

MEGA TAX CREDIT AGREEMENT

Mobius Microsystems, Inc.

This Agreement is made between the Michigan Economic Growth Authority ("MEGA"), whose address is 300 N. Washington Square, Lansing, Michigan 48913 and Mobius Microsystems, Inc. ("Company"), a Delaware corporation, whose address is 313 N. First St., Ann Arbor, Michigan 48103, and whose Employer Identification Number is [REDACTED]

RECITALS

WHEREAS, the MEGA has been created by the Michigan Economic Growth Authority Act, Act No. 24 of Public Acts of 1995, as amended (the "Act"), with the power to provide tax credits to businesses involved in manufacturing, mining, research, development, wholesale, trade and/or office operations, and enterprise.

WHEREAS, the Legislature has determined that it is in the public interest to promote economic growth and to encourage private investment, job creation and job upgrading for the residents of the State of Michigan.

WHEREAS, the MEGA has determined that providing tax credits to the Company for job expansion will promote and serve the intended purposes of and in all respects will conform to the provisions and requirements of the Act.

(i) "Certificate" or "Tax Credit Certificate" means the certificate required to be issued by Public Act 23 of 1995, as amended, which states that the Company is an authorized business, the amount of the Tax Credit authorized for a tax year, and the Company's federal employer identification number or Michigan Treasury number.

(j) "Certificate Application" or "Application for a MEGA Tax Credit Certificate" means the written information submitted each year in support of the Company's request for a Tax Credit Certificate.

(k) "Company" means Mobius Microsystems, Inc., which is an authorized business as defined in the Act, upon execution of this Agreement.

(l) "Facility" means the "Project" or the site within this state at which the Company has committed to creating Qualified New Jobs.

(m) "Full-time Job" means a job performed by an individual who is employed for consideration for 35 hours or more each week and for which the employer withholds income and social security taxes.

(n) "Look-back Job" means a Qualified New Job created after May 23, 2004 and before September 20, 2004.

(o) "MEGA Employment Credit" or "Employment Credit" means a credit against the Single Business Tax authorized by Section 37c of Public Act 23 of 1995.

(p) "MEGA Tax Credit" or "Tax Credit" means a MEGA Employment Credit.

(q) "Person" means an individual or Business.

2.2 Representations by the Company. With respect to this Agreement, the Company makes the following representations and warranties as of the date of execution of this Agreement:

(a) Existence and Power. The Company is validly existing and is in good standing under the laws of the State of Delaware and is duly qualified to transact business in Michigan.

(b) Corporate Authority. The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary corporate action and will not violate any provision of law or of its articles of incorporation or its bylaws.

(c) Full Disclosure. Neither this Agreement, the Company's Application, nor any written statements furnished by the Company, to the MEGA in connection with the authorization of a MEGA Tax Credit, contain any untrue statement of a material fact or omit a material fact.

(d) Eligibility. (i) The Company's Primary Business Activity is a "high technology activity" as that term is defined in Section 3(k) of the Act.

(e) Project Description. The Company will lease and equip a research and development facility in Detroit, Wayne County ("the Project"). The Project will result in the creation of the statutory minimum of 5 Qualified New Jobs no later than the Anniversary Date and 25 Qualified New Jobs no later than four years after the Anniversary Date. The Qualified New Jobs created will pay an Average Weekly Wage of at least \$1,125 and at no time will the average wage

before deducting any personal or dependency exemptions, of employees performing Qualified New Jobs. The Employment Credit is authorized for ten consecutive tax years beginning with the Company's tax year ending December 31, 2005.

(b) No more than 500 Qualified New Jobs may be used in calculating the Employment Credit as provided in Section 37c (2) of Public Act 23 of 1995.

4.0 CONDITIONS OF THE MEGA TAX CREDITS

4.1 Eligibility. The Company shall not be eligible for the Tax Credit provided in Section 3.0 of this Agreement unless:

(a) The statutory minimum of 5 Qualified New Jobs have been created at the Project, no later than the Anniversary Date.

(b) The statutory minimum of 25 Qualified New Jobs have been created at the Project no later than four years after the Anniversary Date.

(c) The Average Weekly Wage paid to all employees performing Qualified New Jobs is at least \$1,125.

(c) The minimum Base Employment Level as required by Schedule A has been maintained.

(e) The Company's Primary Business Activity continues to be a "high technology activity" as that term is defined in Section 3(k) of the Act.

The Company may not count as a Qualified New Job for a Tax Credit, any job, except a Look-back Job, that is transferred to the Project from: (i) a Michigan location of a Business that is listed in the Company's Application, or (ii) a

(a) Maintain the minimum number of Qualified New Jobs, as required by Schedule A of this Agreement, for the applicable tax year. In computing the number of Qualified New Jobs in any tax year except the tax years ending December 31, 2005 and December 31, 2009, the Company shall determine the number of Qualified New Jobs as of the last day of each of the four quarters of the applicable tax year, total the results for the four quarters, and divide the sum by four (4)

In computing the number of Qualified New Jobs for the tax year ending December 31, 2005, the Company shall determine the number of Qualified New Jobs as of the last day of each quarter of the applicable tax year and beginning with the first quarter in which there are at least 5 Qualified New Jobs, compute the average number of Qualified New Jobs over the remaining quarters of the tax year.

In computing the number of Qualified New Jobs for the tax year ending December 31, 2009, the Company shall determine the number of Qualified New Jobs as of the last day of each quarter of the applicable tax year and beginning with the first quarter in which there are at least 25 Qualified New Jobs, compute the average number of Qualified New Jobs over the remaining quarters of the tax year.

(b) Pay an Average Weekly Wage in connection with the Qualified New Jobs of at least the amount required by Schedule A of this Agreement for the applicable tax year.

reasonable advance notice to the Company by the Authority, the Company shall permit the Authority or its designee, during normal business hours, to inspect the relevant files of the Company solely for the purpose of verifying eligibility for the Tax Credits authorized under, and compliance with, this Agreement. The files subject to inspection include, but are not limited to, those relevant to wage and hour records, job classification, job assignments and employment histories.

The Authority or its designee shall use all information received pursuant to inspection of the Company's files solely for the purpose of verifying eligibility for the Tax Credits authorized under this Agreement. The Company may request confidentiality pursuant to Section 5(3) of the Act on financial or proprietary information retained by the Authority in the course of its inspection of the files.

4.5 Administrative Fee. An administrative fee of \$24,966 is due upon submission of the Certified Statement of Eligibility required in Section 4.2. The administrative fee is payable in three installments of \$8,322. The first installment is payable at the time the Statement of Eligibility is filed. The second and third installments are payable on the first and second anniversaries of the date the Statement of Eligibility is filed.

5.0 ANNUAL APPLICATION FOR TAX CREDIT CERTIFICATE

5.1 For each year that it seeks a Tax Credit under this Agreement, the Company shall complete an Application for a MEGA Tax Credit Certificate.

5.2 The Certificate Application shall be filed with the Authority at least 45 days prior to the day the Company's Single Business Tax return is due. If the Company receives an extension of the deadline to file its Michigan Single

5.4 The information in a Certificate Application is subject to audit and verification by the Authority or its designee in accordance with the provisions of Section 4.4 of this Agreement.

5.5 Within 45 days of receiving a complete Certificate Application, the MEGA will review that application to determine whether the requirements of this Agreement have been satisfied and, if so, will calculate the credit authorized under this Agreement and issue a Tax Credit Certificate to the Company.

6.0 ADJUSTMENT, REDUCTION, OR TERMINATION OF CREDITS

6.1 If the Company does not comply with the conditions required in Section 4.1 and 4.5, this Agreement is null and void, the Company is no longer an authorized business, and no Tax Credits are, or will be, authorized under this Agreement.

6.2 Failure of the Company to comply with any provision of this Agreement, other than as a result of a clerical or technical error which is corrected when it is discovered to be an error, may result in revocation of the Company's designation as an authorized business or the reduction or loss of Tax Credits for which a Certificate has not yet been issued.

6.3 A Tax Credit authorized by the Authority is subject to adjustment in any tax year following the tax year for which a Tax Credit Certificate was issued, if the information on which the tax credit certification was based is found to be incorrect or cannot be verified.

6.4 If the Authority determines that the Company misrepresented information in order to qualify for, or increase the amount of a Tax Credit, the Authority may

The Company shall not be eligible for a Tax Credit under any other provision of this Agreement for a tax year for which it is required to repay any Tax Credits pursuant to this Section 7. A Tax Credit required to be repaid pursuant to this section shall be repaid no later than twelve months after the date on which the Company removed from the State an aggregate number of jobs equal to fifty-one percent of the number of Look-back Jobs it created. No Tax Credit Certificates will be issued pursuant to Section 5.5 of this Agreement until all amounts required to be repaid pursuant to this section, are received by the Michigan Department of Treasury.

8.0 MISCELLANEOUS

8.1 Reporting. The Company shall provide the MEGA with such information regarding its participation in the Tax Credit Program as the MEGA may reasonably require for so long as this Agreement is effective.

8.2 Assignment of Credits. The Tax Credits authorized by this Agreement shall not be transferred or assigned to any other Person provided, however, that in the event a Person acquires all or substantially all of the assets of the Company in Michigan, after the date of this Agreement, the Authority shall authorize the transfer of the Company's rights under this Agreement to that Person if:

(a) The Person agrees in writing to assume all of the duties and responsibilities of the Company under this Agreement.

supersede any and all previous Agreements. This Agreement may not be amended except with the written consent of the Authority and the Company.

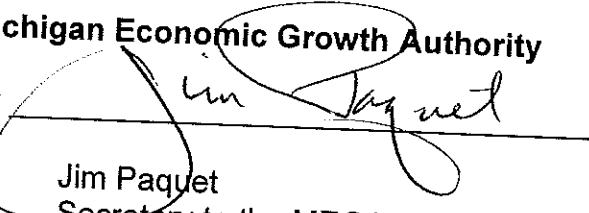
8.6 Captions. The captions in this Agreement are for convenience only and in no way define, limit or describe the scope of intent of any provisions or sections of this Agreement.

8.7 Interpretation. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Michigan.

8.8 Acceptance. The terms of this Agreement are accepted this September 20, 2004.

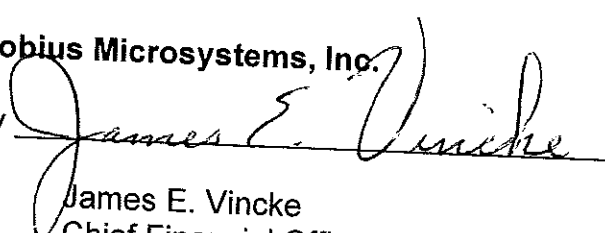
Michigan Economic Growth Authority

By


Jim Paquet
Secretary to the MEGA Board

Mobius Microsystems, Inc.

By


James E. Vincke
Chief Financial Officer

Mobius Microsystems, Inc.

Schedule B

Mobius Microsystems, Inc. certifies that:

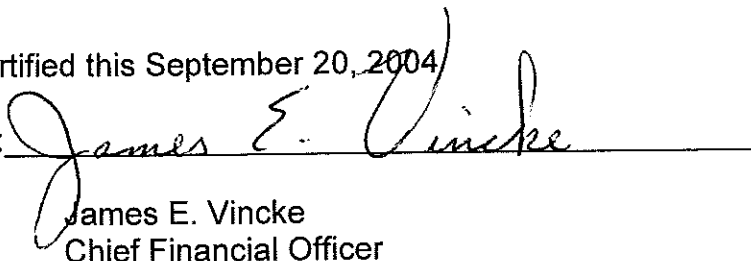
1. It will follow a competitive bid process, open to all Michigan residents and firms, for the construction, rehabilitation, development or renovation of the facility, and that it will not discriminate against any contractor on the basis of its affiliation or non-affiliation with any collective bargaining organization.

2. It will make a good faith effort to employ, if qualified, Michigan residents at the facility.

3. It will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

Certified this September 20, 2004

By: _____


James E. Vincke
Chief Financial Officer

Mobius Microsystems, Inc.

**Schedule A: Minimum Employment and Wage Levels
to Qualify for the MEGA Tax Credits**

<u>Year of Credit</u>	<u>Tax Year Ending Dec. 31st</u>	<u>Minimum # of Qualified New Jobs</u>	<u>Minimum Average Weekly Wage</u>	<u>Minimum Base * Employment Level</u>
1	2005	5	\$1,125	2
2	2006	5	\$1,125	2
3	2007	5	\$1,125	2
4	2008	5	\$1,125	2
5	2009	25	\$1,125	2
6	2010	25	\$1,125	2
7	2011	25	\$1,125	2
8	2012	25	\$1,125	2
9	2013	25	\$1,125	2
10	2014	25	\$1,125	2

* The Base Employment Level is the number of Full-time Jobs in the Company on May 21, 2004.

3
JRP

Certificate Number

00 - 255 -04

Initial Tax Credit Certificate

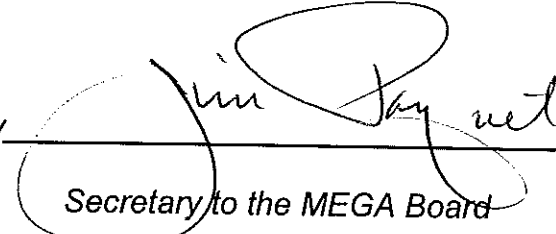
Issued this 20th day of September 2004, by the

Michigan Economic Growth Authority

*to Mobius Microsystems, Inc., Employer Identification Number 01-0580060,
which is an Authorized Business pursuant to Public Act 24 of 1995, as amended.*

*The MEGA authorizes to Mobius Microsystems, Inc., an Employment Credit of
100 percent for ten consecutive tax years, beginning with the Company's tax
year ending December 31, 2005, under Section 37c of Public Act 23 of 1995.*

*The Michigan Legislature encourages recipients of MEGA Tax Credits to make a
good faith effort to use Michigan-based suppliers and vendors when purchasing
goods and services.*

By  _____
Secretary to the MEGA Board