

## MEGA TAX CREDIT AGREEMENT: Retention Credit

### FORD MOTOR COMPANY (MICHIGAN ASSEMBLY)

This Agreement is between the Michigan Economic Growth Authority and Ford Motor Company, a Delaware corporation. As used in this Agreement, the Michigan Economic Growth Authority and Ford Motor Company are sometimes referred to individually as a "Party" and collectively as "Parties".

The Michigan Economic Growth Authority Act, 1995 PA 24, as amended, created the MEGA with the power to provide tax credits to businesses involved in manufacturing, mining, research and development, wholesale and trade, office operations, qualified high-technology business, film and digital media production, or certain tourism attractions;

The Michigan Legislature determined that it is in the public interest to promote economic growth and to encourage private investment, job creation and job upgrading for Michigan residents;

The MEGA determined that providing tax credits to the Company for job retention will promote and serve the intended purposes of and conform with the Act; and

The MEGA and the Company desire to set forth the terms and conditions of the tax credits that the MEGA authorized for the Company by Resolution dated May 5, 2009.

The Parties, therefore, agree as follows:

#### **1.0 DEFINITIONS**

(a) "Act" means the Michigan Economic Growth Authority Act, 1995 PA 24, as amended as of the date the MEGA Board awarded this credit.

(b) "Agreement" means this written agreement.

(c) "Application" means any information submitted to the MEGA in support of the Company's request for the MEGA Tax Credit.

(d) "Average Weekly Wage" means the total Salaries and Wages paid during the applicable tax year to employees performing Qualified Retained Jobs, divided by 52, divided by the number of Qualified Retained Jobs.

(e) "Business" means a proprietorship, joint venture, partnership, limited liability, partnership, trust, business trust, syndicate, association, joint stock company, corporation, cooperative, limited liability company, or any other organization.

(f) "Certificate Application" or "Tax Credit Certificate Application" means the written information submitted each year in support of the Company's request for a Tax Credit Certificate that complies with Section 7.0 of this Agreement.

(g) "Company" means Ford Motor Company, with the federal employer identification number [REDACTED]. As of the Effective Date, the Company is an authorized business under the Act.

(h) "Effective Date" means November 20, 2009.

(i) "Employer-paid Health Care Benefits" means all costs paid for a self-funded health care benefit plan or for an expense-incurred hospital, medical or surgical policy or certificate, nonprofit health care corporation certificate, or health maintenance organization contract. "Employer-paid Health Care Benefits" do not include accident-only, credit, dental, or disability income insurance; long-term care insurance; coverage issued as a supplement to liability insurance; coverage only for a specified disease or illness; worker's compensation or similar insurance; or automobile medical payment insurance.

(j) "Facility" means the Company's location in Michigan identified in Section 2.0(b)(4) at which the Company will maintain Qualified Retained Jobs.

(k) "Full-time Job" means a job performed by an individual who is employed for at least 35 hours each week and for whom the Company, an Associated Business, Affiliated Business, Subsidiary Business, employee leasing company or a professional employer organization on behalf of the Company or other entity authorized under the Act, withholds income and social security taxes. In this Agreement, the terms "Associated Business," "Affiliated Business," and "Subsidiary Business" shall have the same meaning as defined in the Act.

(l) "MEGA" means the Michigan Economic Growth Authority created by the Act.

(m) "MEGA Tax Credit" means a credit against the Michigan Business Tax authorized by Section 431 of Public Act 36 of 2007, as amended.

(n) "New Capital Investment" means any new or replacement construction or purchase of new personal property as defined in the Act.

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

(p) "Project" means the project described in Section 2.0(b)(4) of this Agreement.

(q) "Qualified Retained Job" means a Full-time Job maintained at the Facility.

(r) "Relocation" means the transfer of 33% or more of the Qualified Retained Jobs related to the Project out of the State of Michigan.

(s) "Salaries and Wages" means wages, tips and other compensation reported in Box 1 of an employee's W-2 form.

(t) "Tax Credit Certificate" means the certificate required to be issued by Section 431 of 2007 PA 36, as amended, which states that the Company is an authorized business, the amount of the MEGA Tax Credit authorized for a tax year, and the Company's federal employer identification number or Michigan Treasury number.

(u) "Term" means the time period beginning with the Effective Date and ending on the last day of the last tax year in which the Company is eligible to receive a MEGA Tax Credit under this Agreement.

All terms and phrases used in this Agreement and not defined in this Section 1.0 or as specifically defined within other provisions of this Agreement shall have the same meaning as defined in the Act or Section 431 of the Michigan Business Tax Act.

## **2.0 REPRESENTATIONS**

(a) Representations by the MEGA. The MEGA makes the following representations and warranties as of the Effective Date:

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

(2) *Authority.* The MEGA has the necessary authority under the Act to grant MEGA Tax Credits and has taken all action necessary to authorize, execute and deliver this Agreement.

(3) *Tax Credit Certificate.* The MEGA will issue the Company's initial Tax Credit Certificate, in the form attached to this Agreement, upon execution of this Agreement.

(b) Representations by the Company. The Company makes the following representations and warranties as of the Effective Date:

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

(2) *Corporate Authority.* The Company's execution, delivery and performance of this Agreement is authorized by all necessary corporate action and will not violate any provision of law or of the Company's articles of incorporation or bylaws.

(3) *Full Disclosure.* Neither this Agreement nor the Application contain any untrue statement of or omit a material fact.

(4) *Project Description.* The Company will make New Capital Investment, as defined in the Act, and retain jobs at a site at 38303 Michigan Avenue (the former Michigan Truck Plant facility) and 37500 Van Born Road in the City of Wayne, Wayne County. The Company believes that the Project is economically sound and affirms that the investment capital or financing needed to complete the Project is now committed or soon will be available to the Company. As of May 5, 2009, the Project had not begun.

(5) *Job Retention.* The Project will result in the retention of at least 1,800, and up to 4,700, Full-time Jobs.

(6) *Certification.* The Company made the certifications required by Sections 8(3)(f) and 9(c)-(f) of the Act, which are attached to the Agreement as Schedule B.

## **3.0 MEGA TAX CREDIT**

The MEGA authorized the MEGA Tax Credit described in this Agreement for the Company, subject to the conditions specified in Section 4.0 of this Agreement and the Company's compliance with this Agreement.

(a) MEGA Tax Credit. The MEGA Tax Credit shall be equal to 100 percent of the Michigan's personal income tax rate, as it exists at the beginning of the Company's tax year for which the credit is sought, multiplied by the sum of the Salaries and Wages and Employer-paid Health Care Benefits, of

employees performing Qualified Retained Jobs, multiplied by a fraction, not to exceed one, calculated as follows: new capital investment/(Qualified Retained Jobs x \$100,000). The MEGA Tax Credit is authorized for ten consecutive tax years beginning with the Company's tax year ending December 31, 2011 and ending not later than December 31, 2020, except as provided under Section 3.0(b).

(1) No more than 4,700 Qualified Retained Jobs may be used in calculating the MEGA Tax Credit, as calculated under Section 431 of 2007 PA 36, MCL 208.1431(1)(e); and

(2) The maximum amount of total Salaries and Wages that may be used in a single tax year in calculating the MEGA Tax Credit for any one Qualified Retained Job is \$250,000.

(b) Advancing the Scheduled Years of the Credit. The Company may elect to begin the MEGA Tax Credit described in Section 3.0(a) in its tax year ending December 31, 2010. If the Company elects to advance the MEGA Tax Credit as provided in this Section, the last year in which the Company may receive the MEGA Tax Credit will be December 31, 2019. The election to advance the scheduled years of the MEGA Tax Credit may be made by providing a Certificate Application to the MEGA pursuant to Section 7.0, such Certificate Application computing the Qualified Retained Jobs for the first tax year of the MEGA Tax Credit as specified in Section 5.0(a).

#### **4.0 CONDITIONS OF THE MEGA TAX CREDIT**

(a) *Eligibility.* The Company shall not be eligible for the MEGA Tax Credit described in Section 3.0 of this Agreement unless:

(1) The Company retains at least 50 Qualified Retained Jobs, as required under the Act;

(2) The Average Weekly Wage paid to employees performing a Qualified Retained Job is at least \$760;

(3) The Company agrees, as part of its certification, hereto attached as Schedule B, to use best efforts to maintain jobs in Michigan when making plant location and closing decisions, to meet annually with a Michigan Economic Development Corporation representative and to disclose its base employment numbers at all facilities when submitting its annual Tax Credit Certificate Application;

(4) The Company invested in the Project, through construction, acquisition, transfer, purchase or contract, at least \$50,000 per Qualified Retained Job;

(5) The Company pays the administrative fee described in Section 4.0(b);

(6) The City of Wayne approves a tax abatement for new property related to the Project;  
and

(7) The Company obtains a Tax Credit Certificate, as provided in Section 5.0.

(b) *Administrative Fee.* The Company shall pay a one-time administrative fee of \$100,000 upon the submission of its first Tax Credit Certificate Application as referenced in Section 5.0.

#### **5.0 TAX CREDIT CERTIFICATE**

To obtain a Tax Credit Certificate in connection with the MEGA Tax Credit described in this Agreement, the Company shall:

(a) Retain the minimum number of Qualified Retained Jobs, as required by Schedule A of this Agreement, for the applicable tax year.

To compute the number of Qualified Retained Jobs in any tax year, except for the first year of the MEGA Tax Credit, as determined in Section 3.0 and Schedule A, the Company shall determine the number of Qualified Retained 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.

To compute the number of Qualified Retained Jobs for the first tax year of the MEGA Tax Credit, as determined in Section 3.0 and Schedule A, the Company shall determine the number of Qualified Retained Jobs as of the last day of each quarter of that year and, beginning with the first quarter in which there are at least 50 Qualified Retained Jobs, compute the average number of Qualified Retained Jobs over the remaining quarters of the tax year;

(b) Pay at least the Average Weekly Wage provided in Section 4.0(a)(3) to employees in Qualified Retained Jobs;

(c) Pay each employee working in a Qualified Retained Job an average hourly wage of at least 150 percent of the federal minimum wage in effect for the applicable tax year, which shall be computed inclusive of Salaries and Wages and Employer-paid Health Care Benefits; and

(d) Provide a Certificate Application to the MEGA that satisfies the requirements of Section 7.0 of this Agreement.

Provided that the Company satisfied the requirements of Section 4.0, the Company's failure to satisfy the requirements of this Section in any given year does not preclude the Company for qualifying for and obtaining a MEGA Tax Credit in any other year during the Term.

## **6.0 AUDIT AND VERIFICATION**

The information provided by the Company in connection with the MEGA Tax Credit is subject to audit and verification by the MEGA or its designee. Upon reasonable advance notice to the Company by the MEGA, the Company shall permit the MEGA or its designee, at the MEGA's sole expense and during normal business hours, to inspect the Company's files solely for the purpose of verifying eligibility for the MEGA Tax Credits authorized for the Company. The files subject to inspection include, but are not limited to, those relevant to wage and hour records, Employer-paid Health Care Benefits records, job classification, job assignments and employment histories. To the extent permitted under Section 5(3) of the Act, the Company may request confidential treatment of its financial or proprietary information retained by the MEGA in the course of its inspection. The MEGA shall comply with all applicable state and federal privacy laws with respect to the non-disclosure of employee information inspected in the course of the MEGA audit.

## **7.0 ANNUAL CERTIFICATE APPLICATION**

(a) For each year in which the Company seeks a MEGA Tax Credit under this Agreement, the Company shall complete a Certificate Application.

(b) The Company shall file the Certificate Application with the MEGA at least 45 days prior to the day the Company's Michigan Business Tax return is due to the Michigan Department of Treasury. If the deadline for filing the Company's Michigan Business Tax Return for the applicable tax year is

extended with the Michigan Department of Treasury, the Company shall notify the MEGA of the extension and the Certificate Application must be filed with the MEGA at least 45 days prior to the extended deadline.

(c) The form of the Certificate Application shall be as specified by the MEGA. The Certificate Application must contain the following information:

(1) The number of Full-time Jobs at all of the Company's locations in Michigan, excluding the Qualified Retained Jobs for which the Company is seeking the MEGA Tax Credit, as of the end of each of the four quarters in the applicable tax year;

(2) The total Salaries and Wages, before deducting any personal or dependency exemptions, paid to and Employer-paid Health Care Benefits provided to employees who performed Qualified Retained Jobs during the applicable tax year;

(3) A certification by an authorized officer of the Company that the information provided in the Certificate Application is accurate; and

(4) Any other information reasonably related to determining the MEGA Tax Credit.

(d) Within 45 days of its receipt of the Certificate Application, the MEGA shall determine whether the requirements of this Agreement and the Act have been met and, if so, will calculate the amount of the MEGA Tax Credit and issue a Tax Credit Certificate to the Company.

(e) For each year during the Term, the Company must submit a completed Certificate Application even if the requirements described in Section 5.0 are not satisfied for that year. If the Company does not satisfy the requirements in Section 5.0 for a particular tax year, the MEGA will not issue a Tax Credit Certificate for that year and one year of the MEGA Tax Credit is forfeited. The Company, however, will continue to be eligible for the MEGA Tax Credit in any remaining years of the Term in which the requirements of Section 5.0 are met.

## **8.0 ADJUSTMENT, REDUCTION OR TERMINATION OF CREDITS**

(a) For any tax year in which the Company does not satisfy the conditions described in Section 4.0, no MEGA Tax Credits are, or will be, authorized under this Agreement.

(b) The Company's failure to comply with any provision of this Agreement, other than as a result of a clerical or technical error which is corrected upon its discovery, may result in revocation of the Company's designation as an authorized business or in the reduction or loss of any MEGA Tax Credits for which a Tax Credit Certificate has not been issued.

(c) A MEGA Tax Credit is subject to adjustment in any tax year following the tax year in which a Tax Credit Certificate is issued if the MEGA finds that the information on which the Tax Credit Certificate was based was incorrect or cannot be verified by the MEGA pursuant to Section 6.0 of this Agreement.

(d) If the MEGA determines that the Company misrepresented information in order to qualify for, or increase the amount of, a MEGA Tax Credit and the Company fails to cure such misrepresentation within thirty days after receiving notice pursuant to 8.0 (e), the MEGA may terminate this Agreement and shall notify the Michigan Department of Treasury of the termination. The State of Michigan may require repayment of any MEGA Tax Credits received by the Company as a result of a misrepresentation.

(e) Prior to taking any adverse action against the Company under this Section, the MEGA shall provide the Company with written notice of its intended action and the basis for that action. The Company shall have a reasonable opportunity, no less than ninety days, to respond, as identified in the notice.

## **9.0 REPAYMENT PROVISION**

Should a Relocation occur, the following shall apply:

(a) If the Relocation occurs on or before the end of the fourth year from the year in which the Company may first receive a MEGA Tax Credit under Section 3.0 and Schedule A of this Agreement, the company shall repay 100 percent of the total amount of the MEGA Tax Credit received;

(b) If the Relocation occurs after the end of the fourth year and on or before the end of year from the year in which the Company may first receive a MEGA Tax Credit under Section 3.0 and Schedule A of this Agreement, the Company shall repay up to 50 percent, as determined by MEGA, of the total amount of the MEGA Tax Credit received; and

(c) If the Relocation occurs within 12 months after the end of the year from the year in which the Company may first receive a MEGA Tax Credit under Section 3.0 and Schedule A of this Agreement, the Company shall repay up to 50 percent, as determined by MEGA, of the total amount of the MEGA Tax Credit received.

This Section shall survive the termination pursuant to Section 8.0(d) of this Agreement.

## **10.0 MISCELLANEOUS**

(a) *Reporting.* The Company shall provide the MEGA with information regarding its MEGA Tax Credit as the MEGA may reasonably require. The Company shall meet annually, at a mutually agreed upon time and location, with a Michigan Economic Development Corporation representative.

(b) *Assignment of MEGA Tax Credit.* The MEGA Tax Credit described in this Agreement shall not be transferred or assigned provided, however, that in the event of a merger or if a Person acquires all or substantially all of the stock of the Company or the Company's assets in Michigan after the Effective Date, the MEGA shall authorize the transfer of the Company's rights under this Agreement to that Person if:

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

(2) The MEGA determines that the transfer is consistent with and will serve the purposes of the Act.

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

(d) *Notices.* All notices or other communications provided in connection with this Agreement shall be deemed received when delivered, if delivered by registered or certified mail, postage prepaid, return receipt requested, or by messenger or professional courier service, addressed as follows:

**TO MEGA:** Michigan Economic Development Corporation  
Michigan Economic Growth Authority  
300 North Washington Square  
Lansing, Michigan 48913  
ATTN: MEGA Board Secretary  
E-mail Address: [mega-admin@michigan.org](mailto:mega-admin@michigan.org)

**TO Company:** Ford Motor Company  
One American Road  
Dearborn, Michigan 48126  
ATTN: Gabby Bruno  
E-Mail Address: [gbruno1@ford.com](mailto:gbruno1@ford.com)

(e) *Entire Agreement and Amendment.* Subject to the Act, this Agreement, including the attached Schedules, is the entire agreement between the Parties with respect to the subject matter described herein and supersedes any previous agreements related to this Project. This Agreement may not be amended without the written consent of the Parties.

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

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

**MICHIGAN ECONOMIC GROWTH AUTHORITY**

  
\_\_\_\_\_  
Peter Anastor, Secretary

**FORD MOTOR COMPANY**

  
\_\_\_\_\_  
Diane P. Dossin  
Chief Tax Officer



**Ford Motor Company  
Michigan Assembly  
Schedule A  
Minimum Employment and Wage Levels to Qualify for the MEGA Tax Credits**

| <u>Year of<br/>Credit</u> | <u>Company's<br/>Tax Year<br/>Ending<br/>December 31</u> | <u>Minimum # of<br/>Retained Jobs, per<br/>year</u> | <u>Minimum<br/>Average Weekly<br/>Wage</u> |
|---------------------------|--|---|--|
| 1                         | 2011*  | 1800  | \$760                                      |
| 2                         | 2012   | 1800  | \$760                                      |
| 3                         | 2013   | 1800  | \$760                                      |
| 4                         | 2014   | 1800  | \$760                                      |
| 5                         | 2015   | 1800  | \$760                                      |
| 6                         | 2016   | 1800  | \$760                                      |
| 7                         | 2017   | 1800  | \$760                                      |
| 8                         | 2018   | 1800  | \$760                                      |
| 9                         | 2019   | 1800  | \$760                                      |
| 10                        | 2020   | 1800  | \$760                                      |

\*Should the Company elect to advance the scheduled years of the MEGA Tax Credit, as permitted under Section 3.0(b) of the Agreement, the Company's Tax Year Ending years listed on this table shall be considered advanced accordingly.

**Ford Motor Company  
Michigan Assembly  
Schedule B - Certification**

Ford Motor Company 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 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.
4. It is encouraged to make a good faith effort to utilize Michigan-based suppliers and vendors when purchasing goods and services.
5. Without the MEGA Tax Credits and the capital investment described in the Agreement, the Facility is at risk of closing and the work and jobs would be removed to a location outside of the state of Michigan.
6. Its management or ownership is committed to improving the long-term viability of the Facility in meeting the national and international competition facing the Facility through better management techniques; best practices, including, but not limited to, state of the art lean manufacturing practices and market diversification.
7. It will make best efforts to keep jobs in Michigan when making location and closing decisions.
8. The Facility's workforce demonstrates its commitment to improving productivity and profitability at the Facility through various means.

Certified on November 19, 2009.

*CLB*  
*58* Brian P. Dossin

Ford Motor Company

Certificate Number  
00-538-09

**Initial Tax Credit Certificate**  
Ford Motor Company  
Michigan Assembly

Issued this 15<sup>th</sup> day of December, 2009 by the

**Michigan Economic Growth Authority**

To Ford Motor Company, Employer Identification Number [REDACTED] an Authorized Business pursuant to Public Act 24 of 1995, as amended.

The MEGA authorizes to Ford Motor Company a MEGA Tax Credit of 100 percent for ten consecutive tax years, beginning with the Company's tax year ending on December 31 2011, under Section 431 of Public Act 36 of 2007.

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   
Peter Anastor  
Secretary to the MEGA Board

## **AMENDED AND RESTATED MEGA TAX CREDIT AGREEMENT: RETENTION CREDIT**

### **FORD MOTOR COMPANY (ELECTRIFICATION f/k/a MICHIGAN ASSEMBLY)**

This Agreement is between the Michigan Economic Growth Authority (MEGA) and Ford Motor Company, a Delaware corporation. Executive Order 2012-9 transferred all the authority, powers, duties, functions, responsibilities, records, personnel, property, unexpended balances of appropriations, allocations or other funds of the MEGA to the Michigan Strategic Fund (MSF). As used in this Agreement, the Michigan Economic Growth Authority, Michigan Strategic Fund, and Ford Motor Company are sometimes referred to individually as a "Party" and collectively as "Parties".

The Michigan Economic Growth Authority Act, 1995 PA 24, as amended, created the MEGA with the power to provide tax credits to businesses involved in manufacturing, mining, research and development, wholesale and trade, office operations, qualified high-technology business, film and digital media production, or certain tourism attractions;

The Michigan Legislature determined that it is in the public interest to promote economic growth and to encourage private investment, job creation and job upgrading for Michigan residents;

The MEGA determined that providing tax credits to the Company for job retention will promote and serve the intended purposes of and conform with the Act; and

The MEGA and the Company desire to set forth the terms and conditions of the tax credits that the MEGA authorized for the Company by Resolution 2009-076 dated May 5, 2009 and amended by Resolution 2009-158 dated September 22, 2009 and Resolution 2010-03 dated January 12, 2010.

The Parties, therefore, agree as follows:

#### **1.0 DEFINITIONS**

(a) "Act" means the Michigan Economic Growth Authority Act, 1995 PA 24, as amended as of the Effective Date.

(b) "Agreement" means this written agreement.

(c) "Application" means any information submitted to the MEGA in support of the Company's request for the MEGA Tax Credit.

(d) "Average Weekly Wage" means the total Salaries and Wages paid during the applicable year to each employee performing a Retained Job whose Salaries and Wages count in any quarter toward the Tax Credit, divided by the number of weeks worked by that employee, and the sum of the individual quotients is then divided by the number of those Retained Jobs.

(e) "Business" means a proprietorship, joint venture, partnership, limited liability partnership, trust, business trust, syndicate, association, joint stock company, corporation, cooperative, limited liability company, or any other organization.

(f) "Certificate Application" means the written information submitted each year in support of the Company's request for a Tax Credit Certificate that complies with Section 7.0 of this Agreement.

(g) "Company" means Ford Motor Company, with the federal employer identification number [REDACTED] As of the Effective Date, the Company is an authorized business under the Act.

(h) "Effective Date" means November 20, 2009.

(i) "Employer-paid Health Care Benefits" as determined by MEGA, means all costs paid by employer for a self-funded health care benefit plan or for an expense-incurred hospital, vision, medical or surgical policy or certificate, nonprofit health care corporation certificate, or health maintenance organization contract. "Employer-paid Health Care Benefits" do not include accident-only, credit, dental, or disability income insurance; long-term care insurance; coverage issued as a supplement to liability insurance; coverage only for a specified disease or illness; worker's compensation or similar insurance; employee paid pre-tax benefit plans; health savings accounts; or automobile medical payment insurance.

(j) "Facility" means the Company's locations in Michigan identified in Section 2.0(b)(4) at which the Company will maintain Retained Jobs.

(k) "Full-time Job" means a job performed by an individual who is employed for consideration for at least 35 hours each week based in Michigan and for whom the Company, an employee leasing company or a professional employer organization on behalf of the Company or other entity authorized under the Act, withholds income and United States social security taxes.

(l) "MEGA" means the Michigan Economic Growth Authority created by the Act.

(m) "MEGA Tax Credit" or "Tax Credit" means a credit against the Michigan Business Tax authorized by Section 431 of Public Act 36 of 2007, as amended.

(n) "Minimum Employment Level" means the minimum number of Full-time Jobs to be maintained by the Company in Michigan, as specified in Schedule A of this Agreement.

(o) "MSF" means the Michigan Strategic Fund.

(p) "New Investment" means investment the Company makes at the Facility through construction, acquisition, transfer, purchase or contract, or any other method as determined by the MEGA.

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

(r) "Project" means the project described in Section 2.0(b)(4) of this Agreement.

(s) "Relocation" means the transfer of 33 percent or more of the Retained Jobs out of the State of Michigan.

(t) "Retained Job" means a Full-time Job maintained at the Facility held by a Michigan resident and that pays at least 150 percent of the federal minimum wage.

(u) "Salaries and Wages" means wages, tips and other compensation, including, but not limited to, severance pay and stock options, reported in Box 1 of an employee's W-2 form for the payroll years that the employee worked.

(v) "Tax Credit Certificate" means the certificate required to be issued by 2007 PA 36, as amended, which states that the Company is an authorized business, the amount of the MEGA Tax Credit authorized for a year, and the Company's federal employer identification number or Michigan Treasury number.

(w) "Tax Year" means the calendar year, or the fiscal year ending during the calendar year, upon the basis of which the MEGA credit is computed. Multiple Michigan Business Tax filings in a calendar year are not considered multiple Tax Years.

(x) "Term" means the time period beginning with the Effective Date and ending on the last day of the last Tax Year in which the Company is eligible to receive a MEGA Tax Credit under this Agreement.

All terms and phrases used in this Agreement and not defined in this Section 1.0 or as specifically defined within other provisions of this Agreement shall have the same meaning as defined in the Act or Section 431 of the Michigan Business Tax Act.

## **2.0 REPRESENTATIONS**

(a) Representations by the MEGA. The MEGA makes the following representations and warranties as of the Effective Date:

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

(2) *Authority.* The MEGA has the necessary authority under the Act to grant MEGA Tax Credits and has taken all action necessary to authorize, execute and deliver this Agreement.

(3) *Tax Credit Certificate.* The MEGA will issue the Company's initial Tax Credit Certificate, in the form attached to this Agreement, upon execution of this Agreement.

(b) Representations by the Company. The Company makes the following representations and warranties as of the Effective Date:

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

(2) *Corporate Authority.* The Company's execution, delivery and performance of this Agreement is authorized by all necessary corporate action and will not violate any provisions of law or of the Company's articles of incorporation or bylaws.

(3) *Full Disclosure.* Neither this Agreement nor the Application contain any untrue statement of or omit a material fact.

(4) *Eligibility.* The Company will retain Full-time Jobs in Michigan as generally classified under NAICS code 3711.

(5) *Project Description.* The Company will make New Investment and retain jobs at its Michigan Assembly Plant site at 38303 Michigan Avenue (the former Michigan Truck Plant facility) and

Wayne Stamping Plant at 37500 Van Born Road in the City of Wayne, Wayne County. The Company will also consolidate its electrification programs in Michigan which will include the following sites: Van Dyke Transmission (41111 Van Dyke, City of Sterling Heights); Rawsonville Plant (Textile and McKean Road, City of Ypsilanti); Wayne Assembly Plant (37625 Michigan Avenue, City of Wayne); and Ford Product Development Center (20901 Oakwood Boulevard, City of Dearborn). The Company believes that the Project is economically sound and affirms that the investment capital or financing needed to complete the Project is now committed or soon will be available to the Company. As of May 5, 2009, the Project had not begun.

(6) *Job Retention.* The Project will result in the retention of up to 8,600 Full-time Jobs. The Company will also retain a Minimum Employment Level of 2,800 Full-time Jobs, which includes a minimum of 1,000 Full-time Jobs related to the Company's advanced lithium ion battery operations by December 31, 2012. Failure to do so will result in the Tax Credit being suspended until the threshold is met. The Company must also retain a minimum number of 3,000 total Full-time Jobs at the Project in order to be eligible for a 100 percent Tax Credit in any year of the credit. In any year of the Tax Credit where there are not at least 3,000 Full-time Jobs, the maximum Tax Credit shall be 75 percent. The Retained Jobs shall pay an Average Weekly Wage of at least \$760 and at no time will the wages paid for each of these Retained Jobs be less than 150 percent of the federal minimum wage in effect during the year in which the MEGA Tax Credit is sought.

(7) *Job Maintenance.* The Project will result in maintaining a combined minimum of 1,800 Full-time Jobs at the Michigan Assembly Plant and Wayne Stamping Plant.

(8) *Certification.* The Company made the certifications required by Sections 8(3)(f) and 9(c)-(f) of the Act, which are attached to the Agreement as Schedule B.

### **3.0 MEGA TAX CREDIT**

The MEGA authorized the MEGA Tax Credit described in this Agreement for the Company, subject to the conditions specified in Section 4.0 of this Agreement and the Company's compliance with this Agreement.

(a) MEGA Tax Credit. The MEGA Tax Credit shall be equal to 100 percent of the Michigan personal income tax rate, as it exists at the beginning of the Company's Tax Year for which the credit is sought, multiplied by the total Salaries and Wages and Employer-paid Health Care Benefits, of employees performing Retained Jobs, multiplied by a fraction, the numerator is the cumulative New Investment and the denominator is the number of Retained Jobs multiplied by \$100,000. The fraction in the previous sentence cannot exceed 1.00. If the number of employees earning wages is below the maximum number of Retained Jobs allowed, all Salaries and Wages in the quarter count toward the Tax Credit. If the number of employees earning wages is more than the maximum number of Retained Jobs allowed, only the highest Salaries and Wages up to the maximum number of Retained Jobs allowed will count toward the Tax Credit for that quarter. The MEGA Tax Credit is authorized for ten consecutive Tax Years beginning with the Company's Tax Year ending December 31, 2011 and ending no later than December 31, 2020, except as provided under Section 3.0(b).

(1) No more than 8,600 Retained Jobs may be used in calculating the MEGA Tax Credit, as provided in Section 431 of 2007 PA 36; and

(2) The maximum amount of total Salaries and Wages, including Employer-paid Health Care Benefits, which may be used in a single year in calculating the MEGA Tax Credit for any one Retained Job is \$250,000.

(b) Advancing the Scheduled Years of the Credit. The Company may elect to begin the MEGA Tax Credit described in Section 3.0(a) in its Tax year ending December 31, 2010. If the Company elects to advance the MEGA Tax Credit as provided in this Section, the last year in which the Company may receive the MEGA Tax Credit will be December 31, 2019.

#### **4.0 CONDITIONS OF THE MEGA TAX CREDIT**

(a) *Eligibility.* The Company shall not be eligible for the MEGA Tax Credit described in Section 3.0 of this Agreement unless:

(1) The Company retains at least 50 Retained Jobs, as provided in Schedule A, and makes New Investment of at least \$2,500,000;

(2) The Company maintains at least 1,800 Full-time Jobs and makes a combined minimum New Investment of at least \$90,000,000 at the Michigan Assembly Plant and Wayne Stamping Plant;

(3) The Company retains a minimum of 2,800 Full-time Jobs which include a minimum of 1,000 Full-time Jobs related to the Company's advanced lithium ion battery operations by December 31, 2012;

(4) The Company must retain a minimum of 3,000 Full-time Jobs at the Project in order to be eligible for a 100 percent Tax Credit in any year of the Tax Credit. Failure to retain a minimum of 3,000 Full-time Jobs will result in a maximum Tax Credit of 75 percent in any Tax Year of the credit where there are not at least 3,000 Full-time Jobs;

(5) The Average Weekly Wage paid to employees performing a Retained Job is at least \$760;

(6) The Company agrees, as part of its certification, to use best efforts to maintain jobs in Michigan when making plant location and closing decisions, to meet annually with a Michigan Economic Development Corporation representative and to disclose its Minimum Employment Level numbers at all Facilities when submitting its annual Tax Credit Certificate application;

(7) The Company invested in the Facility, through construction, acquisition, transfer, purchase or contract, at least \$50,000 per Retained Job;

(8) The Company pays the administrative fee described in Section 4.0(b);

(9) The City of Wayne approves a tax abatement for new property related to the Project;

(10) The Company obtains a Tax Credit Certificate, as provided in Section 5.0; and

(11) The Company participates in a MEGA technical assistance meeting with representatives of the MEDC, at a mutually agreed upon time, unless waived by the MEDC.

(b) *Administrative Fee.* The Company shall pay a one-time administrative fee of \$100,000 upon the submission of its first Tax Credit Certificate application.

#### **5.0 TAX CREDIT CERTIFICATE**

To obtain a Tax Credit Certificate in connection with the MEGA Tax Credit described in this Agreement, the Company shall for the applicable year:



(a) Retain and maintain the minimum number of Retained Jobs, as required by Schedule A of this Agreement.

To compute the number of Retained Jobs in any Tax Year, as determined in Section 3.0 and Schedule A, the Company shall determine the number of Retained Jobs as of the last operational day, as determined by MEGA, of each of the four quarters of the applicable year, total the results for the four quarters, and divide the sum by four. The employee shall be employed for the Retained Job on the last operational day of the quarter to be considered a Retained Job for that quarter;

(b) Pay at least the Average Weekly Wage provided in Section 4.0(a)(5) to employees in Retained Jobs;

(c) Pay each employee working in a Retained Job a wage, in addition to Employer-paid Health Care Benefits, equal to or greater than 150 percent of the federal minimum wage in effect for the applicable year;

(d) Maintain the Minimum Employment Level stated on Schedule A. To compute the Minimum Employment Level in any year, the Company shall determine the Minimum Employment Level as of the last operational day, as determined by MEGA, of each of the four quarters of the applicable year, total the results for the four quarters, and divide the sum by four. The employee shall be employed for the Retained Job on the last operational day of the quarter to be considered a Retained Job for that quarter; and

(e) Provide a Certificate Application to the MEGA that satisfies the requirements of Section 7.0 of this Agreement.

The MEGA will not issue a Tax Credit Certificate if the MEGA, or the Office of the Chief Compliance Officer, determines that the Company is not in compliance with the Act, or other laws applicable to the Tax Certificate.

Provided that the Company satisfied the requirements of Section 4.0, the Company's failure to satisfy the requirements of this Section in any given year does not preclude the Company from qualifying for and obtaining a MEGA Tax Credit in any other year during the Term.

## **6.0 AUDIT AND VERIFICATION**

The information provided by the Company in connection with the MEGA Tax Credit is subject to audit and verification by the MEGA or its designee both prior to and after receiving a Tax Credit Certificate. Upon reasonable advance notice to the Company by the MEGA or the Office of the Chief Compliance Officer, the Company shall permit the MEGA, the Office of the Chief Compliance Officer, or their designee, at the MEGA's sole expense and during normal business hours, to inspect the Company's files solely for the purpose of verifying eligibility for the MEGA Tax Credits authorized for the Company. The files subject to inspection include, but are not limited to, those relevant to wage and hour records, Employer-paid Health Care Benefits records, job classification, job assignments and employment histories. To the extent permitted under Section 5(3) of the Act, the Company may request confidential treatment of its financial or proprietary information retained by the MEGA in the course of its inspection.

## **7.0 ANNUAL CERTIFICATE APPLICATION**

(a) For each year in which the Company seeks a MEGA Tax Credit under this Agreement, the Company shall complete a Certificate Application.

(b) The Company shall file the Certificate Application with the MEGA at least 90 days prior to the day the Company's Michigan Business Tax return is due to the Michigan Department of Treasury. If the deadline for filing the Company's Michigan Business Tax return for the applicable year is extended by the Michigan Department of Treasury, the Certificate Application must be filed with the MEGA at least 90 days prior to the extended deadline.

(c) The form of the Certificate Application shall be as specified by the MEGA. The Certificate Application must contain the following information:

(1) The number of employees in the Minimum Employment Level as of the end of each of the four quarters, as determined by MEGA, in the applicable year;

(2) The number of Retained Jobs as of the end of each of the four quarters, as determined by MEGA, in the applicable year;

(3) The total Salaries and Wages paid to and Employer-paid Health Care Benefits provided to employees who performed Retained Jobs during the applicable year by quarter;

(4) A certification by an authorized officer of the Company that the information provided in the Certificate Application is accurate;

(5) The total New Investment related to the Project for the applicable year;

(6) The annual hours and weeks worked for employees counted in the Minimum Employment Level or as a Retained Job; and

(7) Any other information reasonably related to determining the MEGA Tax Credit.

(d) The MEGA and the Office of the Chief Compliance Officer shall determine whether the requirements of this Agreement and the Act have been met and if so, will calculate the amount of the MEGA Tax Credit and issue a Tax Credit Certificate to the Company.

(e) For each year during the Term, the Company must submit a completed Certificate Application even if the requirements described in Section 5.0 are not satisfied for that year. If the Company does not satisfy the requirements in Section 5.0 for a particular tax year, the MEGA will not issue a Tax Credit Certificate for that year and one year of the MEGA Tax Credit is forfeited. The Company, however, will continue to be eligible for the MEGA Tax Credit in any remaining years of the Term in which the requirements of Section 5.0 are met subject to Section 8.0(a).

(f) Documents containing Social Security Numbers may not be used to satisfy any of the reporting requirements contained in this Agreement. If in the course of Audit and Verification under Section 6.0 of this Agreement documents containing Social Security Numbers are reviewed, the MEDC shall not retain and will destroy any documents provided by the Company that contain Social Security Numbers.

## **8.0 ADJUSTMENT, REDUCTION OR TERMINATION OF CREDITS**

(a) If the Company does not initially satisfy the conditions described in Section 4.0 by December 31, 2013, this Agreement is void, the Company no longer qualifies as an authorized business under this Agreement, and no MEGA Tax Credits are, or will be, authorized under this Agreement.

(b) The Company's failure to comply with any provision of this Agreement, other than as a result of a clerical or technical error which is corrected upon its discovery, may result in revocation of the Company's designation as an authorized business or in the reduction or loss of any MEGA Tax Credits for which a Tax Credit Certificate has not been issued and may have a percentage of the credit amount previously claimed added back to the tax liability of the Company.

(c) A MEGA Tax Credit is subject to adjustment in any year following the year in which a Tax Credit Certificate is issued if the MEGA finds that the information on which the Tax Credit Certificate was based was incorrect or cannot be verified.

(d) If the MEGA determines that the Company misrepresented information in order to qualify for, or increase the amount of, a MEGA Tax Credit, the MEGA may revoke the Company's designation as an authorized business and shall notify the Michigan Department of Treasury of the revocation. The State of Michigan may require repayment of any MEGA Tax Credits received by the Company, plus a ten percent penalty, as a result of a misrepresentation.

(e) If the MEGA determines that the Company is not in material compliance with any Department of the State of Michigan including, but not limited to, the Department of Licensing and Regulatory Affairs, Department of Environmental Quality, or the Department of Treasury, the MEGA may withhold the Tax Credit Certificate until the issue is resolved or until the MEGA is satisfied that the Company has taken the appropriate steps to resolve the issue.

(f) Prior to taking any adverse action against the Company under this Section, the MEGA shall provide the Company with written notice of its intended action and the basis for that action. The Company shall have a reasonable opportunity to respond of no less than 90 days, including the right to appear before the MEGA Board, as identified in the notice.

## **9.0 REPAYMENT PROVISION**

Should a Relocation occur, the following shall apply:

(a) If the Relocation occurs on or before the end of the fourth year from the year in which the Company first receives a MEGA Tax Credit under Section 3.0 and Schedule A of this Agreement, the Company shall repay 100 percent of the total amount of the MEGA Tax Credit received; and

(b) If the Relocation occurs after the end of the fourth year and within 24 months after the end of the tenth year from the year in which the Company may first receives a MEGA Tax Credit under Section 3.0 and Schedule A of this Agreement, the Company shall repay up to 50 percent, as determined by MEGA, of the total amount of the MEGA Tax Credit received.

This Section shall survive the termination of this Agreement.

## **10.0 MISCELLANEOUS**

(a) *Reporting.* The Company shall provide the MEGA with information regarding its MEGA Tax Credit as the MEGA may reasonably require. The Company shall meet annually, at a mutually agreed upon time and location, with a Michigan Economic Development Corporation representative.

(b) *Employment Information.* The Company, for reporting purposes, shall provide the number of Full-time Jobs at all of the Company's locations in Michigan, excluding the Retained Jobs for which the Company is seeking the MEGA Tax Credit, as of the end of each of the four quarters in the applicable year.

(c) *Assignment of MEGA Tax Credit.* The MEGA Tax Credit described in this Agreement shall not be transferred or assigned provided, however, that if in the event of a merger or a Person acquires all or substantially all of the assets or stock of the Company in Michigan after the Effective Date, the MEGA shall authorize the transfer of the Company's rights under this Agreement to that Person if:

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

(2) The MEGA determines that the transfer is consistent with and will serve the purposes of the Act.

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

(e) *Notices.* All notices or other communications provided in connection with this Agreement shall be deemed received when delivered, if delivered by registered or certified mail, postage prepaid, return receipt requested, or by messenger or professional courier service, addressed as follows:

**TO MEGA or MSF:**

Michigan Economic Development Corporation  
Michigan Economic Growth Authority  
300 North Washington Square  
Lansing, Michigan 48913  
ATTN: MEGA Board Secretary  
E-mail Address: [mega-admin@michigan.org](mailto:mega-admin@michigan.org)

**TO Company:**

Ford Motor Company  
One American Road  
Dearborn, Michigan 48126  
ATTN: Gabby Bruno  
E-Mail Address: [gbruno1@ford.com](mailto:gbruno1@ford.com)

(f) *Entire Agreement and Amendment.* Subject to the Act, this Agreement, including the attached Schedules, is the entire agreement between the Parties with respect to the subject matter described herein and supersedes any previous agreements related to this Project. This Agreement may not be amended without the written consent of the Parties.

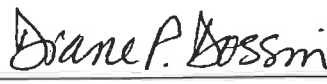
(g) *Captions.* The captions in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Agreement.

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

**MICHIGAN STRATEGIC FUND**

  
Karla K. Campbell, Fund Manager

**FORD MOTOR COMPANY**

  
Diane P. Dossin  
Chief Tax Officer

**Ford Motor Company**  
**Schedule A**  
**Minimum Employment and Wage Levels to Qualify for the MEGA Tax Credits**

| Year of<br>Credit | Company's<br>Tax Year<br>Ending<br>December 31 | Minimum # of<br>Retained Jobs, per<br>Tax Year | Minimum<br>Average Weekly<br>Wage | Minimum<br>Employment<br>Level |
|-------------------|--|--|-----------------------------------|--------------------------------|
| 1                 | 2011*  | 50   | \$760                             | 1800***                        |
| 2**               | 2012   | 50   | \$760                             | 1800                           |
| 3                 | 2013   | 50   | \$760                             | 1800                           |
| 4                 | 2014   | 50   | \$760                             | 1800                           |
| 5                 | 2015   | 50   | \$760                             | 1800                           |
| 6                 | 2016   | 50   | \$760                             | 1800                           |
| 7                 | 2017   | 50   | \$760                             | 1800                           |
| 8                 | 2018   | 50   | \$760                             | 1800                           |
| 9                 | 2019   | 50   | \$760                             | 1800                           |
| 10                | 2020   | 50   | \$760                             | 1800                           |

\*Should the Company elect to advance the scheduled years of the MEGA Tax Credit, as permitted under Section 3.0(b) of the Agreement, the Company's Tax Year Ending years listed on this table shall be considered advanced accordingly.

\*\* The Company must retain a minimum of 2,800 Full-time Jobs, which include a minimum of 1,000 Full-time Jobs related to the Company's advanced lithium ion battery operations by December 31, 2012.

\*\*\* The Company must retain a minimum number of 3,000 Full-time Jobs at the Project in order to be eligible for the 100 percent Tax Credit in any year of the credit. Failure to retain a minimum of 3,000 total Full-time Jobs will result in a maximum Tax Credit of 75 percent in any Tax Year of the credit where there are not at least 3,000 Full-time Jobs.

