

September 29, 2010

Mayor Bryan K. Barnett
City of Rochester Hills
1000 Rochester Hills Dr.
Rochester Hills, Michigan 48309

Mayor Barnett:

This letter is to provide notice, as required by the tax abatement Development Agreement, that Ovonyx will be relocating its operations from Rochester Hills to Troy and Wayne State University by the end of November 2010.

The reason we are moving is due to Energy Conversion Devices, Inc. (ECD) not renewing the lease on its headquarters at 2956 Waterview Drive, Rochester Hills, which for the past 10 years, has also served as Ovonyx headquarters. As our largest shareholder, ECD has provided Ovonyx with access to its wafer processing laboratories and specialized equipment for research and development. But with its recent cost reduction efforts, ECD no longer has a need for these facilities and the opportunity for Ovonyx to purchase the equipment was cost-prohibitive.

Because of our relationship with the City and our employees, Ovonyx made considerable effort to remain in Rochester Hills, including the following alternatives:

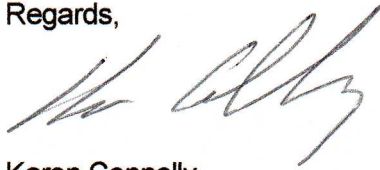
- Negotiate a new lease for Ovonyx to stay on at 2956 Waterview Drive - Ovonyx worked with ECD facilities management to evaluate the costs of Ovonyx taking over the lease on a go-forward basis. This evaluation included a review of all facility-related costs, including equipment purchase and maintenance, Ovonyx would take on as a result of becoming the leaseholder. In addition, Ovonyx had tentative discussions with another party potentially interested in sharing the space. Since Ovonyx occupies less than 5,000 ft² of the available 50,000 ft², the lease costs to Ovonyx were cost-prohibitive without a co-tenant to share costs. While initially promising, this alternative ultimately involved a longer lease-term and financial commitment than Ovonyx could take on in its pre-product stage.
- Move to an adjacent ECD-leased building at 2983 Waterview Drive – ECD officers serving on the Ovonyx Board of Directors offered a potential solution for Ovonyx to share space with ECD operations at this location. But availability of space was contingent on several other ECD factors and decisions that were still pending at the time by which Ovonyx needed to make its decisions.

To access the necessary wafer processing facilities, the location alternatives were quickly narrowed to the engineering schools at Wayne State University and University of Michigan. And since WSU was closer, offered opportunities for collaborative research, and invited us to locate our proprietary equipment onsite, this became the choice for our processing location. After careful evaluation of cost and proximity, Ovonyx chose Troy as the location for corporate headquarters and the test lab. This location provided ease of access and proximity to WSU while a neutral site for employee drive-time.

We would like to take this opportunity to thank the City of Rochester Hills for its support of Ovonyx. It has been a pleasure working with your economic development team, and the tax abatement program has provided vital cost savings to Ovonyx during this economic downturn.

Please let me know if you need anything further with regard to our Development Agreement. I can be reached at 248.842.6096 or kconnolly@ovonyx.com if you have any questions.

Regards,



Karen Connolly
Chief Financial Officer
Ovonyx, Inc.

cc: Dan Casey

Enclosure: City of Rochester Hills Industrial Facilities Exemption Certificate Development Agreement with Ovonyx, effective Dec. 31, 2007

Hand

DELIVERED SEP 18 2007

CP

**CITY OF ROCHESTER HILLS
INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE
DEVELOPMENT AGREEMENT**

Whereas, the City of Rochester Hills is a Home Rule Michigan Municipal Corporation and a local governmental unit within the meaning of Public Act 198 of the Public Acts of 1974, as amended; and

Whereas, Public Act 198 of 1974, as amended, provides for the consideration by a local governmental unit of an application for an Industrial Facilities Exemption Certificate; and

Whereas, effective April 1, 1994 Public Act 198 was amended to require a written agreement between the local governmental unit and the owner of an industrial property which is to be filed with the Department of Treasury; and

Whereas, 2956 Waterview Dr. is a facility within an established Industrial Development District within the City of Rochester Hills; and

Whereas, all conditions precedent as required by Public Act 198 of 1974, as amended, have been met; and

Whereas, The City of Rochester Hills City Council, after notice and public hearing as required by statute, has approved Ovonic Technologies, Inc.'s application for an industrial facilities exemption certificate.

Now, Therefore, Be It Resolved, that it is mutually agreed and understood as follows:

1. The application for an Industrial Facilities Exemption Certificate is approved for a period of 6 years effective on Dec. 31, 2007, for *personal property only*, subject to approval by the State Tax Commission and the conditions stated in this Agreement. Ovonyx Technologies, Inc. understands that it has until December 31, 2009 to complete its investment commitment described in Section 6, below.
2. The approval of the City of Rochester Hills is based upon a legislative finding that the granting of the Industrial Facilities Exemption Certificate (IFT) considered with the aggregate amount of previously granted Industrial Facilities Exemption Certificates does not have the effect of substantially impeding the operation of the City of Rochester Hills or impairing the financial soundness of a taxing unit that levies an ad valorem property tax within the City of Rochester Hills.
3. In the event the applicant, Ovonyx Technologies, Inc., ceases doing business or lays off more than 50 percent of its work force for a period of six months or more prior to the expiration of the Industrial Facilities Exemption Certificate, the remaining term of years shall be null and void and all ad valorem taxes abated as a result of the issuance of the Industrial Facilities Exemption Certificate shall immediately become due and payable upon demand by the City. Furthermore, failure by Ovonyx Technologies, Inc. to pay said abated taxes within 120 days of demand by the City shall result in the City placing a lien upon all properties covered by the Industrial Facilities Exemption Certificate on the tax rolls of the City and/or County, which lien shall not be discharged until the payment

thereof and which lien shall be enforced in the same manner as delinquent property taxes.

4. The provisions of Paragraph 3 (above) shall be implemented pursuant to Public Act 198 of 1974, Sections 13 and 15, since the purposes for the issuance of the certificate are no longer being fulfilled and there is no reasonable likelihood that employment will be created or retained.
5. Ovonyx Technologies, Inc. shall notify the City of Rochester Hills in writing within 72 hours of the date in which the facility has been closed or more than 50 percent of its employees have been laid off. The failure to do so shall result in the addition of penalties, interest and costs allowed by statute in the case of delinquent taxes to be levied on the abated taxes in addition to the principal amounts.
6. Applicant Ovonyx Technologies, Inc. has represented that at least 10 jobs will be created and 22 jobs retained within 24 months of project completion. Ovonyx Technologies, Inc. has indicated an initial investment of \$4,043,500 in the facility by December 31, 2009. This investment shall include the cost of building improvements, machinery and equipment.
7. If within 24 months of project completion, and any time subsequent thereto, applicant Ovonyx Technologies, Inc. has not employed the number of persons set forth in Paragraph 6, or has not made a minimum investment of \$4,043,500 in the facility, the City shall be entitled to reduce the number of years of the Certificate in accordance with the Tax Exemption Chart in Exhibit "C".
8. No later than the 10th day of January immediately following the second year after the issuance of the Industrial Facilities Exemption Certificate and annually thereafter, the company shall submit a letter to the City Assessor stating:
 - A. The number of new jobs identified in the IFT application within a two-year period and the actual number of new jobs created.
 - B. If the IFT was granted on the basis of job retention, the number of employees at the time of the application and the current number of employees.
 - C. If projection for creation of jobs was not reached, give explanation.
 - D. The estimated project cost given in the application and the actual project cost
 - E. If actual project costs differ substantially from projected cost, give explanation.
 - F. Current number of employees and their city of residence.
 - G. If the current number of employees is less than the number projected in the application, an explanation for the reduced number shall be included.
9. The applicant, Ovonyx Technologies, Inc., agrees to remain in the City of Rochester Hills for the period of the Industrial Facilities Exemption Certificate to retain the benefits of the abated taxes, unless permission is granted by the City Council. Failure to obtain permission prior to the end of the term of the Industrial Facilities Exemption Certificate shall result in the right of the City to recapture from applicant all taxes abated plus interest at the rate of 8% per year compounded annually. The taxes and interest shall be a

lien placed upon the tax rolls of the City and/or County and collected in the same manner as set forth in Paragraph 3. Further, it is understood that Ovonix Technologies, Inc. subleases space at 2956 Waterview Dr. from Energy Conversion Devices, Inc., whose lease initially expires in 2010 with an option to renew for five additional years. Should Energy Conversion Devices, Inc. not renew or extend the lease beyond 2010, Ovonix Technologies, Inc. will not be penalized by the City for failure to remain in the facility for the duration of the abatement period. Ovonix Technologies, Inc., however, will make a reasonable good faith effort to remain in Rochester Hills for the duration of the abatement. Should it become necessary for Ovonix Technologies, Inc. to relocate its equipment and operations to another facility in Rochester Hills during the abatement period, the City will reasonably consider transfer of the Industrial Facilities Exemption Certificate to the new facility, provided the conditions and commitments in this agreement are met.

10. The covenants herein shall bind the heirs, designees, legatees, assigns and successors of the respective parties. The laws of the State of Michigan shall govern this contract. In the event that any provision of this agreement shall be deemed to be unlawful or unenforceable, it shall be construed to be severed here-from and not affect the enforceability of any provision herein contained.
11. This agreement shall not be effective until approved by the City Council of the City of Rochester Hills and signed by the Mayor and City Clerk of the City and the appropriate company representatives.

IN WITNESS WHEREOF, the Parties hereto caused this Agreement to be executed by their duly authorized representatives as of the day and year indicated below.

(Signatures on the Next Page)

OVONYX TECHNOLOGIES, INC.

Address: 2956 Waterview Dr.
Rochester Hills, MI. 48309

WITNESSES:

Eileen Pillittera
Guy Whinn

BY: Edward Spell

ITS: President & CEO

DATE: Sept 17, 2007

CITY OF ROCHESTER HILLS

Address: 1000 Rochester Hills Dr.
Rochester Hills, MI. 48309

WITNESSES:

BY: _____
Bryan K. Barnett

ITS: Mayor

DATE: _____

WITNESSES:

BY: _____
Jane Leslie

ITS: City Clerk

DATE: _____

**INDUSTRIAL FACILITIES EXEMPTION APPLICATION
AFFIDAVIT OF FEES**

This affidavit is submitted in accordance with State Tax Commission Bulletin No. 3, dated January 16, 1998, which requires that the unit of local government and the applicant for Industrial Facilities Exemption Certificate affirm that no payment of any kind, whether they be referred to as "fees," "payments in lieu of taxes," "donations," or by other like terms, has been made or promised in exchange for favorable consideration of an exemption certificate application; as such payments are contrary to the legislative intent of Act 198, that exemption certificates have the effect of abating all ad valorem property taxes levied by taxing units with the unit of local government which approves the certificate.

We hereby affirm by our signatures below that no payment of any kind in excess of the fee allowed, as amended by Public Act 323 of 1996, has been made or promised in exchange for favorable consideration of an exemption certificate application

WITNESSES:

OVONYX TECHNOLOGIES, INC.

Kelle Pilleto
Ray Win

By: *Edward J Spall*

Its: *President & CEO*

Date: *Sept 17, 2007*

WITNESSES:

CITY OF ROCHESTER HILLS

By: _____

Its: _____ City Clerk

Date: _____