

MEGA TAX CREDIT AGREEMENT

This Agreement is entered into this 31st day of December, 1996, by and between the Michigan Economic Growth Authority, whose address is P.O. Box 30234, Lansing, Michigan, 48909 (hereafter "the MEGA") and Spartan Steel Coating LLC (hereafter, "the Company"), a Michigan Company, whose temporary address is 11700 Worthington Drive, Taylor, Michigan 48180 and Worthington Industries, Inc., a Delaware Corporation (hereafter referred to as Worthington Industries), whose address is 1205 Dearborn Drive, Columbus, Ohio 43085.

RECITALS

WHEREAS, the MEGA has been created by the Michigan Economic Growth Authority Act, Act No.24 of Public Acts of 1995 (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; and

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; and

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; and

WHEREAS, Worthington Industries applied for and was granted a tax credit by Resolution 1996-014 of the MEGA, with the understanding that the tax credit would be transferred to another entity when that entity was formed; and

WHEREAS, Spartan Steel Coating, LLC, in which Worthington Steel of Michigan, a wholly-owned subsidiary of Worthington Industries has a 52 percent membership interest, has been organized as a joint venture of Worthington Steel of Michigan and Rouge Steel Company; and

WHEREAS, all the parties now desire that the Worthington Industries tax credit be transferred to Spartan Steel Coating, LLC; and,

WHEREAS, the MEGA, the Company, and Worthington Industries desire to set forth the terms and conditions of the MEGA Tax Credit that the MEGA has authorized to the Company.

NOW, THEREFORE, the parties hereto agree as follows:

1.0 DEFINITIONS

- (a) "Agreement" means this written agreement.
- (b) "Application" means any information submitted to the MEGA in support of the Company's request for a Tax Credit.
- (c) "Anniversary Date" means May 31, 1999.
- (d) "Authority" or "MEGA" means the Michigan Economic Growth Authority created by Public Act 24 of 1995.

(e) "Base Employment Level" means the number of Full-time Jobs at Worthington Industries and any of its constituent companies in Michigan, as specified in Schedule A attached to this Agreement.

(f) "Beginning of Operations" means June 1, 1998.

(g) "Certificate" or "Tax Credit Certificate" means the certificate required to be issued by Public Act 23 of 1995 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.

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

(i) "Company" means Spartan Steel Coating, LLC, which is an authorized business as defined in Public Act 24 of 1995 upon execution of this Agreement.

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

(k) "Full-time Job" means a job performed by an individual who is employed by the Company or Worthington Industries or one of its constituent companies in Michigan for consideration for 35 hours or more each week and for which the Company or Worthington Industries or one of its constituent companies withholds income and social security taxes.

(l) "MEGA Business Activity Credit" or "Business Activity Credit" means a credit against the single business tax authorized by Section 37(d) of Public Act 23 of 1995.

(m) "MEGA Employment Credit" or "Employment Credit" means a credit against the single business tax authorized by Section 37(c) of Public Act 23 of 1995.

(n) "MEGA Tax Credit" or "Tax Credit" means a MEGA Business Activity Credit and/or a MEGA Employment Credit.

(o) "Person" means an individual, proprietorship, joint venture, partnership, trust, business trust, syndicate, association, joint stock company, corporation, cooperative, limited liability company or any other organization.

(p) "Project" means the facility at which the Company will create Qualified New Jobs as described under Project Description.

(q) "Qualified New Job" means a Full-time Job at the Project held by a Michigan resident that is,

(1) created by the Company after the date of this Agreement,

(2) in excess of the Base Employment Level.

(r) "Statement of Eligibility" or "Statement" means the certified statement required by Section 4.2 of the Agreement.

2.0 REPRESENTATIONS

2.1 Representations by the MEGA With respect to the Agreement entered into hereunder, the MEGA makes the following representations and warranties as of the time such Agreement is executed:

(a) The MEGA is a public body established and acting pursuant to the Act.

(b) The MEGA has the necessary power under the Act, to grant MEGA Tax Credits and has duly taken all action on its part required to authorize, execute and deliver this Agreement. This Agreement when executed will be valid, binding and enforceable in accordance with its terms.

2.2 Representations by the Company With respect to the Agreement entered into hereunder, the Company and Worthington Industries make the following representations and warranties as of the date of this Agreement.

(a) Existence and Power The Company is validly existing and is in good standing under the laws of the State of Michigan, 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, Worthington Industries Application, nor any written statements furnished by Worthington Industries or 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) Misrepresentation A misrepresentation in an Application, a Statement of Eligibility or a Certificate Application, may result in the revocation of the

Company's designation as an authorized business and the refund of any Tax Credits the Company has received.

(e) Compliance with Agreement A violation of this Agreement may result in the revocation of the Company's designation as an authorized business and the loss or reduction of future Tax Credits.

(f) Eligibility The Company will create Qualified New Jobs in this state in the galvanizing of cold-rolled steel coils, generally classified under SIC code 3316.

(g) Project Description The Company will construct a manufacturing facility in Frenchtown Township to galvanize cold-rolled steel coils for automotive applications. The Project will result in the creation of the statutory minimum of 75 Qualified New Jobs no later than May 31, 1999. The Qualified New Jobs created will pay an average weekly wage of at least \$710 and at no time will the average wage paid for these Qualified New Jobs be less than 150 percent of the federal minimum wage which shall, from time to time, then be in effect.

The Project is economically sound and the investment capital and/or financing needed to complete the Project is now committed or will soon be available. As of August 13, 1996, the construction of the project had not begun.

(h) Need for MEGA Tax Credits The Tax Credits authorized by this Agreement address the competitive disadvantages of locating in Michigan instead of a site outside this State; the Project will not occur in Michigan without the tax credits offered by this Agreement.

(i) Site Reuse The reuse or redevelopment of property previously used for an industrial or commercial purpose has been considered and it has been determined that the use of such property is not feasible in locating the Project.

(j) Transfer of Employment The Project will not result in transferring employment within the Company from one or more local governmental units in Michigan to the governmental unit in which the Project is located unless the Company has obtained consent resolutions from all local units of government in Michigan from which employment is to be transferred, as required by Section 8(1)(m) of Public Act 24 of 1995.

(k) The Company has made the certifications required by Section 8 (3)(f) of Public Act 24 of 1995, which are attached to this Agreement as Schedule B, that it:

- (1) 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 nonaffiliation with any collective bargaining organization;
- (2) Will make a good faith effort to employ, if qualified, Michigan residents at the facility;
- (3) Will make a good faith effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

3.0 **MEGA TAX CREDIT** Based upon the Worthington Industries Application and the Representations and Warranties made in this Agreement, the Authority has authorized the following tax credits to the company subject to the conditions specified in Section 4 of this Agreement.

3.1 (a) A Business Activity Credit of 100 percent of that portion of the Company's single business tax liability that is attributable to the Project. The portion of the tax liability attributable to the Project is the same as the tax liability attributable to authorized business activity as calculated under Section 37(d)(4) of Public Act 23 of 1995. The Business Activity Credit is authorized for 12 consecutive tax years beginning with the Company's 1999 tax year.

 (b) No more than 110 Qualified New Jobs may be used in calculating the ratios as provided in Section 37(d)(4) of Public Act 23 of 1995.

3.2 (a) An Employment Credit equal to 100 percent of the state's personal income tax rate, as it exists at the beginning of the Company's tax year for which the credit is being sought, multiplied by the total salaries and wages, before deducting any personal or dependency exemptions, of employees performing Qualified New Jobs. The Employment Credit is authorized for 12 consecutive tax years beginning with the Company's 1999 tax year.

 (b) No more than 110 Qualified New Jobs may be used in calculating the Employment Credit as provided in Section 37(c)(2) of Public Act 23 of 1995.

4.0 CONDITIONS OF THE MEGA TAX CREDITS

4.1 The Company shall not be eligible for the Tax Credit provided in Section 3 of this Agreement unless;

(a) The statutory minimum of 75 Qualified New Jobs have been created at the Project, no later than the Anniversary Date,

(b) The average weekly wage paid to all employees performing Qualified New Jobs is at least \$710, and

(c) The aggregate number of Full-time Jobs at all Michigan locations of Worthington Industries and its constituent companies and all Michigan locations of the company, exclusive of the minimum number of Qualified New Jobs, equals or exceeds the minimum base employment level as required by Schedule A.

4.2 Any time after 75 Qualified New Jobs have been created at the Project, but in no case later than 30 days after the Anniversary Date, and in all cases prior to or concurrent with an application for a Tax Credit Certificate, the Company shall file a Certified Statement of Eligibility in a form as specified by the Authority from time to time. The Statement shall contain the following information:

(a) The aggregate number of Full-time Jobs at all Michigan locations of Worthington Industries and its constituent companies and at all Michigan locations of the company exclusive of the minimum number of Qualified New Jobs.

(b) The number of Qualified New Jobs.

(c) The average weekly wage paid to employees performing Qualified New Jobs.

(d) A certification by an authorized officer of the Company that the information provided in the Statement of Eligibility is true.

4.3 To obtain a Tax Credit Certificate in connection with the tax credits authorized in this Agreement for any tax year, the Company shall:

(a) Provide the minimum number of Qualified New Jobs at the Project, as required by Schedule A of this Agreement, for the applicable 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.

(c) Pay an average hourly wage in connection with Qualified New Jobs that equals or exceeds 150 percent of the highest hourly federal minimum wage in effect for the applicable tax year.

(d) Worthington Industries and its constituent companies shall maintain the Base Employment Level as required by Schedule A. In computing the Base Employment Level in any tax year, the Company shall determine the aggregate number of Full-time Jobs at all Michigan locations of the Company, and all Michigan locations of Worthington Industries and its constituent companies, excluding the Qualified New Jobs at the Project for which it is seeking a Tax Credit, as of the last day of each of the four quarters in that tax year. The sum of the results for the four quarters, divided by four, is the Base Employment Level for that year.

(e) Make an Application to the MEGA for a Tax Credit Certificate as provided in Section 5 of in this Agreement.

4.4 Information Subject to Audit and Verification

(a) The information provided in an Application is subject to audit and verification, by the Authority or its designee as provided in subsection (d) of this Section.

(b) The information provided in an Application for a MEGA Tax Credit Certificate is subject to audit and verification, by the Authority or its designee, as provided in subsection (d) of this Section.

(c) The information provided in the Statement of Eligibility is subject to audit and verification by the Authority or its designee as provided in subsection (d) of this Section.

(d) Upon notice to the Company or to Worthington Industries or any of its constituent companies by the Authority, the Company or Worthington Industries or any of its constituent companies shall permit the Authority or its designee, during normal business hours, to inspect the files of the Company or Worthington Industries or any of its constituent companies (whichever has been notified), in order to verify information which has been provided to the Authority. 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.

4.5 Adjustment of Credits

(a) 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.

(b) If the Authority determines that an adjustment is warranted pursuant to 4.5(a), the Authority may adjust the amount of any future Tax Credit due the Company under this Agreement.

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 within 45 days after the last day of the Company's tax year, unless the Company extends its Michigan Single Business Tax return for the applicable tax year, in which case the Certificate Application shall be filed with the Authority within 120 days after the last day of the Company's tax year.

5.3 The form of the Certificate Application shall be as specified by the Authority from time to time. The Certificate Application shall contain the following information:

- (a) The Base Employment Level.
- (b) The number of Qualified New Jobs at the Project as of the end of each of the four quarters in the applicable tax year.

(c) The number of Full-time Jobs, in Michigan, in the Company and in Worthington Industries and any of its constituent companies, other than Qualified New Jobs at the Project for which the Company is seeking a Tax Credit, as of the end of each of the four quarters in the applicable tax year.

(d) The total salaries and wages, before deducting any personal or dependency exemptions, paid to employees who performed Qualified New Jobs at the Project during the applicable tax year.

(e) The total salaries and wages, before deducting any personal or dependency exemptions, paid to employees who performed Full-time Jobs in Michigan, for the Company, other than Qualified New Jobs at the Project for which the Company is seeking a Tax Credit, during the applicable tax year.

(f) The value of the property added at the Project as part of the expansion described in the Project Description, as of the end of the applicable tax year.

(g) The value of all property owned in the state by the Company as of the end of the applicable tax year. For the purposes of subsection (f) and (g) of this Section, the value of properties shall be determined by the same method and shall be consistent with the method by which property is valued for purposes of the Michigan Single Business Tax.

(h) Any other information the Authority deems appropriate in determining the applicable Tax Credit.

(i) A certification by an Authorized Officer of the Company that the information provided in a Certificate Application is true.

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(d) of this Agreement.

5.5 Within 60 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 TERMINATION OR REDUCTION OF CREDITS

6.1 If the Company does not comply with the conditions required in Sections 4.1, 4.3(a), 4.3(b), 4.3(d), and 4.4(d), or Worthington Industries or any of its constituent companies does not comply with the conditions required in 4.3(d) and 4.4(d) 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 other provision of this Agreement may result in the reduction or loss of Tax Credits for which a certificate has not yet been issued.

6.3 If the Authority determines that the Company or Worthington Industries or any of its constituent companies misrepresented information in order to qualify for, or increase the amount of a Tax Credit, the Authority may revoke the Company's

designation as an authorized business and notify the Michigan Department of Treasury of that revocation.

7.0 **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.

8.0 **MISCELLANEOUS**

8.1 **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 100 percent 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; and,

(b) The Authority determines that such a transfer would be consistent with and serve the purposes of Public Act 24 of 1995 and this Agreement.

8.2 **Severability** If any clause, provision or section of this Agreement is held illegal or invalid by any court, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, provisions or sections hereof and this Agreement shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained herein.

8.3 Notices All notices, certificates, requests or other communications hereunder shall be sufficiently given when delivered, if delivered by registered or certified mail, postage prepaid, return receipt requested, or by messenger or professional courier service, addressed as follows:

If to the MEGA by mail: Michigan Jobs Commission
P.O. Box 30234
Lansing, Michigan 48909
Attention: Jim Paquet

If to the MEGA by messenger or professional courier service:

Michigan Economic Growth Authority
Michigan Jobs Commission
525 West Ottawa Street
Fifth Floor, Law Building
Lansing, Michigan 48933
Attention: Jim Paquet

If to the Company: Spartan Steel Coating, LLC
c/o Worthington Industries, Inc.
333 East Maxtown Road
Westerville, Ohio 43082
Attention: R.W. Armbruster

If to Worthington Industries, Incorporated or any of its Constituent Companies:

Worthington Industries, Inc.
333 East Maxtown Road
Westerville, Ohio 43082
Attention: R.W. Armbruster

8.4 Entire Agreement and Amendment Subject to the provisions of Public Act 24 of 1995, this Agreement and the Schedules attached to it, contain the entire Agreement between the Company and Worthington Industries, and the MEGA, with

respect to the matters described herein and supersede any and all previous Agreements. This Agreement may not be amended except with the written consent of the Authority and the Company and Worthington Industries.

8.5 **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.

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

8.7 **Acceptance** The terms of this Agreement are hereby accepted this 31st day of December 1996.

Michigan Economic Growth Authority

By D. Rozell

Its: Chairman

Company

By R.W. Armbruster
R.W. Armbruster

Its: Officer

Worthington Industries, Inc.

By R.W. Armbruster

Its: Director of Corp. Projects

SPARTAN STEEL COATING, LLC
Schedule A: Minimum Employment and Wage Levels
to Qualify for the MEGA Tax Credits

<u>Year of Credit</u>	<u>Tax Year</u>	<u>Minimum # of Qualified New Jobs</u>	<u>Minimum Average Weekly Wage</u>	<u>Minimum Base Employment Level to be Maintained</u>
1	1999	75	\$710	509
2	2000	75	\$710	509
3	2001	75	\$710	509
4	2002	75	\$710	509
5	2003	75	\$710	509
6	2004	75	\$710	509
7	2005	75	\$710	509
8	2006	75	\$710	509
9	2007	75	\$710	509
10	2008	75	\$710	509
11	2009	75	\$710	509
12	2010	75	\$710	509

SPARTAN STEEL COATING, LLC

Schedule B

Spartan Steel Coating, LLC 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 31st day of December, 1996.

By: R. W. Armbruster
R. W. ARMBRUSTER

Its: Officer

Certificate Number
016-00-96

Initial Tax Credit Certificate

Issued this 31st day of December, 1996 by the

Michigan Economic Growth Authority

to Spartan Steel Coating, LLC, employer identification number, 38-3321352, which is an Authorized Business pursuant to Public Act 24 of 1995.

The MEGA authorizes to Spartan Steel Coating, LLC, an Employment Credit of 100 percent for 12 consecutive tax years, beginning with the Company's 1999 tax year, under Section 37(c) of Public Act 23 of 1995. The MEGA authorizes a Business Activity Credit of 100 percent for 12 consecutive tax years, beginning with the Company's 1999 tax year, under Section 37(d) of Public Act 23 of 1995.

By



Chairperson, Michigan Economic Growth Authority