



January 11, 2010

City of Rochester Hills
Dan Casey, Manager, Economic Development
1000 Rochester Hills Dr.
Rochester Hills, Michigan 48309

Dear Dan:

Per your request, I am providing further explanation for the elimination of Ovonyx, Inc.'s wholly-owned subsidiary company, Ovonyx Technologies, Inc. (OTI) on December 31, 2009.

Because of economic downturn, the decision was made to eliminate OTI for cost savings. The benefits of legal entity reduction include eliminating annual expenses associated with accounting and tax filings, license fees, annual compliance costs, board of director meetings, bank accounts, and maintaining separate sets of accounting books and records. So, the decision was driven by the need for cost reduction.

In addition, there was no downside to merging OTI into Ovonyx since all the employees who performed the research and development services for OTI will continue to fully provide the same services to our customers operating under the parent company, Ovonyx, Inc.

I hope this explanation answers your questions. Please let us know if we can provide further information to assist with our abatement transfer request.

Regards,

A handwritten signature in black ink, appearing to read "Karen Connolly".

Karen Connolly
CFO