

BROADWIND ENERGY, INC.

FORM 8-K (Current report filing)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): **January 16, 2009**

BROADWIND ENERGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

0-31313

(Commission File Number)

88-0409160

(IRS Employer Identification No.)

47 East Chicago Avenue, Suite 332 , Naperville, Illinois 60540

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(630) 637-0315**

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

Omnibus Amendment Agreement

On January 16, 2009, Brad Foote Gear Works, Inc., an Illinois corporation (“Brad Foote”), and wholly-owned subsidiary of Broadwind Energy, Inc., a Delaware corporation (the “Company”), 1309 South Cicero Avenue, LLC, a Delaware limited liability company and wholly-owned subsidiary of Brad Foote (“1309”) and 5100 Neville Road, LLC, a Delaware limited liability company and wholly-owned subsidiary of Brad Foote (“5100”) entered into an Omnibus Amendment Agreement dated January 15, 2009 (the “Amendment”) with Bank of America, N.A. (“Bank of America”) amending the Loan and Security Agreement, dated as of January 17, 1997, between Brad Foote and Bank of America (as amended to the date of the Amendment and as further amended by the Amendment, the “Loan Agreement”).

Among other things, the Amendment provides for the following:

- Bank of America waived Brad Foote’s violation of the financial covenants set forth in Sections 14.1(e) and (f) of the Loan Agreement (the cash flow coverage ratio and EBITDA coverage ratio covenants) for the period from December 31, 2008 up to but not including January 20, 2009 (the “Amendment Effective Date”). As previously disclosed, a restatement of the Company’s financial statements had caused Brad Foote to fail to be in compliance with its cash flow coverage ratio and its EBITDA coverage ratio calculations under the Loan Agreement as of September 30, 2008. Brad Foote had previously obtained a waiver of such covenant violations as of the fiscal quarter ended September 30, 2008 (in the case of the cash flow coverage ratio covenant) and as of the nine-month period ended September 30, 2008 (in the case of the EBITDA coverage ratio covenant).
- The maximum amount that Brad Foote may borrow under the Revolving Note issued under the Loan Agreement is \$4,000,000.
- The termination date of the Loan Agreement was extended to March 15, 2009 (or such earlier time upon which the Revolving Note under the Loan Agreement becomes due and payable).
- Modification of the interest rate payable under the Loan Agreement as follows: the Notes issued by Brad Foote under the Loan Agreement and the Subsidiary Note issued by 1309 and 5100 on January 31, 2008 (whose obligations under such Subsidiary Note are guaranteed by Brad Foote) will bear interest (i) as of the Amendment Effective Date, at a rate equal to the greater of (A) the interest rate in effect with respect to each such loan plus two and one-half percent (2.5%) and (B) six percent (6%) and (ii) with respect to interest periods commencing after the Amendment Effective Date, at a rate equal to the greater of (A) LIBOR plus five percent (5%) and (B) six percent (6%).
- Brad Foote’s financial covenants were amended and restated, including with respect to (a) limitations on (i) distributions or dividends, (ii) the incurrence of intercompany indebtedness, (iii) the making of subordinated debt payments and (b) requirements with respect to (i) maintenance of senior debt to EBITDA and cash flow coverage ratios, (ii) maintenance of a minimum level of EBITDA, (iii) maintenance of a minimum amount of cash on hand and (iv) limitations on capital expenditures.

- Events of default were amended and restated to, among other things, (i) expand certain events of default to cover 1309, 5100 and the Company, as applicable, in addition to Brad Foote and (ii) eliminate any grace periods to cure certain events of default.

In connection with the Amendment, Brad Foote agreed to pay Bank of America a \$25,000 amendment and waiver fee, as well as all reasonable fees and expenses of Bank of America incurred in connection with the drafting, negotiation, execution, delivery and effectiveness of the Amendment.

Other Loan Documents

In connection with the Amendment, Brad Foote, 1309, 5100, the Company and Bank of America entered into additional documents on January 16, 2009, as summarized below (such additional documents, together with the Amendment and all other agreements, instruments and documents and any other security agreements, notes, guaranties, mortgages, assignments, financing statements, and all other writings in connection with or relating to the Amendment, the “Other Loan Documents”):

- a Pledge Agreement dated January 15, 2009 (the “Pledge Agreement”) pursuant to which the Company grants Bank of America a first priority security interest in all shares of stock of Brad Foote and all indebtedness to the Company and any promissory notes and/or instruments representing such indebtedness;
- an Unconditional Guaranty dated January 15, 2009 (the “Parent Guaranty”) executed by the Company in favor of Bank of America, whereby the Company guarantees the payment of (i) Brad Foote’s indebtedness under the Loan Agreement, (ii) Brad Foote’s indebtedness under the Other Loan Documents, (iii) interest rate, currency or commodity swap agreements, cap agreements or collar agreements and any other agreements or arrangements designed to protect 1309 and 5100 against fluctuations in interest rates, currency exchange rates or commodity prices and (iv) any treasury management services provided to 1309 and/or 5100 by Bank of America or any affiliate of Bank of America;
- an Unconditional Guaranty dated January 15, 2009 (the “1309/5100 Guaranty”) executed by each of 1309 and 5100 in favor of Bank of America, whereby each of 1309 and 5100 guarantees the payment of Brad Foote’s indebtedness under the Loan Agreement; and
- Mortgages dated January 15, 2009 (the “1309 Cicero Mortgage,” the “1310 S. 47th Avenue Mortgage” and the “5100 Neville Road Mortgage”) from 1309, 5100 and Brad Foote to Bank of America.

The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Amendment, the Pledge Agreement, the Parent Guaranty, the 1309/5100 Guaranty, the 1309 Cicero Mortgage, the 1310 S. 47th Avenue Mortgage and the 5100 Neville Road Mortgage, copies of which are attached hereto as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7 and are incorporated by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 10.1 Omnibus Amendment Agreement, dated as of January 15, 2009, by and among Brad Foote Gear Works, Inc., 1309 South Cicero Avenue, LLC, 5100 Neville Road, LLC and Bank of America, N.A.
- 10.2 Pledge Agreement, dated as of January 15, 2009, by and between Broadwind Energy, Inc. and Bank of America, N.A.
- 10.3 Unconditional Guaranty, dated as of January 15, 2009, by Broadwind Energy, Inc.
- 10.4 Unconditional Guaranty, dated as of January 15, 2009, by 1309 South Cicero Avenue, LLC and 5100 Neville Road, LLC
- 10.5 Mortgage, dated as of January 15, 2009, relating to 1309 S. Cicero Avenue, Cicero, Illinois, 60804, from 1309 South Cicero Avenue, LLC and Brad Foote Gear Works, Inc. to Bank of America, N.A.
- 10.6 Mortgage, dated as of January 15, 2009, relating to 1310 S. 47th Avenue, Cicero, Illinois, 60804, from Brad Foote Gear Works, Inc. to Bank of America, N.A.
- 10.7 Mortgage, dated as of January 15, 2009, relating to 5100 Neville Road, Pittsburgh, Pennsylvania, 15225, from 5100 Neville Road, LLC and Brad Foote Gear Works, Inc. to Bank of America, N.A.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BROADWIND ENERGY, INC.

January 22, 2009

By: /s/ Matthew J. Gadow

Matthew J. Gadow
Chief Financial Officer

EXHIBIT INDEX

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OMNIBUS AMENDMENT AGREEMENT

THIS OMNIBUS AMENDMENT AGREEMENT, dated as of January 15, 2009 (this “Amendment”), is by and among BRAD FOOTE GEAR WORKS, INC. (f/k/a BFG Acquisition Corp.), an Illinois corporation (the “Borrower”), 1309 SOUTH CICERO AVENUE, LLC, a Delaware limited liability company (“1309”), 5100 NEVILLE ROAD, LLC, a Delaware limited liability company (“5100” and, together with 1309, the “Subsidiaries”) and BANK OF AMERICA, N.A., (f/k/a LaSalle Bank National Association, f/k/a LaSalle National Bank, f/k/a LaSalle Bank N.I.) (the “Lender”).

WHEREAS, the Borrower is party to (i) that certain Loan and Security Agreement, dated as of January 17, 1997 (as amended to date, the “Loan Agreement”; capitalized terms used herein, but not otherwise defined herein, shall have the meanings given them in (or by reference in) the Loan Agreement), by and between the Borrower and the Lender, (ii) that certain Amended and Restated Renewal Revolving Note, dated as of December 9, 2008 (as amended or otherwise modified from time to time, the “Revolving Note”) in favor of the Lender, (iii) that certain Consolidated Term Note, dated as of February 1, 2006 (as amended or otherwise modified from time to time, the “Term Note”) in favor of the Lender, (iv) that certain Amended and Restated Equipment Line Note, dated as of November 10, 2006 (as amended or otherwise modified from time to time, the “Equipment Note”) in favor of the Lender and (v) that certain Equipment Line Note, dated as of June 30, 2007 (as amended or otherwise modified from time to time, the “Equipment Note No. 2”) in favor of the Lender;

WHEREAS, the Subsidiaries are party to that certain Term Note, dated as of January 31, 2008 (as amended or otherwise modified from time to time, the “Subsidiary Note”) and the Borrower has guaranteed the obligations of the Subsidiary Note pursuant to that certain Unconditional Guaranty, dated as of January 31, 2008 (as amended or otherwise modified from time to time, the “Subsidiary Guaranty”);

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree to amend the above referenced documents as follows:

SECTION 1. AMENDMENTS TO LOAN AGREEMENT. Effective as of the Amendment Effective Date (as hereinafter defined), the Loan Agreement shall be amended as follows:

1.1 Section 1.1 of the Loan Agreement shall be amended as follows:

(a) The following definitions shall be added in the appropriate alphabetical order:

“**1309**” shall mean 1309 South Cicero Avenue, LLC, a Delaware limited liability company.

“ **1309/5100 Guaranty** ” shall mean that certain Unconditional Guaranty, dated January 15, 2009, executed by each of 1309 and 5100 in favor of the Lender, whereby each of 1309 and 5100 guarantees the payment of the Indebtedness.

“ **5100** ” shall mean 5100 Neville Road, LLC, a Delaware limited liability company.

“**Business Plan**” shall mean a written report setting forth the objectives and assumptions with respect to any budget.

“ **Guarantor** ” shall mean each of 1309, 5100 and the Parent.

“ **Hofler Agreement** ” shall mean that certain Agreement, dated as of December 31, 2008, by and among the Borrower and Hofler Maschinenbau GmbH.

“**Intercompany Debt**” shall mean all indebtedness owed by the Borrower to affiliates and/or from affiliates to Borrower.

“ **Mortgages** ” shall mean those certain mortgages, dated January 15, 2009, by each of 1309, 5100 and the Borrower in favor of the Lender.

“ **Parent** ” shall mean Broadwind Energy, Inc., a Delaware corporation, and the parent of the Borrower.

“ **Parent Guaranty** ” shall mean that certain Unconditional Guaranty, dated January 15, 2009, executed by the Parent in favor of the Lender, whereby the Parent guarantees the payment of the Indebtedness.

“ **Pledge Agreement** ” shall mean that certain Pledge Agreement dated January 15, 2009 pursuant to which the Parent grants the Lender a first priority security interest in all shares of stock of the Borrower and indebtedness to the Parent and any promissory notes and/or instruments representing such indebtedness.

“ **Subsidiary Loan Documents** ” shall mean the Subsidiary Note, the Subsidiary Guaranty, and all other agreements, instruments and documents, including, without limitation, the assignment of leases, the negative pledges and any other security agreements, notes, guaranties, mortgages, assignments, financing statements, and all other writings heretofore, now, or hereafter executed by the Borrower or any other obligor, and delivered to Lender in connection with or relating to the Subsidiary Loan, together with all agreements, instruments and documents referred to therein or contemplated thereby.

“ **Subsidiary Note** ” shall mean the promissory note dated January 31, 2008 evidencing the Subsidiary Loan executed by 1309 and 5100, and any and all extensions, renewals, amendments, refinancings, or modifications, conversions or consolidations thereof or thereto.

(b) The following definitions shall be amended by deleting the current definitions and replacing the same in their entireties as follows:

“ **Collateral** ” shall mean all property and interests in property now owned or hereafter acquired by the Borrower or any other Person in or upon which a security interest, lien or mortgage is granted or in which a collateral assignment is made under this Agreement, the other Collateral Documents or any other Loan Document or which otherwise secures repayment of the Indebtedness.

“ **Commitment Amount** ” shall mean, as of any applicable date of determination, Four Million and 00/100 (\$4,000,000.00) Dollars.

“ **Loan Documents** ” shall mean this Agreement, the Notes, the Negative Pledge Agreement, the Parent Guaranty, the 1309/5100 Guaranty and all other agreements, instruments and documents, including, without limitation, the Collateral Documents, and any other security agreements, notes, guaranties, mortgages, assignments, financing statements, and all other writings heretofore, now, or hereafter executed by the Borrower or any other obligor, and delivered to Lender in connection with or relating to this Agreement, together with all agreements, instruments and documents referred to therein or contemplated thereby.

“ **Pledged Stock** ” shall mean the stock of the Borrower pledged under the Pledge Agreement.

“ **Termination Date** ” shall mean March 15, 2009, or such earlier date upon which the Revolving Note becomes due and payable.

(c) The definition of “ **Indebtedness** ” shall be amended by deleting clause (5) thereof in its entirety and replacing it with the following.

“all Rate Management Obligations and all treasury management obligations heretofore, now or hereafter owed by the Borrower to the Lender”

(d) The definitions of “ **Letter of Credit** ” and “ **Letter of Credit Outstanding** ” and “ **Stock Pledge Agreement** ” shall be deleted in their entireties.

(e) The definition of “ **Permitted Liens** ” shall be amended by deleting clause (e) thereof in its entirety and replacing it with the following; provided, however, the Lender shall not release any lien or security interest it has with respect to the Purchase Machines (as defined in the Hofler Agreement):

“(e) The security interest in the Purchase Machines (as defined in the Hofler Agreement) granted pursuant to the Hofler Agreement.”

(f) The definition of “ **Rate Management Agreement** ” shall be amended by adding the following sentence to the end of such definition:

“For the avoidance of doubt, “ **Rate Management Agreement** ” shall include, without limitation (i) that certain interest rate swap transaction, entered into on October 24, 2006, between the Borrower and the Lender and (ii) that certain interest rate swap transaction, entered into on February 7, 2006, between the Borrower and the Lender.”

(g) The definition of “ **Subsidiary** ” shall be amended by adding the following clause to the end of such definition:

“; provided, however, that notwithstanding the foregoing, each of 1309 and 5100 shall be deemed to be a Subsidiary of the Borrower”

1.2 Section 2.9 of the Loan Agreement shall be deleted in its entirety and replaced with the following:

“[Intentionally Deleted]”.

1.3 Section 3A2 of the Loan Agreement shall be deleted in its entirety and replaced with the following:

“[Intentionally Deleted]”.

1.4 Section 3B2 of the Loan Agreement shall be deleted in its entirety and replaced with the following:

“[Intentionally Deleted]”.

1.5 Section 6 of the Loan Agreement shall be amended by deleting clause (q) thereof and replacing it in its entirety with the following:

“[Intentionally Deleted]”.

1.6 Section 10 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

“ As soon as available, but not later than one hundred twenty (120) days after the end of each fiscal year of Borrower, Borrower shall deliver to the Lender annual audited financial statements of Borrower and its Subsidiaries, containing the balance sheet of the Borrower and its Subsidiaries as of the close of each such fiscal year, statements of income and retained earnings and a statement of cash flows for each such fiscal year; and such other comments and financial details as are usually included in similar reports. Such financial statements shall (a) be in form and reporting basis satisfactory to the Lender, (b) be prepared in accordance with GAAP by an independent certified public accounting firm selected by Borrower and acceptable to the Lender (“Borrower’s Accounting Firm”), and (c) contain unqualified opinions as to the fairness of the statements therein contained. Borrower shall also provide to the Lender any management letters that may accompany the statements.

As soon as available, but not later than one hundred twenty (120) days after the end of each fiscal year of Parent and its Subsidiaries (hereafter, collectively “Broadwind”), Borrower shall deliver to the Lender annual audited financial statements of Broadwind, containing the balance sheet of Broadwind as of the close of each such fiscal year, statements of income and retained earnings and a statement of cash flows for each such fiscal year; and such other comments and financial details as are usually

included in similar reports. Such financial statements shall (a) be prepared in accordance with GAAP by Borrower's Accounting Firm and (b) contain unqualified opinions as to the fairness of the statements therein contained. Borrower shall also provide to the Lender any management letters that may accompany such statements.

As soon as available, but not later than forty-five (45) days after the end of each fiscal quarter, Borrower shall deliver to the Lender: (i) internally prepared quarterly financial statements of Borrower, in form and content satisfactory to Lender, and (ii) a quarterly covenant compliance certificate, in form and content satisfactory to Lender (including a certificate by the chief executive or financial officer of Borrower containing a computation of, and showing compliance with, each of the financial covenants contained in Section 14.1 hereof). The validity and accuracy of said financial statements shall be certified by the chief executive or financial officer of the Borrower, in a form satisfactory to the Lender.

As soon as available, but not later than fifteen (15) days after the end of each calendar month, Borrower shall deliver to the Lender: (i) a monthly Borrowing Base Certificate, (ii) a monthly accounts receivable aging and a monthly accounts payable aging, and (iii) internally prepared monthly financial statements of Borrower and Parent, in form and content satisfactory to Lender, which monthly statements shall include an income statement, balance sheet and cash flow statement. The validity and accuracy of said financial statements shall be certified by the chief executive or financial officer of the Borrower, in a form satisfactory to the Lender.

As soon as available, but not later than the second (2nd) Business Day of each calendar week, Borrower shall deliver to the Lender a rolling 13-week cash flow forecast beginning with such week, that shall detail all sources and uses of cash on a weekly basis, shall report any variances from such report delivered in the prior week and shall report a comparison of actual cash flow versus the forecast in the prior week.

As soon as available, but not later than the second (2nd) Business Day after the end of every calendar 2-week period, Borrower shall deliver to the Lender an updated Schedule 10.1 setting forth the identified material accounting weaknesses of the Borrower and the Parent, including necessary steps to correct such issues, the timeframe to correct such issues and the Person responsible for each corrective step to correct such issues indicating the current status of the items listed thereon. In the event that Borrower's Accounting Firm has completed a written report with respect to Schedule 10.1 on or prior to March 15, 2009, Borrower shall deliver to the Lender a copy of such report within three (3) Business Day of receipt thereof by the Borrower.

As soon as available, but not later than February 20, 2009, Borrower shall deliver to the Lender a written review by High Ridge Partners (the "Consultant") consistent with the scope of the engagement letter executed by the Borrower and the Consultant.

Borrower shall also promptly provide the Lender with such other information, financial or otherwise, concerning the Borrower or Parent, as the Lender may reasonably request from time to time.

The Lender shall make any and all audits and investigations which it deems reasonably necessary in connection with the Collateral. For the purposes of this Agreement, the Lender shall have free and ready access at all times during normal business hours, upon reasonable advance oral or written notice (unless in the Lender's reasonable judgment a rapid deterioration or loss to any Collateral is threatened, in which case no notice shall be given and access shall not be limited to normal business hours), to the books of account, records, papers and documents of Borrower. Without limiting the generality of the foregoing, the Lender shall be entitled to conduct an annual field audit of the Borrower or more frequent audits if deemed reasonably necessary by the Lender under the circumstances then existing, including, without limitation, at any time prior to the Termination Date, and Borrower shall reimburse the Lender for all reasonable costs and expenses incurred by Lender for such audits.

The Borrower shall deliver to the Lender all of the additional items set forth on Schedule 10.2 on or prior to the date set forth opposite such item on Schedule 10.2."

1.7 Section 14.1 of the Loan Agreement shall be amended and restated in its entirety (retroactive to December 31, 2008) to read as follows:

"Borrower covenants to Lender and agrees that so long as any Indebtedness shall remain unpaid:

(a) No Distributions. Borrower will make no distributions or dividends of any kind, including without limitation, any loans or advances to employees or officers, except as expressly permitted by Section 14.3(i) hereof.

(b) Limitation on Intercompany Debt. All Intercompany Debt as of the date hereof is set forth on Schedule 14.1(b) hereto. Upon the incurrence of any additional Intercompany Debt, the Borrower shall promptly, and in any event within five (5) Business Days provide an updated Schedule 14.1(b). All Intercompany Debt shall be (i) subordinated to all present and future Indebtedness owed by the Borrower and/or the Guarantors to Lender in a manner satisfactory to the Lender and (ii) evidenced by a promissory note or other instrument; provided, however, that notwithstanding the generality of the foregoing, with respect to any Intercompany Debt outstanding as of January 15, 2009, the Borrower shall deliver the items set forth in clauses (i) and (ii) of this sentence on or prior to February 6, 2009.

(c) Subordinated Debt Payments. Borrower will not make any payments on Subordinated Debt or on Intercompany Debt, other than non-cash payments of interest booked as capitalized interest by the Parent and Borrower in respect of the Intercompany Debt owed to the Parent.

(d) Senior Debt to EBITDA. As of the end of each of its fiscal quarters beginning with the quarter ended June 30, 2008, the Borrower shall maintain a ratio of Senior Debt to annualized EBITDA of not greater than 3.0 to 1.0. This covenant will be tested quarterly beginning with the fiscal quarter ended June 30, 2008.

(e) Cash Flow Coverage. As of the end of each of its fiscal quarters beginning with the quarter ended March 31, 2008, the Borrower shall maintain a Cash Flow Coverage of not less than the following: (i) 1.5 to 1.0 at March 31, 2008, (ii) 2.0 to 1.0 at June 30, 2008 and September 30, 2008 and (iii) 1.25 to 1.0 at December 31, 2008 and thereafter (to be tested quarterly by the Lender commencing with the quarter ended March 31, 2008).

(f) Minimum EBITDA. The Borrower shall maintain a minimum EBITDA of not less than \$10,250,000 for the twelve months ended December 31, 2008. As of the end of each calendar month beginning with the month ended January 31, 2009 and ending with the month ended February 28, 2009, the Borrower shall maintain a minimum monthly EBITDA of not less than the following: (i) \$417,180 for the month of January, and (ii) \$455,430 for the month of February; provided, however, that for the calendar year 2009, the Borrower shall maintain a cumulative EBITDA of not less than \$923,940 for the two months ended February 28, 2009.

(g) Cash on Hand. Borrower shall at all times maintain cash on hand of not less than \$1,000,000; provided, however, that Borrower shall have a two (2) Business Day cure period to correct any shortfall; provided, further, that Borrower shall only be allowed such cure period a maximum of two (2) occurrences.

(h) Capital Expenditure. Borrower shall not make any Capital Expenditures, except with respect to (i) the Hofler Agreement, (ii) those Capital Expenditures set forth on Schedule 14.1(h) hereto and (iii) those made with equity contributions from the Parent.

For purposes of the foregoing financial covenants, the following definitions shall have the following meaning:

“Affiliate” of any Person shall mean (a) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person (b) any officer or director of such Person, and (c) with respect to the Lender, any entity administered or managed by the Lender, or an Affiliate or investment advisor thereof and which is engaged in making, purchasing, holding or otherwise investing in commercial loans. A Person shall be deemed to be “controlled by” any other Person if such Person possesses, directly or indirectly, power to direct or cause the direction of the management and policies of such Person whether by contract, ownership of voting securities, membership interests or otherwise. The term “Affiliate” shall include, without limitation, the Borrower’s parent company.

“Capital Expenditures” shall mean all expenditures (including capitalized lease obligations) which, in accordance with GAAP, would be required to be capitalized and shown on the consolidated balance sheet of the Borrower, but excluding expenditures made in connection with the replacement, substitution or restoration of assets to the extent financed (i) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored or (ii) with awards of

compensation arising from the taking by eminent domain or condemnation of the assets being replaced.

“Cash Flow Coverage” shall have the meaning set forth in Section 1.1 hereof.

“Debt” shall mean, as to any Person, without duplication, (a) all indebtedness of such Person; (b) all borrowed money of such Person (including principal, interest, fees and charges), whether or not evidenced by bonds, debentures, notes or similar instruments; (c) all obligations to pay the deferred purchase price of property or services; (d) all obligations, contingent or otherwise, with respect to the maximum face amount of all letters of credit (whether or not drawn), bankers’ acceptances and similar obligations issued for the account of such Person, and all unpaid drawings in respect of such letters of credit, bankers’ acceptances and similar obligations; (e) all indebtedness secured by any lien on any property owned by such Person, whether or not such indebtedness has been assumed by such Person (provided, however, if such Person has not assumed or otherwise become liable in respect of such indebtedness, such indebtedness shall be deemed to be in an amount equal to the fair market value of the property subject to such lien at the time of determination); (f) the aggregate amount of all capitalized lease obligations of such Person; (g) all contingent liabilities of such Person, whether or not reflected on its balance sheet; (h) all hedging obligations of such Person; (i) all Debt of any partnership of which such Person is a general partner; and (j) all monetary obligations of such Person under (i) a so-called synthetic, off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment). Notwithstanding the foregoing, Debt shall not include trade payables and accrued expenses incurred by such Person in accordance with customary practices and in the ordinary course of business of such Person.

“Depreciation” shall mean the total amounts added to depreciation, amortization, obsolescence, valuation and other proper reserves, as reflected on the Borrower’s financial statements and determined in accordance with GAAP.

“EBITDA” shall mean, for any period, (a) the sum for such period of: (i) Net Income, plus (ii) Interest Charges, plus (iii) federal and state income taxes (including the Illinois replacement tax), plus (iv) Depreciation and amortization expense, plus (v) non-cash management compensation expense, plus (vi) all other non-cash charges, minus (b) the sum for such period of (i) Unfinanced Capital Expenditures and (ii) income or loss attributable to equity in any Affiliate or Subsidiary, in each case to the extent included in determining Net Income for such period.

“Interest Charges” shall mean, for any period, the sum of: (a) all interest, charges and related expenses payable with respect to that fiscal period to a lender in connection with borrowed money or the deferred purchase price of assets that are treated as interest in accordance with GAAP, plus (b) the portion of capitalized lease obligations with

respect to that fiscal period that should be treated as interest in accordance with GAAP, plus (c) all charges paid or payable (without duplication) during that period with respect to any hedging agreements.

“Net Income” shall mean, with respect to the Borrower for any period, the net income (or loss) of the Borrower for such period as determined in accordance with GAAP, excluding any extraordinary gains and any gains from discontinued operations.

“Senior Debt” shall mean all Debt of the Borrower excluding Subordinated Debt.

“Unfinanced Capital Expenditures” shall mean all Capital Expenditures that are financed solely from working capital of the Borrower and are not otherwise financed in whole or in part by any third party; notwithstanding the generality of the foregoing, for clarification, “Unfinanced Capital Expenditures” shall not include any Capital Expenditures financed directly by the Parent or with the proceeds of Intercompany Debt owed to the Parent or other equity contributions from the Parent.”

The financial covenants set forth hereinabove shall be computed on a consolidated basis in accordance with GAAP.”

1.8 Section 14.3 of the Loan Agreement shall be amended as follows:

(a) The reference to “\$10,000.00” in clause (f) thereto shall be deleted and replaced in its entirety with “\$50,000.00”.

(b) The last sentence of clause (i) thereto shall be amended and restated in its entirety to read as follows:

Notwithstanding the foregoing, the Borrower may make non-cash payments of interest booked as capitalized interest by the Parent and Borrower in respect of the Intercompany Debt owed to the Parent.

1.9 Section 15 of the Loan Agreement shall be amended and restated in its entirety to read as follows:

The Notes and any and all other Indebtedness shall, at the option of Lender and notwithstanding any maturity to the contrary, become immediately due and payable, without notice or demand, upon the occurrence of any of the following events of default (each an “**Event of Default**”):

(a) Borrower shall fail to pay when due, any Indebtedness, including, without limitation, any principal of or interest on any Note, or any other sum payable by the Borrower to the Lender; or

(b) Borrower or any Guarantor shall fail duly and punctually to perform or observe any other agreement, covenant or obligation binding on the Borrower or such Guarantor under this Agreement or any of the other Loan Documents; or

(c) Any warranty, representation, statement or financial statement made by Borrower in this Agreement or by Borrower or any Guarantor in any other Loan Document or in any other agreement, document, instrument, request, report, schedule or certificate executed by Borrower or any Guarantor and delivered to the Lender shall prove to have been incorrect or misleading in any material respect when made; or

(d) Any event occurs or condition exists (other than those described in clauses (a) through (c) above) which is specified as an event of default under any of the Loan Documents; or

(e) Filing of a petition in bankruptcy by or against Borrower or any Guarantor, or institution of any proceeding by Borrower or any Guarantor for corporate reorganization, readjustment, or similar arrangement under any insolvency statute (and with respect to any involuntary petition or proceeding, such petition or proceeding is not dismissed within sixty (60) days after filing), filing of any proceeding by or against Borrower or any Guarantor for appointment of a receiver, trustee or liquidator of it, him or her, or all or any substantial part of its, his or her assets or properties, filing of a petition for dissolution or liquidation of Borrower or any Guarantor, or making by Borrower or any Guarantor of an assignment for the benefit of creditors, or filing or imposition of any tax lien against the Collateral, or Borrower or any Guarantor admits in writing its, his or her inability to pay its, his or her debts as they become due, or Borrower ceases doing business as a going concern; or

(f) The Lender, in good faith, deems itself reasonably insecure for any reason due to any material adverse change in the business, assets or liabilities, financial condition, results of operations or business prospects of Borrower, or in the financial condition of any Guarantor; or

(g) There shall occur any uninsured damage to or loss, theft, or destruction of any of the Collateral exceeding \$50,000.00; or

(h) All or any portion of the Collateral is attached, seized, levied upon or subjected to a writ or distress warrant, or comes within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors; or an application is made by Borrower or any other Person for the appointment of a receiver, trustee, or custodian for such Collateral; or

(i) A notice of lien, levy or assessment is filed of record with respect to all or any portion of the Collateral by the United States, or any department, agency or instrumentality thereof, or by any state, county, municipal or other governmental agency, including, without limitation, the PBGC, or any taxes or debts owing to any of the foregoing becomes a lien or encumbrance upon all or any portion of the Collateral; or

(j) Creation by Borrower or any Guarantor of a security interest in any Collateral now existing or hereafter acquired by Borrower or any Guarantor in favor of any Person other than the Lender and the Permitted Liens; or

(k) Borrower or any Guarantor is enjoined, restrained, or in any way prevented by the order of any court or any administrative or regulatory agency from conducting all or any part of its business affairs; or

(l) Any judgment or order requiring the payment of money exceeding \$50,000.00 shall be rendered against Borrower and such judgment or order shall remain unsatisfied or undischarged and in effect for thirty (30) consecutive days without a stay of enforcement or execution, provided, however, this subparagraph shall not apply to any judgment for which Borrower is fully insured, and with respect to which the insurer has admitted liability in writing; or

(m) This Agreement or any other Loan Document shall at any time after its execution and delivery and for any reason cease (i) to create a valid and perfected first priority security interest in such of the Collateral owned by Borrower or any Guarantor or in which Borrower or any Guarantor has rights therein; or (ii) to be in full force and effect or shall be declared null and void, or the validity or enforceability hereof shall be contested by the Borrower or Borrower shall deny it has any further liability or obligation hereunder; or

(n) Any event shall occur which results in the acceleration of the maturity of any indebtedness of Borrower to any other lender or creditor exceeding \$50,000.00; or

(o) Any proceeding shall be commenced or filing made under applicable law by any stockholder, officer or director of Borrower or any Guarantor to dissolve or liquidate the Borrower or any Guarantor, or any order, judgment or decree shall be entered against Borrower or any Guarantor decreeing its involuntary dissolution or split up; or Borrower or any Guarantor shall otherwise dissolve or cease to exist; or

(p) An event of default shall occur under the Pledge Agreement, and shall not be cured within the applicable grace period, if any; or

(q) If the Lender receives a notice from any other secured party of a proposed disposition of the Collateral or any portion thereof or otherwise learns of any such proposed disposition (whether or not such security interest is permitted by the terms of this Agreement; nothing in this subsection shall be construed to constitute consent by Lender to the creation of any security interest in the Collateral other than the Lender's security interest); or

(r) Nonpayment by Borrower of any Rate Management Obligation when due or the breach by Borrower of any term, provision or condition contained in any Rate Management Agreement; or

(s) An event of default shall occur under any of the Subsidiary Loan Documents, and shall not be cured within the applicable grace period, if any.

1.10 Notwithstanding anything in the Loan Agreement to the contrary, all notices and other communications intended for the Lender shall be sent to the following address:

Bank of America, N.A.
One Federal Street
Boston, MA 02110
Attention: Sandra H. Bennett

- 1.11 Schedule 10.1 to this Amendment shall be added to the Loan Agreement as Schedule 10.1 thereto.
- 1.12 Schedule 10.2 to this Amendment shall be added to the Loan Agreement as Schedule 10.2 thereto.
- 1.13 Schedule 14.1(b) to this Amendment shall be added to the Loan Agreement as Schedule 14.1(b) thereto.
- 1.14 Schedule 14.1(h) to this Amendment shall be added to the Loan Agreement as Schedule 14.1(h) thereto.

1.15 For clarification, the two (2) paragraphs added to Section 2 of the Loan Agreement by the Thirty Second Amendment to Loan and Security Agreement and Section 3A added to the Loan Agreement by the Thirty First Amendment to Loan and Security Agreement shall continue to be in full force and effect.

SECTION 2. AMENDMENTS TO NOTES.

2.1 Notwithstanding any other provision of any of the Notes to the contrary, the Borrower may not select to have the Notes bear interest at a fixed rate.

2.2 Notwithstanding any other provision of any of the Notes to the contrary, (i) as of the Amendment Effective Date, the Notes shall bear interest at a rate equal to the greater of the (A) the interest rate in effect with respect to such Loan plus two and one-half percent (2.5%) and (B) six percent (6%) and (ii) with respect to Interest Periods commencing after the Amendment Effective Date, the Notes shall bear interest at a rate equal to the greater of (A) LIBOR plus five percent (5%) and (ii) six percent (6%); provided, that for the purposes of clause (ii) above, "LIBOR" shall be defined as the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Lender from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for U.S. dollar deposits in an amount comparable to the relevant Loan (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period.

2.3 Notwithstanding any other provision of any of the Notes or the Loan Agreement to the contrary, the Borrower shall not incur and the Lender shall not charge any prepayment penalty.

SECTION 3. AMENDMENTS TO SUBSIDIARY NOTE.

3.1 Notwithstanding any other provision of the Subsidiary Note to the contrary, (i) as of the Amendment Effective Date, the Subsidiary Note shall bear interest at a rate equal to the

greater of the (A) the interest rate in effect with respect to such Loan plus two and one-half percent (2.5%) and (B) six percent (6%) and (ii) with respect to Interest Periods commencing after the Amendment Effective Date, the Subsidiary Note shall bear interest at a rate equal to the greater of (A) LIBOR plus five percent (5%) and (ii) six percent (6%); provided, that for the purposes of clause (ii) above, "LIBOR" shall be defined as the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Lender from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for U.S. dollar deposits in an amount comparable to the relevant Loan (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period.

3.2 Notwithstanding any other provision of the Subsidiary Note to the contrary, the Subsidiary shall not be bound by or subject to compliance with the financial covenant in such Subsidiary Note.

SECTION 4. WAIVER. The Lender hereby waives the Borrower's violation of the financial covenants set forth in Sections 14.1 (e) and (f) solely for the period from December 31, 2008 up to but not including the Amendment Effective Date and only to the extent that the Borrower would not have been in violation of such Sections as amended by this Amendment; provided, however, such waiver is limited solely to such specific covenant violations for such periods and shall not waive, suspend or effect any other default by Borrower under the Loan Agreement, and the Lender expressly reserves all of its rights with respect to any such other default(s).

SECTION 5. CONSENT TO HOFLEER AGREEMENT. The Lender hereby consents to the Borrower's execution and delivery of the Hofler Agreement.

SECTION 6. CONDITIONS PRECEDENT. This Amendment shall become effective on the date (the "Amendment Effective Date") when the Lender shall have received the following:

6.1 Amendment. This Amendment, duly executed by the parties hereto.

6.2 Parent Pledge. The Parent Pledge, duly executed by the Parent, and delivery to the Lender of (i) the Pledged Stock along with signed stock powers, executed in blank and (ii) any promissory notes or other instruments, if any, evidencing intercompany debt.

6.3 Parent Guaranty. The Parent Guaranty, duly executed by the Parent.

6.4 1309/5100 Guaranty. The 1309/5100 Guaranty, duly executed by 1309 and 5100.

6.5 Mortgages. A duly executed mortgage, with respect to each of the following properties:

(a) 1309 S. Cicero Avenue, Cicero, Illinois, 60804;

(b) 1310 S. 47th Avenue, Cicero, Illinois, 60804; and

(c) 5100 Neville Road, Pittsburgh, Pennsylvania, 15225.

6.6 Resolutions. A copy of the resolutions, in form and substance satisfactory to the Lender, of the Borrower and each Guarantor, as applicable, authorizing (i) the execution, delivery and performance of this Amendment, the Subsidiary Loan Documents and the other Loan Documents to which it is a party, (ii) the transactions contemplated under this Amendment, the Subsidiary Loan Documents and the other Loan Documents and (iii) the granting of the security interest created pursuant to the Collateral Documents.; all as certified by the secretary or assistant secretary of the Borrower and each Guarantor, as applicable.

6.7 Organizational Documents. Copies of the organizational documents of the Borrower and each Guarantor, including certified copies of any formation documents and a certificate of good standing,; all certified by the secretary or assistant secretary of the Borrower and each Guarantor, as applicable.

6.8 Incumbency. A certificate of the secretary or assistant secretary of the Borrower and each Guarantor, certifying the names and true signatures of the officers authorized to sign this Amendment, the Subsidiary Loan Documents and the other Loan Documents.

6.9 Opinion. A favorable opinion of counsel to the Borrower and each Guarantor, dated the Amendment Effective Date, in form and substance satisfactory to the Lender.

6.10 Consultant. An executed engagement letter, duly executed by the Borrower and the Consultant.

6.11 Consent. An executed copy of that certain letter agreement dated as of January 15, 2009 by and between Hofler Maschinenbau GmbH and the Borrower consenting to the Lender's lien on the Purchase Machines (as defined in the Hofler Agreement).

6.12 Amendment and Waiver Fee; Expenses. Payment by the Borrower of a \$25,000 amendment and waiver fee, as well as all reasonable fees and expenses required to be reimbursed or paid by the Borrower pursuant to Section 8.2 hereof, including, without limitation, the fees and expenses of Mayer Brown LLP, counsel to the Lender, incurred in connection with the drafting, negotiation, execution, delivery and effectiveness of this Amendment.

6.13 Revised 2009 Projected Budget. A copy of the 2009 projected budget for each of the Borrower and the Parent, it being agreed that the Lender may share the 2009 projected budget with the Consultant.

6.14 Parent's Business Plan. A copy of the Business Plan for the Parent and its subsidiaries.

6.15 13-Week Cash Flow. A rolling 13-week cash flow forecast for the Borrower beginning with the week of January 13, 2009, detailing all sources and uses of cash on a weekly basis.

SECTION 7. REPRESENTATIONS AND WARRANTIES. To induce the Lender to enter into this Amendment, the Borrower and each Guarantor hereby represents and warrants to the Lender as follows:

7.1 Due Authorization, Non-Contravention, etc. . The execution, delivery and performance by the Borrower and each Guarantor of this Amendment are within such party's corporate or company powers, as applicable, have been duly authorized by all necessary corporate or company action, as applicable, and do not

(a) contravene such party's organizational documents;

(b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting such party; or

(c) result in, or require the creation or imposition of, any Lien on any of the Borrower's or any Guarantors' properties, other than the Permitted Liens.

7.2 Government Approval, Regulation, etc. . No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower of this Amendment.

7.3 Validity, etc. . This Amendment constitutes the legal, valid and binding obligation of the Borrower and each Guarantor enforceable in accordance with its terms.

7.4 Event of Default. . No Event of Default shall occur as a result of, or after giving effect to, this Amendment.

7.5 Acknowledgements. . The Borrower and each of the Guarantors acknowledge that the amount of principal owing with respect to the Indebtedness arising under the Loan Agreement, the Subsidiary Loan Documents or the other Loan Documents as of date of this Agreement is 24,457,002.89. Without in any manner limiting the generality of the release set forth in Section 8.4 hereof, the Borrower and the Guarantors hereby represent, warrant, covenant and agree that there exist no offsets, counterclaims or defenses to payment or performance of the obligations set forth in the Loan Agreement, the Subsidiary Loan Documents or the other Loan Documents and, in consideration hereof, expressly waive any and all such offsets, counterclaims and defenses arising out of any alleged acts, transactions or omissions on the part of the Lender arising (or otherwise relating to the period) on or prior to the Amendment Effective Date.

SECTION 8. MISCELLANEOUS.

8.1 Continuing Effectiveness, etc. . This Amendment shall be deemed to be an amendment to the Loan Agreement, the Subsidiary Loan Documents and the other Loan Documents (including as such term is amended herein), including as amended hereby, shall remain in full force and effect and is hereby ratified, approved and confirmed in each and every respect. After the effectiveness of this Amendment in accordance with its terms, all references to the Loan Agreement, the Subsidiary Loan Documents and each Loan Document in the Loan Documents or the Subsidiary Loan Documents or in any other document, instrument, agreement

or writing shall be deemed to refer to the Loan Agreement or such other Loan Document or Subsidiary Loan Document as amended hereby.

8.2 Payment of Costs and Expenses. The Borrower agrees to pay on demand all expenses of the Lender (including the fees and out-of-pocket expenses of counsel to the Lender) in connection with the drafting, negotiation, execution, delivery and effectiveness of this Amendment.

8.3 General Credit Agreement Compliance. All provisions of the Loan Agreement, the Subsidiary Loan Documents and the other Loan Documents (as expressly amended in Sections 1, 2 and 3) shall continue in full force and effect in accordance with the provisions thereof and the Borrower and the Guarantors reaffirm all their agreements under the Loan Agreement, the Subsidiary Loan Documents and the other Loan Documents. The Borrower and the Guarantors shall comply with the provisions of their respective Loan Documents and Subsidiary Loan Documents, including, without limitation, the timely payment of all scheduled principal and interest payments.

8.4 Release and Covenant Not to Sue. In consideration of the agreements and understandings in this Agreement, the Borrower and each Guarantor jointly and severally, for itself and on behalf of the Borrower's Derivative/Successor Persons, hereby knowingly and voluntarily, unconditionally and irrevocably, absolutely, finally and forever releases, acquits and discharges each Lender Released Party from any Claim relating in any manner whatsoever to any of the Loan Documents, including any transaction contemplated thereby or undertaken in connection therewith, or otherwise to the Borrower's or Guarantors' credit relationship with the Lender, which relates or may relate in any manner whatsoever to any facts, known or unknown, in existence on or at any time prior to the Amendment Effective Date (each a "Borrower-Related Claim").

The Borrower and each Guarantor hereby knowingly and voluntarily, unconditionally and irrevocably, absolutely finally and forever covenants that it shall refrain, and further shall direct any Derivative/Successor Person to refrain, from commencing or otherwise prosecuting any action, suit or other proceeding of any kind, nature, character, or description, including in law or in equity, against any Lender Released Party on account of any Borrower-Related Claim. Each Lender Released Party shall be entitled to enforce this covenant through specific performance. In addition to any other liability which shall accrue upon the breach of this covenant, the breaching party (including, any Derivative/Successor Person of the Borrower or any Guarantor that commences or prosecutes any such action, suit or other proceeding) shall be liable to such Lender Released Party for all reasonable attorneys' fees and costs incurred by such party in the defense of any such action, suit or other proceeding.

The following terms shall have the following definitions when used in this Section 8.4:

"Claims" shall mean, with respect to the Borrower and/or any Guarantor, any and all claims, counterclaims, actions, causes of action (including, any relating in any manner to any existing litigation or investigation), suits, obligations, controversies, defenses, debts, liens, contracts, agreements, covenants, promises, liabilities, damages, penalties, demands, threats, compensation, losses, costs, judgments, orders, interest, fee, or expense

(including attorneys' fees and expenses) or other similar items of any kind, type, nature, character or description, including, whether in law, equity or otherwise, whether now known or unknown, whether in contract or in tort, whether choate or inchoate, whether contingent or vested, whether liquidated or unliquidated, whether fixed or unfixed, whether matured or unmatured, whether suspected or unsuspected, and whether or not concealed, sealed or hidden, of any of the Borrowers and/or which may be asserted by the Borrower and/or any Guarantor, through the Borrower and/or any Guarantor or otherwise on the behalf of the Borrower and/or any Guarantor (including those which may be asserted on any derivative basis), which have existed at any time on or prior to the date hereof.

“Derivative/Successor Person” shall mean, with respect to the Borrower or any Guarantor, any person or other entity (including any former, current, or future employee, officer, agent, attorney, board member, shareholder, parent, subsidiary, partnership, joint venture, other affiliate, spouse, relative, heir, beneficiary, legal representative, creditor, successor or assign) that may assert or may attempt to assert any Claim by or otherwise belonging to the Borrower or any such Guarantor, through the Borrower or such Guarantor or otherwise on behalf of the Borrower or such Guarantor (including on any derivative basis).

“Lender Released Parties” shall mean the Lender and each of its former, current, and future subsidiaries, parents, partnerships, joint ventures, other affiliates, officers, directors, employees, attorneys, agents (including consultants), assigns, heirs, executors, administrators, predecessors, successors and assigns.

8.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment or affecting the validity or enforceability of such provision in any other jurisdiction.

8.6 Headings. The various headings of this Amendment are inserted for convenience only and shall not affect the meaning or interpretation of this Amendment or any provisions hereof.

8.7 Execution in Counterparts. This Amendment may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

8.8 Governing Law. THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS (INCLUDING 735 ILCS SECTION 105/5-5), BUT OTHERWISE WITHOUT GIVING EFFECT TO ANY OF SUCH STATE'S CONFLICTS-OF-LAW PROVISIONS.

8.9 Successors and Assigns. This Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned have duly executed this Omnibus Amendment Agreement as of the date first set forth above.

BRAD FOOTE GEAR WORKS, INC.

By: /s/ Ralph Placzek

Name: Ralph Placzek

Title: Vice President – Finance and Treasurer

1309 SOUTH CICERO AVENUE, LLC

By: /s/ Ralph Placzek

Name: Ralph Placzek

Title: Authorized Signatory

5100 NEVILLE ROAD, LLC

By: /s/ Ralph Placzek

Name: Ralph Placzek

Title: Authorized Signatory

BANK OF AMERICA, N.A., as Lender

By: /s/ Katherine M. Novey

Name: Katherine M. Novey

Title: Senior Vice President

PLEDGE AGREEMENT

This PLEDGE AGREEMENT dated as of January 15, 2009 (together with all amendments, if any, from time to time hereto, this “Agreement”) between Broadwind Energy, Inc., a Delaware corporation (the “Pledgor”) and Bank of America, N.A (the “Secured Party”).

WITNESSETH:

WHEREAS, pursuant to that certain Loan and Security Agreement dated January 17, 1997 (as amended from time to time, the “Loan Agreement”) among Brad Foote Gear Works, Inc. (f/k/a BFG Acquisition Corp.) (“Borrower”), as Borrower, and Bank of America, N.A. (f/k/a LaSalle Bank National Association, f/k/a LaSalle National, f/k/a LaSalle Bank NI), as lender (in such capacity, the “Lender”), the Lender made term loans (the “Term Loans”) and has agreed to make revolving loans (the “Revolving Loans”);

Whereas, pursuant to the Subsidiary Loan Documents, the Lender has additionally made term loans to certain subsidiaries of the Borrower (the “Subsidiary Loans”, and together with the Term Loans and the Revolving Loans, the “Loans”);

WHEREAS, the Pledgor has executed and delivered an Unconditional Guaranty dated as of the date hereof, (the “Guaranty”) of the obligations of the Borrower, 1309 and 5100 in respect of the Loan Agreement, the Loan Documents and the Subsidiary Loan Documents and the obligations of the Pledgor under the Guaranty are to be secured pursuant to this Agreement;

WHEREAS, the Pledgor is the record and beneficial owner of the Securities listed in Part A of Schedule I hereto and the holder of certain indebtedness or other accounts owed to the Pledgor by Borrower, 1309 or 5100;

WHEREAS, the Pledgor benefits from the credit facilities made available to Borrower under the Loan Agreement;

WHEREAS, in consideration of the Lender making the Loans as provided for in the Loan Agreement and the Subsidiary Loan Documents, the Pledgor has agreed to pledge its Pledged Collateral to Lender in accordance herewith;

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained and to induce the Lender to make certain amendments to the Loan Agreement, the other Loan Documents and the Subsidiary Loan Documents, it is agreed as follows:

1. Definitions. Unless otherwise defined herein, terms defined in the Loan Agreement are used herein as therein defined, and the following shall have (unless otherwise provided elsewhere in this Agreement) the following respective meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

“Bankruptcy Code” means title 11, *United States Code*, as amended from time to time, and any successor statute thereto;

“Pledged Collateral” has the meaning assigned to such term in Section 2 hereof;

“Pledged Debt” means all indebtedness or monetary obligations owed to the Pledgor by Borrower, 1309 or 5100, and any promissory notes or other evidence thereof;

“Pledged Entity” means an issuer of Pledged Securities or Pledged Debt;

“Pledged Entity Acknowledgment” means an acknowledgment substantially in the form of Schedule III hereto;

“Pledged Securities” means those Securities of the Borrower owned by the Pledgor;

“Secured Obligations” means with respect to the Pledgor all obligations of the Pledgor to the Lender (including monetary obligations accrued during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, which arise out of or in connection with (a) its Guaranty and this Agreement, (b) under any rate management agreement to which the Pledgor is a party, in each case as the same may be amended, modified, extended or renewed from time to time, and (c) treasury management services (other than treasury management services provided after the Termination Date) provided to the Pledgor by the Lender or affiliate of the Lender.

“Securities” means all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the *Securities Exchange Act* of 1934).

“Termination Date” means the first date hereafter on which (i) all of the Secured Obligations described in clause (a) of the definition thereof shall have been paid in full, (ii) all rate management agreements and all treasury management agreements between the Lender, on the one hand, and Borrower, 1309 or 5100, on the other hand, have been terminated and (iii) all commitments of the Lender to make financial accommodations under the Loan Documents have terminated.

2. Pledge. The Pledgor hereby pledges to the Secured Party and grants to the Secured Party a security interest in all of the Pledgor’s right, title and interest, whether now owned or held or hereafter acquired, in, to and under the following (collectively, the “Pledged Collateral”):

- (a) the Pledged Securities, which as of the date here of are listed in Part A of Schedule I, and the certificates, if any, representing such Pledged Securities, and all dividends, distributions, cash, instruments, options, warrants and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Securities;

- (b) any additional Securities of the Borrower from time to time acquired by the Pledgor in any manner (which securities shall be deemed to be part of the Pledged Securities), and the certificates representing such additional shares, if any, and all dividends, distributions, cash, instruments and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Securities;
- (c) the Pledged Debt, which as of the date hereof is in the amount listed on Part B of Schedule I, and any instruments and other writings representing such Pledged Debt, and all interest, principal and other amounts from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Pledged Debt;
- (d) any additional indebtedness or other monetary obligations owed to the Pledgor by Borrower, 1309 or 5100 (which indebtedness shall be deemed to be part of the Pledged Debt), and any instruments representing such additional indebtedness, and all interest, principal and other amounts from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such debt; and
- (e) all proceeds (as such term is defined in Section 9-102(a)(64) of the Uniform Commercial Code) of such Pledged Collateral.

3. Security for Obligations. This Agreement secures, and the Pledgor's Pledged Collateral is security for, the prompt payment in full when due, whether at stated maturity, by acceleration or otherwise, and performance of, the Pledgor's Secured Obligations including, without limitation, all fees, costs and expenses whether in connection with collection actions hereunder or otherwise.

4. Delivery of Pledged Collateral and Acknowledgments. All certificates and all promissory notes and instruments evidencing the Pledged Collateral shall be delivered to and held by or on behalf of the Secured Party pursuant hereto. All Pledged Securities shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Secured Party. All promissory notes, instruments or other writing evidencing Pledged Debt shall be accompanied by (i) an allonge or such other endorsement as may be requested by the Secured Party and (ii) a subordination agreement in form and substance satisfactory to the Secured Party in its sole discretion. The Pledgor shall cause each Pledged Entity to execute a Pledged Entity Acknowledgement.

5. Representations and Warranties. The Pledgor represents and warrants to the Secured Party with respect to itself and its Pledged Collateral that:

- (a) The Pledgor is, and at the time of delivery of the Pledged Securities to the Secured Party will be, the sole holder of record and the sole beneficial owner of such Pledged Collateral pledged by the Pledgor free and clear of any lien thereon or affecting the title thereto, except for Permitted Liens; the Pledgor is and at the time of delivery of the Pledged Debt to the Secured Party will be, the sole owner

of such Pledged Collateral free and clear of any lien thereon or affecting title thereto, except for Permitted Liens;

- (b) All of its Pledged Securities have been duly authorized, validly issued and are fully paid and non-assessable;
- (c) All of its Pledged Debt is subordinated to all Guaranteed Obligations (as defined in the Guaranty);
- (d) The Pledgor has the right and requisite authority to pledge, assign, transfer, deliver, deposit and set over the Pledged Collateral pledged by the Pledgor to the Secured Party as provided herein;
- (e) None of the Pledged Securities has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject;
- (f) All of the Pledged Securities are presently owned by the Pledgor, and are either presently uncertificated or represented by the certificates as listed on Part A of Schedule I hereto. As of the date hereof, there are no existing options, warrants, calls or commitments of any character whatsoever relating to such Pledged Securities. All of the Pledged Debt is presently owned by Pledgor and is presently represented by the promissory notes or other instruments listed on Part B of Schedule I hereto.
- (g) No consent, approval, authorization or other order or other action by, and no notice to or filing with, any governmental authority or any other Person is required (i) for the pledge by the Pledgor of its Pledged Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement by the Pledgor, or (ii) for the exercise by the Secured Party of the voting or other rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally;
- (h) The pledge of such Pledged Collateral pursuant to this Agreement will create a valid lien on, and the filing of a financing statement against the Pledgor in its state of organization describing the Pledged Collateral or, in the case of Pledged Securities represented by certificates and Pledged Debt represented by promissory notes or other instruments, delivery of such certificate or promissory note or other instrument together with any necessary stock powers or allonges, will create a perfected security interest in favor of, the Secured Party in such Pledged Collateral and the proceeds thereof, securing the payment of the Secured Obligations, subject to no other lien other than Permitted Liens;
- (i) This Agreement has been duly authorized, executed and delivered by the Pledgor and constitutes a legal, valid and binding obligation of the Pledgor enforceable against the Pledgor in accordance with its terms;

- (j) The Pledged Securities constitute the percentage of the issued and outstanding Securities of each Pledged Entity set forth in Part A of Schedule I hereto; and
- (k) (i) the Pledgor's true legal name as registered in the jurisdiction in which the Pledgor is incorporated, state of incorporation, organizational identification number as designed by the state of its incorporation, chief executive office, and principal place of business (or, if it has more than one place of business, its chief executive office) are as set forth on Schedule V hereto and the Pledgor has not maintained its chief executive office and principal place of business at any other locations during the four months prior to the date hereof; (ii) except as disclosed on Schedule V, the Pledgor is not now known and during the five years preceding the date hereof has not previously been known by any trade name; (iii) except as disclosed on Schedule V, during the five years preceding the date hereof the Pledgor has not been known by any legal name different from the one set forth on the signature page of this Agreement and (iv) except as disclosed on Schedule V, during the year preceding the date hereof, the Pledgor has not been the subject of any merger or other corporate reorganization.

6. Covenants. The Pledgor covenants and agrees with respect to itself and its Pledged Collateral that until the Termination Date:

- (a) Without the prior written consent of the Secured Party, the Pledgor will not sell, assign, transfer, pledge, or otherwise encumber any of its rights in or to the Pledged Collateral, or any unpaid dividends, interest or other distributions or payments with respect to the Pledged Collateral or grant a lien in the Pledged Collateral, other than Permitted Liens;
- (b) The Pledgor will, at its expense, promptly execute, acknowledge and deliver all such instruments and take all such actions as the Secured Party from time to time may request in order to ensure to the Secured Party the benefits of the liens in and to the Pledged Collateral intended to be created by this Agreement, including the filing of any necessary financing statements, which may be filed by the Secured Party and will cooperate with the Secured Party, at the Pledgor's expense, in obtaining all necessary approvals and making all necessary filings under federal, state, local or foreign law in connection with such liens or any sale or transfer of the Pledged Collateral;
- (c) The Pledgor has and will defend the title to the Pledged Collateral and the liens of the Secured Party in the Pledged Collateral against the claim of any Person and will maintain and preserve such liens; and
- (d) The Pledgor will, upon obtaining ownership of any additional Securities or promissory notes or instruments of a Pledged Entity or Securities or promissory notes or instruments otherwise required to be pledged to the Secured Party pursuant to any of the Loan Documents, which Securities, notes or instruments are not already Pledged Collateral, promptly (and in any event within three (3) Business Days) (i) deliver to the Secured Party a Pledge Amendment, duly

executed by the Pledgor, in substantially the form of Schedule II hereto (a “ Pledge Amendment ”) in respect of any such additional Securities, notes or instruments, pursuant to which the Pledgor shall pledge to the Secured Party all of such additional Securities, notes and instruments and (ii) shall deliver all such additional Securities, notes or instruments. The Pledgor hereby authorizes the Secured Party to attach each Pledge Amendment to this Agreement and agrees that all Pledged Securities listed on any Pledge Amendment delivered to the Secured Party shall for all purposes hereunder be considered Pledged Collateral.

- (e) The Pledgor agrees that it shall not, and shall not permit any other Person to, without the Secured Party’s consent, amend or restate the organizational documents of any Pledged Entity to opt into Article 8 of the Uniform Commercial Code or, if not currently represented by certificates, issue certificates evidencing the Pledged Securities.
- (f) The Pledgor agrees that it shall not change the name, identity, structure or chief executive office or principal place of business of the Pledgor or reorganize the Pledgor under the laws of another jurisdiction unless (i) the Pledgor shall have given the Secured Party at least thirty (30) days prior notice of such change, (ii) obtained any requisite consent under the Loan Agreement or the other Loan Documents and (iii) taken all actions necessary or as requested by the Secured Party to ensure that the security interest in its Pledged Collateral remains a perfected, first priority security interest subject only to Permitted Liens.

7. Pledgor’s Rights. As long as no Event of Default shall have occurred and be continuing and until written notice shall be given to a Pledgor in accordance with Section 8(a) hereof:

- (a) The Pledgor shall have the right, from time to time, to vote and give consents with respect to its Pledged Collateral, or any part thereof for all purposes not inconsistent with the provisions of this Agreement, the Loan Agreement, the Subsidiary Loan Documents or any other Loan Document; provided, however, that no vote shall be cast, and no consent shall be given or action taken, which would have the effect of impairing the position or interest of the Secured Party in respect of the Pledged Collateral or which would authorize, effect or consent to (unless and to the extent expressly permitted by the Loan Agreement):
 - (i) the dissolution or liquidation, in whole or in part, of a Pledged Entity;
 - (ii) the consolidation or merger of a Pledged Entity with any other Person;
 - (iii) the sale, disposition or encumbrance of all or substantially all of the assets of a Pledged Entity, except for liens in favor of the Secured Party;
 - (iv) any change in the authorized number of shares, the stated capital or the authorized share capital of a Pledged Entity or the issuance by it of any additional Securities; or

- (v) the alteration of the voting rights with respect to the Securities of a Pledged Entity; and
- (b) (i) The Pledgor shall be entitled, from time to time, to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Securities to the extent not in violation of the Loan Agreement, the Subsidiary Loan Documents or the other Loan Documents other than any and all: (A) dividends and interest paid or payable other than in cash in respect of any Pledged Collateral, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (B) dividends and other distributions paid or payable in cash in respect of any Pledged Securities in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in capital of a Pledged Entity; and (C) cash paid, payable or otherwise distributed, in respect of principal of, or in redemption of, or in exchange for, any Pledged Collateral; provided, however, that until actually paid all rights to such distributions shall remain subject to the lien created by this Agreement; provided, further, that the Pledgor hereby acknowledges that as of the date hereof the Loan Agreement expressly prohibits the making of any dividends or the payment of any other amounts on any of the Pledged Collateral other than non-cash payments of interest booked as capitalized interest by the Pledgor in respect of all such indebtedness or other accounts owed to the Pledgor by Borrower, 1309 or 5100, and nothing contained herein shall be deemed to contradict such prohibition or otherwise authorize any such distributions; and
- (ii) all dividends and interest (other than such cash dividends and interest as are permitted to be paid to the Pledgor in accordance with clause i above) and all other distributions in respect of any of the Pledged Securities, whenever paid or made, shall be delivered to the Secured Party to hold as Pledged Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Secured Party, be segregated from the other property or funds of the Pledgor, and be forthwith delivered to the Secured Party as Pledged Collateral in the same form as so received (with any necessary endorsement).

8. Defaults and Remedies; Proxy.

- (a) Upon the occurrence of an Event of Default and during the continuation of such Event of Default, and concurrently with written notice to the Pledgor, the Secured Party (personally or through an agent) in addition to any other remedies available to it under applicable law, is hereby authorized and empowered to transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral of the Pledgor, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon, to sell in one or more sales after

ten (10) days' notice of the time and place of any public sale or of the time at which a private sale is to take place (which notice the Pledgor agrees is commercially reasonable) the whole or any part of the Pledged Collateral and to otherwise act with respect to the Pledged Collateral as though the Secured Party was the outright owner thereof. Any sale shall be made at a public or private sale at the Secured Party's place of business, or at any place to be named in the notice of sale, either for cash or upon credit or for future delivery at such price as the Secured Party may deem fair, and the Secured Party may be the purchaser of the whole or any part of the Pledged Collateral so sold and hold the same thereafter in its own right free from any claim of the Pledgor or any right of redemption. Each sale shall be made to the highest bidder, but the Secured Party reserves the right to reject any and all bids at such sale which, in its discretion, it shall deem inadequate. Demands of performance, except as otherwise herein specifically provided for, notices of sale, advertisements and the presence of property at sale are hereby waived and any sale hereunder may be conducted by an auctioneer or any officer or agent of the Secured Party. THE PLEDGOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE SECURED PARTY AS THE PROXY AND ATTORNEY-IN-FACT OF THE PLEDGOR WITH RESPECT TO ITS PLEDGED COLLATERAL AFTER THE OCCURRENCE AND DURING THE CONTINUATION OF AN EVENT OF DEFAULT, INCLUDING THE RIGHT TO VOTE THE PLEDGED SECURITIES, WITH FULL POWER OF SUBSTITUTION TO DO SO. THE APPOINTMENT OF THE SECURED PARTY AS PROXY AND ATTORNEY-IN-FACT IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE TERMINATION DATE. IN ADDITION TO THE RIGHT TO VOTE THE PLEDGED SECURITIES, THE APPOINTMENT OF THE SECURED PARTY AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF THE PLEDGED SECURITIES WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY PLEDGED SECURITIES ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF THE PLEDGED SECURITIES OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE OF AN EVENT OF DEFAULT. NOTWITHSTANDING THE FOREGOING, THE SECURED PARTY SHALL NOT HAVE ANY DUTY TO EXERCISE ANY SUCH RIGHT OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO.

- (b) If, at the original time or times appointed for the sale of the whole or any part of the Pledged Collateral, the highest bid, if there be but one sale, shall be inadequate to discharge in full all the Secured Obligations, or if the Pledged Collateral be offered for sale in lots, if at any of such sales, the highest bid for the

lot offered for sale would indicate to the Secured Party, in its discretion, that the proceeds of the sales of the whole of the Pledged Collateral would be unlikely to be sufficient to discharge all the Secured Obligations, the Secured Party may, on one or more occasions and in its discretion, postpone any of said sales by public announcement at the time of sale or the time of previous postponement of sale, and no other notice of such postponement or postponements of sale need be given, any other notice being hereby waived; provided, however, that any sale or sales made after such postponement shall be after ten (10) days notice to the Pledgor.

- (c) If, at any time when the Secured Party, in its sole discretion, determines, following the occurrence and during the continuance of an Event of Default, that, in connection with any actual or contemplated exercise of its rights (when permitted under this Section 8.) to sell the whole or any part of the Pledged Securities hereunder, it is necessary or advisable to effect a public registration of all or part of the Pledged Collateral pursuant to the *Securities Act* of 1933, as amended (or any similar statute then in effect) (the “Act”), the Pledgor shall, in an expeditious manner, cause the Pledged Entities to:
- (i) Prepare and file with the Securities and Exchange Commission (the “Commission”) a registration statement with respect to the Pledged Securities and in good faith use commercially reasonable efforts to cause such registration statement to become and remain effective;
 - (ii) Prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Act with respect to the sale or other disposition of the Pledged Securities covered by such registration statement whenever the Secured Party shall desire to sell or otherwise dispose of the Pledged Securities;
 - (iii) Furnish to the Secured Party such numbers of copies of a prospectus and a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as the Secured Party may request in order to facilitate the public sale or other disposition of the Pledged Securities by the Secured Party;
 - (iv) Use commercially reasonable efforts to register or qualify the Pledged Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions within the United States and Puerto Rico as the Secured Party shall request, and do such other reasonable acts and things as may be required of it to enable the Secured Party to consummate the public sale or other disposition in such jurisdictions of the Pledged Securities by the Secured Party;
 - (v) Furnish, at the request of the Secured Party, on the date that shares of the Pledged Collateral are delivered to the underwriters for sale pursuant to

such registration or, if the security is not being sold through underwriters, on the date that the registration statement with respect to such Pledged Securities becomes effective, (A) an opinion, dated such date, of the independent counsel representing such registrant for the purposes of such registration, addressed to the underwriters, if any, and in the event the Pledged Securities are not being sold through underwriters, then to the Secured Party, in customary form and covering matters of the type customarily covered in such legal opinions; and (B) a comfort letter, dated such date, from the independent certified public accountants of such registrant, addressed to the underwriters, if any, and in the event the Pledged Securities are not being sold through underwriters, then to the Secured Party, in a customary form and covering matters of the type customarily covered by such comfort letters and as the underwriters or the Secured Party shall reasonably request. The opinion of counsel referred to above shall additionally cover such other legal matters with respect to the registration in respect of which such opinion is being given as the Secured Party may reasonably request. The letter referred to above from the independent certified public accountants shall additionally cover such other financial matters (including information as to the period ending not more than five (5) Business Days prior to the date of such letter) with respect to the registration in respect of which such letter is being given as the Secured Party may reasonably request; and

- (vi) Otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable but not later than 18 months after the effective date of the registration statement, an earnings statement covering the period of at least 12 months beginning with the first full month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Act.
- (d) All expenses incurred in complying with Section 8(c) hereof, including, without limitation, all registration and filing fees (including all expenses incident to filing with the National Association of Securities Dealers, Inc.), printing expenses, fees and disbursements of counsel for the registrant, the fees and expenses of counsel for the Secured Party, expenses of the independent certified public accountants (including any special audits incident to or required by any such registration) and expenses of complying with the securities or blue sky laws or any jurisdictions, shall be paid by the Pledgor.
- (e) If, at any time when the Secured Party shall determine to exercise its right to sell the whole or any part of the Pledged Collateral hereunder, such Pledged Collateral or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Act, the Secured Party may, in its discretion (subject only to applicable requirements of law), sell such Pledged Collateral or part thereof by private sale in such manner and under such circumstances as the Secured Party

may deem necessary or advisable, but subject to the other requirements of this Section 8, and shall not be required to effect such registration or to cause the same to be effected. Without limiting the generality of the foregoing, in any such event, the Secured Party in its discretion (x) may, in accordance with applicable securities laws, proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Pledged Collateral or part thereof could be or shall have been filed under said Act (or similar statute), (y) may approach and negotiate with a single possible purchaser to effect such sale, and (z) may restrict such sale to a purchaser who is an accredited investor under the Act and who will represent and agree that such purchaser is purchasing for its own account, for investment and not with a view to the distribution or sale of such Pledged Collateral or any part thereof. In addition to a private sale as provided above in this Section 8, if any of the Pledged Collateral shall not be freely distributable to the public without registration under the Act (or similar statute) at the time of any proposed sale pursuant to this Section 8, then the Secured Party shall not be required to effect such registration or cause the same to be effected but, in its discretion (subject only to applicable requirements of law), may require that any sale hereunder (including a sale at auction) be conducted subject to restrictions:

- (i) as to the financial sophistication and ability of any Person permitted to bid or purchase at any such sale;
 - (ii) as to the content of legends to be placed upon any certificates representing the Pledged Collateral sold in such sale, including restrictions on future transfer thereof;
 - (iii) as to the representations required to be made by each Person bidding or purchasing at such sale relating to that Person's access to financial information about the Pledgor and such Person's intentions as to the holding of the Pledged Collateral so sold for investment for its own account and not with a view to the distribution thereof; and
 - (iv) as to such other matters as the Secured Party may, in its discretion, deem necessary or appropriate in order that such sale (notwithstanding any failure so to register) may be effected in compliance with the *Bankruptcy Code* and other laws affecting the enforcement of creditors' rights and the Act and all applicable state securities laws.
- (f) The Pledgor recognizes that the Secured Party may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (e) above. The Pledgor also acknowledges that any such private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. the Secured Party shall be under no obligation to delay a sale of

any of the Pledged Collateral for the period of time necessary to permit the Pledged Entity to register such securities for public sale under the Act, or under applicable state securities laws, even if the Pledgor and the Pledged Entity would agree to do so.

- (g) The Pledgor agrees to the maximum extent permitted by applicable law that following the occurrence and during the continuance of an Event of Default it will not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force in order to prevent or delay the enforcement of this Agreement, or the absolute sale of the whole or any part of the Pledged Collateral or the possession thereof by any purchaser at any sale hereunder, and the Pledgor waives the benefit of all such laws to the extent it lawfully may do so. The Pledgor agrees that it will not interfere with any right, power and remedy of the Secured Party provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Secured Party of any one or more of such rights, powers or remedies. No failure or delay on the part of the Secured Party to exercise any such right, power or remedy and no notice or demand which may be given to or made upon the Pledgor by the Secured Party with respect to any such remedies shall operate as a waiver thereof, or limit or impair the Secured Party's right to take any action or to exercise any power or remedy hereunder, without notice or demand, or prejudice its rights as against the Pledgor in any respect.
- (h) The Pledgor further agrees that a breach of any of the covenants contained in this Section 8 will cause irreparable injury to the Secured Party, that the Secured Party shall have no adequate remedy at law in respect of such breach and, as a consequence, agrees that each and every covenant contained in this Section 8 shall be specifically enforceable against the Pledgor, and the Pledgor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that the Secured Obligations are not then due and payable in accordance with the agreements and instruments governing and evidencing such obligations.
- (i) The powers conferred on the Secured Party herein are solely to protect its interest in the Pledged Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession, the Secured Party shall have no duty with respect to any Pledged Collateral.

9. No Waiver; Remedies Cumulative. The Secured Party shall not by any act (except by a written instrument pursuant to Section 14 (d)), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any default or in any breach of any of the terms and conditions hereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. No remedy or right of the Secured Party hereunder, under any of the Subsidiary Loan Document or any of the Loan Documents or otherwise available under applicable law or in equity, shall be exclusive of any other right or remedy. Each such

remedy or right shall be in addition to every other remedy or right now or hereafter existing under applicable law or in equity. No delay in the exercise of, or omission to exercise, any remedy or right after any Event of Default shall impair any such remedy or right or be construed as a waiver of any such Event of Default or an acquiescence thereto, nor shall it affect any subsequent Event of Default of the same or different nature. A waiver by the Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Secured Party would otherwise have on any future occasion. The rights, remedies, powers and privileges herein provided are cumulative, may be exercised singly or concurrently; are not exclusive of any rights, remedies, powers or privileges provided by applicable law; and may be exercised when and as often as may be deemed necessary by the Secured Party.

10. Assignment. The Secured Party may assign, indorse or transfer any instrument evidencing all or any part of the Secured Obligations as provided in, and in accordance with, the Loan Agreement, the Subsidiary Loan Documents or the other Loan Documents and the holder of such instrument shall be entitled to the benefits of this Agreement.

11. Lien Absolute. All rights of the Secured Party hereunder, and all obligations of the Pledgor hereunder, shall be absolute and unconditional irrespective of:

- (a) any lack of validity or enforceability of the Loan Agreement, any Subsidiary Loan Document, any other Loan Document or any other agreement or instrument governing or evidencing any Secured Obligations;
- (b) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Agreement, any Subsidiary Loan Document, any other Loan Document or any other agreement or instrument governing or evidencing any Secured Obligations;
- (c) any addition, exchange, release or non-perfection of any other Collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the Secured Obligations;
- (d) the insolvency of the Borrower, the Pledgor or any other Guarantor; or
- (e) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Pledgor.

12. Release. The Pledgor consents and agrees that the Secured Party may at any time, or from time to time, in its discretion:

- (a) renew, extend or change the time of payment, and/or the manner, place or terms of payment of all or any part of the Secured Obligations; and
- (b) exchange, release and/or surrender all or any of the collateral (including the Pledged Collateral), or any part thereof, by whomsoever deposited, which is now or may hereafter be held by the Secured Party in connection with all or any of the

Secured Obligations; all in such manner and upon such terms as the Secured Party may deem proper, and without notice to or further assent from the Pledgor, it being hereby agreed that the Pledgor shall be and remain bound upon this Agreement, irrespective of the value or condition of any of the Collateral, and notwithstanding any such change, exchange, settlement, compromise, surrender, release, renewal or extension, and notwithstanding also that the Secured Obligations may, at any time, exceed the aggregate principal amount thereof set forth in the Loan Agreement, or any other agreement governing any Secured Obligations. The Pledgor hereby waives notice of acceptance of this Agreement, and also presentment, demand, protest and notice of dishonor of any and all of the Secured Obligations, and promptness in commencing suit against any party hereto or liable hereon, and in giving any notice to or of making any claim or demand hereunder upon the Pledgor. No act or omission of any kind on the Secured Party's part shall in any event affect or impair this Agreement.

13. Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against the Pledgor or any Pledged Entity for liquidation or reorganization, should the Pledgor or any Pledged Entity become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of the Pledgor's or a Pledged Entity's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

14. Miscellaneous.

- (a) the Secured Party may execute any of its duties hereunder by or through agents or employees and shall be entitled to advice of counsel concerning all matters pertaining to its duties hereunder.
- (b) The Pledgor agrees to promptly reimburse the Secured Party for actual out-of-pocket expenses, including, without limitation, reasonable counsel fees, incurred by the Secured Party in connection with the administration and enforcement of this Agreement.
- (c) Neither the Secured Party, nor any of its respective officers, directors, employees, agents or counsel shall be liable for any action lawfully taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction.
- (d) THIS AGREEMENT SHALL BE BINDING UPON THE PLEDGOR AND ITS SUCCESSORS AND ASSIGNS (INCLUDING A DEBTOR-IN-POSSESSION)

ON BEHALF OF THE PLEDGOR), AND SHALL INURE TO THE BENEFIT OF, AND BE ENFORCEABLE BY, THE SECURED PARTY AND ITS SUCCESSORS AND ASSIGNS. NONE OF THE TERMS OR PROVISIONS OF THIS AGREEMENT MAY BE WAIVED, ALTERED, MODIFIED OR AMENDED EXCEPT PURSUANT TO A JOINDER OR BY A WRITING DULY SIGNED FOR AND ON BEHALF OF THE SECURED PARTY AND THE PLEDGOR.

15. Governing law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.

- (a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF ILLINOIS (INCLUDING 735 ILCS SECTION 105/5-5) BUT OTHERWISE WITHOUT GIVING EFFECT TO ANY OF SUCH STATE'S CONFLICT-OF-LAW PROVISIONS, EXCEPT TO THE EXTENT THAT PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, OR THE PRIORITY OF THE SECURITY INTEREST GRANTED HEREUNDER MAY BE DETERMINED IN ACCORDANCE WITH THE UNIFORM COMMERCIAL CODE OF A DIFFERENT JURISDICTION IN ACCORDANCE WITH ILLINOIS LAW.
- (b) SUBMISSION TO JURISDICTION. THE PLEDGOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT OF THE NORTHERN DISTRICT OF ILLINOIS IN EACH CASE SITTING IN COOK COUNTY, ILLINOIS, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ILLINOIS STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE SECURED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE PLEDGOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

- (c) WAIVER OF VENUE. THE PLEDGOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION 15. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.
- (d) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 15.

16. Severability. If for any reason any provision or provisions hereof are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or effect those portions of this Agreement which are valid.

17. Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give or serve upon any other a communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and either shall be delivered in person or sent by registered or certified mail, return receipt requested, with proper postage prepaid, or by facsimile transmission and confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided herein:

If to the Secured Party, at:

Bank of America, N.A.
One Federal Street
Boston, MA 02110
Attention: Sandra H. Bennett
Fax: (617) 346-0877

If to the Pledgor, at its address set forth below its signature on the signature pages hereto or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly served, given or delivered (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by telecopy or other similar facsimile transmission (with such telecopy or facsimile promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this Section 16), (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid, or (d) when delivered, if hand-delivered by messenger. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

18. Section Titles. The Section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

19. Counterparts. This Agreement may be executed in any number of counterparts, which shall, collectively and separately, constitute one agreement.

20. Authorization. The Pledgor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Pledged Collateral and (b) contain any other information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement or amendment, including whether the Pledgor is an organization, the type of organization and any organization identification number issued to the Pledgor. The Pledgor agrees to furnish any such information to the Secured Party promptly upon request. The Pledgor also ratifies its authorization for the Secured Party to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the, date hereof.

21. Termination. Immediately following the Termination Date, the Secured Party shall deliver to Pledgor the Pledged Collateral at such time subject to this Agreement and all instruments of assignment executed in connection therewith, free and clear of all liens and encumbrances hereof and, except as otherwise provided herein, all of Pledgor's obligations hereunder shall at such time terminate.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

BROADWIND ENERGY, Inc.,
a Delaware corporation

By: /s/ J. Cameron Drecoll
Name: J. Cameron Drecoll
Title: Chief Executive Officer

Pledge Agreement Signature Page

BANK OF AMERICA, N.A., as the Secured Party

By: /s/ Katherine M. Novey

Name: Katherine M. Novey

Title: Senior Vice President

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CONTINUING GUARANTY

JANUARY 15, 2009

FOR VALUE RECEIVED, the sufficiency of which is hereby acknowledged, and in consideration of credit and/or financial accommodation heretofore or hereafter from time to time made or granted to Brad Foote Gear Works, Inc. (“Brad Foote”), 1309 South Cicero Avenue, LLC and 5100 Neville Road, LLC (whether one or more, the “Borrower”) by BANK OF AMERICA, N.A. and any other subsidiaries or affiliates of Bank of America Corporation and its successors and assigns (collectively the “Lender”), the undersigned Guarantor (the “Guarantor”) hereby furnishes its guaranty of the Guaranteed Obligations (as hereinafter defined) as follows:

1. Guaranty. The Guarantor hereby absolutely and unconditionally guarantees, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees, indemnities, damages, costs, expenses or otherwise, of the Borrower to the Lender, whether associated with any credit or other financial accommodation made to or for the benefit of the Borrower by the Lender or otherwise and whenever created, arising, evidenced or acquired, including, without limitation, (i) all Indebtedness arising under that certain Loan and Security Agreement dated as of January 17, 1997 between Brad Foote and the Lender (as amended from time to time, the “Loan Agreement”; capitalized terms used herein, but not otherwise defined herein, shall have the meanings given such terms in (or by reference in) the Loan Agreement), and (ii) all indebtedness and liabilities of the Borrower arising under (A) the Subsidiary Loan Documents, (B) the other Loan Documents, (C) any interest rate, currency or commodity swap agreement, cap agreement or collar agreement and any other agreement or arrangement designed to protect 1309 and 5100 against fluctuations in interest rates, currency exchange rates or commodity prices and (D) any treasury management services provided to 1309 and/or 5100 by the Lender or any Affiliate of the Lender (including, in each case, all renewals, extensions, amendments, refinancings and other modifications thereof and all costs, attorneys’ fees and expenses incurred by the Lender in connection with the collection or enforcement thereof), and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any proceeding or case commenced by or against the Guarantor or the Borrower under the Bankruptcy Code (Title 11, United States Code), any successor statute or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally (collectively, “Debtor Relief Laws”), and including interest that accrues after the commencement by or against the Borrower of any proceeding under any Debtor Relief Laws (collectively, the “Guaranteed Obligations”). The Lender’s books and records showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon the Guarantor and conclusive for the purpose of establishing the amount of the Guaranteed Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or

enforceability of the Guaranteed Obligations or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense to the obligations of the Guarantor under this Guaranty, and the Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

2. No Setoff or Deductions; Taxes; Payments. The Guarantor represents and warrants that it is organized and resident in the United States of America. The Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Guarantor is compelled by law to make such deduction or withholding. If any such obligation (other than one arising with respect to taxes based on or measured by the income or profits of the Lender) is imposed upon the Guarantor with respect to any amount payable by it hereunder, the Guarantor will pay to the Lender, on the date on which such amount is due and payable hereunder, such additional amount in U.S. dollars as shall be necessary to enable the Lender to receive the same net amount which the Lender would have received on such due date had no such obligation been imposed upon the Guarantor. The Guarantor will deliver promptly to the Lender certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Guarantor hereunder. The obligations of the Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

3. Rights of Lender. The Guarantor consents and agrees that the Lender may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as the Lender in its sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Guaranteed Obligations. Without limiting the generality of the foregoing, the Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Guarantor under this Guaranty or which, but for this provision, might operate as a discharge of the Guarantor.

4. Certain Waivers. The Guarantor waives (a) any defense arising by reason of any disability or other defense of the Borrower or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of the Lender) of the liability of the Borrower; (b) any defense based on any claim that the Guarantor's obligations exceed or are more burdensome than those of the Borrower; (c) the benefit of any statute of limitations affecting the Guarantor's liability hereunder; (d) any right to require the Lender to proceed against the Borrower, proceed against or exhaust any security for the Indebtedness, or pursue any other remedy in the Lender's power whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by the Lender; and (f) to the fullest extent permitted by law, any

and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties. The Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations.

5. Obligations Independent . The obligations of the Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the obligations of any other guarantor, and a separate action may be brought against the Guarantor to enforce this Guaranty whether or not the Borrower or any other person or entity is joined as a party.

6. Subrogation. The Guarantor shall not exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and any commitments of the Lender or facilities provided by the Lender with respect to the Guaranteed Obligations are terminated. If any amounts are paid to the Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Lender and shall forthwith be paid to the Lender to reduce the amount of the Guaranteed Obligations, whether matured or unmatured.

7. Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until all Guaranteed Obligations and any other amounts payable under this Guaranty are indefeasibly paid in full in cash and any commitments of the Lender or facilities provided by the Lender with respect to the Guaranteed Obligations are terminated. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of the Borrower or the Guarantor is made, or the Lender exercises its right of setoff, in respect of the Guaranteed Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not the Lender is in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of the Guarantor under this paragraph shall survive termination of this Guaranty.

8. Fraudulent Conveyance. Notwithstanding any other provision of this Guaranty or any other Loan Document to the contrary, in the event that any action or proceeding is brought in whatever form and in whatever forum seeking to invalidate the Guarantor's obligations under this Guaranty or any other Loan Document under any fraudulent conveyance, fraudulent transfer theory, or similar avoidance theory, whether under state or federal law, the Guarantor, automatically and without any further action being required of the Guarantor, the Lender or any other Person, shall be liable under this Guaranty only for an amount equal to the maximum

amount of liability that could have been incurred under applicable law by the Guarantor with respect to the Guaranteed Obligations (or any portion thereof) at the time of the execution and delivery of this Guaranty (or, if such date is determined not to be the appropriate date for determining the enforceability of the Guarantor's obligations hereunder for fraudulent conveyance or transfer (or similar avoidance) purposes, on the date determined to be so appropriate) without rendering any such hypothetical obligation voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, or any other grounds for avoidance (such highest amount determined hereunder being the "Maximum Obligation Amount"), and not for any greater amount, as if the Guaranteed Obligations had instead been the Maximum Obligation Amount. This Section is intended solely to preserve the rights of Lender under this Guaranty and the other Loan Documents to the maximum extent not subject to avoidance under applicable law, and neither the Guarantor nor any other Person shall have any right or claim under this Section with respect to the limitation described in this Guaranty, except to the extent necessary so that the obligations of the Guarantor under this Guaranty shall not be rendered voidable under applicable law. Without limiting the generality of the foregoing, the determination of the Maximum Obligations Amount pursuant to the provisions of the second preceding sentence of this Section shall not in any manner reduce or otherwise affect any of the obligations of the Guarantor under the provisions of this Guaranty.

9. Subordination. The Guarantor hereby subordinates the payment of all obligations and indebtedness of the Borrower owing to the Guarantor, whether now existing or hereafter arising, including but not limited to any obligation of the Borrower to the Guarantor as subrogee of the Lender or resulting from the Guarantor's performance under this Guaranty, to the indefeasible payment in full in cash of all Guaranteed Obligations. If the Lender so requests, any such obligation or indebtedness of the Borrower to the Guarantor shall be enforced and performance received by the Guarantor as trustee for the Lender and the proceeds thereof shall be paid over to the Lender on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of the Guarantor under this Guaranty.

10. Stay of Acceleration. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed, in connection with any case commenced by or against the Guarantor or the Borrower under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable by the Guarantor immediately upon demand by the Lender.

11. Expenses . The Guarantor shall pay on demand all out-of-pocket expenses (including reasonable attorneys' fees and expenses and the allocated cost and disbursements of internal legal counsel) in any way relating to the enforcement or protection of the Lender's rights under this Guaranty or in respect of the Guaranteed Obligations, including any incurred during any "workout" or restructuring in respect of the Guaranteed Obligations and any incurred in the preservation, protection or enforcement of any rights of the Lender in any proceeding any Debtor Relief Laws. The obligations of the Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

12. Miscellaneous. No provision of this Guaranty may be waived, amended, supplemented or modified, except by a written instrument executed by the Lender and the Guarantor. No failure by the Lender to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any

right, remedy or power hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other provision herein. Unless otherwise agreed by the Lender and the Guarantor in writing, this Guaranty is not intended to supersede or otherwise affect any other guaranty now or hereafter given by the Guarantor for the benefit of the Lender or any term or provision thereof.

13. Condition of Borrower. The Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from the Borrower and any other guarantor such information concerning the financial condition, business and operations of the Borrower and any such other guarantor as the Guarantor requires, and that the Lender has no duty, and the Guarantor is not relying on the Lender at any time, to disclose to the Guarantor any information relating to the business, operations or financial condition of the Borrower or any other guarantor (the guarantor waiving any duty on the part of the Lender to disclose such information and any defense relating to the failure to provide the same).

14. Setoff. If and to the extent any payment is not made when due hereunder, the Lender may setoff and charge from time to time any amount so due against any or all of the Guarantor's accounts or deposits with the Lender.

15. Representations and Warranties. The Guarantor represents and warrants that (a) it is duly organized and in good standing under the laws of the jurisdiction of its organization and has full capacity and right to make and perform this Guaranty, and all necessary authority has been obtained; (b) this Guaranty constitutes its legal, valid and binding obligation enforceable in accordance with its terms; (c) the making and performance of this Guaranty does not and will not violate the provisions of any applicable law, regulation or order, and does not and will not result in the breach of, or constitute a default or require any consent under, any material agreement, instrument, or document to which it is a party or by which it or any of its property may be bound or affected; and (d) all consents, approvals, licenses and authorizations of, and filings and registrations with, any governmental authority required under applicable law and regulations for the making and performance of this Guaranty have been obtained or made and are in full force and effect.

16. Indemnification and Survival. Without limitation on any other obligations of the Guarantor or remedies of the Lender under this Guaranty, the Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless the Lender from and against, and shall pay on demand, any and all damages, losses, liabilities and expenses (including reasonable attorneys' fees and expenses and the allocated cost and disbursements of internal legal counsel) that may be suffered or incurred by the Lender in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms. The obligations of the Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

17. GOVERNING LAW; Assignment; Jurisdiction; Notices. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE

WITH, THE INTERNAL LAWS OF THE STATE OF ILLINOIS (INCLUDING 735 ILCS SECTION 105/5-5) BUT OTHERWISE WITHOUT GIVING EFFECT TO ANY OF SUCH STATE'S CONFLICTS-OF-LAW PROVISIONS . This Guaranty shall (a) bind the Guarantor and its successors and assigns, provided that the Guarantor may not assign its rights or obligations under this Guaranty without the prior written consent of the Lender (and any attempted assignment without such consent shall be void), and (b) inure to the benefit of the Lender and its successors and assigns and the Lender may, without notice to the Guarantor and without affecting the Guarantor's obligations hereunder, assign, sell or grant participations in the Guaranteed Obligations and this Guaranty, in whole or in part. The Guarantor hereby irrevocably (i) submits to the non-exclusive jurisdiction of any United States Federal or State court sitting in Cook County, Illinois in any action or proceeding arising out of or relating to this Guaranty, and (ii) waives to the fullest extent permitted by law any defense asserting an inconvenient forum in connection therewith. Service of process by the Lender in connection with such action or proceeding shall be binding on the Guarantor if sent to the Guarantor by registered or certified mail at its address specified below or such other address as from time to time notified by the Guarantor. The Guarantor agrees that the Lender may disclose to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations of all or part of the Guaranteed Obligations any and all information in the Lender's possession concerning the Guarantor, this Guaranty and any security for this Guaranty. All notices and other communications to the Guarantor under this Guaranty shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the Guarantor at its address set forth below or at such other address in the United States as may be specified by the Guarantor in a written notice delivered to the Lender at such office as the Lender may designate for such purpose from time to time in a written notice to the Guarantor.

18. WAIVER OF JURY TRIAL; FINAL AGREEMENT. TO THE EXTENT ALLOWED BY APPLICABLE LAW, THE GUARANTOR AND THE LENDER EACH IRREVOCABLY WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING ON, ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE GUARANTEED OBLIGATIONS. THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

This Unconditional Guaranty is duly executed as of the date first above written.

BROADWIND ENERGY INC.

By: /s/ J. Cameron Drecoll

Name: J. Cameron Drecoll

Title: Chief Executive Officer

Address: 47 E. Chicago Avenue, Suit 332,
Naperville, IL 60540

Parent Guaranty Signature Page

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CONTINUING GUARANTY

JANUARY 15, 2009

FOR VALUE RECEIVED, the sufficiency of which is hereby acknowledged, and in consideration of credit and/or financial accommodation heretofore or hereafter from time to time made or granted to Brad Foote Gear Works, Inc. (the "Borrower") by BANK OF AMERICA, N.A. and any other subsidiaries or affiliates of Bank of America Corporation and its successors and assigns (collectively the "Lender"), the undersigned Guarantor (collectively, the "Guarantor", jointly and severally) hereby furnishes its guaranty of the Guaranteed Obligations (as hereinafter defined) as follows:

1. Guaranty. The Guarantor hereby absolutely and unconditionally guarantees, as a guaranty of payment and performance and not merely as a guaranty of collection, prompt payment when due, whether at stated maturity, by required prepayment, upon acceleration, demand or otherwise, and at all times thereafter, of any and all existing and future indebtedness and liabilities of every kind, nature and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary and whether for principal, interest, premiums, fees, indemnities, damages, costs, expenses or otherwise, of the Borrower to the Lender, whether associated with any credit or other financial accommodation made to or for the benefit of the Borrower by the Lender or otherwise and whenever created, arising, evidenced or acquired, including, without limitation, all Indebtedness arising under that certain Loan and Security Agreement dated as of January 17, 1997 between the Borrower and the Lender (as amended from time to time, the "Loan Agreement"; capitalized terms used herein, but not otherwise defined herein, shall have the meanings given such terms in (or by reference in) the Loan Agreement) and all indebtedness and liabilities arising under the Subsidiary Loan Documents and the other Loan Documents (including all renewals, extensions, amendments, refinancings and other modifications thereof and all costs, attorneys' fees and expenses incurred by the Lender in connection with the collection or enforcement thereof), and whether recovery upon such indebtedness and liabilities may be or hereafter become unenforceable or shall be an allowed or disallowed claim under any proceeding or case commenced by or against the Guarantor or the Borrower under the Bankruptcy Code (Title 11, United States Code), any successor statute or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally (collectively, "Debtor Relief Laws"), and including interest that accrues after the commencement by or against the Borrower of any proceeding under any Debtor Relief Laws (collectively, the "Guaranteed Obligations"). The Lender's books and records showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon the Guarantor and conclusive for the purpose of establishing the amount of the Guaranteed Obligations. This Guaranty shall not be affected by the genuineness, validity, regularity or enforceability of the Guaranteed Obligations or any instrument or agreement evidencing any Guaranteed Obligations, or by the existence, validity, enforceability, perfection, non-perfection or extent of any collateral therefor, or by any fact or circumstance relating to the Guaranteed Obligations which might otherwise constitute a defense to the obligations of the Guarantor under this Guaranty, and the

Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to any or all of the foregoing.

2. No Setoff or Deductions; Taxes; Payments. The Guarantor represents and warrants that it is organized and resident in the United States of America. The Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless the Guarantor is compelled by law to make such deduction or withholding. If any such obligation (other than one arising with respect to taxes based on or measured by the income or profits of the Lender) is imposed upon the Guarantor with respect to any amount payable by it hereunder, the Guarantor will pay to the Lender, on the date on which such amount is due and payable hereunder, such additional amount in U.S. dollars as shall be necessary to enable the Lender to receive the same net amount which the Lender would have received on such due date had no such obligation been imposed upon the Guarantor. The Guarantor will deliver promptly to the Lender certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by the Guarantor hereunder. The obligations of the Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

3. Rights of Lender. The Guarantor consents and agrees that the Lender may, at any time and from time to time, without notice or demand, and without affecting the enforceability or continuing effectiveness hereof: (a) amend, extend, renew, compromise, discharge, accelerate or otherwise change the time for payment or the terms of the Guaranteed Obligations or any part thereof; (b) take, hold, exchange, enforce, waive, release, fail to perfect, sell, or otherwise dispose of any security for the payment of this Guaranty or any Guaranteed Obligations; (c) apply such security and direct the order or manner of sale thereof as the Lender in its sole discretion may determine; and (d) release or substitute one or more of any endorsers or other guarantors of any of the Guaranteed Obligations. Without limiting the generality of the foregoing, the Guarantor consents to the taking of, or failure to take, any action which might in any manner or to any extent vary the risks of the Guarantor under this Guaranty or which, but for this provision, might operate as a discharge of the Guarantor.

4. Certain Waivers. The Guarantor waives (a) any defense arising by reason of any disability or other defense of the Borrower or any other guarantor, or the cessation from any cause whatsoever (including any act or omission of the Lender) of the liability of the Borrower; (b) any defense based on any claim that the Guarantor's obligations exceed or are more burdensome than those of the Borrower; (c) the benefit of any statute of limitations affecting the Guarantor's liability hereunder; (d) any right to require the Lender to proceed against the Borrower, proceed against or exhaust any security for the Indebtedness, or pursue any other remedy in the Lender's power whatsoever; (e) any benefit of and any right to participate in any security now or hereafter held by the Lender; and (f) to the fullest extent permitted by law, any and all other defenses or benefits that may be derived from or afforded by applicable law limiting the liability of or exonerating guarantors or sureties. The Guarantor expressly waives all setoffs and counterclaims and all presentments, demands for payment or performance, notices of nonpayment or nonperformance, protests, notices of protest, notices of dishonor and all other

notices or demands of any kind or nature whatsoever with respect to the Guaranteed Obligations, and all notices of acceptance of this Guaranty or of the existence, creation or incurrence of new or additional Guaranteed Obligations.

5. Obligations Independent . The obligations of the Guarantor hereunder are those of primary obligor, and not merely as surety, and are independent of the Guaranteed Obligations and the obligations of any other guarantor, and a separate action may be brought against the Guarantor to enforce this Guaranty whether or not the Borrower or any other person or entity is joined as a party.

6. Subrogation. The Guarantor shall not exercise any right of subrogation, contribution, indemnity, reimbursement or similar rights with respect to any payments it makes under this Guaranty until all of the Guaranteed Obligations and any amounts payable under this Guaranty have been indefeasibly paid and performed in full and any commitments of the Lender or facilities provided by the Lender with respect to the Guaranteed Obligations are terminated. If any amounts are paid to the Guarantor in violation of the foregoing limitation, then such amounts shall be held in trust for the benefit of the Lender and shall forthwith be paid to the Lender to reduce the amount of the Guaranteed Obligations, whether matured or unmatured.

7. Termination; Reinstatement. This Guaranty is a continuing and irrevocable guaranty of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until all Guaranteed Obligations and any other amounts payable under this Guaranty are indefeasibly paid in full in cash and any commitments of the Lender or facilities provided by the Lender with respect to the Guaranteed Obligations are terminated. Notwithstanding the foregoing, this Guaranty shall continue in full force and effect or be revived, as the case may be, if any payment by or on behalf of the Borrower or the Guarantor is made, or the Lender exercises its right of setoff, in respect of the Guaranteed Obligations and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Laws or otherwise, all as if such payment had not been made or such setoff had not occurred and whether or not the Lender is in possession of or has released this Guaranty and regardless of any prior revocation, rescission, termination or reduction. The obligations of the Guarantor under this paragraph shall survive termination of this Guaranty.

8. Fraudulent Conveyance. Notwithstanding any other provision of this Guaranty or any other Loan Document to the contrary, in the event that any action or proceeding is brought in whatever form and in whatever forum seeking to invalidate the Guarantor's obligations under this Guaranty or any other Loan Document under any fraudulent conveyance, fraudulent transfer theory, or similar avoidance theory, whether under state or federal law, the Guarantor, automatically and without any further action being required of the Guarantor, the Lender or any other Person, shall be liable under this Guaranty only for an amount equal to the maximum amount of liability that could have been incurred under applicable law by the Guarantor with respect to the Guaranteed Obligations (or any portion thereof) at the time of the execution and delivery of this Guaranty (or, if such date is determined not to be the appropriate date for determining the enforceability of the Guarantor's obligations hereunder for fraudulent

conveyance or transfer (or similar avoidance) purposes, on the date determined to be so appropriate) without rendering any such hypothetical obligation voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, or any other grounds for avoidance (such highest amount determined hereunder being the “ Maximum Obligation Amount ”), and not for any greater amount, as if the Guaranteed Obligations had instead been the Maximum Obligation Amount. This Section is intended solely to preserve the rights of Lender under this Guaranty and the other Loan Documents to the maximum extent not subject to avoidance under applicable law, and neither the Guarantor nor any other Person shall have any right or claim under this Section with respect to the limitation described in this Guaranty, except to the extent necessary so that the obligations of the Guarantor under this Guaranty shall not be rendered voidable under applicable law. Without limiting the generality of the foregoing, the determination of the Maximum Obligations Amount pursuant to the provisions of the second preceding sentence of this Section shall not in any manner reduce or otherwise affect any of the obligations of the Guarantor under the provisions of this Guaranty.

9. Subordination. The Guarantor hereby subordinates the payment of all obligations and indebtedness of the Borrower owing to the Guarantor, whether now existing or hereafter arising, including but not limited to any obligation of the Borrower to the Guarantor as subrogee of the Lender or resulting from the Guarantor’s performance under this Guaranty, to the indefeasible payment in full in cash of all Guaranteed Obligations. If the Lender so requests, any such obligation or indebtedness of the Borrower to the Guarantor shall be enforced and performance received by the Guarantor as trustee for the Lender and the proceeds thereof shall be paid over to the Lender on account of the Guaranteed Obligations, but without reducing or affecting in any manner the liability of the Guarantor under this Guaranty.

10. Stay of Acceleration. In the event that acceleration of the time for payment of any of the Guaranteed Obligations is stayed, in connection with any case commenced by or against the Guarantor or the Borrower under any Debtor Relief Laws, or otherwise, all such amounts shall nonetheless be payable by the Guarantor immediately upon demand by the Lender.

11. Expenses . The Guarantor shall pay on demand all out-of-pocket expenses (including reasonable attorneys’ fees and expenses and the allocated cost and disbursements of internal legal counsel) in any way relating to the enforcement or protection of the Lender’s rights under this Guaranty or in respect of the Guaranteed Obligations, including any incurred during any “workout” or restructuring in respect of the Guaranteed Obligations and any incurred in the preservation, protection or enforcement of any rights of the Lender in any proceeding any Debtor Relief Laws. The obligations of the Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

12. Miscellaneous. No provision of this Guaranty may be waived, amended, supplemented or modified, except by a written instrument executed by the Lender and the Guarantor. No failure by the Lender to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy or power hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or in equity. The unenforceability or invalidity of any provision of this Guaranty shall not affect the enforceability or validity of any other

provision herein. Unless otherwise agreed by the Lender and the Guarantor in writing, this Guaranty is not intended to supersede or otherwise affect any other guaranty now or hereafter given by the Guarantor for the benefit of the Lender or any term or provision thereof.

13. Condition of Borrower. The Guarantor acknowledges and agrees that it has the sole responsibility for, and has adequate means of, obtaining from the Borrower and any other guarantor such information concerning the financial condition, business and operations of the Borrower and any such other guarantor as the Guarantor requires, and that the Lender has no duty, and the Guarantor is not relying on the Lender at any time, to disclose to the Guarantor any information relating to the business, operations or financial condition of the Borrower or any other guarantor (the guarantor waiving any duty on the part of the Lender to disclose such information and any defense relating to the failure to provide the same).

14. Setoff. If and to the extent any payment is not made when due hereunder, the Lender may setoff and charge from time to time any amount so due against any or all of the Guarantor's accounts or deposits with the Lender.

15. Representations and Warranties. The Guarantor represents and warrants that (a) it is duly organized and in good standing under the laws of the jurisdiction of its organization and has full capacity and right to make and perform this Guaranty, and all necessary authority has been obtained; (b) this Guaranty constitutes its legal, valid and binding obligation enforceable in accordance with its terms; (c) the making and performance of this Guaranty does not and will not violate the provisions of any applicable law, regulation or order, and does not and will not result in the breach of, or constitute a default or require any consent under, any material agreement, instrument, or document to which it is a party or by which it or any of its property may be bound or affected; and (d) all consents, approvals, licenses and authorizations of, and filings and registrations with, any governmental authority required under applicable law and regulations for the making and performance of this Guaranty have been obtained or made and are in full force and effect.

16. Indemnification and Survival. Without limitation on any other obligations of the Guarantor or remedies of the Lender under this Guaranty, the Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless the Lender from and against, and shall pay on demand, any and all damages, losses, liabilities and expenses (including reasonable attorneys' fees and expenses and the allocated cost and disbursements of internal legal counsel) that may be suffered or incurred by the Lender in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their terms. The obligations of the Guarantor under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

17. GOVERNING LAW; Assignment; Jurisdiction; Notices. THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF ILLINOIS (INCLUDING 735 ILCS SECTION 105/5-5) BUT OTHERWISE WITHOUT GIVING EFFECT TO ANY OF SUCH STATE'S CONFLICTS-OF-LAW PROVISIONS. This Guaranty shall (a) bind the Guarantor and its successors and assigns, provided that the Guarantor may not assign its rights or

obligations under this Guaranty without the prior written consent of the Lender (and any attempted assignment without such consent shall be void), and (b) inure to the benefit of the Lender and its successors and assigns and the Lender may, without notice to the Guarantor and without affecting the Guarantor's obligations hereunder, assign, sell or grant participations in the Guaranteed Obligations and this Guaranty, in whole or in part. The Guarantor hereby irrevocably (i) submits to the non-exclusive jurisdiction of any United States Federal or State court sitting in Cook County, Illinois in any action or proceeding arising out of or relating to this Guaranty, and (ii) waives to the fullest extent permitted by law any defense asserting an inconvenient forum in connection therewith. Service of process by the Lender in connection with such action or proceeding shall be binding on the Guarantor if sent to the Guarantor by registered or certified mail at its address specified below or such other address as from time to time notified by the Guarantor. The Guarantor agrees that the Lender may disclose to any assignee of or participant in, or any prospective assignee of or participant in, any of its rights or obligations of all or part of the Guaranteed Obligations any and all information in the Lender's possession concerning the Guarantor, this Guaranty and any security for this Guaranty. All notices and other communications to the Guarantor under this Guaranty shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier to the Guarantor at its address set forth below or at such other address in the United States as may be specified by the Guarantor in a written notice delivered to the Lender at such office as the Lender may designate for such purpose from time to time in a written notice to the Guarantor.

18. WAIVER OF JURY TRIAL; FINAL AGREEMENT. TO THE EXTENT ALLOWED BY APPLICABLE LAW, THE GUARANTOR AND THE LENDER EACH IRREVOCABLY WAIVES TRIAL BY JURY WITH RESPECT TO ANY ACTION, CLAIM, SUIT OR PROCEEDING ON, ARISING OUT OF OR RELATING TO THIS GUARANTY OR THE GUARANTEED OBLIGATIONS. THIS GUARANTY REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

This Unconditional Guaranty is duly executed as of the date first above written.

1309 SOUTH CICERO AVENUE, LLC

By: /s/ Ralph Placzek

Name: Ralph Placzek

Title: Authorized Signatory

Address: 47 E. Chicago Avenue, Suite 332,
Naperville, IL 60540

5100 NEVILLE ROAD, LLC

By: /s/ Ralph Placzek

Name: Ralph Placzek

Title: Authorized Signatory

Address: 47 E. Chicago Avenue, Suite 332,
Naperville, IL 60540

1309/5100 Guaranty Signature Page

Document prepared by and
upon recordation to be
returned to:

Rex A. Palmer, Esq.
Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606

FEE AND LEASEHOLD
MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT
OF LEASES AND RENTS AND
FIXTURE FILING

dated as of January 15, 2009

From

1309 SOUTH CICERO AVENUE, LLC,
a Delaware limited liability company, as Mortgagor

and

BRAD FOOTE GEAR WORKS, INC., an Illinois corporation
formerly known as BFG Acquisition Corp., as Additional Mortgagor

To

BANK OF AMERICA, N.A., as Mortgagee

FEE AND LEASEHOLD
MORTGAGE, SECURITY AGREEMENT
AND FIXTURE FILING

FEE AND LEASEHOLD MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING, dated as of January 15, 2009 (this "Mortgage"), made by 1309 SOUTH CICERO AVENUE, LLC, a Delaware limited liability company (the "Mortgagor") with an address at 1309 South Cicero Avenue, Cicero, Illinois, 60650 and BRAD FOOTE GEAR WORKS, INC, an Illinois corporation formerly known as BFG Acquisition Corp. (the "Additional Mortgagor"), with an address at 1309 South Cicero Avenue, Cicero, Illinois, 60650 to BANK OF AMERICA, N.A., a national banking association with an address at One Federal Street, Boston, Massachusetts 02110 (the "Mortgagee").

Preliminary Statement

BFG Acquisition Corp. (now known as Brad Foote Gear works, Inc.) and LaSalle Bank NI (now known as Bank of America, N.A.) entered into a Loan and Security Agreement dated as of January 17, 1997 (as heretofor amended, as amended by an Omnibus Amendment Agreement of even date herewith and as hereafter amended, modified and restated from time to time, the "Loan Agreement"). Pursuant to the Loan Agreement the Mortgagee has agreed to loan the Additional Mortgagor and its affiliates (including the Mortgagor) up to the aggregate amount of \$36,974,322.98 pursuant to and subject to the terms of the following promissory notes (as amended by an Omnibus Amendment Agreement of even date herewith and as hereafter amended, modified and restated from time to time collectively, the "Notes"):

1. \$7,000,000 Revolving Line of Credit Note dated December 8, 2008 from the Additional Mortgagor to the order of Mortgagee (the "Revolving Line of Credit Note") due March 15, 2009.
 2. \$11,000,000 Amended and Restated Equipment Line Note (Non-Revolving Line With Conversion) dated November 10, 2006, from the Additional Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the "Equipment Loan A Note") which is payable in monthly principal payments of \$183,333.33 plus interest commencing May 31, 2007 with a final payment due April 30, 2012.
 3. \$9,000,000 Equipment Line Note (Non-Revolving Line With Conversion) dated June 30, 2007, from the Additional Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the "Equipment Loan B Note") with monthly principal payments of \$147,958.13 plus interest commencing July 31, 2008 with a final payment due June 30, 2013.
 4. \$7,899,332.98 Consolidated Term Note dated February 1, 2006, from the Additional Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the "Term Loan Note") with monthly principal payments of \$131,655.55 plus interest commencing February 28, 2006 with a final payment due January 31, 2011.
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5. \$2,075,000 Term Note dated January 31, 2008 from the Mortgagor and 5100 Neville Road, LLC (collectively, the “Subsidiaries”) to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the “Subsidiary Note”) payable in monthly principal payments of \$34,583.33 plus interest with a final payment due January 31, 2013.

The Subsidiaries and the Additional Mortgagor heretofore or hereafter may enter into interest rate, currency or commodity swap agreements, cap agreements or collar agreements or other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices with the Mortgagee or its affiliates (as hereafter amended, modified and restated from time to time collectively, the “Hedging Agreements”) or receive treasury or cash management services from the Mortgagee (the “Bank Services”).

Pursuant to the Loan Agreement the Mortgagor has executed and delivered to the Mortgagee a Continuing Guaranty dated as of the date hereof (the “Guaranty”) whereby the Mortgagor guaranteed the obligations of the Additional Mortgagor under the Loan Agreement, the Subsidiary Note, any Hedging Agreement and the other Loan Documents or any Bank Services.

The Mortgagor is the record owner of the Land.

It is a condition, among others, to the extension by the Mortgagee of the term of the Revolving Line of Credit Note that the Mortgagor shall have executed and delivered this Mortgage to the Mortgagee.

NOW, THEREFORE, in consideration of the premises and to induce the Mortgagee to amend the Loan Agreement and extend the term of the loan evidenced by the Revolving Line of Credit Note, the Mortgagor hereby agrees with the Mortgagee, as follows:

TO SECURE PAYMENT OF THE INDEBTEDNESS (DEFINED BELOW) INCLUDING ALL THE AMOUNTS ADVANCED TO OR FOR THE BENEFIT OF THE MORTGAGOR UNDER THE LOAN AGREEMENT AND THE SUBSIDIARY NOTE AND THE OBLIGATIONS OF THE MORTGAGOR UNDER THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE GUARANTY, THE SUBSIDIARY NOTE AND THE OTHER SUBSIDIARY LOAN DOCUMENTS, ALL HEDGING AGREEMENTS AND IN CONNECTION WITH ANY BANK SERVICES THE MORTGAGOR HEREBY MORTGAGES, GRANTS, ASSIGNS, TRANSFERS, WARRANTS AND SETS OVER TO THE MORTGAGEE, AND GRANTS THE MORTGAGEE A SECURITY INTEREST IN:

(A) the parcel(s) of real property described on Exhibit A (the “Land”); all buildings, structures, Fixtures, Equipment, and other improvements of every kind existing at any time and from time to time on or under the Land, together with any and all appurtenances to such buildings, structures or improvements, including sidewalks, utility pipes, conduits and lines, parking areas and roadways, and including all modifications, alterations, renovations, improvements and other additions to or changes in the Improvements at any time (“Improvements”); all agreements, easements, rights of way or use, rights of ingress or egress,

privileges, appurtenances, tenements, hereditaments and other rights and benefits at any time belonging or pertaining to the Land or the Improvements, including, without limitation, the use of any streets, ways, alleys, vaults or strips of land adjoining, abutting, adjacent or contiguous to the Land and all permits, licenses and rights, whether or not of record, appurtenant to the Land (“Appurtenant Rights”); the Land, Improvements, Appurtenant Rights, Fixtures and Equipment being collectively referred to as the “Property”);

(B) all the estate, right, title, claim or demand whatsoever of the Mortgagor, in possession or expectancy, in and to the Property or any part thereof;

(C) all right, title and interest of the Mortgagor in and to all of the fixtures, furnishings and fittings of every kind and nature whatsoever, and all appurtenances and additions thereto and substitutions or replacements thereof (together with, in each case, attachments, components, parts and accessories) currently owned or subsequently acquired by the Mortgagor and now or subsequently attached to, or contained in or used or usable in any way in connection with any operation or letting of the Property, (all of the foregoing in this paragraph being referred to as the “Fixtures”);

(D) all right, title and interest of the Mortgagor in and to all of the fixtures, chattels, business machines, machinery, apparatus, equipment, furnishings, fittings and all appurtenances and additions thereto and substitutions or replacements thereof (together with, in each case, attachments, components, parts and accessories) currently owned or subsequently acquired by the Mortgagor and now or subsequently attached to, or contained in the Property, including but without limiting the generality of the foregoing, all screens, awnings, shades, blinds, curtains, draperies, artwork, carpets, rugs, storm doors and windows, furniture and furnishings, heating, electrical, and mechanical equipment, lighting, switchboards, plumbing, ventilating, air conditioning and air-cooling apparatus, refrigerating, and incinerating equipment, escalators, refrigerators, display cases, elevators, loading and unloading equipment and systems, stoves, ranges, laundry equipment, cleaning systems (including window cleaning apparatus), telephones, communication systems (including satellite dishes and antennae), televisions, computers, sprinkler systems and other fire prevention and extinguishing apparatus and materials, security systems, motors, engines, machinery, pipes, pumps, tanks, conduits, appliances, fittings and fixtures of every kind and description (all of the foregoing in this paragraph being referred to as the “Equipment”);

(E) all right, title and interest of the Mortgagor in and to all substitutes and replacements of, and all additions and improvements to, the Improvements and the Fixtures and Equipment, subsequently acquired by the Mortgagor or constructed, assembled or placed by the Mortgagor on the Land, immediately upon such acquisition, release, construction, assembling or placement, including, without limitation, any and all building materials whether stored at the Property or offsite, and, in each such case, without any further conveyance, mortgage, assignment or other act by the Mortgagor;

(F) all right, title and interest of the Mortgagor in and to all unearned premiums under insurance policies now or subsequently obtained by the Mortgagee relating to the Property or the Fixtures and the Mortgagor’s interest in and to all proceeds of any such insurance policies (including title insurance policies) including the right to collect and receive such proceeds: and

all awards and other compensation (“Condemnation Awards”), including the interest payable thereon and the right to collect and receive the same, made to the present or any subsequent owner of the Property for the taking by eminent domain, condemnation or otherwise, of all or any part of the Property or any easement or other right therein;

(G) all right, title and interest of the Mortgagor in and to all consents, licenses, building permits, certificates of occupancy and other governmental approvals relating to construction, completion, occupancy, use or operation of the Property or any part thereof;

(H) all rights of the Mortgagor under all leases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whether now existing or entered into at any time hereafter, whereby any Person agrees to pay money to the Mortgagor or any consideration for the use, possession or occupancy of, or any estate in, the Land or any part thereof, and all rents, income, profits, benefits, avails, advantages and claims against guarantors under any thereof (all of the foregoing is herein referred to collectively as the “Leases”);;

(I) all rents, issues, profits, royalties, avails, income and other benefits derived by the Mortgagor from the Land (all of the foregoing is herein collectively called the “Rents”);

(J) all Accounts, Chattel Paper, Deposit Accounts, Documents, General Intangibles, Goods, Instruments, Inventory, Investment Property and Securities Accounts (as each such term is defined in the Uniform Commercial Code as in effect in the State of Illinois);

(K) all proceeds, both cash and noncash, of the foregoing; and

(All of the foregoing property and rights and interests now owned or held or subsequently acquired by the Mortgagor and described in the foregoing clauses (A) through (I) are collectively referred to as the “Mortgaged Property”); provided, however, that notwithstanding anything hereinabove to the contrary the maximum principal amount of the Indebtedness secured hereby at any one time shall not exceed \$72,000,000, plus all costs of enforcement and collection of this Mortgage, the Guaranty, the Subsidiary Note, the Loan Agreement and the other Loan Documents, plus the total amount of any advances made pursuant to the Loan Documents to protect the collateral and the security interest and lien created hereby; together with interest on all of the foregoing as provided in the Loan Documents.

TO HAVE AND TO HOLD the Mortgaged Property and the rights and privileges hereby granted unto the Mortgagee, its successors and assigns for the uses and purposes set forth, until all amounts owed by and obligations of the Mortgagor to the Mortgagee under the Loan Agreement, the Subsidiary Note, the Guaranty, the other Loan Documents, the other Subsidiary Loan Documents and any Hedging Agreements or in connection with any Bank Services (collectively, the “Indebtedness”) are paid.

1. Definitions. Capitalized terms used but not otherwise defined in this Mortgage shall have the respective meanings specified in the Loan Agreement .

2. Payment of Indebtedness. The Mortgagor shall pay the Indebtedness in accordance with the terms of the Loan Agreement, the Guaranty, the Subsidiary Note and each Hedging Agreement and perform each term to be performed by it under the Loan Agreement, the

Guaranty, the Subsidiary Note, each Hedging Agreement and the other Loan Documents and Subsidiary Loan Documents.

3. Insurance . The Mortgagor will at all times maintain or cause to be maintained on the Improvements and on all other Mortgaged Property, all casualty insurance required at any time or from time to time by the Loan Agreement. At the request of the Mortgagee, Mortgagor shall deliver to and keep deposited with the Mortgagee original certificates and copies of all such policies of casualty insurance maintained on the Mortgaged Property and renewals thereof, with premiums prepaid, and with standard non-contributory mortgagee and loss payable clauses satisfactory to the Mortgagee, and clauses providing for not less than 10 days' prior written notice to the Mortgagee of cancellation of such policies attached thereto in favor of the Mortgagee, its successors and assigns. While no Event of Default has occurred and is continuing any loss paid to the Mortgagee or Mortgagor under any such policies may be applied by the Mortgagor to rebuild or repair the damaged or destroyed Improvements or other Mortgaged Property. The Mortgagor further agrees that, upon the occurrence and during the continuance of an Event of Default, any loss paid to the Mortgagee or Mortgagor under any of such policies shall be applied, at the option of the Mortgagee, toward pre-payment of the Indebtedness as provided in the Loan Agreement, or to the rebuilding or repairing of the damaged or destroyed Improvements or other Mortgaged Property, as the Mortgagee in its sole and unreviewable discretion may elect. The Mortgagor hereby empowers the Mortgagee, in its reasonably exercised discretion, upon the occurrence and during the continuance of an Event of Default, to settle, compromise and adjust any and all claims or rights under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property. At all times other than during the continuance of an Event of Default, the Mortgagor shall have the exclusive right to settle, compromise, and adjust any and all claims, rights, or proceeds under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property. In the event of foreclosure of this Mortgage or other transfer of title to the Land in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee. Nothing contained in this Mortgage shall create any responsibility or obligation on the Mortgagee to collect any amounts owing on any insurance policy or resulting from any condemnation, to rebuild or replace any damaged or destroyed Improvements or other Mortgaged Property or to perform any other act hereunder. The Mortgagee shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and the Mortgagor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

4. Eminent Domain . In case the Mortgaged Property, or any part or interest in any thereof, is taken by condemnation, then upon the occurrence and during the continuance of an Event of Default, the Mortgagee is empowered to collect and receive all Condemnation Awards which may be paid for any property taken or for damages to any property not taken (all of which the Mortgagor hereby assigns to the Mortgagee), and all Condemnation Awards so received shall be forthwith applied by the Mortgagee, as it may elect in its sole and unreviewable discretion, to the prepayment of the Indebtedness, or to the repair and restoration of any property not so taken or damaged; provided, however, as long as no Event of Default has occurred and is continuing that any Condemnation Awards payable by reason of the taking of less than all of the Mortgaged

Property shall be made available to the extent required, as determined by the Mortgagee in its reasonable discretion, for the repair or restoration of any Mortgaged Property not so taken. The Mortgagor hereby empowers the Mortgagee, in the Mortgagee's reasonably exercised discretion, upon the occurrence and during the continuance of an Event of Default to settle, compromise and adjust any and all claims or rights arising under any condemnation or eminent domain proceeding relating to the Mortgaged Property or any portion thereof. At all times other than during the continuance of an Event of Default, the Mortgagor shall have the exclusive right to settle, compromise, and adjust any and all claims, rights, or proceeds under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property.

5. Assignment of Leases and Rents. All of the Mortgagor's interest in and rights under the Leases now existing or hereafter entered into, and all of the Rents, whether now due, past due, or to become due, and including all prepaid rents and security deposits, and all other amounts due with respect to any of the other Mortgaged Property, are hereby absolutely, presently and unconditionally assigned and conveyed to the Mortgagee to be applied by the Mortgagee in payment of all sums due with respect to, the Indebtedness and all other sums payable under this Mortgage. At all times other than during the continuance of any Event of Default, the Mortgagor shall have a license to collect and receive all Rents and other amounts, which license shall be terminated at the sole option of the Mortgagee, without regard to the adequacy of its security hereunder and without notice to or demand upon the Mortgagor, upon the occurrence and during the continuance of any Default. It is understood and agreed that neither the foregoing assignment to the Mortgagee nor the exercise by the Mortgagee of any of its rights or remedies under Section 7 hereof shall be deemed to make the Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or any portion thereof, unless and until the Mortgagee, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Property by any court at the request of the Mortgagee or by agreement with the Mortgagor, or the entering into possession of any part of the Mortgaged Property by such receiver, be deemed to make the Mortgagee a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof. Upon the occurrence and during the continuance of any Event of Default, this shall constitute a direction to and full authority to each lessee under any Leases, each guarantor of any of the Leases and any other Person obligated under any of the Mortgaged Property to pay all Rents and other amounts owing to the Mortgagor with respect to the Mortgaged Property to the Mortgagee without proof of the Event of Default relied upon. The Mortgagor hereby irrevocably authorizes each such Person to rely upon and comply with any notice or demand by the Mortgagee for the payment to the Mortgagee of any Rents and other amounts due or to become due to the Mortgagor with respect to the Mortgaged Property.

6. Other Covenants. At any time and from time to time, upon the written request of the Mortgagee, and at the sole expense of the Mortgagor, the Mortgagor will promptly and duly execute and deliver such further instruments and documents (which instruments and documents shall be in form and substance reasonably acceptable to Mortgagor) and take such further actions as the Mortgagee reasonably may request for the purposes of obtaining or preserving the full benefits of this Mortgage and of the rights and powers granted by this Mortgage.

7. Default: Remedies. (a) If an Event of Default has occurred and is continuing:

(i) In addition to all other remedies available to the Mortgagee at law or equity, the Mortgagee may proceed by suit to foreclose this Mortgage, to sue the Mortgagor for damages on account of or arising out of said continuing Event of Default or for specific performance of any provision contained herein, or to enforce any other appropriate legal or equitable right or remedy. The Mortgagee shall be entitled, as a matter of right, upon bill filed or other proper legal proceedings being commenced for the foreclosure of this Mortgage, to the appointment by any competent court or tribunal, without notice to the Mortgagor or any other party, of a receiver of the rents, issues and profits of the Mortgaged Property, with power to lease and control the Mortgaged Property and with such other powers as may be deemed necessary. The Mortgagor hereby authorizes and empowers the Mortgagee or the auctioneer at any foreclosure sale had hereunder, for and in the name of the Mortgagor, to execute and deliver to the purchaser or purchasers of any of the Mortgaged Property sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto. All payments received by the Mortgagee as proceeds of the Mortgaged Property, or any part thereof, as well as any and all amounts realized by the Mortgagee in connection with the enforcement of any right or remedy under or with respect to this Mortgage, shall be applied by the Mortgagee as set forth in Section 16 of the Loan Agreement. Several sales may be made under the provisions hereof without exhausting the right of sale for any remaining part of the Indebtedness whether then matured or unmatured, the purpose hereof being to provide for a foreclosure and sale of the Mortgaged Property for any matured part of the Indebtedness without exhausting any power of foreclosure and the power to sell the Mortgaged Property for any other part of the Indebtedness, whether matured at the time or subsequently maturing. In the event any excess sales proceeds remain after payment of costs of enforcement and the matured Indebtedness such excess shall be applied as provided in the Loan Agreement.

(ii) whether before or after institution of proceedings to foreclose the lien of this Mortgage or before or after the sale thereunder, the Mortgagee shall be entitled, in its discretion, to do all or any of the following: (a) enter and take actual possession of the rents, the leases and other Mortgaged Property relating thereto or any part thereof personally, or by its agents or attorneys, and exclude the Mortgagor therefrom; (b) with or without process of law, enter upon and take and maintain possession of copies of all of the documents, books, records, papers and accounts of the Mortgagor relating thereto, (provided Mortgagor will be supplied with copies of such documents, books and records if Mortgagor so requests); (c) as attorney-in-fact or agent of the Mortgagor, or in its own name as mortgagee and under the powers herein granted, hold, operate, manage and control the rents, the leases and other Mortgaged Property relating thereto and conduct the business, if any, thereof either personally or by its agents, contractors or nominees, with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment of the rents, the leases and other Mortgaged Property relating thereto (including actions for the recovery of rent, actions in forcible detainer and actions in distress of rent); (d) during the continuance of an Event of Default cancel or terminate any lease or sublease for any cause or on any ground which would entitle the Mortgagor to cancel the same; (e) elect to disaffirm any lease or sublease made subsequent hereto or subordinated to the lien hereof; (f) make all necessary or proper repairs, decorations, renewals,

replacements, alterations, additions, betterments and improvements to the Mortgaged Property that, in its discretion, may seem appropriate; (g) insure and reinsure the Mortgaged Property for all risks incidental to the Mortgagee's possession, operation and management thereof; and (h) receive all such rents and proceeds, and perform such other acts in connection with the management and operation of the Mortgaged Property, as the Mortgagee in its discretion may deem proper, the Mortgagor hereby granting the Mortgagee full power and authority to exercise each and every one of the rights, privileges and powers contained herein at any and all times after any Event of Default which is continuing without notice to the Mortgagor or any other Person. The Mortgagee, in the exercise of the rights and powers conferred upon it hereby, shall have full power to use and apply the rents to the payment of or on account of the following, in such order as it may determine: (xx) to the payment of the operating expenses of the Mortgaged Property, including the reasonable cost of management and leasing thereof (which shall include reasonable compensation to the Mortgagee and its agents or contractors, if management be delegated to agents or contractors, and it shall also include reasonable lease commissions and other reasonable compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized; (yy) to the payment of taxes, charges and special assessments, the costs of all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Mortgaged Property, including the cost from time to time of installing, replacing or repairing the Mortgaged Property as reasonably necessary for its use or sale, and of placing the Mortgaged Property in such condition as will, in the judgment of the Mortgagee, make it readily rentable; and (zz) to the payment of any Indebtedness. The entering upon and taking possession of the Mortgaged Property, or any part thereof, and the collection of any rents and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Mortgaged Property or any part thereof by the Mortgagee or a receiver and the collection, receipt and application of the rents, the Mortgagee shall be entitled to exercise every right provided for in this Mortgage or by law or in equity upon or after the occurrence of an Event of Default which is continuing. Any of the actions referred to in this Section may be taken by the Mortgagee without regard to the adequacy of the security for the Indebtedness.

8. Remedies Not Exclusive. The Mortgagee shall be entitled to enforce payment of the indebtedness and performance of the Indebtedness and to exercise all rights and powers under this Mortgage or under any of the other Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the Indebtedness may now or hereafter be otherwise secured, whether by deed of trust, deed to secure debt, mortgage, security agreement, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, shall prejudice or in any manner affect the Mortgagee's right to realize upon or enforce any other security now or hereafter held by the Mortgagee, it being agreed that the Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by the Mortgagee in such order and manner as the Mortgagee may determine in its absolute discretion. No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be

cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to the Mortgagee or to which they may otherwise be entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Mortgagee. In no event shall the Mortgagee, in the exercise of the remedies provided in this Mortgage (including, without limitation, in connection with the assignment of Rents to the Mortgagee, or the appointment of a receiver and the entry of such receiver on to all or any part of the Mortgaged Property), be deemed a "mortgagee in possession," and the Mortgagee shall not in any way be made liable for any act, either of commission or omission, in connection with the exercise of such remedies.

9. Performance by the Mortgagee of the Mortgagor's Indebtedness. If the Mortgagor fails to perform or comply with any of its agreements contained herein the Mortgagee, at its option, but without any obligation so to do, during the continuance of an Event of Default may perform or comply, or otherwise cause performance or compliance, with such agreement. The reasonable expenses of the Mortgagee incurred in connection with actions undertaken as provided in this Section, together with interest thereon at a rate per annum equal to the rate payable under the Subsidiary Note after the occurrence of an Event of Default (the "Default Rate"), from the date of payment by the Mortgagee, as applicable, to the date reimbursed by the Mortgagor, shall be payable by the Mortgagor to the Mortgagee on demand.

10. Duty of the Mortgagee. The Mortgagee's sole duty with respect to the custody, safekeeping and physical preservation of any Mortgaged Property in its possession, under the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as the Mortgagee deals with similar property for its own account. Neither the Mortgagee nor any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Mortgaged Property or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Mortgaged Property upon the request of the Mortgagor or any other Person or to take any other action whatsoever with regard to the Mortgaged Property or any part thereof.

11. Powers Coupled with an Interest. All powers, authorizations and agencies contained in this Mortgage are coupled with an interest and are irrevocable until the earlier of the date (a) this Mortgage is terminated and the lien created hereby is released and (b) the Indebtedness has been repaid in full and the Mortgagee has no further obligation to make any advances, or extend any credit hereunder or under any Loan Documents.

12. Filing of Financing Statements. The Mortgagor authorizes the Mortgagee to file financing statements with respect to the Mortgaged Property without the signature of the Mortgagor in such form and in such filing offices as the Mortgagee reasonably determines appropriate to perfect the security interests of the Mortgagee under this Mortgage. A carbon, photographic or other reproduction of this Mortgage shall be sufficient as a financing statement for filing in any jurisdiction.

13. Security Agreement under Uniform Commercial Code. (a) It is the intention of the parties hereto that this Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State in which the Mortgaged Property is located (the

“Uniform Commercial Code”). If an Event of Default shall occur, then in addition to having any other right or remedy available at law or in equity, the Mortgagee shall have the option of either (i) proceeding under the Uniform Commercial Code and exercising such rights and remedies as may be provided to a secured party by the Uniform Commercial Code with respect to all or any portion of the Mortgaged Property which is personal property (including, without limitation, taking possession of and selling such property) or (ii) treating such property as real property and proceeding with respect to both the real and personal property constituting the Mortgaged Property in accordance with the Mortgagee’s rights, powers and remedies with respect to the real property (in which event the default provisions of the Uniform Commercial Code shall not apply). If the Mortgagee, shall elect to proceed under the Uniform Commercial Code, then fifteen days’ notice of sale of the personal property shall be deemed reasonable notice and the reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall include, but not be limited to, attorneys’ fees and legal expenses. At the Mortgagee’s request, the Mortgagor shall assemble the personal property and make it available to the Mortgagee at a place designated by the Mortgagee which is reasonably convenient to both parties.

(b) The Mortgagor, the Additional Mortgagor and the Mortgagee agree, to the extent permitted by law, that this Mortgage upon recording or registration in the real estate records of the proper office shall constitute a financing statement filed as a “fixture filing” within the meaning of the Uniform Commercial Code.

14. Amendments in Writing; No Waiver; Cumulative Remedies. (a) None of the terms or provisions of this Mortgage may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Mortgagor and the Mortgagee in accordance with the terms of the Loan Agreement.

(b) No failure to exercise, nor any delay in exercising, on the part of the Mortgagee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Mortgagee of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Mortgagee would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

15. Successors and Assigns. This Mortgage shall run with the land and be binding upon the successors and assigns of the Mortgagor and shall inure to the benefit of the Mortgagee, the Lenders and their respective successors and assigns.

16. Mortgagor’s Waiver of Rights. THE MORTGAGOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART IS A TRANSACTION WHICH DOES NOT INCLUDE EITHER AGRICULTURAL REAL ESTATE (AS DEFINED IN THE ILLINOIS MORTGAGE FORECLOSURE LAW, 735 ILCS 5/15-1101 ET SEQ., HEREIN THE “ACT”), OR RESIDENTIAL REAL ESTATE (AS DEFINED IN THE ACT) EXCEPT AS OTHERWISE SET FORTH HEREIN, TO THE FULLEST EXTENT

PERMITTED BY LAW, THE MORTGAGOR WAIVES THE BENEFIT OF ALL LAWS NOW EXISTING OR THAT MAY SUBSEQUENTLY BE ENACTED PROVIDING FOR (I) ANY APPRAISEMENT BEFORE SALE OF ANY PORTION OF THE MORTGAGED PROPERTY, (II) ANY EXTENSION OF THE TIME FOR THE ENFORCEMENT OF THE COLLECTION OF THE INDEBTEDNESS OR THE CREATION OR EXTENSION OF A PERIOD OF REDEMPTION FROM ANY SALE MADE IN COLLECTING SUCH DEBT AND (III) EXEMPTION OF THE MORTGAGED PROPERTY FROM ATTACHMENT, LEVY OR SALE UNDER EXECUTION OR EXEMPTION FROM CIVIL PROCESS. EXCEPT AS OTHERWISE SET FORTH HEREIN, TO THE FULL EXTENT THE MORTGAGOR MAY DO SO, THE MORTGAGOR AGREES THAT THE MORTGAGOR WILL NOT AT ANY TIME INSIST UPON, PLEAD, CLAIM OR TAKE THE BENEFIT OR ADVANTAGE OF ANY LAW NOW OR HEREAFTER IN FORCE PROVIDING FOR ANY APPRAISEMENT, VALUATION, STAY, EXEMPTION, EXTENSION, REINSTATEMENT OR REDEMPTION, OR REQUIRING FORECLOSURE OF THIS MORTGAGE BEFORE EXERCISING ANY OTHER REMEDY GRANTED HEREUNDER AND THE MORTGAGOR, FOR THE MORTGAGOR AND ITS SUCCESSORS AND ASSIGNS, AND FOR ANY AND ALL PERSONS EVER CLAIMING ANY INTEREST IN THE MORTGAGED PROPERTY, TO THE EXTENT PERMITTED BY LAW, HEREBY WAIVES AND RELEASES ALL RIGHTS OF REINSTATEMENT, REDEMPTION, VALUATION, APPRAISEMENT STAY OF EXECUTION, NOTICE OF ELECTION TO MATURE OR DECLARE DUE THE WHOLE OF THE SECURED INDEBTEDNESS AND MARSHALLING IN THE EVENT OF FORECLOSURE OF THE LIENS HEREBY CREATED.

17. Partial Release; Full Release . The Mortgagee may release, for such consideration or none, as it may require, any portion of the Mortgaged Property without, as to the remainder of the Mortgaged Property, in any way impairing or affecting the lien, security interest and priority herein provided for the Mortgagee compared to any other lien holder or secured party. Upon full payment of all the Indebtedness and of all amounts owed by the Additional Mortgagor under the Loan Documents all in accordance with their respective terms and at the time and in the manner provided, and when the Mortgagee has no further obligation to make any advance, or extend any credit hereunder or under any Loan Documents, this conveyance shall be null and void, and thereafter, upon demand therefor, an appropriate instrument of reconveyance or release shall promptly be made by the Mortgagee to the Mortgagor, at the expense of the Mortgagor.

18. Notices . Each notice, demand or other communication in connection with this Mortgage shall be in writing and shall be given as provided in the Loan Agreement for notices required by the Loan Agreement except that notices to the Mortgagor shall be addressed to 1309 South Cicero Avenue, LLC, c/o Brad Foote Gear Works, Inc. at the address for notices to the Additional Mortgagor in the Loan Agreement.

19. Successors; The Mortgagor; Gender . All provisions hereof shall bind the Mortgagor and the Mortgagee and their respective permitted successors, vendees and assigns and shall inure to the benefit of the Mortgagee, its permitted successors and assigns, and the Mortgagor and its permitted successors and assigns. The Mortgagor shall not have any right to assign any of its rights hereunder. Except as limited by the preceding sentence, the word "Mortgagor" shall include all Persons claiming under or through the Mortgagor and all Persons liable for the

payment or performance by the Mortgagor of any of the Indebtedness whether or not such Persons shall have executed the Loan Agreement or this Mortgage. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

20. Care by the Mortgagee. The Mortgagee shall be deemed to have exercised reasonable care in the custody and preservation of any of the Mortgaged Property assigned by the Mortgagor to the Mortgagee or in the Mortgagee's possession if it takes such action for that purpose as the Mortgagor requests in writing, but failure of the Mortgagee to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Mortgagee to preserve or protect any rights with respect to such Mortgaged Property against prior parties, or to do any act with respect to the preservation of such Mortgaged Property not so requested by the Mortgagor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Mortgaged Property.

21. No Obligation on Mortgagee. This Mortgage is intended only as security for the Indebtedness. Anything herein to the contrary notwithstanding (i) the Mortgagor shall be and remain liable under and with respect to the Mortgaged Property to perform all of the obligations assumed by it under or with respect to each thereof, (ii) the Mortgagee shall have no obligation or liability under or with respect to the Mortgaged Property by reason or arising out of this Mortgage prior to a foreclosure or other sale of the Mortgaged Property pursuant to the terms hereof and (iii) the Mortgagee shall not be required or obligated in any manner to perform or fulfill any of the obligations of the Mortgagor under, pursuant to or with respect to any of the Mortgaged Property prior to a foreclosure or other sale of the Mortgaged Property pursuant to the terms hereof.

22. Governing Law, Submission to Jurisdiction. This Mortgage shall be governed by the laws of the state where the Land are located. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

23. JURY TRIAL. THE MORTGAGOR AND MORTGAGEE HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS MORTGAGE, THE LOAN AGREEMENT, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY

24. No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien hereof do not merge in fee simple title to the Land, it is hereby understood and agreed that should the Mortgagee acquire an additional or other interests in or to the Land or the ownership thereof, then, unless a contrary intent is manifested by the Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

25. Future Advances; Revolving Credit . This Mortgage is given to secure not only existing indebtedness, but also future advances made pursuant to or as provided in the Loan Agreement and the other Loan Documents, whether such advances are obligatory or to be made at the option of the Mortgagee, or otherwise, to the same extent as if such future advances were made on the date of execution of this Mortgage, although there may be no advance made at the time of execution hereof, and although there may be no indebtedness outstanding at the time any advance is made. To the fullest extent permitted by law, the lien of this Mortgage shall be valid as to all such indebtedness, including all revolving credit and future advances, from the time this Mortgage is recorded.

26. Joinder and Subordination by Additional Mortgagor . The Additional Mortgagor leases the Land and Improvements from the Mortgagor (as successor to BFG Cicero LLC which was the original landlord) pursuant to a Lease Agreement (the “ Facility Lease ”), dated as of August 22, 2007. The Additional Mortgagor hereby joins in the execution and delivery of this Mortgage and hereby grants, bargains, sells, mortgages, pledges and assigns unto Mortgagee and grants a security interest in all of Additional Mortgagor’s right, title and interest in and to the Facility Lease and the Land, the Improvements and the rest of the Mortgaged Property as security for the obligations of the Additional Mortgagor to the Mortgagee under the Loan Agreement and the Notes. The Additional Mortgagor joins in and makes on its own behalf for the benefit of the Mortgagee each of the agreements of the Mortgagor set forth herein with respect to the Mortgaged Property. The Additional Mortgagor hereby subordinates the Facility Lease and the leasehold estate created by the Facility Lease in the Mortgaged Property to the lien of this Mortgage.

27. Compliance with Illinois Mortgage Foreclosure Law . (a) If any provision of this Mortgage is inconsistent with any applicable provision of the Act, the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can fairly be construed in a manner consistent with the Act.

(b) Without in any way limiting or restricting any of Mortgagee’s rights, remedies, powers and authorities under this Mortgage, and in addition to all of such rights, remedies, powers, and authorities, Mortgagee shall also have and may exercise any and all rights, remedies, powers and authorities which the holder of a mortgage is permitted to have or exercise under the provisions of the Act, as the same may be amended from time to time. If any provision of this Mortgage grants to Mortgagee any rights, remedies, powers or authorities upon default of Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with all of the rights, remedies, powers and authorities granted in the Act to the fullest extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee, to the extent reimbursable under 735 ILCS 5/15-1510, 735 ILCS 5/15-1512, or any other provisions of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in any other provision of this Mortgage, shall be added to the indebtedness secured by this Mortgage and by the judgment of foreclosure.

IN WITNESS WHEREOF, the undersigned have caused this Mortgage to be duly executed and delivered as of the date first above written.

1309 SOUTH CICERO AVENUE, LLC, a
Delaware limited liability company

By: /s/ Ralph Placzek
Name: Ralph Placzek
Title: Authorized Signatory

BRAD FOOTE GEAR WORKS, INC.,
an Illinois corporation

By: /s/ Ralph Placzek
Name: Ralph Placzek
Title: Vice President – Finance and Treasurer

Exhibit A

Legal Description of the Land

PARCEL 1 :

THE EAST 400 FEET OF THE WEST 440 FEET OF THE SOUTH 100 FEET OF THE NORTH 233 FEET OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 2 :

THE SOUTH 100 FEET OF THE NORTH 133 FEET (EXCEPT THE EAST 33 FEET AND EXCEPT THE WEST 40 FEET) IN THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 3 :

THE SOUTH 15 FEET OF THE NORTH 148 FEET (EXCEPT THE WEST 440 FEET) OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

PARCEL 4 :

EASEMENT FOR THE BENEFIT OF PARCELS 1, 2 AND 3 AS CREATED BY GRANT OF EASEMENT FROM AMERICAN NATIONAL BANK AND TRUST COMPANY OF CHICAGO, AS TRUSTEE UNDER TRUST AGREEMENT NO. 8331 TO THE LEMONT REALTY COMPANY, AN ILLINOIS CORPORATION, DATED SEPTEMBER 20, 1958 AND RECORDED NOVEMBER 28, 1958 AS DOCUMENT 17389244 FOR INGRESS AND EGRESS;

(A) THE WEST 30.50 FEET OF THE FOLLOWING DESCRIBED PROPERTY TAKEN AS A TRACT; SOUTH 185 FEET OF THE NORTH 333 FEET (EXCEPT THE EAST 33 FEET AND EXCEPT THE WEST 440 FEET) OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN;

ALSO OVER

(B) THE EAST 33 FEET OF THE SOUTH 100 FEET OF THE NORTH 133 FEET OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL IN COOK COUNTY, ILLINOIS

P.I.N. 16-22-104-002-0000 and 16-22-104-010-0000

ADDRESS: 1309 S. Cicero Avenue, Cicero, Illinois

Document prepared by and
upon recordation to be
returned to:

Rex A. Palmer, Esq.
Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606

MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT
OF LEASES AND RENTS AND
FIXTURE FILING

dated as of January 15, 2009

From

BRAD FOOTE GEAR WORKS, INC., an Illinois corporation
formerly known as BFG Acquisition Corp., as Mortgagor

To

BANK OF AMERICA, N.A., as Mortgagee

MORTGAGE, SECURITY AGREEMENT
AND FIXTURE FILING

MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING, dated as of January 15, 2009 (this “Mortgage”), made by BRAD FOOTE GEAR WORKS, INC, an Illinois corporation formerly known as BFG Acquisition Corp. (the “Mortgagor”), with an address at 1309 South Cicero Avenue, Cicero, Illinois, 60650 to BANK OF AMERICA, N.A., a national banking association with an address at One Federal Street, Boston, Massachusetts 02110 (the “Mortgagee”).

Preliminary Statement

BFG Acquisition Corp. (now known as Brad Foote Gear works, Inc.) and LaSalle Bank NI (now known as Bank of America, N.A.) entered into a Loan and Security Agreement dated as of January 17, 1997 (as heretofor amended, as amended by an Omnibus Amendment Agreement of even date herewith and as hereafter amended, modified and restated from time to time, the “Loan Agreement”). Pursuant to the Loan Agreement the Mortgagee has agreed to loan the Mortgagor and its affiliates up to the aggregate amount of \$36,974,322.98 pursuant to and subject to the terms of the following promissory notes (as amended by an Omnibus Amendment Agreement of even date herewith and as hereafter amended, modified and restated from time to time collectively, the “Notes”):

1. \$7,000,000 Revolving Line of Credit Note dated December 8, 2008 from the Mortgagor to the order of Mortgagee (the “Revolving Line of Credit Note”) due March 15, 2009.
 2. \$11,000,000 Amended and Restated Equipment Line Note (Non-Revolving Line With Conversion) dated November 10, 2006, from the Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the “Equipment Loan A Note”) which is payable in monthly principal payments of \$183,333.33 plus interest commencing May 31, 2007 with a final payment due April 30, 2012.
 3. \$9,000,000 Equipment Line Note (Non-Revolving Line With Conversion) dated June 30, 2007, from the Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the “Equipment Loan B Note”) with monthly principal payments of \$147,958.13 plus interest commencing July 31, 2008 with a final payment due June 30, 2013.
 4. \$7,899,332.98 Consolidated Term Note dated February 1, 2006, from the Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the “Term Loan Note”) with monthly principal payments of \$131,655.55 plus interest commencing February 28, 2006 with a final payment due January 31, 2011.
 5. \$2,075,000 Term Note dated January 31, 2008 from 1309 South Cicero Avenue, LLC and 5100 Neville Road, LLC (collectively, the “Subsidiaries”) to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the “Subsidiary”).
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Note”) payable in monthly principal payments of \$34,583.33 plus interest with a final payment due January 31, 2013.

The Subsidiaries and the Mortgagor heretofore or hereafter may enter into interest rate, currency or commodity swap agreements, cap agreements or collar agreements or other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices with the Mortgagee or its affiliates (as hereafter amended, modified and restated from time to time collectively, the “Hedging Agreements”) or receive treasury or cash management services from the Mortgagee (the “Bank Services”).

Pursuant to the Loan Agreement the Mortgagor has executed and delivered to the Mortgagee a Unconditional Guaranty dated as of January 31, 2008 (the “Guaranty”) whereby the Mortgagor guaranteed the obligations of the Subsidiaries under the Subsidiary Note and any Hedging Agreement and the other Subsidiary Loan Documents.

It is a condition, among others, to the extension by the Mortgagee of the term of the Revolving Line of Credit Note that the Mortgagor shall have executed and delivered this Mortgage to the Mortgagee.

NOW, THEREFORE, in consideration of the premises and to induce the Mortgagee to amend the Loan Agreement and extend the term of the loan evidenced by the Revolving Line of Credit Note, the Mortgagor hereby agrees with the Mortgagee, as follows:

TO SECURE PAYMENT OF THE INDEBTEDNESS (DEFINED BELOW) INCLUDING ALL THE AMOUNTS ADVANCED TO OR FOR THE BENEFIT OF THE MORTGAGOR UNDER THE LOAN AGREEMENT AND THE SUBSIDIARY NOTE AND THE OBLIGATIONS OF THE MORTGAGOR UNDER THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE GUARANTY, THE SUBSIDIARY NOTE AND THE OTHER SUBSIDIARY LOAN DOCUMENTS, ALL HEDGING AGREEMENTS AND IN CONNECTION WITH ANY BANK SERVICES THE MORTGAGOR HEREBY MORTGAGES, GRANTS, ASSIGNS, TRANSFERS, WARRANTS AND SETS OVER TO THE MORTGAGEE, AND GRANTS THE MORTGAGEE A SECURITY INTEREST IN:

(A) the parcel(s) of real property described on Exhibit A (the “Land”); all buildings, structures, Fixtures, Equipment, and other improvements of every kind existing at any time and from time to time on or under the Land, together with any and all appurtenances to such buildings, structures or improvements, including sidewalks, utility pipes, conduits and lines, parking areas and roadways, and including all modifications, alterations, renovations, improvements and other additions to or changes in the Improvements at any time (“Improvements”); all agreements, easements, rights of way or use, rights of ingress or egress, privileges, appurtenances, tenements, hereditaments and other rights and benefits at any time belonging or pertaining to the Land or the Improvements, including, without limitation, the use of any streets, ways, alleys, vaults or strips of land adjoining, abutting, adjacent or contiguous to the Land and all permits, licenses and rights, whether or not of record, appurtenant to the Land (“Appurtenant Rights”); the Land, Improvements, Appurtenant Rights, Fixtures and Equipment being collectively referred to as the “Property”);

(B) all the estate, right, title, claim or demand whatsoever of the Mortgagor, in possession or expectancy, in and to the Property or any part thereof;

(C) all right, title and interest of the Mortgagor in and to all of the fixtures, furnishings and fittings of every kind and nature whatsoever, and all appurtenances and additions thereto and substitutions or replacements thereof (together with, in each case, attachments, components, parts and accessories) currently owned or subsequently acquired by the Mortgagor and now or subsequently attached to, or contained in or used or usable in any way in connection with any operation or letting of the Property, (all of the foregoing in this paragraph being referred to as the “Fixtures”);

(D) all right, title and interest of the Mortgagor in and to all of the fixtures, chattels, business machines, machinery, apparatus, equipment, furnishings, fittings and all appurtenances and additions thereto and substitutions or replacements thereof (together with, in each case, attachments, components, parts and accessories) currently owned or subsequently acquired by the Mortgagor and now or subsequently attached to, or contained in the Property, including but without limiting the generality of the foregoing, all screens, awnings, shades, blinds, curtains, draperies, artwork, carpets, rugs, storm doors and windows, furniture and furnishings, heating, electrical, and mechanical equipment, lighting, switchboards, plumbing, ventilating, air conditioning and air-cooling apparatus, refrigerating, and incinerating equipment, escalators, refrigerators, display cases, elevators, loading and unloading equipment and systems, stoves, ranges, laundry equipment, cleaning systems (including window cleaning apparatus), telephones, communication systems (including satellite dishes and antennae), televisions, computers, sprinkler systems and other fire prevention and extinguishing apparatus and materials, security systems, motors, engines, machinery, pipes, pumps, tanks, conduits, appliances, fittings and fixtures of every kind and description (all of the foregoing in this paragraph being referred to as the “Equipment”);

(E) all right, title and interest of the Mortgagor in and to all substitutes and replacements of, and all additions and improvements to, the Improvements and the Fixtures and Equipment, subsequently acquired by the Mortgagor or constructed, assembled or placed by the Mortgagor on the Land, immediately upon such acquisition, release, construction, assembling or placement, including, without limitation, any and all building materials whether stored at the Property or offsite, and, in each such case, without any further conveyance, mortgage, assignment or other act by the Mortgagor;

(F) all right, title and interest of the Mortgagor in and to all unearned premiums under insurance policies now or subsequently obtained by the Mortgagee relating to the Property or the Fixtures and the Mortgagor’s interest in and to all proceeds of any such insurance policies (including title insurance policies) including the right to collect and receive such proceeds: and all awards and other compensation (“Condemnation Awards”), including the interest payable thereon and the right to collect and receive the same, made to the present or any subsequent owner of the Property for the taking by eminent domain, condemnation or otherwise, of all or any part of the Property or any easement or other right therein;

(G) all right, title and interest of the Mortgagor in and to all consents, licenses, building permits, certificates of occupancy and other governmental approvals relating to construction, completion, occupancy, use or operation of the Property or any part thereof;

(H) all rights of the Mortgagor under all leases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whether now existing or entered into at any time hereafter, whereby any Person agrees to pay money to the Mortgagor or any consideration for the use, possession or occupancy of, or any estate in, the Land or any part thereof, and all rents, income, profits, benefits, avails, advantages and claims against guarantors under any thereof (all of the foregoing is herein referred to collectively as the “Leases”);

(I) all rents, issues, profits, royalties, avails, income and other benefits derived by the Mortgagor from the Land (all of the foregoing is herein collectively called the “Rents”); and

(J) all proceeds, both cash and noncash, of the foregoing;

(All of the foregoing property and rights and interests now owned or held or subsequently acquired by the Mortgagor and described in the foregoing clauses (A) through (I) are collectively referred to as the “Mortgaged Property”); provided, however, that notwithstanding anything hereinabove to the contrary the maximum principal amount of the Indebtedness secured hereby at any one time shall not exceed \$72,000,000, plus all costs of enforcement and collection of this Mortgage, the Guaranty, the Notes, the Loan Agreement and the other Loan Documents, plus the total amount of any advances made pursuant to the Loan Documents to protect the collateral and the security interest and lien created hereby; together with interest on all of the foregoing as provided in the Loan Documents.

TO HAVE AND TO HOLD the Mortgaged Property and the rights and privileges hereby granted unto the Mortgagee, its successors and assigns for the uses and purposes set forth, until all amounts owed by and obligations of the Mortgagor to the Mortgagee under the Loan Agreement, the Subsidiary Note, the Guaranty, the other Loan Documents, the other Subsidiary Loan Documents and any Hedging Agreements or in connection with any Bank Services (collectively, the “Indebtedness”) are paid.

1. Definitions. Capitalized terms used but not otherwise defined in this Mortgage shall have the respective meanings specified in the Loan Agreement .

2. Payment of Indebtedness. The Mortgagor shall pay the Indebtedness in accordance with the terms of the Loan Agreement, the Guaranty, the Subsidiary Note and each Hedging Agreement and perform each term to be performed by it under the Loan Agreement, the Guaranty, the Subsidiary Note, each Hedging Agreement and the other Loan Documents and Subsidiary Loan Documents.

3. Insurance. The Mortgagor will at all times maintain or cause to be maintained on the Improvements and on all other Mortgaged Property, all casualty insurance required at any time or from time to time by the Loan Agreement. At the request of the Mortgagee, Mortgagor shall deliver to and keep deposited with the Mortgagee original certificates and copies of all such policies of casualty insurance maintained on the Mortgaged Property and renewals thereof, with premiums prepaid, and with standard non-contributory mortgagee and loss payable clauses

satisfactory to the Mortgagee, and clauses providing for not less than 10 days' prior written notice to the Mortgagee of cancellation of such policies attached thereto in favor of the Mortgagee, its successors and assigns. While no Event of Default has occurred and is continuing any loss paid to the Mortgagee or Mortgagor under any such policies may be applied by the Mortgagor to rebuild or repair the damaged or destroyed Improvements or other Mortgaged Property. The Mortgagor further agrees that, upon the occurrence and during the continuance of an Event of Default, any loss paid to the Mortgagee or Mortgagor under any of such policies shall be applied, at the option of the Mortgagee, toward pre-payment of the Indebtedness as provided in the Loan Agreement, or to the rebuilding or repairing of the damaged or destroyed Improvements or other Mortgaged Property, as the Mortgagee in its sole and unreviewable discretion may elect. The Mortgagor hereby empowers the Mortgagee, in its reasonably exercised discretion, upon the occurrence and during the continuance of an Event of Default, to settle, compromise and adjust any and all claims or rights under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property. At all times other than during the continuance of an Event of Default, the Mortgagor shall have the exclusive right to settle, compromise, and adjust any and all claims, rights, or proceeds under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property. In the event of foreclosure of this Mortgage or other transfer of title to the Land in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee. Nothing contained in this Mortgage shall create any responsibility or obligation on the Mortgagee to collect any amounts owing on any insurance policy or resulting from any condemnation, to rebuild or replace any damaged or destroyed Improvements or other Mortgaged Property or to perform any other act hereunder. The Mortgagee shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and the Mortgagor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

4. Eminent Domain. In case the Mortgaged Property, or any part or interest in any thereof, is taken by condemnation, then upon the occurrence and during the continuance of an Event of Default, the Mortgagee is empowered to collect and receive all Condemnation Awards which may be paid for any property taken or for damages to any property not taken (all of which the Mortgagor hereby assigns to the Mortgagee), and all Condemnation Awards so received shall be forthwith applied by the Mortgagee, as it may elect in its sole and unreviewable discretion, to the prepayment of the Indebtedness, or to the repair and restoration of any property not so taken or damaged; provided, however, as long as no Event of Default has occurred and is continuing that any Condemnation Awards payable by reason of the taking of less than all of the Mortgaged Property shall be made available to the extent required, as determined by the Mortgagee in its reasonable discretion, for the repair or restoration of any Mortgaged Property not so taken. The Mortgagor hereby empowers the Mortgagee, in the Mortgagee's reasonably exercised discretion, upon the occurrence and during the continuance of an Event of Default to settle, compromise and adjust any and all claims or rights arising under any condemnation or eminent domain proceeding relating to the Mortgaged Property or any portion thereof. At all times other than during the continuance of an Event of Default, the Mortgagor shall have the exclusive right to settle, compromise, and adjust any and all claims, rights, or proceeds under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property.

5. Assignment of Leases and Rent . All of the Mortgagor's interest in and rights under the Leases now existing or hereafter entered into, and all of the Rents, whether now due, past due, or to become due, and including all prepaid rents and security deposits, and all other amounts due with respect to any of the other Mortgaged Property, are hereby absolutely, presently and unconditionally assigned and conveyed to the Mortgagee to be applied by the Mortgagee in payment of all sums due with respect to, the Indebtedness and all other sums payable under this Mortgage. At all times other than during the continuance of any Event of Default, the Mortgagor shall have a license to collect and receive all Rents and other amounts, which license shall be terminated at the sole option of the Mortgagee, without regard to the adequacy of its security hereunder and without notice to or demand upon the Mortgagor, upon the occurrence and during the continuance of any Default. It is understood and agreed that neither the foregoing assignment to the Mortgagee nor the exercise by the Mortgagee of any of its rights or remedies under Section 7 hereof shall be deemed to make the Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or any portion thereof, unless and until the Mortgagee, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Property by any court at the request of the Mortgagee or by agreement with the Mortgagor, or the entering into possession of any part of the Mortgaged Property by such receiver, be deemed to make the Mortgagee a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof. Upon the occurrence and during the continuance of any Event of Default, this shall constitute a direction to and full authority to each lessee under any Leases, each guarantor of any of the Leases and any other Person obligated under any of the Mortgaged Property to pay all Rents and other amounts owing to the Mortgagor with respect to the Mortgaged Property to the Mortgagee without proof of the Event of Default relied upon. The Mortgagor hereby irrevocably authorizes each such Person to rely upon and comply with any notice or demand by the Mortgagee for the payment to the Mortgagee of any Rents and other amounts due or to become due to the Mortgagor with respect to the Mortgaged Property.

6. Other Covenants . At any time and from time to time, upon the written request of the Mortgagee, and at the sole expense of the Mortgagor, the Mortgagor will promptly and duly execute and deliver such further instruments and documents (which instruments and documents shall be in form and substance reasonably acceptable to Mortgagor) and take such further actions as the Mortgagee reasonably may request for the purposes of obtaining or preserving the full benefits of this Mortgage and of the rights and powers granted by this Mortgage.

7. Default: Remedies . (a) If an Event of Default has occurred and is continuing:

(i) In addition to all other remedies available to the Mortgagee at law or equity, the Mortgagee may proceed by suit to foreclose this Mortgage, to sue the Mortgagor for damages on account of or arising out of said continuing Event of Default or for specific performance of any provision contained herein, or to enforce any other appropriate legal or equitable right or remedy. The Mortgagee shall be entitled, as a matter of right, upon bill filed or other proper legal proceedings being commenced for the foreclosure of this Mortgage, to the appointment by any competent court or tribunal, without notice to the Mortgagor or any other party, of a receiver of the rents, issues and profits of the Mortgaged Property, with power to lease and control the Mortgaged

Property and with such other powers as may be deemed necessary. The Mortgagor hereby authorizes and empowers the Mortgagee or the auctioneer at any foreclosure sale had hereunder, for and in the name of the Mortgagor, to execute and deliver to the purchaser or purchasers of any of the Mortgaged Property sold at foreclosure good and sufficient deeds of conveyance or bills of sale thereto. All payments received by the Mortgagee as proceeds of the Mortgaged Property, or any part thereof, as well as any and all amounts realized by the Mortgagee in connection with the enforcement of any right or remedy under or with respect to this Mortgage, shall be applied by the Mortgagee as set forth in Section 16 of the Loan Agreement. Several sales may be made under the provisions hereof without exhausting the right of sale for any remaining part of the Indebtedness whether then matured or unmatured, the purpose hereof being to provide for a foreclosure and sale of the Mortgaged Property for any matured part of the Indebtedness without exhausting any power of foreclosure and the power to sell the Mortgaged Property for any other part of the Indebtedness, whether matured at the time or subsequently maturing. In the event any excess sales proceeds remain after payment of costs of enforcement and the matured Indebtedness such excess shall be applied as provided in the Loan Agreement.

(ii) whether before or after institution of proceedings to foreclose the lien of this Mortgage or before or after the sale thereunder, the Mortgagee shall be entitled, in its discretion, to do all or any of the following: (a) enter and take actual possession of the rents, the leases and other Mortgaged Property relating thereto or any part thereof personally, or by its agents or attorneys, and exclude the Mortgagor therefrom; (b) with or without process of law, enter upon and take and maintain possession of copies of all of the documents, books, records, papers and accounts of the Mortgagor relating thereto, (provided Mortgagor will be supplied with copies of such documents, books and records if Mortgagor so requests); (c) as attorney-in-fact or agent of the Mortgagor, or in its own name as mortgagee and under the powers herein granted, hold, operate, manage and control the rents, the leases and other Mortgaged Property relating thereto and conduct the business, if any, thereof either personally or by its agents, contractors or nominees, with full power to use such measures, legal or equitable, as in its discretion or in the discretion of its successors or assigns may be deemed proper or necessary to enforce the payment of the rents, the leases and other Mortgaged Property relating thereto (including actions for the recovery of rent, actions in forcible detainer and actions in distress of rent); (d) during the continuance of an Event of Default cancel or terminate any lease or sublease for any cause or on any ground which would entitle the Mortgagor to cancel the same; (e) elect to disaffirm any lease or sublease made subsequent hereto or subordinated to the lien hereof; (f) make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements to the Mortgaged Property that, in its discretion, may seem appropriate; (g) insure and reinsure the Mortgaged Property for all risks incidental to the Mortgagee's possession, operation and management thereof; and (h) receive all such rents and proceeds, and perform such other acts in connection with the management and operation of the Mortgaged Property, as the Mortgagee in its discretion may deem proper, the Mortgagor hereby granting the Mortgagee full power and authority to exercise each and every one of the rights, privileges and powers contained herein at any and all times after any Event of Default which is continuing without notice to the Mortgagor or any other Person. The

Mortgagee, in the exercise of the rights and powers conferred upon it hereby, shall have full power to use and apply the rents to the payment of or on account of the following, in such order as it may determine: (xx) to the payment of the operating expenses of the Mortgaged Property, including the reasonable cost of management and leasing thereof (which shall include reasonable compensation to the Mortgagee and its agents or contractors, if management be delegated to agents or contractors, and it shall also include reasonable lease commissions and other reasonable compensation and expenses of seeking and procuring tenants and entering into leases), established claims for damages, if any, and premiums on insurance hereinabove authorized; (yy) to the payment of taxes, charges and special assessments, the costs of all repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements of the Mortgaged Property, including the cost from time to time of installing, replacing or repairing the Mortgaged Property as reasonably necessary for its use or sale, and of placing the Mortgaged Property in such condition as will, in the judgment of the Mortgagee, make it readily rentable; and (zz) to the payment of any Indebtedness. The entering upon and taking possession of the Mortgaged Property, or any part thereof, and the collection of any rents and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice or default hereunder or invalidate any act done pursuant to any such default or notice, and, notwithstanding continuance in possession of the Mortgaged Property or any part thereof by the Mortgagee or a receiver and the collection, receipt and application of the rents, the Mortgagee shall be entitled to exercise every right provided for in this Mortgage or by law or in equity upon or after the occurrence of an Event of Default which is continuing. Any of the actions referred to in this Section may be taken by the Mortgagee without regard to the adequacy of the security for the Indebtedness.

8. Remedies Not Exclusive. The Mortgagee shall be entitled to enforce payment of the indebtedness and performance of the Indebtedness and to exercise all rights and powers under this Mortgage or under any of the other Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the Indebtedness may now or hereafter be otherwise secured, whether by deed of trust, deed to secure debt, mortgage, security agreement, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, shall prejudice or in any manner affect the Mortgagee's right to realize upon or enforce any other security now or hereafter held by the Mortgagee, it being agreed that the Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by the Mortgagee in such order and manner as the Mortgagee may determine in its absolute discretion. No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to the Mortgagee or to which they may otherwise be entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Mortgagee. In no event shall the Mortgagee, in the exercise of the remedies provided in this Mortgage (including, without limitation, in connection with the assignment of Rents to the Mortgagee, or the appointment of a receiver and the entry of such receiver on to all or any part of the Mortgaged Property), be deemed a "mortgagee in possession," and the Mortgagee shall not in

any way be made liable for any act, either of commission or omission, in connection with the exercise of such remedies.

9. Performance by the Mortgagee of the Mortgagor's Indebtedness . If the Mortgagor fails to perform or comply with any of its agreements contained herein the Mortgagee, at its option, but without any obligation so to do, during the continuance of an Event of Default may perform or comply, or otherwise cause performance or compliance, with such agreement. The reasonable expenses of the Mortgagee incurred in connection with actions undertaken as provided in this Section, together with interest thereon at a rate per annum equal to the rate payable under the Notes after the occurrence of an Event of Default (the "Default Rate"), from the date of payment by the Mortgagee, as applicable, to the date reimbursed by the Mortgagor, shall be payable by the Mortgagor to the Mortgagee on demand.

10. Duty of the Mortgagee . The Mortgagee's sole duty with respect to the custody, safekeeping and physical preservation of any Mortgaged Property in its possession, under the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as the Mortgagee deals with similar property for its own account. Neither the Mortgagee nor any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Mortgaged Property or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Mortgaged Property upon the request of the Mortgagor or any other Person or to take any other action whatsoever with regard to the Mortgaged Property or any part thereof.

11. Powers Coupled with an Interest . All powers, authorizations and agencies contained in this Mortgage are coupled with an interest and are irrevocable until the earlier of the date (a) this Mortgage is terminated and the lien created hereby is released and (b) the Indebtedness has been repaid in full and the Mortgagee has no further obligation to make any advances , or extend any credit hereunder or under any Loan Documents.

12. Filing of Financing Statements . The Mortgagor authorizes the Mortgagee to file financing statements with respect to the Mortgaged Property without the signature of the Mortgagor in such form and in such filing offices as the Mortgagee reasonably determines appropriate to perfect the security interests of the Mortgagee under this Mortgage. A carbon, photographic or other reproduction of this Mortgage shall be sufficient as a financing statement for filing in any jurisdiction.

13. Security Agreement under Uniform Commercial Code . (a) It is the intention of the parties hereto that this Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State in which the Mortgaged Property is located (the "Uniform Commercial Code"). If an Event of Default shall occur, then in addition to having any other right or remedy available at law or in equity, the Mortgagee shall have the option of either (i) proceeding under the Uniform Commercial Code and exercising such rights and remedies as may be provided to a secured party by the Uniform Commercial Code with respect to all or any portion of the Mortgaged Property which is personal property (including, without limitation, taking possession of and selling such property) or (ii) treating such property as real property and proceeding with respect to both the real and personal property constituting the Mortgaged Property in accordance with the Mortgagee's rights, powers and remedies with respect to the real

property (in which event the default provisions of the Uniform Commercial Code shall not apply). If the Mortgagee, shall elect to proceed under the Uniform Commercial Code, then fifteen days' notice of sale of the personal property shall be deemed reasonable notice and the reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall include, but not be limited to, attorneys' fees and legal expenses. At the Mortgagee's request, the Mortgagor shall assemble the personal property and make it available to the Mortgagee at a place designated by the Mortgagee which is reasonably convenient to both parties.

(b) The Mortgagor and the Mortgagee agree, to the extent permitted by law, that this Mortgage upon recording or registration in the real estate records of the proper office shall constitute a financing statement filed as a "fixture filing" within the meaning of the Uniform Commercial Code.

14. Amendments in Writing; No Waiver; Cumulative Remedies. (a) None of the terms or provisions of this Mortgage may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Mortgagor and the Mortgagee in accordance with the terms of the Loan Agreement.

(b) No failure to exercise, nor any delay in exercising, on the part of the Mortgagee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Mortgagee of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Mortgagee would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

15. Successors and Assigns. This Mortgage shall run with the land and be binding upon the successors and assigns of the Mortgagor and shall inure to the benefit of the Mortgagee, the Lenders and their respective successors and assigns.

16. Mortgagor's Waiver of Rights. THE MORTGAGOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART IS A TRANSACTION WHICH DOES NOT INCLUDE EITHER AGRICULTURAL REAL ESTATE (AS DEFINED IN THE ILLINOIS MORTGAGE FORECLOSURE LAW, 735 ILCS 5/15-1101 ET SEQ., HEREIN THE "ACT"), OR RESIDENTIAL REAL ESTATE (AS DEFINED IN THE ACT) EXCEPT AS OTHERWISE SET FORTH HEREIN, TO THE FULLEST EXTENT PERMITTED BY LAW, THE MORTGAGOR WAIVES THE BENEFIT OF ALL LAWS NOW EXISTING OR THAT MAY SUBSEQUENTLY BE ENACTED PROVIDING FOR (I) ANY APPRAISEMENT BEFORE SALE OF ANY PORTION OF THE MORTGAGED PROPERTY, (II) ANY EXTENSION OF THE TIME FOR THE ENFORCEMENT OF THE COLLECTION OF THE INDEBTEDNESS OR THE CREATION OR EXTENSION OF A PERIOD OF REDEMPTION FROM ANY SALE MADE IN COLLECTING SUCH DEBT AND (III) EXEMPTION OF THE MORTGAGED PROPERTY FROM ATTACHMENT, LEVY OR SALE UNDER EXECUTION OR EXEMPTION FROM CIVIL PROCESS.

EXCEPT AS OTHERWISE SET FORTH HEREIN, TO THE FULL EXTENT THE MORTGAGOR MAY DO SO, THE MORTGAGOR AGREES THAT THE MORTGAGOR WILL NOT AT ANY TIME INSIST UPON, PLEAD, CLAIM OR TAKE THE BENEFIT OR ADVANTAGE OF ANY LAW NOW OR HEREAFTER IN FORCE PROVIDING FOR ANY APPRAISEMENT, VALUATION, STAY, EXEMPTION, EXTENSION, REINSTATEMENT OR REDEMPTION, OR REQUIRING FORECLOSURE OF THIS MORTGAGE BEFORE EXERCISING ANY OTHER REMEDY GRANTED HEREUNDER AND THE MORTGAGOR, FOR THE MORTGAGOR AND ITS SUCCESSORS AND ASSIGNS, AND FOR ANY AND ALL PERSONS EVER CLAIMING ANY INTEREST IN THE MORTGAGED PROPERTY, TO THE EXTENT PERMITTED BY LAW, HEREBY WAIVES AND RELEASES ALL RIGHTS OF REINSTATEMENT, REDEMPTION, VALUATION, APPRAISEMENT STAY OF EXECUTION, NOTICE OF ELECTION TO MATURE OR DECLARE DUE THE WHOLE OF THE SECURED INDEBTEDNESS AND MARSHALLING IN THE EVENT OF FORECLOSURE OF THE LIENS HEREBY CREATED.

17. Partial Release; Full Release. The Mortgagee may release, for such consideration or none, as it may require, any portion of the Mortgaged Property without, as to the remainder of the Mortgaged Property, in any way impairing or affecting the lien, security interest and priority herein provided for the Mortgagee compared to any other lien holder or secured party. Upon full payment of all the Indebtedness in accordance with its respective terms and at the time and in the manner provided, and when the Mortgagee has no further obligation to make any advance, or extend any credit hereunder or under any Loan Documents, this conveyance shall be null and void, and thereafter, upon demand therefor, an appropriate instrument of reconveyance or release shall promptly be made by the Mortgagee to the Mortgagor, at the expense of the Mortgagor.

18. Notices. Each notice, demand or other communication in connection with this Mortgage shall be in writing and shall be given as provided in the Loan Agreement for notices required by the Loan Agreement.

19. Successors; The Mortgagor; Gender. All provisions hereof shall bind the Mortgagor and the Mortgagee and their respective permitted successors, vendees and assigns and shall inure to the benefit of the Mortgagee, its permitted successors and assigns, and the Mortgagor and its permitted successors and assigns. The Mortgagor shall not have any right to assign any of its rights hereunder. Except as limited by the preceding sentence, the word "Mortgagor" shall include all Persons claiming under or through the Mortgagor and all Persons liable for the payment or performance by the Mortgagor of any of the Indebtedness whether or not such Persons shall have executed the Loan Agreement or this Mortgage. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

20. Care by the Mortgagee. The Mortgagee shall be deemed to have exercised reasonable care in the custody and preservation of any of the Mortgaged Property assigned by the Mortgagor to the Mortgagee or in the Mortgagee's possession if it takes such action for that purpose as the Mortgagor requests in writing, but failure of the Mortgagee to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Mortgagee to preserve or protect any rights with respect to such

Mortgaged Property against prior parties, or to do any act with respect to the preservation of such Mortgaged Property not so requested by the Mortgagor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Mortgaged Property.

21. No Obligation on Mortgagee. This Mortgage is intended only as security for the Indebtedness. Anything herein to the contrary notwithstanding (i) the Mortgagor shall be and remain liable under and with respect to the Mortgaged Property to perform all of the obligations assumed by it under or with respect to each thereof, (ii) the Mortgagee shall have no obligation or liability under or with respect to the Mortgaged Property by reason or arising out of this Mortgage prior to a foreclosure or other sale of the Mortgaged Property pursuant to the terms hereof and (iii) the Mortgagee shall not be required or obligated in any manner to perform or fulfill any of the obligations of the Mortgagor under, pursuant to or with respect to any of the Mortgaged Property prior to a foreclosure or other sale of the Mortgaged Property pursuant to the terms hereof.

22. Governing Law, Submission to Jurisdiction. This Mortgage shall be governed by the laws of the state where the Land are located. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

23. JURY TRIAL. THE MORTGAGOR AND MORTGAGEE HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS MORTGAGE, THE LOAN AGREEMENT, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY

24. No Merger. It being the desire and intention of the parties hereto that this Mortgage and the lien hereof do not merge in fee simple title to the Land, it is hereby understood and agreed that should the Mortgagee acquire an additional or other interests in or to the Land or the ownership thereof, then, unless a contrary intent is manifested by the Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

25. Future Advances; Revolving Credit. This Mortgage is given to secure not only existing indebtedness, but also future advances made pursuant to or as provided in the Loan Agreement and the other Loan Documents, whether such advances are obligatory or to be made at the option of the Mortgagee, or otherwise, to the same extent as if such future advances were made on the date of execution of this Mortgage, although there may be no advance made at the time of execution hereof, and although there may be no indebtedness outstanding at the time any advance is made. To the fullest extent permitted by law, the lien of this Mortgage shall be valid as to all such indebtedness, including all revolving credit and future advances, from the time this Mortgage is recorded.

26. Compliance with Illinois Mortgage Foreclosure Law . (a) If any provision of this Mortgage is inconsistent with any applicable provision of the Act, the provisions of the Act shall take precedence over the provisions of this Mortgage, but shall not invalidate or render unenforceable any other provision of this Mortgage that can fairly be construed in a manner consistent with the Act.

(b) Without in any way limiting or restricting any of Mortgagee's rights, remedies, powers and authorities under this Mortgage, and in addition to all of such rights, remedies, powers, and authorities, Mortgagee shall also have and may exercise any and all rights, remedies, powers and authorities which the holder of a mortgage is permitted to have or exercise under the provisions of the Act, as the same may be amended from time to time. If any provision of this Mortgage grants to Mortgagee any rights, remedies, powers or authorities upon default of Mortgagor which are more limited than the rights that would otherwise be vested in Mortgagee under the Act in the absence of said provision, Mortgagee shall be vested with all of the rights, remedies, powers and authorities granted in the Act to the fullest extent permitted by law.

(c) Without limiting the generality of the foregoing, all expenses incurred by Mortgagee, to the extent reimbursable under 735 ILCS 5/15-1510, 735 ILCS 5/15-1512, or any other provisions of the Act, whether incurred before or after any decree or judgment of foreclosure, and whether or not enumerated in any other provision of this Mortgage, shall be added to the indebtedness secured by this Mortgage and by the judgment of foreclosure.

IN WITNESS WHEREOF, the undersigned has caused this Mortgage to be duly executed and delivered as of the date first above written.

BRAD FOOTE GEAR WORKS, INC.,
an Illinois Corporation

By: /s/ Ralph Placzek

Name: Ralph Placzek

Title: Vice President – Finance and Treasurer

N-1

Exhibit A

Legal Description of the Land

THE SOUTH 185 FEET OF THE NORTH 333 FEET (EXCEPT THE EAST 33 FEET AND EXCEPT THE WEST 440 FEET) OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN.

ALSO:

THE EAST 33 FEET OF THE SOUTH 300 FEET OF THE NORTH 333 FEET (EXCEPT THE SOUTH 15 FEET AND THE NORTH 115 FEET THEREOF) OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

P.I.N. 16-22-104-009-0000

ADDRESS: 1310 S. 47th Avenue, Cicero, Illinois

Document prepared by and
upon recordation to be
returned to:

Rex A. Palmer, Esq.
Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606

OPEN-END FEE AND LEASEHOLD
MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT
OF LEASES AND RENTS AND
FIXTURE FILING

executed on the dates set forth in the acknowledgments hereto
and effective as of January 15, 2009

From

5100 NEVILLE ROAD, LLC,
a Delaware limited liability company, as Mortgagor

and

BRAD FOOTE GEAR WORKS, INC., an Illinois corporation
formerly known as BFG Acquisition Corp., as Additional Mortgagor

To

BANK OF AMERICA, N.A., as Mortgagee

THIS INSTRUMENT SECURES PRESENT AND FUTURE INDEBTEDNESS, OBLIGATIONS AND ADVANCES UP TO A MAXIMUM PRINCIPAL AMOUNT OF \$72,000,000.

THIS INSTRUMENT IS ALSO A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO 13 PA. C.S.A. § 9334 AND 13 PA. C.S.A. § 9501 OF THE PENNSYLVANIA UNIFORM COMMERCIAL CODE.

OPEN-END FEE AND LEASEHOLD
MORTGAGE, SECURITY AGREEMENT
AND FIXTURE FILING

OPEN-END FEE AND LEASEHOLD MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING, executed on the dates set forth in the acknowledgments hereto and effective as of January 15, 2009 (this "Mortgage"), made by 5100 NEVILLE ROAD, LLC, a Delaware limited liability company (the "Mortgagor") with an address at 1309 South Cicero Avenue, Cicero, Illinois, 60650 and BRAD FOOTE GEAR WORKS, INC, an Illinois corporation formerly known as BFG Acquisition Corp. (the "Additional Mortgagor"), with an address at 1309 South Cicero Avenue, Cicero, Illinois, 60650 to BANK OF AMERICA, N.A., a national banking association with an address at One Federal Street, Boston, Massachusetts 02110 (the "Mortgagee").

Preliminary Statement

BFG Acquisition Corp. (now known as Brad Foote Gear works, Inc.) and LaSalle Bank NI (now known as Bank of America, N.A.) entered into a Loan and Security Agreement dated as of January 17, 1997 (as heretofore amended, as amended by an Omnibus Amendment Agreement of even date herewith and as hereafter amended, modified and restated from time to time, the "Loan Agreement"). Pursuant to the Loan Agreement the Mortgagee has agreed to loan the Additional Mortgagor and its affiliates (including the Mortgagor) up to the aggregate amount of \$36,974,322.98 pursuant to and subject to the terms of the following promissory notes (as amended by an Omnibus Amendment Agreement of even date herewith and as hereafter amended, modified and restated from time to time collectively, the "Notes"):

1. \$7,000,000 Revolving Line of Credit Note dated December 8, 2008 from the Additional Mortgagor to the order of Mortgagee (the "Revolving Line of Credit Note") due March 15, 2009.
 2. \$11,000,000 Amended and Restated Equipment Line Note (Non-Revolving Line With Conversion) dated November 10, 2006, from the Additional Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the "Equipment Loan A Note") which is payable in monthly principal payments of \$183,333.33 plus interest commencing May 31, 2007 with a final payment due April 30, 2012.
 3. \$9,000,000 Equipment Line Note (Non-Revolving Line With Conversion) dated June 30, 2007, from the Additional Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the "Equipment Loan B Note") with monthly principal payments of \$147,958.13 plus interest commencing July 31, 2008 with a final payment due June 30, 2013.
 4. \$7,899,332.98 Consolidated Term Note dated February 1, 2006, from the Additional Mortgagor to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the "Term Loan Note") with monthly principal payments of
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\$131,655.55 plus interest commencing February 28, 2006 with a final payment due January 31, 2011.

5. \$2,075,000 Term Note dated January 31, 2008 from the Mortgagor and 1309 South Cicero Avenue, LLC (collectively, the “Subsidiaries”) to the order of Mortgagee (as modified by Note Modification Agreement dated as of December 8, 2008, the “Subsidiary Note”) payable in monthly principal payments of \$34,583.33 plus interest with a final payment due January 31, 2013.

The Subsidiaries and the Additional Mortgagor heretofore or hereafter may enter into interest rate, currency or commodity swap agreements, cap agreements or collar agreements or other agreements or arrangements designed to protect such Person against fluctuations in interest rates, currency exchange rates or commodity prices with the Mortgagee or its affiliates (as hereafter amended, modified and restated from time to time collectively, the “Hedging Agreements”) or receive treasury or cash management services from the Mortgagee (the “Bank Services”).

Pursuant to the Loan Agreement the Mortgagor has executed and delivered to the Mortgagee a Continuing Guaranty dated as of the date hereof (the “Guaranty”) whereby the Mortgagor guaranteed the obligations of the Additional Mortgagor under the Loan Agreement, the Subsidiary Note, any Hedging Agreement and the other Loan Documents or any Bank Services.

The Mortgagor is the record owner of the Land (defined below).

It is a condition, among others, to the extension by the Mortgagee of the term of the Revolving Line of Credit Note that the Mortgagor shall have executed and delivered this Mortgage to the Mortgagee.

NOW, THEREFORE, in consideration of the premises and to induce the Mortgagee to amend the Loan Agreement and extend the term of the loan evidenced by the Revolving Line of Credit Note, the Mortgagor hereby agrees with the Mortgagee, as follows:

TO SECURE PAYMENT OF THE INDEBTEDNESS (DEFINED BELOW) INCLUDING ALL THE AMOUNTS ADVANCED TO OR FOR THE BENEFIT OF THE MORTGAGOR UNDER THE LOAN AGREEMENT AND THE SUBSIDIARY NOTE AND THE OBLIGATIONS OF THE MORTGAGOR UNDER THE LOAN AGREEMENT AND THE OTHER LOAN DOCUMENTS, THE GUARANTY, THE SUBSIDIARY NOTE AND THE OTHER SUBSIDIARY LOAN DOCUMENTS, ALL HEDGING AGREEMENTS AND IN CONNECTION WITH ANY BANK SERVICES THE MORTGAGOR HEREBY MORTGAGES, GRANTS, ASSIGNS, TRANSFERS, WARRANTS AND SETS OVER TO THE MORTGAGEE, AND GRANTS THE MORTGAGEE A SECURITY INTEREST IN:

(A) the parcel(s) of real property described on Exhibit A (the “Land”); all buildings, structures, Fixtures, Equipment, and other improvements of every kind existing at any time and from time to time on or under the Land, together with any and all appurtenances to such buildings, structures or improvements, including sidewalks, utility pipes, conduits and lines, parking areas and roadways, and including all modifications, alterations, renovations,

improvements and other additions to or changes in the Improvements at any time (“Improvements”); all agreements, easements, rights of way or use, rights of ingress or egress, privileges, appurtenances, tenements, hereditaments and other rights and benefits at any time belonging or pertaining to the Land or the Improvements, including, without limitation, the use of any streets, ways, alleys, vaults or strips of land adjoining, abutting, adjacent or contiguous to the Land and all permits, licenses and rights, whether or not of record, appurtenant to the Land (“Appurtenant Rights”); the Land, Improvements, Appurtenant Rights, Fixtures and Equipment being collectively referred to as the “Property”);

(B) all the estate, right, title, claim or demand whatsoever of the Mortgagor, in possession or expectancy, in and to the Property or any part thereof;

(C) all right, title and interest of the Mortgagor in and to all of the fixtures, furnishings and fittings of every kind and nature whatsoever, and all appurtenances and additions thereto and substitutions or replacements thereof (together with, in each case, attachments, components, parts and accessories) currently owned or subsequently acquired by the Mortgagor and now or subsequently attached to, or contained in or used or usable in any way in connection with any operation or letting of the Property, (all of the foregoing in this paragraph being referred to as the “Fixtures”);

(D) all right, title and interest of the Mortgagor in and to all of the fixtures, chattels, business machines, machinery, apparatus, equipment, furnishings, fittings and all appurtenances and additions thereto and substitutions or replacements thereof (together with, in each case, attachments, components, parts and accessories) currently owned or subsequently acquired by the Mortgagor and now or subsequently attached to, or contained in the Property, including but without limiting the generality of the foregoing, all screens, awnings, shades, blinds, curtains, draperies, artwork, carpets, rugs, storm doors and windows, furniture and furnishings, heating, electrical, and mechanical equipment, lighting, switchboards, plumbing, ventilating, air conditioning and air-cooling apparatus, refrigerating, and incinerating equipment, escalators, refrigerators, display cases, elevators, loading and unloading equipment and systems, stoves, ranges, laundry equipment, cleaning systems (including window cleaning apparatus), telephones, communication systems (including satellite dishes and antennae), televisions, computers, sprinkler systems and other fire prevention and extinguishing apparatus and materials, security systems, motors, engines, machinery, pipes, pumps, tanks, conduits, appliances, fittings and fixtures of every kind and description (all of the foregoing in this paragraph being referred to as the “Equipment”);

(E) all right, title and interest of the Mortgagor in and to all substitutes and replacements of, and all additions and improvements to, the Improvements and the Fixtures and Equipment, subsequently acquired by the Mortgagor or constructed, assembled or placed by the Mortgagor on the Land, immediately upon such acquisition, release, construction, assembling or placement, including, without limitation, any and all building materials whether stored at the Property or offsite, and, in each such case, without any further conveyance, mortgage, assignment or other act by the Mortgagor;

(F) all right, title and interest of the Mortgagor in and to all unearned premiums under insurance policies now or subsequently obtained by the Mortgagee relating to the Property or the

Fixtures and the Mortgagor's interest in and to all proceeds of any such insurance policies (including title insurance policies) including the right to collect and receive such proceeds: and all awards and other compensation (" Condemnation Awards"), including the interest payable thereon and the right to collect and receive the same, made to the present or any subsequent owner of the Property for the taking by eminent domain, condemnation or otherwise, of all or any part of the Property or any easement or other right therein;

(G) all right, title and interest of the Mortgagor in and to all consents, licenses, building permits, certificates of occupancy and other governmental approvals relating to construction, completion, occupancy, use or operation of the Property or any part thereof;

(H) all rights of the Mortgagor under all leases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whether now existing or entered into at any time hereafter, whereby any Person agrees to pay money to the Mortgagor or any consideration for the use, possession or occupancy of, or any estate in, the Land or any part thereof, and all rents, income, profits, benefits, avails, advantages and claims against guarantors under any thereof (all of the foregoing is herein referred to collectively as the "Leases");;

(I) all rents, issues, profits, royalties, avails, income and other benefits derived by the Mortgagor from the Land (all of the foregoing is herein collectively called the "Rents");

(J) all Accounts, Chattel Paper, Deposit Accounts, Documents, General Intangibles, Goods, Instruments, Inventory, Investment Property and Securities Accounts (as each such term is defined in the Uniform Commercial Code as in effect in the State of Illinois);

(K) all proceeds, both cash and noncash, of the foregoing; and

(All of the foregoing property and rights and interests now owned or held or subsequently acquired by the Mortgagor and described in the foregoing clauses (A) through (I) are collectively referred to as the "Mortgaged Property"); provided, however, that notwithstanding anything hereinabove to the contrary the maximum principal amount of the Indebtedness secured hereby at any one time shall not exceed \$72,000,000, plus all costs of enforcement and collection of this Mortgage, the Guaranty, the Subsidiary Note, the Loan Agreement and the other Loan Documents, plus the total amount of any advances made pursuant to the Loan Documents to protect the collateral and the security interest and lien created hereby; together with interest on all of the foregoing as provided in the Loan Documents.

TO HAVE AND TO HOLD the Mortgaged Property and the rights and privileges hereby granted unto the Mortgagee, its successors and assigns for the uses and purposes set forth, until all amounts owed by and obligations of the Mortgagor to the Mortgagee under the Loan Agreement, the Subsidiary Note, the Guaranty, the other Loan Documents, the other Subsidiary Loan Documents and any Hedging Agreements or in connection with any Bank Services (collectively, the "Indebtedness") are paid.

1. Definitions. Capitalized terms used but not otherwise defined in this Mortgage shall have the respective meanings specified in the Loan Agreement .

2. Payment of Indebtedness. The Mortgagor shall pay the Indebtedness in accordance with the terms of the Loan Agreement, the Guaranty, the Subsidiary Note and each Hedging Agreement and perform each term to be performed by it under the Loan Agreement, the Guaranty, the Subsidiary Note, each Hedging Agreement and the other Loan Documents and Subsidiary Loan Documents.

3. Insurance. The Mortgagor will at all times maintain or cause to be maintained on the Improvements and on all other Mortgaged Property, all casualty insurance required at any time or from time to time by the Loan Agreement. At the request of the Mortgagee, Mortgagor shall deliver to and keep deposited with the Mortgagee original certificates and copies of all such policies of casualty insurance maintained on the Mortgaged Property and renewals thereof, with premiums prepaid, and with standard non-contributory mortgagee and loss payable clauses satisfactory to the Mortgagee, and clauses providing for not less than 10 days' prior written notice to the Mortgagee of cancellation of such policies attached thereto in favor of the Mortgagee, its successors and assigns. While no Event of Default has occurred and is continuing any loss paid to the Mortgagee or Mortgagor under any such policies may be applied by the Mortgagor to rebuild or repair the damaged or destroyed Improvements or other Mortgaged Property. The Mortgagor further agrees that, upon the occurrence and during the continuance of an Event of Default, any loss paid to the Mortgagee or Mortgagor under any of such policies shall be applied, at the option of the Mortgagee, toward pre-payment of the Indebtedness as provided in the Loan Agreement, or to the rebuilding or repairing of the damaged or destroyed Improvements or other Mortgaged Property, as the Mortgagee in its sole and unreviewable discretion may elect. The Mortgagor hereby empowers the Mortgagee, in its reasonably exercised discretion, upon the occurrence and during the continuance of an Event of Default, to settle, compromise and adjust any and all claims or rights under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property. At all times other than during the continuance of an Event of Default, the Mortgagor shall have the exclusive right to settle, compromise, and adjust any and all claims, rights, or proceeds under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property. In the event of foreclosure of this Mortgage or other transfer of title to the Land in extinguishment of the indebtedness secured hereby, all right, title and interest of the Mortgagor in and to any insurance policies then in force shall pass to the purchaser or grantee. Nothing contained in this Mortgage shall create any responsibility or obligation on the Mortgagee to collect any amounts owing on any insurance policy or resulting from any condemnation, to rebuild or replace any damaged or destroyed Improvements or other Mortgaged Property or to perform any other act hereunder. The Mortgagee shall not by the fact of approving, disapproving, accepting, preventing, obtaining or failing to obtain any insurance, incur any liability for or with respect to the amount of insurance carried, the form or legal sufficiency of insurance contracts, solvency of insurance companies, or payment or defense of lawsuits, and the Mortgagor hereby expressly assumes full responsibility therefor and all liability, if any, with respect thereto.

4. Eminent Domain. In case the Mortgaged Property, or any part or interest in any thereof, is taken by condemnation, then upon the occurrence and during the continuance of an Event of Default, the Mortgagee is empowered to collect and receive all Condemnation Awards which may be paid for any property taken or for damages to any property not taken (all of which the Mortgagor hereby assigns to the Mortgagee), and all Condemnation Awards so received shall be forthwith applied by the Mortgagee, as it may elect in its sole and unreviewable discretion, to

the prepayment of the Indebtedness, or to the repair and restoration of any property not so taken or damaged; provided, however, as long as no Event of Default has occurred and is continuing that any Condemnation Awards payable by reason of the taking of less than all of the Mortgaged Property shall be made available to the extent required, as determined by the Mortgagee in its reasonable discretion, for the repair or restoration of any Mortgaged Property not so taken. The Mortgagor hereby empowers the Mortgagee, in the Mortgagee's reasonably exercised discretion, upon the occurrence and during the continuance of an Event of Default to settle, compromise and adjust any and all claims or rights arising under any condemnation or eminent domain proceeding relating to the Mortgaged Property or any portion thereof. At all times other than during the continuance of an Event of Default, the Mortgagor shall have the exclusive right to settle, compromise, and adjust any and all claims, rights, or proceeds under any insurance policy maintained by the Mortgagor relating to the Mortgaged Property.

5. Assignment of Leases and Rent. All of the Mortgagor's interest in and rights under the Leases now existing or hereafter entered into, and all of the Rents, whether now due, past due, or to become due, and including all prepaid rents and security deposits, and all other amounts due with respect to any of the other Mortgaged Property, are hereby absolutely, presently and unconditionally assigned and conveyed to the Mortgagee to be applied by the Mortgagee in payment of all sums due with respect to, the Indebtedness and all other sums payable under this Mortgage. At all times other than during the continuance of any Event of Default, the Mortgagor shall have a license to collect and receive all Rents and other amounts, which license shall be terminated at the sole option of the Mortgagee, without regard to the adequacy of its security hereunder and without notice to or demand upon the Mortgagor, upon the occurrence and during the continuance of any Default. It is understood and agreed that neither the foregoing assignment to the Mortgagee nor the exercise by the Mortgagee of any of its rights or remedies under Section 7 hereof shall be deemed to make the Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or any portion thereof, unless and until the Mortgagee, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Property by any court at the request of the Mortgagee or by agreement with the Mortgagor, or the entering into possession of any part of the Mortgaged Property by such receiver, be deemed to make the Mortgagee a mortgagee-in-possession or otherwise responsible or liable in any manner with respect to the Mortgaged Property or the use, occupancy, enjoyment or operation of all or any portion thereof. Upon the occurrence and during the continuance of any Event of Default, this shall constitute a direction to and full authority to each lessee under any Leases, each guarantor of any of the Leases and any other Person obligated under any of the Mortgaged Property to pay all Rents and other amounts owing to the Mortgagor with respect to the Mortgaged Property to the Mortgagee without proof of the Event of Default relied upon. The Mortgagor hereby irrevocably authorizes each such Person to rely upon and comply with any notice or demand by the Mortgagee for the payment to the Mortgagee of any Rents and other amounts due or to become due to the Mortgagor with respect to the Mortgaged Property.

6. Other Covenants. At any time and from time to time, upon the written request of the Mortgagee, and at the sole expense of the Mortgagor, the Mortgagor will promptly and duly execute and deliver such further instruments and documents (which instruments and documents shall be in form and substance reasonably acceptable to Mortgagee) and take such further actions

as the Mortgagee reasonably may request for the purposes of obtaining or preserving the full benefits of this Mortgage and of the rights and powers granted by this Mortgage.

7. **Default: Remedies.** (a) If an Event of Default has occurred and is continuing, the Mortgagee may, either in person or by an agent or court-appointed receiver, and without regard to the adequacy of its security:

(i) commence an action to foreclose this Mortgage or specifically enforce any of the covenants hereof;

(ii) enter upon and take possession of the Mortgaged Property or any part thereof and do any acts which it deems necessary or desirable in its reasonably exercised discretion (including without limitation the construction of improvements and the making of alterations) to preserve the value, marketability or rentability of the Mortgaged Property or any part thereof or interest therein, increase the income therefrom or protect the lien and security hereof;

(iii) with or without entering upon and taking possession of the Mortgaged Property (A) direct, or cause the Mortgagor to direct, all tenants or other obligors under all leases to pay all rents directly to the Mortgagee, (B) collect all rents as the same become due and payable, (C) take such action as the Mortgagee shall deem necessary or desirable in order to enforce the provisions of any lease and (D) amend, modify, extend, enter into or terminate any lease or waive performance by any tenant or other obligor thereunder of any provision thereof, in the name of the Mortgagor or otherwise;

(iv) bring an appropriate action from time to time to recover any sums required to be paid by the Mortgagor under the terms of this Mortgage as they become due, without regard to whether or not any other sums secured by this Mortgage shall be due, and without prejudice to the right of the Mortgagee thereafter to bring an action of mortgage foreclosure, or any other action, for any Event of Default existing at the time the earlier action was commenced; or

(v) exercise any other remedy available to it hereunder, at law or in equity.

(b) If an Event of Default shall have occurred and be continuing, the Mortgagee, as a matter of right and without notice to the Mortgagor, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Mortgaged Property, and the Mortgagor hereby irrevocably consents to any such appointment. Any such receiver(s) shall have all of the usual powers and duties of receivers in like or similar cases and all of the powers and duties of the Mortgagee in case of entry as provided in Section 7(a)(ii), and shall continue as such and exercise such powers until the date of confirmation of the sale of the Mortgaged Property unless such receivership is sooner terminated.

(c) **WHEN AN EVENT OF DEFAULT HAS OCCURRED AND IS CONTINUING: FOR THE PURPOSE OF OBTAINING POSSESSION OF THE MORTGAGED PROPERTY, THE MORTGAGOR AND ADDITIONAL MORTGAGOR EACH HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS ANY ATTORNEY, PROTHONOTARY OR CLERK OF ANY COURT OF RECORD IN THE COMMONWEALTH OF**

PENNSYLVANIA OR ELSEWHERE, AS ATTORNEY FOR THE MORTGAGOR AND ADDITIONAL MORTGAGOR AND ALL PERSONS CLAIMING UNDER OR THROUGH THE MORTGAGOR AND ADDITIONAL MORTGAGOR, AS OF ANY TERM OR TIME, TO COMMENCE AN ACTION IN EJECTMENT FOR POSSESSION OF THE MORTGAGED PROPERTY AND TO APPEAR IN SUCH COURT FOR AND TO CONFESS JUDGMENT AGAINST THE MORTGAGOR AND ADDITIONAL MORTGAGOR, AND AGAINST ALL PERSONS CLAIMING UNDER OR THROUGH THE MORTGAGOR AND ADDITIONAL MORTGAGOR, IN FAVOR OF THE MORTGAGEE, FOR RECOVERY BY THE MORTGAGEE OF POSSESSION THEREOF, FOR WHICH THIS MORTGAGE, OR A COPY THEREOF VERIFIED BY AFFIDAVIT, SHALL BE A SUFFICIENT WARRANT; AND THEREUPON A WRIT OF POSSESSION MAY IMMEDIATELY BE ISSUED FOR POSSESSION OF THE MORTGAGED PROPERTY, WITHOUT ANY PRIOR WRIT OR PROCEEDING WHATSOEVER, AND WITHOUT ANY STAY OF EXECUTION. THE MORTGAGOR AND ADDITIONAL MORTGAGOR EACH HEREBY IRREVOCABLY WAIVES AND RELEASES ALL ERRORS IN SAID PROCEEDINGS AND IN THE ENTRY OF ANY JUDGMENT RESULTING THEREFROM, STAY OF EXECUTION, THE RIGHT OF INQUISITION AND EXTENSION OF TIME OF PAYMENT. IF FOR ANY REASON AFTER SUCH ACTION HAS BEEN COMMENCED IT SHALL BE DISCONTINUED, OR POSSESSION OF THE MORTGAGED PROPERTY SHALL REMAIN IN OR BE RESTORED TO THE MORTGAGOR, THE MORTGAGEE SHALL HAVE THE RIGHT FOR THE SAME EVENT OF DEFAULT OR ANY SUBSEQUENT EVENT OF DEFAULT TO BRING ONE OR MORE FURTHER ACTIONS AS ABOVE PROVIDED TO RECOVER POSSESSION OF THE MORTGAGED PROPERTY. THE MORTGAGEE MAY BRING AN ACTION IN EJECTMENT AND CONFESS JUDGMENT THEREIN BEFORE OR AFTER THE INSTITUTION OF PROCEEDINGS TO FORECLOSE THIS MORTGAGE, OR AFTER ENTRY OF JUDGMENT THEREIN, OR AFTER SHERIFF SALE OF THE MORTGAGED PROPERTY IN WHICH THE MORTGAGEE IS THE SUCCESSFUL BIDDER. THE AUTHORIZATION TO PURSUE SUCH PROCEEDINGS FOR OBTAINING POSSESSION AND TO CONFESS JUDGMENT THEREIN IS AN ESSENTIAL PART OF THE REMEDIES FOR ENFORCEMENT OF THIS MORTGAGE AND SHALL SURVIVE ANY EXECUTION SALE TO THE MORTGAGEE.

THE MORTGAGOR AND ADDITIONAL MORTGAGOR EACH EXPRESSLY ACKNOWLEDGES THAT THIS IS A COMMERCIAL TRANSACTION, THAT THE FOREGOING PROVISION FOR CONFESSION OF JUDGMENT HAS BEEN READ, UNDERSTOOD AND VOLUNTARILY AGREED TO BY THE MORTGAGOR AND ADDITIONAL MORTGAGOR AND THAT BY AGREEING TO SUCH PROVISION THE MORTGAGOR AND ADDITIONAL MORTGAGOR EACH IS WAIVING IMPORTANT LEGAL RIGHTS, INCLUDING ANY RIGHT TO NOTICE OR A HEARING WHICH MIGHT OTHERWISE BE REQUIRED BEFORE ENTRY OF JUDGMENT HEREUNDER.

Mortgagor's Initials:

Additional Mortgagor's Initials:

(d) The proceeds of any sale of any of the Mortgaged Property shall be applied pursuant to the Loan Agreement.

(e) The Mortgagor hereby waives the benefit of all appraisal, valuation, stay, extension, reinstatement and redemption laws now or hereafter in force and all rights of marshaling in the event of any sale of the Mortgaged Property or any interest therein.

8. Remedies Not Exclusive. The Mortgagee shall be entitled to enforce payment of the indebtedness and performance of the Indebtedness and to exercise all rights and powers under this Mortgage or under any of the other Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the Indebtedness may now or hereafter be otherwise secured, whether by deed of trust, deed to secure debt, mortgage, security agreement, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement, shall prejudice or in any manner affect the Mortgagee's right to realize upon or enforce any other security now or hereafter held by the Mortgagee, it being agreed that the Mortgagee shall be entitled to enforce this Mortgage and any other security now or hereafter held by the Mortgagee in such order and manner as the Mortgagee may determine in its absolute discretion. No remedy herein conferred upon or reserved to the Mortgagee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the Loan Documents to the Mortgagee or to which they may otherwise be entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Mortgagee. In no event shall the Mortgagee, in the exercise of the remedies provided in this Mortgage (including, without limitation, in connection with the assignment of Rents to the Mortgagee, or the appointment of a receiver and the entry of such receiver on to all or any part of the Mortgaged Property), be deemed a "mortgagee in possession," and the Mortgagee shall not in any way be made liable for any act, either of commission or omission, in connection with the exercise of such remedies.

9. Performance by the Mortgagee of the Mortgagor's Indebtedness. If the Mortgagor fails to perform or comply with any of its agreements contained herein the Mortgagee, at its option, but without any obligation so to do, during the continuance of an Event of Default may perform or comply, or otherwise cause performance or compliance, with such agreement. The reasonable expenses of the Mortgagee incurred in connection with actions undertaken as provided in this Section, together with interest thereon at a rate per annum equal to the rate payable under the Subsidiary Note after the occurrence of an Event of Default (the "Default Rate"), from the date of payment by the Mortgagee, as applicable, to the date reimbursed by the Mortgagor, shall be payable by the Mortgagor to the Mortgagee on demand.

10. Duty of the Mortgagee. The Mortgagee's sole duty with respect to the custody, safekeeping and physical preservation of any Mortgaged Property in its possession, under the Uniform Commercial Code or otherwise, shall be to deal with it in the same manner as the Mortgagee deals with similar property for its own account. Neither the Mortgagee nor any of their respective directors, officers, employees or agents shall be liable for failure to demand,

collect or realize upon any of the Mortgaged Property or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Mortgaged Property upon the request of the Mortgagor or any other Person or to take any other action whatsoever with regard to the Mortgaged Property or any part thereof.

11. Powers Coupled with an Interest. All powers, authorizations and agencies contained in this Mortgage are coupled with an interest and are irrevocable until the earlier of the date (a) this Mortgage is terminated and the lien created hereby is released and (b) the Indebtedness has been repaid in full and the Mortgagee has no further obligation to make any advances , or extend any credit hereunder or under any Loan Documents.

12. Filing of Financing Statements. The Mortgagor authorizes the Mortgagee to file financing statements with respect to the Mortgaged Property without the signature of the Mortgagor in such form and in such filing offices as the Mortgagee reasonably determines appropriate to perfect the security interests of the Mortgagee under this Mortgage. A carbon, photographic or other reproduction of this Mortgage shall be sufficient as a financing statement for filing in any jurisdiction.

13. Security Agreement under Uniform Commercial Code. (a) It is the intention of the parties hereto that this Mortgage shall constitute a Security Agreement within the meaning of the Uniform Commercial Code of the State in which the Mortgaged Property is located (the “Uniform Commercial Code”). If an Event of Default shall occur, then in addition to having any other right or remedy available at law or in equity, the Mortgagee shall have the option of either (i) proceeding under the Uniform Commercial Code and exercising such rights and remedies as may be provided to a secured party by the Uniform Commercial Code with respect to all or any portion of the Mortgaged Property which is personal property (including, without limitation, taking possession of and selling such property) or (ii) treating such property as real property and proceeding with respect to both the real and personal property constituting the Mortgaged Property in accordance with the Mortgagee’s rights, powers and remedies with respect to the real property (in which event the default provisions of the Uniform Commercial Code shall not apply). If the Mortgagee, shall elect to proceed under the Uniform Commercial Code, then fifteen days’ notice of sale of the personal property shall be deemed reasonable notice and the reasonable expenses of retaking, holding, preparing for sale, selling and the like incurred by the Mortgagee shall include, but not be limited to, attorneys’ fees and legal expenses. At the Mortgagee’s request, the Mortgagor shall assemble the personal property and make it available to the Mortgagee at a place designated by the Mortgagee which is reasonably convenient to both parties.

(b) The Mortgagor, the Additional Mortgagor and the Mortgagee agree, to the extent permitted by law, that this Mortgage upon recording or registration in the real estate records of the proper office shall constitute a financing statement filed as a “fixture filing” within the meaning of the Uniform Commercial Code.

14. Amendments in Writing; No Waiver; Cumulative Remedies. (a) None of the terms or provisions of this Mortgage may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Mortgagor and the Mortgagee in accordance with the terms of the Loan Agreement.

(b) No failure to exercise, nor any delay in exercising, on the part of the Mortgagee, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Mortgagee of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Mortgagee would otherwise have on any future occasion.

(c) The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

15. Successors and Assigns. This Mortgage shall run with the land and be binding upon the successors and assigns of the Mortgagee and shall inure to the benefit of the Mortgagee, the Lenders and their respective successors and assigns.

16. Mortgagor's Waiver of Rights. THE MORTGAGOR ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS MORTGAGE IS A PART IS A TRANSACTION WHICH DOES NOT INCLUDE EITHER AGRICULTURAL REAL ESTATE, OR RESIDENTIAL REAL ESTATE EXCEPT AS OTHERWISE SET FORTH HEREIN, TO THE FULLEST EXTENT PERMITTED BY LAW, THE MORTGAGOR WAIVES THE BENEFIT OF ALL LAWS NOW EXISTING OR THAT MAY SUBSEQUENTLY BE ENACTED PROVIDING FOR (I) ANY APPRAISEMENT BEFORE SALE OF ANY PORTION OF THE MORTGAGED PROPERTY, (II) ANY EXTENSION OF THE TIME FOR THE ENFORCEMENT OF THE COLLECTION OF THE INDEBTEDNESS OR THE CREATION OR EXTENSION OF A PERIOD OF REDEMPTION FROM ANY SALE MADE IN COLLECTING SUCH DEBT AND (III) EXEMPTION OF THE MORTGAGED PROPERTY FROM ATTACHMENT, LEVY OR SALE UNDER EXECUTION OR EXEMPTION FROM CIVIL PROCESS. EXCEPT AS OTHERWISE SET FORTH HEREIN, TO THE FULL EXTENT THE MORTGAGOR MAY DO SO, THE MORTGAGOR AGREES THAT THE MORTGAGOR WILL NOT AT ANY TIME INSIST UPON, PLEAD, CLAIM OR TAKE THE BENEFIT OR ADVANTAGE OF ANY LAW NOW OR HEREAFTER IN FORCE PROVIDING FOR ANY APPRAISEMENT, VALUATION, STAY, EXEMPTION, EXTENSION, REINSTATEMENT OR REDEMPTION, OR REQUIRING FORECLOSURE OF THIS MORTGAGE BEFORE EXERCISING ANY OTHER REMEDY GRANTED HEREUNDER AND THE MORTGAGOR, FOR THE MORTGAGOR AND ITS SUCCESSORS AND ASSIGNS, AND FOR ANY AND ALL PERSONS EVER CLAIMING ANY INTEREST IN THE MORTGAGED PROPERTY, TO THE EXTENT PERMITTED BY LAW, HEREBY WAIVES AND RELEASES ALL RIGHTS OF REINSTATEMENT, REDEMPTION, VALUATION, APPRAISEMENT STAY OF EXECUTION, NOTICE OF ELECTION TO MATURE OR DECLARE DUE THE WHOLE OF THE SECURED INDEBTEDNESS AND MARSHALLING IN THE EVENT OF FORECLOSURE OF THE LIENS HEREBY CREATED.

17. Partial Release; Full Release. The Mortgagee may release, for such consideration or none, as it may require, any portion of the Mortgaged Property without, as to the remainder of the Mortgaged Property, in any way impairing or affecting the lien, security interest and priority herein provided for the Mortgagee compared to any other lien holder or secured party. Upon full payment of all the Indebtedness and of all amounts owed by the Additional Mortgagor under the

Loan Documents all in accordance with their respective terms and at the time and in the manner provided, and when the Mortgagee has no further obligation to make any advance, or extend any credit hereunder or under any Loan Documents, this conveyance shall be null and void, and thereafter, upon demand therefor, an appropriate instrument of reconveyance or release shall promptly be made by the Mortgagee to the Mortgagor, at the expense of the Mortgagor.

18. Notices. Each notice, demand or other communication in connection with this Mortgage shall be in writing and shall be given as provided in the Loan Agreement for notices required by the Loan Agreement except that notices to the Mortgagor shall be addressed to 5100 Neville Road, LLC, c/o Brad Foote Gear Works, Inc. at the address for notices to the Additional Mortgagor in the Loan Agreement.

19. Successors; The Mortgagor; Gender. All provisions hereof shall bind the Mortgagor and the Mortgagee and their respective permitted successors, vendees and assigns and shall inure to the benefit of the Mortgagee, its permitted successors and assigns, and the Mortgagor and its permitted successors and assigns. The Mortgagor shall not have any right to assign any of its rights hereunder. Except as limited by the preceding sentence, the word "Mortgagor" shall include all Persons claiming under or through the Mortgagor and all Persons liable for the payment or performance by the Mortgagor of any of the Indebtedness whether or not such Persons shall have executed the Loan Agreement or this Mortgage. Wherever used, the singular number shall include the plural, the plural the singular, and the use of any gender shall be applicable to all genders.

20. Care by the Mortgagee. The Mortgagee shall be deemed to have exercised reasonable care in the custody and preservation of any of the Mortgaged Property assigned by the Mortgagor to the Mortgagee or in the Mortgagee's possession if it takes such action for that purpose as the Mortgagor requests in writing, but failure of the Mortgagee to comply with any such request shall not be deemed to be (or to be evidence of) a failure to exercise reasonable care, and no failure of the Mortgagee to preserve or protect any rights with respect to such Mortgaged Property against prior parties, or to do any act with respect to the preservation of such Mortgaged Property not so requested by the Mortgagor, shall be deemed a failure to exercise reasonable care in the custody or preservation of such Mortgaged Property.

21. No Obligation on Mortgagee. This Mortgage is intended only as security for the Indebtedness. Anything herein to the contrary notwithstanding (i) the Mortgagor shall be and remain liable under and with respect to the Mortgaged Property to perform all of the obligations assumed by it under or with respect to each thereof, (ii) the Mortgagee shall have no obligation or liability under or with respect to the Mortgaged Property by reason or arising out of this Mortgage prior to a foreclosure or other sale of the Mortgaged Property pursuant to the terms hereof and (iii) the Mortgagee shall not be required or obligated in any manner to perform or fulfill any of the obligations of the Mortgagor under, pursuant to or with respect to any of the Mortgaged Property prior to a foreclosure or other sale of the Mortgaged Property pursuant to the terms hereof.

22. Governing Law, Submission to Jurisdiction. This Mortgage shall be governed by the laws of the state where the Land are located. Whenever possible, each provision of this Mortgage shall be interpreted in such manner as to be effective and valid under applicable law,

but if any provision of this Mortgage shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Mortgage.

23. JURY TRIAL . THE MORTGAGOR AND MORTGAGEE HEREBY IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS MORTGAGE, THE LOAN AGREEMENT, THE NOTES OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY

24. No Merger . It being the desire and intention of the parties hereto that this Mortgage and the lien hereof do not merge in fee simple title to the Land, it is hereby understood and agreed that should the Mortgagee acquire an additional or other interests in or to the Land or the ownership thereof, then, unless a contrary intent is manifested by the Mortgagee as evidenced by an express statement to that effect in an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

25. Open-End Mortgage . This Mortgage is an Open-End Mortgage as defined in 42 Pa. C.S.A. § 8143(f) and, as such, is entitled to the benefits of Senate Bill 693, 1989 session of the General Assembly of Pennsylvania (the “ Act ”) as codified at 42 Pa. C.S.A. §8143 et seq. . The parties to this Mortgage intend that, in addition to any other debt or obligations secured hereby, this Mortgage shall secure unpaid balances of advances made pursuant to the Loan Agreement after this Mortgage is left for record with the Recorder’s Office of the County where the Mortgaged Property is located, whether such advances are made pursuant to an obligation of the Agent, the Lenders or otherwise. The maximum amount of unpaid indebtedness secured by this Mortgage is \$72,000,000, which indebtedness may consist of present and future loans made under the Loan Agreement, interest thereon, fees payable pursuant thereto, advances made with respect to the Mortgaged Property for the payment of, among other things, taxes, assessments, maintenance charges, insurance premiums and the like, and costs and expenses, including but not limited to attorney’s fees, incurred for the protection of the Mortgaged Property or the lien and security of this Mortgage or by reason of an Event of Default.

26. Joinder and Subordination by Additional Mortgagor . The Additional Mortgagor leases the Land and Improvements from the Mortgagor (as successor to BFG Pittsburgh LLC which was the original landlord) pursuant to a Lease Agreement (the “ Facility Lease ”), dated as of August 22, 2007. The Additional Mortgagor hereby joins in the execution and delivery of this Mortgage and hereby grants, bargains, sells, mortgages, pledges and assigns unto Mortgagee and grants a security interest in all of Additional Mortgagor’s right, title and interest in and to the Facility Lease and the Land, the Improvements and the rest of the Mortgaged Property as security for the obligations of the Additional Mortgagor to the Mortgagee under the Loan Agreement and the Notes. The Additional Mortgagor joins in and makes on its own behalf for the benefit of the Mortgagee each of the agreements of the Mortgagor set forth herein with respect to the Mortgaged Property. The Additional Mortgagor hereby subordinates the Facility Lease and the leasehold estate created by the Facility Lease in the Mortgaged Property to the lien of this Mortgage.

IN WITNESS WHEREOF, the undersigned have caused this Mortgage to be duly executed and delivered as of the date first above written.

5100 NEVILLE ROAD, LLC, a Delaware limited liability company

By: /s/ Ralph Placzek
Name: Ralph Placzek
Title: Authorized Signatory

BRAD FOOTE GEAR WORKS, INC.,
an Illinois corporation

By: /s/ Ralph Placzek
Name: Ralph Placzek
Title: Vice President – Finance and Treasurer

Exhibit A

Legal Description of the Land

All that certain piece or parcel of ground situate in the Township of Neville, County of Allegheny, and Commonwealth of Pennsylvania, being bounded and described as follows:

Beginning at a monument on the southerly line of the right of way of the Pittsburgh, Chartiers and Youghioghenny Railway Company, 66 feet wide, at its intersection with the dividing line between Lot No. 29 and the westerly side of a 30 foot street as shown on the R. A. Phillips Ohio River Back Channel Plan of Lots as recorded in the Recorder of Deeds Office of Allegheny County in Special Plan Book of the Back Channel of the Ohio River, said point of beginning also being on the easterly line of land now or formerly of the Pittsburgh Screw and Bolt Company, formerly of the Graham Bolt and Nut Company as conveyed by deed recorded in Deed Book Volume 2387, page 253; thence by the southerly line of the aforesaid Pittsburgh, Chartiers & Youghioghenny Railway Company, being 36 feet from the parallel to the center line of the Right of Way, South 70° 09' 22" East, a distance of 916.90 feet to a point on line of land now or formerly of the Dravo Corporation, said point also being the northwest corner of easement described in deed recorded in Deed Book Volume 2830, page 423; thence by the westerly line of the said Dravo Corporation South 9° 25' 38" West, a distance of 286.15 feet to a point on the former U.S. Harbor line of the Ohio River Back Channel; thence by the said former U.S. Harbor line North 67° 18' 46.7" West, a distance of 926.49 feet to a point on the aforesaid easterly line of land now or formerly of the Pittsburgh Screw & Bolt Company; thence by said line North 9° 25' 38" East, a distance of 239.42 feet to a point at the place of beginning.

Together with an easement for ingress and egress as created by deed from Dravo Corporation, a Pennsylvania corporation, to William P. Witherow, dated March 23, 1945 and recorded April 2, 1945 in Deed Book Volume 2830, page 423, over the following property:

Beginning at a point on the southerly right of way line of the Pittsburgh, Chartiers and Youghioghenny Railway Company, 66 feet wide, at its intersection with land now or formerly of the Lemont Realty Company as described in deed recorded in the Recorder of Deeds Office of Allegheny County, Pennsylvania in Deed Book Volume 3454, page 93, said point of beginning also being South 70° 09' 22" East, a distance of 916.90 feet along the southerly side of the aforesaid right of way 36 feet and parallel to the center line, from its intersection with the westerly line of a 30 foot street between Lots 29 and 53 in the R. A. Phillips Ohio River Back Channel Plan of Lots as recorded in the Special Plan Book of the Back Channel of the Ohio River; said point of beginning also being the point of beginning of the description of easement of right of way for ingress, egress and regress as recorded in Deed Book Volume 2830, page 423; thence by the southerly line of the Pittsburgh, Chartiers and Youghioghenny Railway Company 36 feet from and parallel to the center line, South 70° 09' 22" East, a distance of 61.30 feet to a point; thence through lands now or formerly of the Dravo Corporation South 40° 26' 38" West, a distance of 32.05 feet to a point; thence by the same North 70° 09' 22" West, a distance of 44.51 feet to a point on line of land of the aforesaid Lemont Realty Company; thence by the said line North 9° 25' 38" East, a distance of 30.50 feet to a point of beginning.

Together with an easement for crossing as reserved in deed from William D. O'Neil to Pittsburgh, Chartiers and Youghioghenny Railway Company dated November 6, 1900 and recorded in Deed Book Volume 1102, page 201 over the following described property:

Beginning at a point on the southerly side of the right of way of the Pittsburgh, Chartiers and Youghioghenny Railway Company 66 feet wide, at the northeasterly corner of the easement for passage across land now or formerly of Dravo Corporation; described in deed recorded in the Recorder of Deeds Office of Allegheny County, Pennsylvania in Deed Book Volume 2830, page 423; thence by the aforesaid southerly side of the said right of way, 36 feet from a parallel to the center line North 70° 09' 22" West, a distance of 21.37 feet to a point; thence crossing the aforesaid right of way, North 40° 26' 38" East, a distance of 70.51 feet to a point on the southerly line of Neville Street, 40 feet wide, said line also being the northerly line of the aforesaid right of way of the Pittsburgh, Chartiers and Youghioghenny Railway Company; thence by said line South 70° 09' 22" East, a distance of 21.37 feet to a point; thence crossing the aforesaid right of way in a southwesterly direction South 40° 26' 38" West, a distance of 70.51 feet more or less to the point of beginning.

Being designated as Block 211-A, Lot No. 25 in the Deed Registry Office of Allegheny County.

Being the same property as was conveyed by deed of Lemont Realty Company dated June 16, 1966 and recorded in the Recorder's Office of Allegheny County, Pennsylvania in Deed Book Volume 4253, page 336 unto Herman Sommers (25%); Mary Sommers (25%); Vivian Cohn (12.50%); Nathan Cohn (12.50%); Richard Gillespie (12.50%) and Meryle Gillespie (12.50%).

Parcel I.D. No. 0211-A-00025-0000-00.
