
Sales

Tax

Letter

SALES TAX LETTER

June 18, 1999

TO WHOM IT MAY CONCERN

**RE: NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY,
(Steinway, Inc. Project)**

Gentlemen/Ladies:

The New York City Industrial Development Agency (the "Agency"), by this notice, hereby advises you as follows:

1. The Agency constitutes a corporate governmental agency and a public benefit corporation under the laws of the State of New York, and therefore, in the exercise of its governmental functions, including the acquisition of property, is exempt from the imposition of any sales or use tax. As an exempt governmental entity, no exempt organization identification number has been issued to the Agency, nor is one required.

2. Pursuant to a resolution adopted by the Agency on May 11, 1999 (the "Resolution"), and in accordance with that certain lease agreement, dated as of June 1, 1999, between the Agency and Steinway, Inc., a Delaware corporation, as lessee (respectively, the "Lease" and the "Lessee"), the Agency has authorized the Lessee to act as its agent to, among other things: acquire, construct, improve and equip a manufacturing and distribution facility located at Steinway Place/19th Avenue, Long Island City, New York (the "Facility"); and to acquire building materials for incorporation into the Facility.

3. In connection with the Resolution, the Lease and the authority granted by both, the Agency authorizes the Lessee to act as its agent in connection with the construction, improving and equipping of the Facility.

4. As agent for the Agency, the Lessee agrees that each contract, invoice, bill or purchase order entered into by the Lessee as agent for the Agency for the construction, improving and equipping of the Facility shall include language in substantially the following form:

"This contract is being entered into by Steinway, Inc., a corporation organized under the laws of the State of New York, (the "Agent"), as agent for and on behalf of the New York City Industrial Development Agency (the "Agency") in connection with a certain project of the Agency for the Agent consisting in part of the acquisition of building materials, all for incorporation in (in the case of the building materials), and use at premises located at Steinway Place/19th Avenue, Long Island City, New York (the "Premises"). The building materials to be incorporated in the Premises, shall be exempt from the sales and use taxes levied by the State of New York and The City of New York if the acquisition thereof is

effected in accordance with the terms and conditions set forth in the attached Sales Tax Letter of the Agency; and the Agent hereby represents that this [contract, invoice, bill or purchase order] is in compliance with the terms of the Sales Tax Letter. This [contract, invoice, bill or purchase order] is non-recourse to the Agency, and the Agency shall not be directly, indirectly or contingently liable or obligated hereunder in any manner or to any extent whatsoever. By execution or acceptance of this [contract, invoice, bill or purchase order], the [vendor, contractor, lessor, sublessor, licensor or sublicensor] hereby acknowledges and agrees to the terms and conditions set forth in this paragraph.

5. The acquisition of building materials for incorporation in the Facility shall be exempt from the sales and use taxes levied by the State of New York and The City of New York on the condition that each item of the building materials to be incorporated into the Facility shall have a useful life of one year or more, shall solely be for the use of the Agent at the Premises and for no other entity and at no other location, and shall be effected by and at the sole cost of the Agent.

6. The Agency shall have no liability or performance obligations under any contract, invoice, bill or purchase order entered into by the Lessee as agent for the Agency hereunder, and in the event liability should arise under any such contract, invoice, bill or purchase order, the Agency shall not be liable, either directly or indirectly or contingently, upon any such contract, invoice, bill or purchase order in any manner and to any extent whatsoever, and the Lessee shall be the sole party liable thereunder.

7. By execution of its acceptance of this Letter, the Lessee agrees to accept the terms hereof and represents and warrants to the Agency that the use of this Letter by the Lessee is and will be strictly for the purposes stated above.

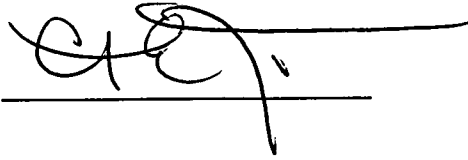
8. Accordingly, until the earlier of (i) June 30, 2000 or (ii) the termination of the Lease, or (iii) the completion of the Project as provided in Section 2.2 of the Lease or (iv) receipt by the Lessee of notice from the Agency of the termination of this Letter (as so terminated, the "Termination Date") or (v) upon the occurrence of an event of default under Section 7.1 of the Lease, all vendors, lessors, licensors and contractors are hereby authorized to rely upon this Letter (or a photocopy or fax of this Letter) as evidence that purchases of the building materials to be incorporated in the Facility, are exempt from New York State and New York City sales and use taxes.

9. The Lessee agrees and covenants that upon the occurrence of the Termination Date, it will immediately deliver this Letter back to the Agency.

The signature of a representative of the Lessee, where indicated below, will indicate that the Lessee has accepted the terms hereof.

**NEW YORK CITY INDUSTRIAL
DEVELOPMENT AGENCY**

By: _____

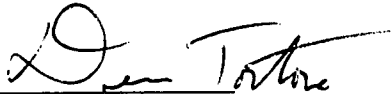


**Carolyn A. Edwards
Deputy Executive Director**

AGREED AND ACCEPTED:

Steinway, Inc.

By: _____



Name: Dennis Tortora

Title: Assistant Treasurer