable judgment of the Underwriter either (A) makes untrue, incorrect or misleading in any material respect any statement or information contained in the Limited Offering Memorandum or (B) is not reflected in the Limited Offering Memorandum but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and, in either such event, the Agency or the Company refuses to permit the Limited Offering Memorandum to be supplemented to correct or supply such statement or information, or the effect of the Limited Offering Memorandum as so corrected or supplemented is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for the Bonds or the sale, at the contemplated offering price or prices (or yield or yields), by the Underwriter of the Bonds; (vi) there shall occur any outbreak of hostilities or any escalation of a military conflict or any regional, national or international calamity or crisis or a financial crisis and the effect is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or the marketability of the Bonds or obligations of the general character of the Bonds; (vii) a general suspension of trading on the New York Stock Exchange is in force; (viii) a general banking moratorium is declared by federal or state authorities or a material disruption in commercial banking or securities settlement or clearance services shall occur; (ix) there occurs any material adverse change in the affairs, operations or financial conditions of the Company, except as set

forth or contemplated in the Limited Offering Memorandum, that would in the sole judgment of the Underwriter materially adversely affect the market for or the marketability of the Bonds or obligations of the general character of the Bonds; (x) the Limited Offering Memorandum is not executed, approved and delivered in accordance with Section 3 above; (xi) in the reasonable judgment of the Underwriter, the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (A) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (B) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose, as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters; (xii) a war involving the United States of America shall have been declared, or any conflict involving the armed forces of any country shall have escalated, or any other international, national or regional emergency relating to or affecting the effective operation of government or the financial community shall have occurred, which, in the reasonable judgment of the Underwriter, materially adversely affects the market for the Bonds or of obligations of the general character of the Bonds; (xiii) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way protesting or affecting any authority for or the validity of the Bonds, the Indenture, the Agreement, the existence or powers of the Agency or the Company, or any event described or contemplated by the Limited Offering Memorandum; or (xiv) there shall have occurred a default with respect to the debt obligations of, or the institution of proceedings under any federal bankruptcy laws by or against, any state of the United States or any city or political subdivision of any state, the effect of which, in the reasonable judgment of the Underwriter, would materially adversely affect the ability of the Underwriter to market the Bonds.

8. Conditions to the Underwriter's Obligations. The obligations of the Underwriter hereunder shall be subject to the concurrent delivery of the Series 2010B and Series 2010C Bonds and to the performance by the Agency and the Company of their respective obligations to be performed hereunder at and prior to the Closing, to the accuracy of the representations and warranties of the Agency and the Company herein as of the date hereof and as of the Closing and to the following conditions, including the delivery of such documents as are enumerated herein as of the Closing:

(a) At the time of the Closing, (i) this Purchase Agreement, the Indenture, the Bonds, the Agreement, the Guaranty, the Mortgage, the Security Agreement, the Tax Compliance Agreement, the Lease and the Construction Contract shall be in full force and effect and none of the foregoing documents shall have been amended, repealed, modified or supplemented, except as may be agreed to by the Underwriter, the Agency and the Company; (ii) the Agency and the Company shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, are necessary and appropriate in connection with the transactions contemplated herein and (iii) the Agency and the Underwriter shall have received the investor letters described in Section 2(c) hereof.

(b) At or prior to the Closing, the Underwriter shall have received executed copies of this Purchase Agreement and the Limited Offering Memorandum, and copies, duly executed and delivered and enforceable against the parties thereto, of the Indenture, the Agreement, the Guaranty, the Mortgage, the Security Agreement, the Tax Compliance Agreement, the Lease and the Construction Contract.

(c) At the time of the Closing, (i) the proceeds derived from the sale of the Bonds shall be deposited and applied for the purposes described in the Limited Offering Memorandum and as provided in the Indenture and (ii) the Series 2010B Bonds and the Series 2010C Bonds shall have been issued and delivered and the proceeds derived from the sale thereof shall be deposited and applied for the purposes described in the Limited Offering Memorandum.

(d) At or prior to the Closing, the Underwriter shall receive the following documents, in form and substance satisfactory to the Underwriter and its counsel:

(1) The approving opinion of Hiscock & Barclay, LLP, Bond Counsel, dated the Closing Date, substantially in the form set forth in Appendix J to the Limited Offering Memorandum, or a reliance letter with respect thereto addressed to the Underwriter;

(2) The supplemental opinion of Bond Counsel, addressed to the Agency and the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter;

(3) The opinion of Harris Beach PLLC, counsel to the Agency, addressed to the Agency and the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter;

(4) The opinion of Butzel Long, counsel to the Company, addressed to the Agency and the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter;

(5) The opinion of Hodgson Russ LLP, counsel to the Trustee, addressed to the Agency and the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter;

(6) The opinion of Squire, Sanders & Dempsey L.L.P., counsel to the Underwriter, addressed to the Underwriter and dated the Closing Date, in form and substance satisfactory to the Underwriter;

(7) A certificate executed by the Company, dated the date of Closing, signed by authorized officers, in form and substance satisfactory to the Underwriter and the Agency, to the effect that (i) the representations and warranties made by the Company in this Purchase Agreement and the other Company Documents are true and correct in all material respects as of the date of Closing; and (ii) no litigation or proceeding is pending or, to the knowledge of the Company, threatened in any court, tribunal or administrative body, nor to the

knowledge of the Company is there any basis for any such litigation or proceeding, which would (a) contest the due organization, existence or powers of the Company, (b) contest or affect the validity or execution of this Purchase Agreement or any of the other Company Documents, (c) limit, enjoin or prevent the Company from (A) constructing or operating the Project, (B) making payments under the Agreement and the Guaranty or (C) fulfilling its obligations under the Company Documents, (d) restrain or enjoin the issuance or delivery of the Bonds or the execution or delivery of this Purchase Agreement and the other Company Documents, the collection of revenues pledged under the Indenture or the application of the proceeds of sale of the Bonds as provided in the Indenture, (e) contest or affect the issuance or the validity of the Bonds or the Indenture, or (f) adversely affect the federal tax-exempt status of the interest on the Bonds or amounts to be received by the Agency pursuant to the Agreement or the Indenture;

(8) A certificate of the Agency dated the date of Closing signed by an authorized officer of the Agency, in form and substance satisfactory to the Underwriter, to the effect that (i) the representations and warranties of the Agency in this Purchase Agreement and the other Agency Documents are true and correct in all material respects as of the Closing; (ii) no litigation or proceeding against it is pending in which the Agency has received service of process or, to the actual knowledge or the Board of Directors of the Agency, is threatened in any court or administrative body which would contest the right of the members or officers of the Agency to hold and exercise their respective positions or which would contest the due organization and valid existence of the Agency or which would contest the validity, due authorization and execution of this Purchase Agreement and any of the other Agency Documents, or which would attempt to limit, enjoin or otherwise restrict or prevent the Agency from functioning and collecting payments pursuant to the Agreement; (iii) the resolution of the Agency authorizing the execution of this Purchase Agreement and the other Agency Documents has been duly adopted by the Agency and has not been modified, amended or repealed; (iv) no event affecting the Agency has occurred, and of which the Agency has knowledge, since the date of the Limited Offering Memorandum which should be disclosed for the purpose for which it is to be used in order to make the statements and information contained under the heading "THE ISSUER" not misleading in any material respect as of the time of the Closing; (v) the proceedings of the Agency with respect to the authorization of the issuance and sale of the Bonds were held in accordance with applicable State law; and (vi) the persons executing documents in connection with the issuance and sale of the Bonds are duly entitled to execute such documents on behalf of the Agency;

(9) A copy of the Bonds duly authenticated by the Trustee;

(10) Information Return for tax-exempt private activity bonds (Form 8038) duly executed by the Agency to be filed on a timely basis following the Closing;

(11) A copy of the Operating Agreement of the Company, and a certificate of legal existence of the Company;

(12) A copy of the Phase I Report (as defined in the Limited Offering Memorandum);

(13) Consents of all entities providing third party reports attached to the Limited Offering Memorandum;

(14) Receipts or other evidence that financing statements have been filed for record with the Secretary of State of Delaware with respect to any security interests granted or assigned by the Indenture, the Agreement, the Mortgage and the Security Agreement;

(15) Receipts or other evidence that the Mortgage and appropriate financing statements have been filed for record with the appropriate office in Erie County, New York;

(16) ALTA Mortgage Title Insurance Policy;

(17) Evidence of the allocation of volume cap by, as applicable, the State, Erie County, New York, the City of Buffalo and the Town of Amherst; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel may reasonably request from any party hereto.

If the Agency or the Company shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Purchase Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds may be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be terminated by the Underwriter and if so terminated none of the Underwriter, the Company or the Agency shall be under any further obligations hereunder; except that the obligations to pay expenses, as provided in Section 12 hereof, and the obligations contained in Section 11 hereof, shall continue in full force and effect.

9. Performance by the Underwriter. The respective obligations of the Agency and the Company hereunder are subject to the performance by the Underwriter of its obligations hereunder. The obligation of the Underwriter to purchase the Bonds is conditioned upon the concurrent issuance and sale by the Agency of the Series 2010B Bonds and the Series 2010C Bonds.

10. Survival of Representations, Warranties, Agreements and Obligations. Each respective representation, warranty and agreement of the Agency, the Company or the Underwriter shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter, the Agency or the Company, and shall survive the Closing. This Section 10 and the obligations of the Company and of the Underwriter under Sections 11 and 12 hereof shall survive any termination of this Purchase Agreement pursuant to its terms.

11. Indemnification.

(a) The Company agrees to indemnify and hold harmless the Agency and any member, officer, official, attorney, agent or employee of the Agency, the Underwriter and each person, if any, who controls the Underwriter within the meaning of Section 20 of the Exchange Act or Section 15 of the Securities Act from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under any statute or at law or in equity or otherwise, and shall reimburse any such indemnified party for any reasonable legal or other expenses incurred by it in connection with investigating any claims against it and defending any actions, insofar as such losses, claims, damages, liabilities (or actions in respect thereof) arise out of or are based upon (i) the failure to register any security under the Securities Act or to qualify any indenture under the Trust Indenture Act of 1939, as amended, in connection with the sale of the Bonds; or (ii) an untrue statement or alleged untrue statement of a material fact contained in the Limited Offering Memorandum or in the Limited Offering Memorandum as it may be amended and supplemented, or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except insofar as such loss, claim, damage or liability is caused by an untrue statement or omission or alleged untrue statement or alleged omission based upon information contained in the Limited Offering Memorandum or the Limited Offering Memorandum as amended or supplemented, under the captions "THE ISSUER" and (except as to the Agency) "UNDERWRITING."

(b) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to the preceding paragraph, such person (the "indemnified party") shall promptly notify the person against whom such indemnity is sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the reasonable fees and disbursements of such counsel related to such proceedings. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) included both the indemnifying party and the indemnified party, and, in the sole discretion of the indemnified party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, in which case, notwithstanding anything contained in this Purchase Agreement to the contrary, the Company shall not have the right to assume the defense of such action on behalf of the Underwriter and the Underwriter shall have the right to designate counsel for the indemnified parties seeking indemnity pursuant to paragraph (a) hereof and the Company shall be liable for reasonable fees and expenses of one such counsel (in addition to local counsel). It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction arising out of the same allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate counsel (in addition to local counsel) for all such indemnified parties. Except as provided above, such counsel shall be designated in writing by the Company in the case of parties indemnified pursuant to paragraph (a). The indemnifying party shall not be liable for any

settlement of any proceeding effected without its written consent, but if the proceeding is settled with the consent of the indemnifying party or if there is a final judgment for the plaintiff, the indemnifying party agrees to indemnify and hold harmless the indemnified party from and against loss or liability by reason of such settlement or judgment. The obligation of an indemnifying party hereunder to reimburse an indemnified party for expenses includes the obligation to make advances to the indemnified party to cover such expenses in reasonable amounts and at reasonable periodic intervals not more often than monthly as requested by the indemnified party.

(c) If the indemnification provided for in this Section 11 is unavailable to an indemnified party in respect of any losses, claims, damages or liabilities referred to herein, then each indemnifying party in lieu of indemnifying such indemnified party shall contribute to the ~~amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities~~ in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Agency or the Underwriter on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations, including relative benefit. The relative fault of the Company on the one hand and of the Agency or the Underwriter on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Agency or the Underwriter and the parties' relevant intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Agency and the Underwriter agree that it would not be just and equitable if contribution pursuant to this Section 11 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 11, the Underwriter shall not be required to contribute any amount in excess of the fees received in connection with the sale of the Bonds pursuant to this Purchase Agreement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

12. Underwriting Fee; Expenses. The Company hereby agrees to pay to the Underwriter, on the Closing Date, by wire transfer of immediately available funds, an underwriting fee in the amount of \$200,000, in consideration of the purchase and sale of the Bonds. The Company also shall reimburse the Underwriter for its reasonable out-of-pocket expenses in connection with the purchase and sale of the Bonds. Any expenses incident to the performance of the obligations of the Agency, the Underwriter and the Company hereunder in connection with the authorization, issuance and sale of the Bonds, including but not limited to: (i) the cost of the preparation and printing of the Indenture, the Agreement, the Guaranty, the Mortgage and the Security Agreement, together with a reasonable number of copies thereof; (ii) the cost of the preparation, printing and distribution of the Limited Offering Memorandum; (iii)

the cost of the preparation and printing, if any, of the definitive Bonds; (iv) the reasonable fees and disbursements of Bond Counsel, Agency's counsel, Company Counsel, Trustee's Counsel, Underwriter's Counsel and of any other experts or consultants retained by the Agency, the Underwriter or the Company, (v) recording fees and fees relating to the provision of title insurance; (vi) fees and costs incurred in connection with qualification of the Bonds under state "blue sky" securities laws; and (vii) any reasonable expenses incurred by the Agency incident to the performance of its obligations hereunder or incurred in connection with the offering and sale of the Bonds, including, without limitation, reasonable attorneys fees, shall be paid by the Company.

13. Limited Liability of Agency.

(a) Neither the State, nor any municipal corporation, subdivision or agency (other than the Agency) of the State, shall be obligated to pay the Bonds or the interest thereon. Neither the faith and credit nor the taxing power of the State, Erie County, nor any municipal corporation, subdivision or agency thereof, is pledged to the payment of the principal of, redemption premium, if any, or interest on the Bonds. The Agency has no taxing power.

(b) No representation is made by the Agency with respect to federal, state or local permits or consents regarding the construction, occupancy or use of the Project, including, without limitation, planning, zoning and building permits or consents; and no representation is made with respect to the tax laws, the Securities Act, the Exchange Act, the Trust Indenture Act, other securities laws or Blue Sky laws of the United States, the State, any other state of the United States or any other regulatory body having jurisdiction.

14. No Personal Liability. No covenant or agreement contained in this Purchase Agreement shall be deemed to be the covenant or agreement of any present or future member, director, officer, agent, employee or attorney for the Agency in his individual capacity, and no such person, including any such person executing this Purchase Agreement shall be liable personally on this Purchase Agreement or the Bonds or be subject to any personal liability or accountability by reason of the execution of this Purchase Agreement or the issuance of the Bonds.

15. Miscellaneous.

(a) Any notice or other communication to be given to the Agency, the Underwriter or the Company under this Purchase Agreement shall be deemed given when delivered in person to their respective addresses set forth above, or when mailed by first class mail, postage prepaid, and addressed to the respective person at the addresses set forth above, and any notice or other communication to be given under this Purchase Agreement shall be deemed given when delivered in person to the addresses set forth below, or when mailed by first class mail, postage prepaid, and addressed as follows:

(1) to the Underwriter:

Sterne, Agee & Leach, Inc.  
140 East 45th Street, 15th Floor  
New York, New York 10017  
Attention: Michael Biggica  
Fax: (212) 338-4759

with a copy to:

Squire, Sanders & Dempsey L.L.P.  
30 Rockefeller Plaza  
New York, New York 10112  
Attention: Edward S. Sinick, Esq.  
Fax: (212) 872-9815

(2) to the Company:

Galvstar, LLC  
30 West 57th Street, Suite 46-A  
New York, New York  
Attention: Daniel Bain  
Fax: (212) 582-4723

with a copy to:

Butzell Long  
380 Madison Avenue  
New York, New York 10017  
Attention: Jane Greyf, Esq.  
Fax: (212) 818-0494

(3) to the Agency:

Erie County Industrial Development Agency  
275 Oak Street  
Buffalo, New York 14203  
Attention: Chief Operating Officer  
Fax: (716) 856-6754

with a copy to:

Harris Beach, PLLC  
726 Exchange Street  
Buffalo, New York 14210  
Attention: Robert G. Murray, Esq.  
Fax: (716) 200-5224

(b) This Purchase Agreement is made solely for the benefit of the Agency, the Company and the Underwriter (including the respective directors, trustees, members, officers, employees and controlling persons of said parties) and no other person shall acquire or have any right hereunder or by virtue hereof.

(c) This Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

(d) The captions in this Purchase Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.


~~(e) This Purchase Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.~~

(f) If any clause, provision or section of this Purchase Agreement is ruled invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability thereof shall not affect any of the remaining clauses, provisions or sections hereof; provided that no holding of invalidity shall require the Agency to make any payments from revenues other than those pledged pursuant to the Indenture.

(g) This Purchase Agreement shall become effective upon your mutual acceptance hereof.

Very truly yours,

STERNE, AGEE & LEACH, INC.

By:   
Title: *Executive Managing Director*

Accepted and agreed to as of  
the date first above written:

GALVSTAR LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Title:

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: \_\_\_\_\_  
Title:

(g) This Purchase Agreement shall become effective upon your mutual acceptance hereof.

Very truly yours,

STERNE, AGEE & LEACH, INC.

By: \_\_\_\_\_  
Title:

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Accepted and agreed to as of  
the date first above written:

GALVSTAR LLC,  
a Delaware limited liability company

By: Daniel Bain  
Title: President

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: \_\_\_\_\_  
Title:

(g) This Purchase Agreement shall become effective upon your mutual acceptance hereof.

Very truly yours,

STERNE, AGEE & LEACH, INC.

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Accepted and agreed to as of  
the date first above written:

GALVSTAR LLC,  
a Delaware limited liability company

By: \_\_\_\_\_  
Title: \_\_\_\_\_

ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

By: \_\_\_\_\_  
Title: *Assistant Treasurer*

SCHEDULE I

TERMS OF THE BONDS

**Erie County Industrial Development Agency  
Industrial Development Revenue Bonds  
(Galvstar LLC Project),  
Series 2010A**

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Principal Amount: \$10,000,000

Maturity: October 1, 2030

Purchase Price: 100%

Offering Price to Investors: 100%

Interest Rate: 9¼%

Optional Redemption: in whole or in part on or after October 1, 2020, at a redemption price of 100% of the principal amount thereof plus accrued interest, if any, to the redemption date.