

**ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE  
TAX CREDIT AGREEMENT**

**BETWEEN**

**THE WISCONSIN ECONOMIC DEVELOPMENT CORPORATION**

**AND**

**SIO INTERNATIONAL WISCONSIN, INC.,  
FEWI DEVELOPMENT CORPORATION, AND AFE, INC.**

This Electronics and Information Technology Manufacturing Zone Tax Credit Agreement (the “Agreement”) is entered into as of \_\_\_\_\_ pursuant to Chapter 238 of the Wisconsin Statutes between the Wisconsin Economic Development Corporation (“WEDC”), a public body corporate and politic authorized to certify businesses for tax credits pursuant to Section 238.396 of the Wisconsin Statutes, and SIO International Wisconsin, Inc., a Wisconsin corporation, FEWI Development Corporation, a Wisconsin corporation, and AFE, Inc., a Wisconsin corporation (collectively, the “Recipients”, and each is a “Recipient”).

**WITNESSETH**

**WHEREAS**, Hon Hai Precision Industry Co., Ltd. (Chinese name 鴻海精密工業股份有限公司) is a corporation organized and validly existing under the laws of the Republic of China whose shares are publicly traded on the Taiwan Stock Exchange (“Hon Hai”);

**WHEREAS**, Hon Hai issued a request for proposals for the siting of the Project in the United States;

**WHEREAS**, WEDC provided a letter of support on June 26, 2017, providing a description of incentives that WEDC could provide to incentivize the Project siting in Wisconsin;

**WHEREAS**, the State of Wisconsin and WEDC entered into a memorandum of understanding with Hon Hai and the Foxconn Flying Eagle Project under which the State of Wisconsin and WEDC agreed to pursue legislation to provide incentives in the amount of up to Three Billion Dollars (\$3,000,000,000) in an economic incentive package in exchange for Hon Hai siting the Project in Wisconsin, making a capital investment of up to Ten Billion Dollars (\$10,000,000,000), and creating up to thirteen thousand (13,000) Full-Time Jobs with an average salary of approximately Fifty-Three Thousand Eight Hundred and Seventy-Five Dollars (\$53,875);

**WHEREAS**, Hon Hai and Recipients have expressed a strong commitment to the State of Wisconsin to providing Wisconsin residents with significant job opportunities;

**WHEREAS**, the Wisconsin Legislature passed and the Governor signed into law 2017 Wisconsin Act 58, creating an Electronics and Information Technology Manufacturing Zone and

additionally providing a sales tax exemption for property or services acquired solely for or used solely in, the construction or development of facilities located in an Electronics and Information Technology Manufacturing Zone, as further described in Wis. Stat § 77.54(65);

**WHEREAS**, the Recipients submitted an Application to WEDC, requesting Tax Credits;

**WHEREAS**, Hon Hai, directly or indirectly through Affiliates, Controls the Voting Interests in AFE Inc.;

**WHEREAS**, SIO International Holdings Limited (“SIO International”) is a company organized and validly existing under the laws of the Cayman Islands;

**WHEREAS**, SIO International, directly or indirectly through Affiliates, Controls the Voting Interests in SIO International Wisconsin Inc. and FEWI Development Corporation;

**WHEREAS**, Mr. Gou, Taiming (Chinese name: 郭台銘 and who is also known as Terry Gou), who is the Chairman and CEO of Hon Hai, owns with a 9.36% of the equity share in Hon Hai and indirectly owns an 89% of the indirect holding equity in SIO International, has solidified his commitment to this Project in the form of a personal guaranty;

**WHEREAS**, the Recipients plan to employ a significant number of employees in Wisconsin to support their activities related to the Project. However, there are a variety of factors that impact employment and average wages of Full-Time Employees, including but not limited to labor supply challenges, market conditions, and other conditions affecting operations and sales. The parties recognize that the “pay as you go” nature of the Job Creation Tax Credits guarantees that tax credits are only paid after Recipient jobs are created and is a tangible incentive for the Recipients to meet their operational plans related to their advance manufacturing process and related supply chain to be brought to Wisconsin;

**WHEREAS**, WEDC determined that each Recipient is an eligible recipient of Electronics and Information Technology Manufacturing Zone Tax Credits, eligible to be certified pursuant to Wis. Stat § 238.396(3); and

**WHEREAS**, in reliance on the materials and information provided by each Recipient, WEDC has determined that the Recipients are eligible for up to Two Billion Eight Hundred and Fifty Million Dollars (\$2,850,000,000) in Tax Credits.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration for the foregoing and the representations, warranties, covenants, agreements and conditions set forth in this Agreement, WEDC and Recipients agree as follows:

1. **Definitions.** For purposes of this Agreement, the following terms shall have the following meanings:

(a) “Affiliate” means, with respect to any person, any other person that, directly or indirectly, controls, is controlled by or is under common control with such person, and the term “control” (including the terms “controlled by” and “under common control with”) means the possession,

directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through ownership of voting rights, by contract or otherwise (it being understood that a person shall be deemed to control another person if such first person owns more than 50% of the capital stock or other equity securities of such other person).

(b) "Agreement" means this agreement, to include the attached Exhibits, together with any future amendments executed in compliance with this Agreement.

(c) "Application" means the materials submitted by the Recipients to WEDC relating to the allocation of Electronics and Information Technology Manufacturing Zone Tax Credits.

(d) "Capital Investment Tax Credits" means the tax credits the Recipients are certified as eligible to earn under Wis. Stat. § 71.28(3wm)(bm).

(e) "Certification Date" means January 1, 2018, the date on which eligibility to earn Tax Credits begins. No activities occurring prior to the Certification Date will be considered in allocating Tax Credits.

(f) "Claimant" means a person who is certified to claim tax benefits under Wis. Stat. § 238.396(3) and who files a claim under Wis. Stat. § 71.28(3wm). Upon mutual agreement between the Recipients and WEDC, additional Affiliates of Hon Hai or SIO may be certified as Claimants in an amendment to the Agreement signed by WEDC and approved by WEDC's Awards Administration Committee and Board of Directors. Claimants certified for the first time in an amendment will not qualify for Jobs Creation Tax Credits or Capital Investment Tax Credits for expenditures prior to the date of the amendment.

(g) "Controls the Voting Interests" in a person means the ownership of more than 50% of the capital stock or other equity securities of such person in electing the board of directors which holds the possession of the power to direct and cause the direction of the management and policies of such person.

(h) "Effective Date" means the date when this Agreement becomes effective, which shall be the date when this Agreement and the Guaranty referenced in this Agreement have been fully executed by all relevant parties.

(i) "Electronics and Information Technology Manufacturing Zone Tax Credits" and "Tax Credits" mean the tax credits Recipients are certified as eligible to receive under Wis. Stat. § 238.396(3).

(j) "Full-Time Employee" means an individual who is employed in a job for which the annual pay is at least \$30,000 and who is offered retirement, health, and other benefits that are equivalent to the retirement, health, and other benefits offered to an individual who is required to work at least 2,080 hours per year.

(k) "Full-Time Job" means an employee position in the Zone or outside the Zone, but within the State of Wisconsin, and for the benefit of the Recipient's operations within the Zone, filled by a Full-Time Employee whose entire Wages are treated as paid in Wisconsin under Wis. Stat. § 71.25(8)(b).

(l) "Guarantor(s)" means, collectively, SIO International, Terry Gou and Hon Hai, and each is referred to as a Guarantor.

(m) "Job Creation Tax Credits" means the tax credits the Recipients are certified as eligible to earn pursuant to Wis. Stat. § 71.28(3wm)(b).

(n) "Partial-Year Employee" mean an employee who only worked part of the year due to his/her hiring or termination dates, and who would have been treated as a Full-Time Employee holding Full-Time Job if he/she had worked the full year.

(o) The "Project" means the economic investment activities of locating the Recipients' and Guarantors' Generation 10.5 TFT-LCD Fabrication Facility and supporting operations in the Electronics and Information Technology Manufacturing Zone, the capital investment of up to Ten Billion Dollars (\$10,000,000,000) and the creation of up to 13,000 new Full-Time Jobs, as outlined in the Recipients' Application, for which WEDC is certifying Recipients as eligible for receiving Tax Credits.

(p) "Recipient" has the meaning set forth in the preamble of this Agreement. Each Recipient shall be the Claimant for purposes of Wis. Stat. § 71.28(3wm)(a)1.

(q) "Secured Obligations" has the meaning assigned to such term in Section 11 of this Agreement.

(r) "Significant Capital Expenditure" means an investment in (i) machinery and equipment to be installed and used in the Zone (including "finance leases" and "operating leases" (to the extent and in the amount that such operating leases give rise to a "right-of-use asset" on the balance sheet of a Recipient upon lease commencement, but not including "short term" operating leases of such machinery and equipment, and not including consigned machinery and equipment), and (ii) in land and buildings located in the Zone that are needed to achieve the specific purpose of completing the Project; and provided that WEDC reserves the right to review leases between the Recipients and their Affiliates to confirm that such leases reflect fair market value prior to certifying Capital Investment Tax Credits. Notwithstanding any other provision of this Agreement, investments in residential or commercial, non-industrial property or construction of such property will not be considered to be eligible Significant Capital Expenditures for purposes of this Project and this Agreement. The terms "finance lease", "operating lease", "right-of-use asset" have the meanings assigned to them under GAAP ASC 842.

(s) "State Payroll" means the amount of payroll apportioned to the State of Wisconsin, as determined under Wis. Stat. § 71.25(8).

(t) "Wages" means wages under section 3306(b) of the Internal Revenue Code, determined without regard to any dollar limitation.

(u) "WEDC" means the Wisconsin Economic Development Corporation.

(v) "Zone" means the Recipient's business facilities in Racine County, Wisconsin, within the boundaries of the legal description set forth in Exhibit D, and all highways, easements, rights-of-way, or other lands designated by the Corporation as required to install infrastructure for the



Recipient's manufacturing facility, all of which, taken together, shall be an Electronics and Information Technology Manufacturing Zone designated pursuant to Wis. Stat. § 238.396(1m), and governed by Wisconsin Statutes.

(w) "Zone Payroll" means the amount of State Payroll that is attributable to Wages paid by the Recipient to Full-Time Employees for services that are performed in the Zone or that are performed outside the Zone, but within the State of Wisconsin, and for the benefit of the Recipients' operations within the Zone, as reasonably determined by WEDC. For purposes of calculating Zone Payroll, if a Full-Time Employee's Wages are in excess of \$100K, then the Full-Time Employee's Wages will be treated as \$100K.

2. **Duration of Agreement.** Subject to the limitations provided in the terms of this Agreement, and in Wisconsin Law, the allocation of Electronics and Information Technology Manufacturing Zone Tax Credits under Wis. Stat § 238.396 shall be effective for, and can be earned over a period of, up to fifteen (15) years, or one hundred and eighty (180) consecutive months, commencing at 12:00 a.m. CST on the Certification Date and expiring at 11:59 p.m. CST on December 31, 2032.

3. **Certification of Recipient for Tax Benefits.** Subject to the terms and conditions set forth in this Agreement, and in accordance with Wisconsin Statute Chapters 238 and 71, WEDC hereby certifies the Recipients as eligible for up to Two Billion Eight Hundred and Fifty Million Dollars (\$2,850,000,000) in Electronics and Information Technology Manufacturing Zone Tax Credits for the Recipient's Fiscal Years ending 2018 through 2032, consisting of Job Creation Tax Credits in a maximum amount of One Billion Five Hundred Million Dollars (\$1,500,000,000) and Capital Investment Tax Credits in the maximum amount of One Billion Three Hundred and Fifty Million Dollars (\$1,350,000,000) eligible to be earned in accordance with the terms and conditions of this Agreement and the disbursement schedules attached to this Agreement as Exhibits A and B.

4. **Recipients' Intentions and Obligations.** The Recipients will:

(a) Carry out the Project in good faith and substantially in accordance with the Recipients' Application and the terms and conditions of this Agreement, and comply with all laws, statutes, rules, regulations, judgments, and orders that are applicable to their business.

(b) Employ, to the best of Recipient's ability and consistent with their business goal to diligently carry out the Project as set forth in the Application, Full-Time Employees in the Zone, or outside of the Zone, but within the State of Wisconsin, for the benefit of the Recipients' operations within the Zone, at an average annual wage of Fifty-Three Thousand, Eight Hundred and Seventy-Five Dollars (\$53,875).

(c) Maintain the number of Full-Time Jobs hired in the Zone, or outside of the Zone, but within the State of Wisconsin, for the benefit of the Recipients' operations within the Zone, over a period of at least one hundred and eighty (180) consecutive months commencing on the Certification Date

and through December 31, 2032. The maintenance obligation for each Period is set forth in Exhibit C, Column B.

(d) Make to the best of Recipients' ability and consistent with their business goal to diligently carry out the Project as set forth in the Application, Significant Capital Expenditures in the Zone of up to Ten Billion Dollars (\$10,000,000,000).

(e) Maintain the Significant Capital Expenditures made in the Zone, for which the Recipients have been verified to receive Capital Investment Tax Credits, titled in the name of a Recipient, and sited in the Zone, over a period of at least one hundred and eighty (180) consecutive months commencing on the Certification Date and through December 31, 2032.

(f) Ensure that the Recipients' obligations under this Agreement shall be further guaranteed by the Guarantors in accordance with Section 11 below, pursuant to guaranties of the Secured Obligations executed by the Guarantors concurrently with the execution of this Agreement in favor of WEDC (if more than one, collectively the "Guaranty"). WEDC will not verify any Tax Credits until it is satisfied that the Guaranty provided by each of Hon Hai and SIO International has been properly authorized and approved by the applicable Board of Directors, Audit Committee and other applicable bodies.

(g) Promptly notify WEDC if a Recipient learns of the occurrence of (i) any event that constitutes an Event of Default or that would constitute an Event of Default with the giving of notice or passage of time, together with a detailed statement of the steps being taken to cure the effect of such Event of Default; (ii) any legal, judicial or regulatory claims or proceedings affecting the Recipient; (iii) a Recipient receiving notice of any legal, governmental or regulatory action involving the Recipient, or officers or assets of any of the foregoing, which, if adversely determined, might materially interfere with the normal business operations of the Recipient or the Project; or (iv) any other event or condition which could reasonably be expected to materially interfere with the normal business operations of a Guarantor, Recipient, or the Project.

5. **Eligibility for Tax Credits.** The actual amount of Tax Credits that the Recipient will be able to earn is dependent on the Recipient's actual employment levels; Zone Payroll for Full-Time Employees employed by the Recipient; and actual eligible Significant Capital Expenditures incurred by the Recipient. The Recipients are eligible to earn Tax Credits beginning on the Certification Date and ending on December 31, 2032 in accordance with the terms and conditions of this Agreement and the disbursement schedules attached to this Agreement as Exhibits A and B. The Tax Credits will be verified by WEDC in the year after the Tax Credits are earned. The timing of the verification does not impact Recipient's ability to claim Tax Credits which have been earned during the period beginning on the Certification Date and ending on December 31, 2032.

6. **Calculation of Tax Credits**

(a) **Calculation of Job Creation Tax Credits.** The Recipients are eligible to earn up to One Billion Five Hundred Million Dollars (\$1,500,000,000) in Job Creation Tax Credits according to the disbursement schedule attached hereto as Exhibit A, subject to the following requirements and provisions of Wisconsin law:

1. In order to earn any Job Creation Tax Credits in a particular Period set forth in Exhibit A, Column A, the Recipients must meet the following requirements:
  - a. For each Period, employ at least the Minimum Cumulative Full-Time Jobs set forth in Exhibit A, Column B, which shall be determined based on the number of Full-Time Jobs held by Full-Time Employees employed by the Recipients as of the end of the Period.
  - b. For each Period, pay an average annual wage of at least \$53,875 to Full-Time Employees employed in Full-Time Jobs by the Recipients. The average annual wage will be calculated by dividing the sum of the annualized Wages of all Full-Time Employees employed by the Recipients in Full-Time Jobs as of the end of the Period (the portion of a Full-Time Employee's Wages that exceeds \$400,000 will not be included in the calculation to determine average annual wage) by the number of all Full-Time Employees employed in Full-Time Jobs as of the end of the Period.
  - c. In determining whether a Partial-Year Employee is employed by the Recipient as of the end of a Period under Section 6, (1) Partial-Year Employees who are employed in Full-Time Jobs as of the end of the Period will be counted, and (2) Partial-Year Employees who are not employed in Full-Time Jobs as of the end of the Period will not be counted.
2. After the Recipients submit all of the reporting and documentation required by Section 7 of this Agreement for a Period covered in Exhibit A, Column A, and provided that WEDC is satisfied that the requirements to earn Job Creation Tax Credits have been satisfied and no Recipient has breached the Agreement, and subject to the terms and conditions of this Agreement and applicable Wisconsin law, WEDC will calculate Job Creation Tax Credits pursuant to Wis. Stat. § 71.28(3wm)(b), as follows:
  - a. First, determine the Zone Payroll for the Period for Full-Time Employees employed by the Recipient (the "Zone Payroll Calculation"); and
  - b. Second, multiply the Zone Payroll Calculation by seventeen percent (17%).
  - c. For purposes of calculating the Job Creation Tax Credits, the actual Wages paid to all Partial-Year Employees will be included in the Zone Payroll Calculation.
3. **Carryforward of Unearned Job Creation Tax Credits.** Any unearned Job Creation Tax Credits in a particular Period (the difference between the annual Maximum Target Job Creation Credits in Exhibit A, Column D and the actual amount of Job Creation Tax Credits actually earned) (the "Carryforward Credit"), may be carried forward to be earned and verified in subsequent Periods, provided, however, that in order to access the Carryforward Credit to be verified in any given Period:
  - a. the Recipient must have exceeded the number of Full-Time Jobs in Exhibit A, Column C for that Period;

- b. the amount of Job Creation Tax Credits for the Period will be calculated pursuant to Sections 6(a)1. and 6(a)2. above; and
- c. Job Creation Tax Credits are subject to the following limits:
  - [i] Job Creation Tax Credits for that Period may not exceed the sum of the Maximum Job Credits set forth in Exhibit A, Column D and the Maximum Carryforward limit as established in Exhibit A, Column E;
  - [ii] The cumulative Job Creation Tax Credits verified through the Period cannot exceed the Cumulative Job Creation Credit limit identified in Exhibit A, Column E; and
  - [iii] The total Job Creation Tax Credits over the duration of the Zone may not exceed One Billion Five Hundred Million Dollars (\$1,500,000,000).

**(b) Calculation of Capital Investment Tax Credits.** The Recipients are eligible to earn up to One Billion Three Hundred and Fifty Million Dollars (\$1,350,000,000) in Capital Investment Tax Credits according to the disbursement schedule attached hereto as Exhibit B, subject to the following requirements and provisions of Wisconsin law:

1. After the Recipients submit all of the reporting and documentation required by Section 7 of this Agreement for a Period covered in Exhibit B, Column A, provided that WEDC is satisfied that the requirements to earn the Capital Investment Tax Credits have been satisfied and no Recipient has breached the Agreement, and subject to the terms and conditions of this Agreement and applicable Wisconsin law, WEDC will calculate Capital Investment Tax Credits pursuant to Wis. Stat. § 71.28(3wm)(bm), as fifteen percent (15%) of the cost of the Recipient's Significant Capital Expenditures in the Zone. Capital Investment Tax Credits may be accrued based on the Recipient's Significant Capital Expenditures beginning on the Certification Date, but may only be claimed to be verified by WEDC for a period of seven (7) years, beginning on January 1, 2019 and ending on December 31, 2025, according to the disbursement schedule set forth in Exhibit B.
2. Actual Significant Capital Expenditures will accrue beginning on the Certification Date and the first Period for earning Capital Investment Tax Credits will look back to the Certification Date in calculating the Capital Investment Tax Credits. Actual Significant Capital Expenditures in any Period that result in potential Capital Investment Tax Credit claim amount above the amount provided in Exhibit B, Column C may be rolled forward to be claimed by the Recipient in subsequent Periods.
3. In order to earn the maximum amount of Capital Investment Tax Credits in a particular Period, the Recipients must employ at least the number of Full-Time Jobs



provided in Exhibit B, Column B. In determining whether a Partial-Year Employee is employed by the Recipient as of the end of a Period under this Section 6(b), (1) Partial-Year Employees who are employed in Full-Time Jobs as of the end of the Period will be counted, and (2) Partial-Year Employees who are not employed in Full-Time Jobs as of the end of the Period will not be counted.

4. The maximum amount of Capital Investment Tax Credits eligible to be earned by the Recipients for the relevant Periods are set forth in Exhibit B, Column C. In no event will the amount of Capital Investment Tax Credits earned by the Recipients in a Period exceed the amount outlined for the Period in Exhibit B, Column C, as may be further modified pursuant to Sections 6(b)5. and 6(b)6. below.
5. In the event that the Recipients have not employed at least the minimum Full-Time Jobs provided in Exhibit B, Column B in a Period, the Maximum Capital Investment Tax Credits the Recipients are eligible to claim in the Period as outlined in Exhibit B, Column C will be decreased by the percentage amount equal to the difference between the number of actual Full-Time Jobs employed as a percentage of the respective number in Exhibit B, Column B. For purposes of illustration:
  - a. If, in the Period ending December 31, 2019, the Recipients employed four hundred and sixty-eight (468) Full-Time Jobs (90% of the number in Exhibit B, Column B), the Maximum Capital Investment Tax Credits available for the Period as stated in Exhibit B, Column C will be decreased by ten percent (10%)(derived from subtracting 100% - 90%) to total One Hundred and Seventy-Three Million Five Hundred and Seventy-One Thousand Four Hundred and Twenty-Nine Dollars (\$173,571,429)(derived by decreasing the total in Exhibit B, Column C by 10%).
  - b. If, in the Period ending December 31, 2022, the Recipients employed four thousand one hundred sixty (4,160) Full-Time Jobs (80% of the number in Exhibit B, Column B), the Maximum Capital Investment Tax Credits available for the Period as stated in Exhibit B, Column C will be decreased by twenty percent (20%)(derived from subtracting 100% -80%) to total One Hundred and Fifty-Four Million Two Hundred and Eighty-Five Thousand Seven Hundred and Fourteen Dollars (\$154,285,714)(derived by decreasing the total in Exhibit B, Column C by 20 %).
6. **Carryforward of Unearned Capital Investment Tax Credits.** Capital Investment Tax Credits may be carried over in future years. Capital Investment Tax Credits can only be carried forward in Periods in which the Recipient meets the Jobs Target set in Exhibit B, Column B. If the Capital Investment Full-Time Jobs Target in Exhibit B, Column B is not met in any Period, no carryforward would be allowed for that Period.

In the Periods that the Jobs Target is met, but the Recipient fails to earn the Maximum Capital Investment Tax Credits identified in Exhibit B, Column C, any unearned Capital Investment Tax Credit in that particular Period (the difference between the annual Maximum Capital Investment Tax Credit in Exhibit B, Column C and the actual amount of Capital Investment Tax Credit actually earned)(the “Cap

Ex Carryforward”) may be carried forward to be earned and verified in subsequent Periods, provided, however, that in order to access the Cap Ex Carryforward to be verified in any given Period:

a. The Recipient must have met the number of Full-Time Jobs in Exhibit B, Column B in the Period where the carryforward request to be paid is made; and

b. Capital Investment Tax Credits are subject to the following limits:

[i] Capital Investment Tax Credits for that Period is limited as follows:

(A) To the Cap Ex Carryforward available; and

(B) Subject to the Period specific restrictions:

(1) For the first six Periods, Recipients may only claim the Capital Investment Tax Credits in the amount of \$96,400,000 in excess of the amount identified in Exhibit B, Column C;

(2) In the final Period, Recipients may claim any remaining Cap Ex Carryforward.

[ii] The total Capital Investment Tax Credits over the seven-year period may not exceed One Billion Three Hundred and Fifty Million Dollars (\$1,350,000,000).

**7. Reporting and Verification to Claim Electronics and Information Technology Manufacturing Zone Tax Credits.** The Recipients’ eligibility for Electronics and Information Technology Manufacturing Zone Tax Credits will be reviewed by WEDC after the Recipients’ submission of the Annual Project Report and Third Party Verification Report prior to WEDC issuing a verification authorizing each Recipient to file a claim for Tax Credits with the Wisconsin Department of Revenue. WEDC will issue a verification to each of the Claimants in proportion to their respective employment, Zone Payroll, and Significant Capital Expenditures. Any finding that specific capital expenditures or payroll information reported to WEDC are ineligible for Tax Credits per the terms of this Agreement or Wisconsin law at any time will result in such capital expenditures and payroll being excluded from the calculation of Capital Investment Tax Credits and Jobs Creation Tax Credits, respectively. Upon receipt of the verification from WEDC, Recipients shall have 14 business days to object to the calculation of Tax Credits. The parties agree to attempt in good faith to resolve any disagreement within 30 days of the objection. To the extent that such error relates to Tax Credits that have already been issued, WEDC reserves the right to adjust subsequent Tax Credits or demand repayment.

(a) **Record.** Each Recipient shall prepare, keep and maintain such records as may be reasonably required by WEDC to establish:

1. Information relating to Full-Time Employees and Partial-Year Employees hired and maintained by the Recipient in the Zone and outside of the Zone, but within the State of Wisconsin, and for the benefit of the Recipient's operations within the Zone, which, with respect to each Full-Time and Partial-Year Employee, shall include, but not be limited to:
  - a. The name or unique identifier associated with the employee, whether the position of the employee is a Full-Time Job, base hours worked, overtime hours worked, hourly rate, period total base wages, period overtime, bonus, commission wages, employment start date, termination date, part-time/full-time designation, residency and work site.
2. the Zone Payroll amount; and
3. the amount and type of Significant Capital Expenditures made by the Recipient in the Zone including, but not limited to investment description, investment type, date of investment, location of investment, and investment amount.

(b) **Annual Project Report.** Each Recipient shall provide WEDC with an Annual Project Report (a sample of which is attached as Exhibit E) before the applicable due date identified in Section 7(f) below, and all supporting documentation for the Annual Project Report including payroll reports and documentation of Significant Capital Expenditures, as outlined in more detail in Exhibit E and accompanying verification spreadsheets.

(c) **Third Party Verification Report.** The Recipients shall engage, at its own cost, nationally recognized certified public accountant (CPA) acceptable to WEDC to perform attestation of the Annual Project Reports submitted by the Recipients based on an Agreed Upon Procedures ("AUP") engagement pursuant to procedures approved in advance in writing by WEDC, in accordance with attestation standards established by the American Institute of Certified Public Accountants to agree without exception to the Annual Project Reports provided to WEDC per Section 7(b). The CPA shall determine whether (1) the Significant Capital Expenditures that the Recipients claim made in the previous Period for earning Capital Investment Tax Credits were expended in accordance with this Agreement, and (2) the Zone Payroll that the Recipients claim paid in the previous Period was appropriately stated. The CPA shall issue a report covering the items set forth above and satisfying the requirements below and the Recipients shall submit such report to WEDC within forty-five (45) days after the due date of the applicable Annual Project Reports covering the same Period.

Any finding that specific capital expenditures or payroll information reported to WEDC are ineligible per the terms of this Agreement or Wisconsin law will result in such capital expenditures and payroll being excluded from the calculation of Capital Investment Tax Credits and Job Creation Tax Credits, respectively, and, WEDC may require, in WEDC's reasonable discretion, the AUP report to include an expansion of the sample testing of the Recipients. The Recipients

shall make available for inspection by WEDC all of the Recipients' and the certified public accountant's documents supporting the claim and calculation of the Capital Investment Tax Credits and Job Creation Tax Credits and the attestation performed.

**(d) Additional Reporting.** In addition to the information identified above, as part of the Recipients' Annual Project Report submissions, the Recipients will use commercially reasonable efforts to provide WEDC with information on their supply chain investment, related to the number of Wisconsin companies acting as suppliers as well as the total dollars spent with Wisconsin companies and/or Wisconsin specific industries. The parties acknowledge and agree that the Recipients have no affirmative obligation under this Agreement to make a certain supply chain investment.

**(e) Duration of Reports.** The documentation identified in Sections 7(a) - (d) above shall cover each Period of the Zone.

**(f) Schedule of Reporting.**

<b>Annual Project Report Period Covered</b>	<b>Payroll and Verification Report Period Covered</b>	<b>Due Date</b>
1/1/2018 – 12/31/2018	1/1/2018 – 12/31/2018	4/1/2019
1/1/2018 – 12/31/2019	1/1/2019 – 12/31/2019	4/1/2020
1/1/2018 – 12/31/2020	1/1/2020 – 12/31/2020	4/1/2021
1/1/2018 – 12/31/2021	1/1/2021 – 12/31/2021	4/1/2022
1/1/2018 – 12/31/2022	1/1/2022 – 12/31/2022	4/1/2023
1/1/2018 – 12/31/2023	1/1/2023 – 12/31/2023	4/1/2024
1/1/2018 – 12/31/2024	1/1/2024 – 12/31/2024	4/1/2025
1/1/2018 – 12/31/2025	1/1/2025 – 12/31/2025	4/1/2026
1/1/2018 – 12/31/2026	1/1/2026 – 12/31/2026	4/1/2027
1/1/2018 – 12/31/2027	1/1/2027 – 12/31/2027	4/1/2028
1/1/2018 – 12/31/2028	1/1/2028 – 12/31/2028	4/1/2029
1/1/2018 – 12/31/2029	1/1/2029 – 12/31/2029	4/1/2030
1/1/2018 – 12/31/2030	1/1/2030 – 12/31/2030	4/1/2031
1/1/2018 – 12/31/2031	1/1/2031 – 12/31/2031	4/1/2032
1/1/2018 – 12/31/2032	1/1/2032 – 12/31/2032	4/1/2033



(g) Recipients must submit all required annual reports and other documentation in a timely manner. If Recipients fail to submit all reporting material within 365 days of the end of a taxable year, Recipients may not receive Tax Credits earned during that taxable year.

(h) The Recipients shall notify WEDC within thirty (30) days if any net Full-Time Jobs in Wisconsin are reduced or if any Full-Time Jobs are relocated out of Wisconsin.

(i) Should the Recipients request a substantive amendment to this Agreement, each Recipient shall provide WEDC with statewide payroll information covering the twelve (12) month period through the end of the most recent month prior to WEDC's receipt of the amendment request. If there has been a reduction in the Recipients' Full-Time Jobs in Wisconsin, the amendment request will be reviewed by WEDC's Awards Administration Committee and Board of Directors.

8. **Refund Eligibility.** Electronics and Information Technology Manufacturing Zone Tax Credits are refundable. If the amount of a Recipient's claim for Tax Credits submitted to the Department of Revenue in any tax year exceeds the taxes otherwise due on Recipient's income under Wis. Stat. § 71.23 for such year, then the amount of the claim that is not used to offset taxes shall be certified by the Department of Revenue to the Department of Administration and paid to Recipient by check, share draft or other draft.

9. **Limitations.** Wis. Stat. § 71.28(3wm) outlines the treatment of partnerships, limited liability companies, and tax-option corporations as it relates to the Tax Credits.

10. **Event of Default.** The occurrence of any one or more of the following events shall constitute an "Event of Default" for the purposes of this Agreement:

(a) Any Recipient or Guarantor supplies false or misleading information to WEDC to obtain Tax Credits under this Agreement.

(b) The Recipients leave the Zone to conduct substantially the same business outside of the Zone during the duration of this Agreement.

(c) The Recipients cease operations in the Zone during the duration of this Agreement and does not renew operation of the business or a similar business in the Zone within twelve (12) months.

(d) The Recipients fail to comply with or meet the obligations set forth in Section 4(c) or 4(e) of this Agreement; *provided, however*, solely for purposes of Section 10(d), in the event that the number of actual Full-Time Jobs exceed the amounts set forth in Exhibit C, Column B, the amount in excess shall accrue up to a maximum accrual of 3,000 Full-Time Jobs and such accrued jobs shall be applied in any future Periods where the actual Full-Time Jobs are less than the amounts set forth in Exhibit C, Column B up to a maximum of 1,500 per Period (the "Jobs Accrual"), and the Jobs Accrual shall be applied (if necessary) prior to determination if there is a default under Section 4(c) above.

Notwithstanding the foregoing, no Event of Default under Section 10(d) above shall occur if such circumstances shall occur due to forces beyond the control of the Recipients, relating to catastrophic accidents, acts of war or terrorism, civil or military disturbances, or natural

catastrophes, or unlawful (as determined by the NLRB or the WERC) work stoppage or labor strike.

(e) Any Recipient fails to comply with or perform, in any material respect, any of its obligations under this Agreement, without providing a satisfactory explanation, in WEDC's sole discretion, for the noncompliance.

(f) Any Recipient breaches any of its representations, warranties or covenants set forth in this Agreement.

(g) Any Guarantor is in default under the terms of the Guaranty or breaches any of its representations, warranties or covenants set forth in the applicable Guaranty.

(h) Any Recipient or Guarantor becomes insolvent or the subject of insolvency proceedings, fails generally to pay its debts as they become due or makes an assignment for the benefit of creditors; or a receiver, trustee, custodian or other similar official is appointed for, or takes possession of any substantial part of the property of, Recipient or the Guarantor.

(i) Any Recipient or Guarantor takes action to authorize such organization or person, as the case may be, to become the subject of proceedings under the United States Bankruptcy Code or of the protections of the insolvency laws of any other country; or the execution by Recipient or the Guarantor of a petition to become a debtor under the United States Bankruptcy Code or to receive the protections of the insolvency laws of any other country; or the filing of any involuntary petition against Recipient or the Guarantor under the United States Bankruptcy Code or the insolvency laws of any other country which remains undismissed for a period of 60 days; or the entry of an order for relief under the United States Bankruptcy Code against Recipient or the Guarantor or the entry of an order granting any of them protection under the insolvency laws of any other country.

(j) The Guaranty shall cease to be in full force and effect; or any Guarantor or any other person acting for on or behalf of the Guarantor shall deny or disaffirm the Guarantors' obligations under the Guaranty; or any Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to the Guaranty, as the ability to collect against the Guaranty is a condition precedent to enter into the Tax Credit Agreement and to provide the tax incentives herein.

#### **11. Remedies in Event of Default.**

(a) Upon the occurrence of any Event of Default, WEDC shall send a written notice of default to the Recipients, setting forth with reasonable specificity the nature of the default. If the Recipients fail to cure any such Event of Default to the reasonable satisfaction of WEDC within thirty (30) calendar days, WEDC may extend the cure period if WEDC determines, in its sole discretion, that the Recipients have begun to cure the Event of Default and diligently pursues such cure, or, without further written notice to the Recipients, declare the Recipients in default and exercise its rights under this Agreement, the Guaranty, and applicable law. The cure period shall in no event be extended more than one hundred eighty (180) days.

(b) Upon the occurrence of an Event of Default pursuant to any of Sections 10(a) - (d) above, and after the expiration of all applicable cure periods, WEDC shall, upon an additional thirty (30)

days prior written notice to the Recipients, revoke the Recipients' certification. WEDC and/or the Wisconsin Department of Revenue (DOR) may take action to recover from the Recipients each of the following (collectively, and together with any other obligations of the Recipients and Guarantors to WEDC, whether now existing or hereinafter arising, the "Secured Obligations"):

1. Tax Credits, verified by WEDC and claimed by the Recipients under this Agreement, as outlined in Exhibit C; and
2. All court costs and reasonable attorney's fees incurred by WEDC in terminating its obligations under this Agreement or in terminating the Agreement and recovering the amounts owed by Recipients under this provision, and, without limiting the foregoing, all reasonable costs and expenses incurred by WEDC in connection with collecting under the Guaranty.

(c) Upon the occurrence of an Event of Default pursuant to any of Sections 10(e) - (j) above, and after the expiration of all applicable cure periods, WEDC shall have the right, at its sole option, to revoke the Recipients' certification to claim any additional Tax Credits. WEDC and/or DOR will not recover any Tax Credits verified by WEDC and claimed by the Recipients under this Agreement so long as, for the duration of the Zone, an Event of Default set forth in any of Sections (a) - (d) of this Agreement has not occurred and continued through the expiration of applicable cure periods. To the extent that any Event of Default of Sections 10(a) - (d) has occurred with respect to any Recipient and has not been cured before the expiration of applicable cure periods, the Recipients will be subject to the remedies identified under Section 11(b).

After WEDC declares that the Recipients are in default pursuant to Section 11(b), WEDC may provide an invoice to Recipients outlining the repayment schedule which will require Tax Credits to be repaid on a quarterly basis at 0% interest rate ("Repayment Schedule"). The Repayment Schedule will require repayment over the same time period as the Tax Credits were verified under this Agreement or 8 years, whichever is shorter. If Recipients fail to timely pay any quarterly payment, WEDC will send a default notice to the Recipients. If payment is not received by WEDC within thirty (30) calendar days after the WEDC sends the default notice, then WEDC will pursue its rights and remedies against the Guarantors. The Guarantors will pay all outstanding payments due pursuant to the Repayment Schedule within thirty (30) calendar days of demand and will continue to timely pay on the Repayment Schedule. Notwithstanding the foregoing, WEDC retains the right to deny payment terms or to accelerate payment for any reason including but not limited to (i) an event of a default by any of the Guarantors, (ii) in the event WEDC is precluded from exercising rights under the Guaranty, (iii) in the event of the insolvency of any of Guarantors, (iv) if the failure to so proceed could cause WEDC to lose any rights or remedies at a later date, or (v) if WEDC, in its sole and absolute discretion, determines that failure to so proceed may jeopardize its ability to enforce and/or realize repayment under this Agreement or the Guaranty.

**12. Recipients' Warranties, Representations and Covenants.** In addition to the other provisions of this Agreement, to induce WEDC to enter into this Agreement to allocate Electronics and Information Technology Manufacturing Zone Tax Credits, each Recipient

warrants and represents and covenants that as of the Effective Date and at all times while this Agreement remains in effect:

(a) The Recipient is duly organized, validly existing and in good standing under the laws of the State in which the Recipient is organized and is properly authorized to engage in business in the State of Wisconsin.

(b) The Recipient is qualified to engage in business in every jurisdiction where the nature of its business makes such qualification necessary.

(c) The Recipient complies with all laws, regulations, ordinances and orders of public authorities applicable to it, the violation of which would have a material and adverse effect on the Recipient's ability to perform its obligations under this Agreement or to otherwise engage in its business.

(d) The financial statements and other information provided by the Recipient to WEDC are complete and accurate in accordance in all material respects with Generally Accepted Accounting Principles where applicable, and have been relied on by WEDC in deciding whether to enter into this Agreement and to continue its obligations under this Agreement.

(e) There are no actions, suits or proceedings, whether litigation, arbitration, or administrative, pending or threatened against or affecting the Recipient which, if adversely determined, would individually or in the aggregate materially impair the ability of the Recipient to perform any of its obligations under this Agreement or adversely affect the financial condition or the assets of the Recipient (including that in which WEDC has a security interest).

(f) The Recipient is unaware of any conditions which could subject it to any damages, penalties or clean-up costs under any federal or state environmental laws which would have a material and adverse effect on the Recipient's ability to comply with this Agreement or on its business or assets (including those in which WEDC has a security interest).

(g) The Recipient has, or will acquire before commencing any work for which they are required, all necessary permits, licenses, certificates or other approval, governmental or otherwise, necessary to operate its business and own and operate its assets, all of which are in full force and effect and not subject to proceedings to revoke, suspend, forfeit or modify.

(h) The Recipient has filed when due all federal and state income and other tax returns required to be filed by the Recipient and has paid all taxes shown thereon to be due. The Recipient has no knowledge of any uncompleted audit of the returns or assessment of additional taxes thereon.

(i) The Recipient and the undersigned officer thereof has all necessary or requisite power and authority to execute and deliver this Agreement and to consummate the transactions provided for herein and therein.

(j) The execution and delivery by the Recipient of this Agreement and the performance by the Recipient of the obligations to be performed hereunder and thereunder have been duly authorized by all necessary action of the Recipient and no other proceedings on the part of the Recipient are



necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered.

(k) The Recipient's business requires most of the employees hired for the Project to perform their services in the Zone; and as a result the Recipient expects and is committed to providing significant job opportunities for Wisconsin residents.

(l) The Recipient is not making these representations and warranties and covenants specifically based upon information furnished by WEDC.

(m) These warranties and representations herein are true and accurate as of the date of this Agreement, and shall survive the execution thereof.

(n) This Agreement is a valid and binding obligation, enforceable against the Recipient in accordance with its terms.

(o) The information disclosed to WEDC in the course of WEDC's evaluation of the Recipient's eligibility for Tax Credits does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole and in light of the circumstances under which they were made, not misleading.

(p) No filing has been made with any state authority of a decree of dissolution with respect to the Recipient.

(q) None of the equity owners, managers, or officers of the Recipient have taken any action authorizing the liquidation or dissolution of the Recipient.

(r) The execution and delivery and performance of this Agreement and the consummation of the transactions contemplated hereby and thereby (i) will not violate any law or any order of any governmental authority, in each case applicable to the Recipient or by which any of its properties are bound or affected, (ii) will not require any authorization, consent, approval, exemption or other action by or notice to any governmental authority or (iii) do not and will not, with or without the giving of notice or the passage of time, conflict with, result in or constitute a breach, default, right to accelerate or loss of rights under, or result in the creation of any lien or encumbrance pursuant to, [a] the terms or conditions of Recipient's organizational documents or [b] any contract or instrument to which the Recipient is a party or by which the Recipient or its business are bound or affected.

(s) Each Recipient, each subsidiary of each Recipient and each person that directly or indirectly owns any equity interests in the Recipient is in compliance (collectively, "Compliant Person") with all U.S. economic sanctions laws, Executive Orders and implementing regulations as promulgated by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC"), and all applicable anti-money laundering and counter-terrorism financing provisions of the Bank Secrecy Act and all regulations issued pursuant to it. No Compliant Person (i) is a person designated by the U.S. government on the list of the Specially Designated Nationals and Blocked Persons (the "SDN List") with which a U.S. person cannot deal with or otherwise engage in business transactions, (ii) is a person who is otherwise the target of U.S. economic sanctions laws such that a U.S. person cannot deal or otherwise engage in business transactions with such person

or (iii) is controlled by (including by virtue of such person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any person on the SDN List or a foreign government that is the target of U.S. economic sanctions prohibitions such that the entry into, or performance under, this Agreement would be prohibited under U.S. law.

**13. Wisconsin Open Records Law and Confidential Documents.** Each Recipient understands that this Agreement and other materials submitted to WEDC may constitute public records subject to disclosure under Wisconsin's Open Records Law, § 19.31-.39.

**14. Additional Requirements.**

(a) **Project and Financial Records.** Each Recipient shall prepare, keep and maintain such records as may be reasonably required to validate the Recipient's claim and performance under this Agreement, whether conducted by the Recipient or by a third-party conducting Project-related activities on behalf of the Recipient, and the performance reports provided to WEDC. All of the Recipient's financial records shall be complete and accurate, and prepared, kept, and maintained in accordance with Generally Accepted Accounting Principles. Each Recipient shall provide financial and project records to WEDC during the term of this Agreement, including (a) quarterly company-prepared financial statements acceptable to WEDC in form and substance within 45 days after the end of each fiscal quarter of the Recipient, (b) annual financial statements, audited by certified public accountants acceptable to WEDC, within 120 days after the end of each fiscal year of the Recipient, and (c) other materials and information as may be requested by WEDC. Each Recipient shall also provide WEDC with its Unemployment Insurance Filing, Form UCT 101e. Such materials shall be retained by the Recipient for a period of at least three (3) years after January 1, 2033.

(b) **Inspection.**

(i) WEDC and its respective agents, shall, upon forty-eight (48) hours' advance written notice to a Recipient, have the right to enter the Recipient's premises, during normal business hours, to inspect the Recipient's operations and documentation relating to this Agreement, provided, however, that such access does not unreasonably disrupt the normal operations of the Recipient.

(ii) Each Recipient shall produce for inspection, examination, auditing and copying by WEDC and its agents, upon reasonable advance notice, any and all records which relate to this Agreement, whether held by the Recipient or by a third-party conducting Project-related activities on behalf of the Recipient.

(iii) WEDC reserves the right to conduct physical site visits of the Project during the term of this Agreement.

(c) **Authorization to Access Records.** Each Recipient hereby authorizes WEDC to access information the Recipient has submitted to the Wisconsin Departments of Revenue and Workforce Development and use such information in assessing the Recipient's performance under this Agreement for the duration of this Agreement. The Recipient also authorizes WEDC to share

information submitted by the Recipient with the Wisconsin Departments of Revenue and Workforce Development.

(d) **Consolidation or Merger.** During the term of this Agreement, each Recipient shall provide written notice to WEDC at least thirty (30) days in advance of any consolidation or merger with or into any other related or unrelated corporation or business entity. Recipient may not assign or transfer this Agreement, or any of the rights and benefits or obligations arising therefrom, without WEDC's prior written consent, which may be provided, withheld or conditioned in WEDC's reasonable discretion. With regards to any consolidation, merger, assignment or transfer, WEDC shall have the right to stop certifying Tax Credits until it is satisfied, in its reasonable discretion, that adequate measures are in place to guarantee the Recipients' obligations under this Agreement. The Recipients shall notify WEDC within thirty (30) days if Hon Hai or SIO International ceases to hold, directly or indirectly, an equity interest in the Recipients of more than 50%.

(e) **Public Announcement.** The Recipients and WEDC shall agree to the form, content and timing of any public announcement of this Agreement.

(f) **WEDC's Commitment.** This commitment represents the extent of WEDC's participation in the Project.

15. **Conflicts.** In the event of any conflict between the provisions of this Agreement and any accompanying documents, the terms of this Agreement control.

16. **Choice of Law.** **THIS AGREEMENT AND ALL DISPUTES BETWEEN THE PARTIES TO THIS AGREEMENT RELATING TO OR ARISING FROM IT OR TO THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT OF IT, – WHETHER SOUNDING IN CONTRACT LAW OR OTHERWISE – SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED PURSUANT TO, THE SUBSTANTIVE AND PROCEDURAL LAWS OF THE STATE OF WISCONSIN.**

17. **Venue, Jurisdiction.** Any judicial action relating to the construction, interpretation, or enforcement of this Agreement, or the recovery of any principal, accrued interest, court costs, attorney's fees and other amounts owed hereunder, shall be brought and venued in the U.S. District Court for the Western District of Wisconsin or the Dane County Circuit Court in Madison, Wisconsin. **EACH PARTY HEREBY CONSENTS AND AGREES TO JURISDICTION IN THOSE WISCONSIN COURTS, AND WAIVES ANY DEFENSES OR OBJECTIONS THAT IT MAY HAVE ON PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS.**

18. **LIMITATION OF LIABILITY.** **EACH RECIPIENT HEREBY WAIVES ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER FROM WEDC ANY SPECIAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL, OR DAMAGES OF ANY OTHER NATURE OTHER THAN ACTUAL DAMAGES INCURRED OR SUFFERED BY RECIPIENT.**

19. **Severability.** If any provision of this Agreement is held invalid or unenforceable by any Governmental Body of competent jurisdiction, such invalidity or unenforceability shall not invalidate the entire Agreement. Instead, this Agreement shall be construed as if it did not contain the particular provision or provisions held to be invalid or unenforceable, and an equitable adjustment shall be made and necessary provisions added so as to give effect to the intention of the parties as expressed in this Agreement at the time of the execution of this Agreement and of any amendments to this Agreement. In furtherance of and not in limitation of the foregoing, the parties expressly stipulate that this Agreement shall be construed in a manner which renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law. "Governmental Body" means any federal, state, local, municipal, foreign or other government; courts, arbitration commission, governmental or quasi-governmental authority of any nature; or an official of any of the foregoing.
20. **Joint and Several Liability.** All Recipients shall be jointly and severally liable with respect to all representations, warranties, covenants and other obligations undertaken by a Recipient or Recipients in this Agreement. Without limiting the general application of the foregoing, the parties specifically agree that each Recipient is jointly and severally liable with other Recipients for the Secured Obligations and other sums payable or owing to WEDC under this Agreement. WEDC's performance of its obligations under this Agreement to one Recipient constitutes performance of the obligations to all Recipients.
21. **Remedies Cumulative.** The rights and remedies of WEDC set forth herein shall be in addition to any rights or remedies which WEDC may otherwise have.
22. **WEDC Not a Joint Venturer or Partner.** WEDC shall not, under any circumstances, be considered or represented to be a partner or joint venturer of the Recipient or any beneficiary thereof.
23. **Captions.** The captions and headings in this Agreement are for convenience of reference only and shall not define or limit any of the terms and conditions set forth herein.
24. **No Waiver.** No failure or delay on the part of WEDC in exercising any power or right under this Agreement shall operate as a waiver, nor shall any single or partial exercise of any such power or right preclude any other exercise of any other power or right.
25. **Entire Agreement; Assignment by WEDC.** This Agreement (including all exhibits), and the Guaranty embody the entire agreement of the parties concerning WEDC's and the Recipients' obligations related to the subject of this Agreement. This Agreement may not be amended, modified or altered except in writing signed by the Recipients and WEDC. This Agreement supersedes all prior agreements and understandings between the parties related to the subject matter of this Agreement. Except to another agency or governmental unit of the State of Wisconsin, WEDC may not assign this Agreement without the prior written consent of the Recipients.



## 26. Recipient's Agent.

(a) **Appointment of Recipient's Agent.** Each Recipient hereby appoints FEWI Development Corporation (the "Recipient's Agent") as its agent and its true and lawful attorney-in-fact, with full power and authority in its name and on its behalf, and the Recipient's Agent hereby accepts such appointment, to do the following:

- i. Ensure each of the Recipient's compliance and performance under this Agreement;
- ii. Provide all required reporting pursuant to Section 7 under this Agreement to WEDC, consolidated on behalf of all Recipients;
- iii. Receive all notices related to this Agreement at the address set forth below the signature block of this Agreement

This appointment will not be terminated by any act of any Recipient or by operation of law, whether by the death, dissolution, or incapacity of any Recipient or by the occurrence of any other event. Each Recipient hereby consents to the taking of any and all actions and the making of any decisions required or permitted to be taken or made by the Recipient's Agent pursuant to this Section 26.

(b) **WEDC Reliance.** WEDC is entitled to rely on any document or other paper delivered by the Recipient's Agent as being authorized by the Recipients, and WEDC will not be liable to any Recipient for any action taken or omitted to be taken by WEDC based on such reliance.

(c) **Replacement of Recipient's Agent.** Until all obligations under this Agreement have been discharged, from time to time and for any reason, upon notice to WEDC, the Recipients may appoint a new Recipient's Agent by a writing signed by all Recipients. If the Recipient's Agent resigns as the Recipient's Agent, and the Recipients do not appoint a successor by a writing signed by all Recipients within 15 days after a request from WEDC, WEDC may appoint a Recipient's Agent from among the Recipients to fill any vacancy so created by notice of such appointment to the Recipients.

IN WITNESS WHEREOF, WEDC and the Recipients have caused their duly authorized representatives to execute and deliver this Agreement effective the date set forth next to WEDC's signature below.

**WISCONSIN ECONOMIC DEVELOPMENT CORPORATION**

By: DRAFT ONLY – NOT FOR EXECUTION \_\_\_\_\_ Date \_\_\_\_\_  
Mark R. Hogan  
Secretary & CEO

**SIO INTERNATIONAL WISCONSIN, INC.**

By: DRAFT ONLY – NOT FOR EXECUTION \_\_\_\_\_ Date \_\_\_\_\_  
Name: Louis Woo, PhD  
Title:

**FEWI DEVELOPMENT CORPORATION**

By: DRAFT ONLY – NOT FOR EXECUTION \_\_\_\_\_ Date \_\_\_\_\_  
Name: Louis Woo, PhD  
Title:

**AFE, INC.**

By: DRAFT ONLY – NOT FOR EXECUTION \_\_\_\_\_ Date \_\_\_\_\_  
Name: Louis Woo, PhD  
Title:

**ACKNOWLEDGED BY:**

**HON HAI PRECISION INDUSTRY CO LTD**

By: DRAFT ONLY – NOT FOR EXECUTION \_\_\_\_\_ Date \_\_\_\_\_  
Name: Gou, Tai-ming (Terry Gou)  
Title: Chairman and President

**SIO INTERNATIONAL HOLDINGS LIMITED**

By: DRAFT ONLY – NOT FOR EXECUTION \_\_\_\_\_ Date \_\_\_\_\_  
Name: Gou, Tai-ming (Terry Gou)  
Title: Chairman and President

**TAI-MING GOU (TERRY GOU)**

By: DRAFT ONLY – NOT FOR EXECUTION \_\_\_\_\_ Date \_\_\_\_\_  
Name: Gou, Tai-ming (Terry Gou)

**BY AND ON BEHALF OF THE STATE OF WISCONSIN**

By: DRAFT ONLY – NOT FOR EXECUTION \_\_\_\_\_ Date \_\_\_\_\_  
Name: Scott K. Walker  
Title: Governor

Notices to the Recipients hereunder shall be effective upon mailing by first class mail, postage prepaid, and addressed to the following person and address or such other person and address as the Recipients may designate in writing:

FEWI Development Corporation  
c/o Michael Best & Friedrich LLP  
100 East Wisconsin Avenue, 33<sup>rd</sup> Floor  
Milwaukee, WI 53202  
Attn: Scott C. Beightol, Esq.

Notices to WEDC hereunder shall be effective upon mailing by first class mail, postage prepaid, and addressed as follows:

Wisconsin Economic Development Corporation  
Division of Credit & Risk  
P.O. Box 1687  
Madison, WI 53701  
Attn: EIMTZ  
Contract # EZ FY18-23932

**EXHIBIT A**  
**TAX CREDIT DISBURSEMENT SCHEDULE FOR JOB CREATION TAX CREDITS**

Column A	Column B	Column C	Column D	Column E	Column F
Period	Minimum Cumulative Full-Time Jobs to Qualify (Percentage of Target Jobs) ("Minimum Jobs")	Cumulative Full-Time Jobs Target to Obtain Total Job Creation Credits in Column D ("Target Jobs")	Maximum Target Job Creation Credits ("Jobs Credits")	Maximum Carryforward in each period ("Carryforward")	Cumulative Job Creation Credit ("Cumulative Jobs Credits")
01/01/18 – 12/31/18	260 (25%)	1040	\$ 9,500,000		\$ 9,500,000
01/01/19 – 12/31/19	520 (25%)	2080	\$ 19,100,000	\$ 9,500,000	\$ 28,600,000
01/01/20 – 12/31/20	1,820 (35%)	5200	\$ 47,800,000	\$ 19,100,000	\$ 76,400,000
01/01/21 – 12/31/21	3,640 (40%)	9100	\$ 84,000,000	\$ 20,000,000	\$ 160,400,000
01/01/22 – 12/31/22	5,200 (40%)	13000	\$ 120,300,000	\$ 20,000,000	\$ 280,700,000
01/01/23 – 12/31/23	7,150 (55%)	13000	\$ 120,600,000	\$ 20,000,000	\$ 401,300,000
01/01/24 – 12/31/24	7,800 (60%)	13000	\$ 120,900,000	\$ 20,000,000	\$ 522,200,000
01/01/25 – 12/31/25	8,450 (65%)	13000	\$ 121,100,000	\$ 20,000,000	\$ 643,300,000
01/01/26 - 12/31/26	9,100 (70%)	13000	\$ 121,500,000	\$ 40,000,000	\$ 764,800,000
01/01/27 - 12/31/27	10,400 (80%)	13000	\$ 121,700,000	\$ 40,000,000	\$ 886,500,000
01/01/28 – 12/31/28	10,400 (80%)	13000	\$ 122,000,000	\$ 40,000,000	\$ 1,008,500,000
01/01/29 – 12/31/29	10,400 (80%)	13000	\$ 122,300,000	\$ 40,000,000	\$ 1,130,800,000
01/01/30 – 12/31/30	10,400 (80%)	13000	\$ 122,700,000	\$ 40,000,000	\$ 1,253,500,000
01/01/31 – 12/31/31	10,400 (80%)	13000	\$ 123,000,000	\$ 40,000,000	\$ 1,376,500,000
01/01/32 – 12/31/32	10,400 (80%)	13000	\$ 123,500,000	\$ 40,000,000	\$ 1,500,000,000
<b>Total Maximum Job Creation Tax Credits*</b>					<b>\$1,500,000,000</b>
<small>*Subject to the eligibility requirements outlined in the Agreement and in Wisconsin law.</small>					<b>US</b>



**EXHIBIT B**  
**TAX CREDIT DISBURSEMENT SCHEDULE FOR**  
**CAPITAL INVESTMENT TAX CREDITS**

<b>Column A</b>	<b>Column B</b>	<b>Column C</b>
<b>Period</b>	<b>Capital Investment Full-Time Jobs Target to Earn Maximum Capital Investment Tax Credits (Percentage of "Target Jobs" from Exhibit A)</b>	<b>Maximum Capital Investment Tax Credits</b>
1/1/2019 – 12/31/2019	520 (25%)	\$192,857,143
1/1/2020 – 12/31/2020	1,820 (35%)	\$192,857,143
1/1/2021 – 12/31/2021	3,640 (40%)	\$192,857,143
1/1/2022 – 12/31/2022	5,200 (40%)	\$192,857,143
1/1/2023 – 12/31/2023	7,150 (55%)	\$192,857,143
1/1/2024 – 12/31/2024	7,800(60%)	\$192,857,143
1/1/2025 – 12/31/2025	8,450 (65%)	\$192,857,142
<b>Total Maximum Capital Investment Tax Credits*</b> *Subject to the eligibility requirements outlined in the Agreement and in Wisconsin law.		<b>\$1,350,000,000 USD</b>

Capital Investment Tax Credits can be carried forward as set forth in the Section 6(b).

Example:

If, in Period 1 (ending 12/31/19), the Recipients have 520 Full-Time Jobs but due to capital investment made in that year the Recipients only earn \$172,857,143 of the \$192,857,143 under Exhibit B, Column C, then \$20,000,000 would be included in the Cap Ex Carryforward.

In Period 2 (ending in 12/31/20), the Recipients do not have the 1,820 Full-Time Jobs identified in Exhibit B, Column C. There would be no additional Cap Ex Carryforward for Period 2; but the \$20,000,000 from Period 1 continues to be carried forward.

In Period 3 (ending in 12/31/21), the Recipients have 3,640 Full-Time Jobs identified in Exhibit B, Column C. Recipients would be entitled to \$212,857,143 (\$20,000,000 in Cap Ex Carryforward plus \$192,857,143) in Capital Investment Tax Credits for Period 3 to the extent that the Recipients have otherwise earned the full amount of Capital Investment Tax Credits calculated pursuant to Section 6(b).

If, in Period 3, Recipients had \$100,000,000 in Cap Ex Carryforward, then Recipients would be entitled to \$289,257,143 (\$96,400,000 in Cap Ex Carryforward plus \$192,857,143) in Capital Investment Tax Credits for Period 3 with a \$3,600,000 Cap Ex Carryforward to the extent that the Recipients have otherwise earned the full amount of Capital Investment Tax Credits calculated pursuant to Section 6(b).

**EXHIBIT C**  
**CLAWBACK SCHEDULE**

Column A	Column B	Column C	Column D
Period	# of Full-Time Jobs	Maximum Recovery Payment - Sections 10(d)	Maximum Recovery Payment - Sections 10(a) - (c)
01/01/18 – 12/31/18		\$ -	100% of credits verified to date
01/01/19 – 12/31/19		\$ -	100% of credits verified to date
01/01/20 – 12/31/20	1,300*	\$ -	100% of credits verified to date
01/01/21 – 12/31/21	2,275*	\$ -	100% of credits verified to date
01/01/22 – 12/31/22	4,000*	\$ -	100% of credits verified to date
01/01/23 – 12/31/23	5,850	\$ 500,000,000	\$ 965,000,000
01/01/24 – 12/31/24	6,500	\$ 500,000,000	\$ 965,000,000
01/01/25 – 12/31/25	6,500	\$ 500,000,000	\$ 965,000,000
01/01/26 - 12/31/26	6,500	\$ 400,000,000	\$ 772,000,000
01/01/27 - 12/31/27	6,500	\$ 350,000,000	\$ 675,500,000
01/01/28 – 12/31/28	6,500	\$ 300,000,000	\$ 579,000,000
01/01/29 – 12/31/29	6,500	\$ 250,000,000	\$ 386,000,000
01/01/30 – 12/31/30	6,500	\$ 250,000,000	\$ 386,000,000
01/01/31 – 12/31/31	6,500	\$ 250,000,000	\$ 386,000,000
01/01/32 – 12/31/32	6,500	\$ 250,000,000	\$ 386,000,000

\* In this period, not meeting the jobs number is not an event of default. The number listed is a target and all Full-Time Jobs over this may be accumulated subject to a maximum of 3,000 jobs, as referenced in the default language of the contract.

The guarantors have agreed to the following split with regards to their liability under the Agreement and Guaranty:

Hon Hai	75% of applicable Maximum Recovery Payment under <u>Exhibit C, Column C or D.</u>
SIO International and Terry Gou	25% of applicable Maximum Recovery Payment under <u>Exhibit C, Column C or D.</u>

Example:

If, in Period 6 (ending 12/31/23), there is an event of default under Section 10(a) and the Recipients do not make payments as required under the Agreement, WEDC would pursue payment from the Guarantors under the terms of the Agreement and Guaranty.

In Period 6, the Maximum Recovery Payment under Exhibit C, Column D is \$965,000,000.

Hon Hai has agreed to pay 75% of the Maximum Recovery Payment under Exhibit C, Column C or D. As a result, WEDC would have the right to pursue a revocation, under Hon Hai's guarantee, in an amount up to \$723,750,000 (\$965,000,000 x 75%).

SIO International and Terry Gou have agreed to pay collectively 25% of the Maximum Recovery Payment under Exhibit C, Column C or D. As a result, WEDC would have the right to pursue a revocation, under SIO International and Terry Gou's guarantee, in an amount up to \$241,250,000 (\$965,000,000 x 25%).

**EXHIBIT D**  
**ZONE DESIGNATION**

All of Sections 30, 31, 32 and 33, and part of Sections 19, 20, and 29, all in Township 3 North, Range 22 East, Village of Mount Pleasant, Racine County, Wisconsin, being more particularly described as follows:

Beginning at the southwest corner of said Section 31, thence North, coincident with the west line of said Section 31, 5330 feet more or less to the southwest corner of said Section 30; thence North, coincident with the west line of said Section 30, 5297 feet more or less to the southwest corner of said Section 19; thence North coincident with the west line of said Section 19, 4000 feet more or less to the north line of parcel number 03-22-19-008-000; thence East coincident with said north line, 1088 feet to the west line of said parcel; thence North coincident with said west line, 1298 feet to the North line of said Section 19; thence East, coincident with the north line of said Section 19, 4062 feet more or less to the northwest corner of said Section 20; thence East, coincident with the north line of said Section 20, 5290 feet more or less to the northeast corner of said Section 20, and a north-south line of the Village of Mount Pleasant; thence South, coincident with the east line of the Northeast 1/4 of said Section 20, and also coincident with said north-south line, 2648 feet more or less to the southeast corner of said Northeast 1/4 of Section 20; thence West, coincident with an east-west line of the Village of Mount Pleasant and the south line of said Northeast 1/4 of said Section 20, 2648 feet more or less to the southwest corner of the Northeast 1/4 of said Section 20; thence South, coincident with a north-south line of the Village of Mount Pleasant and the east line of the Southwest 1/4 of said Section 20, 2270 feet more or less to the north line of a railroad right of way; thence Northeasterly coincident with a northeast-southwest line of the Village of Mount Pleasant and said north railroad right of way line, 1335 feet more or less to the east line of the west 1/2 of the Southeast 1/4 of said Section 20; thence South coincident with a north-south line of the Village of Mount Pleasant and said east line, 600 feet more or less to the south line of said Section 20; thence South coincident with a north-south line of the Village of Mount Pleasant and the east line of the West 1/2 of the East 1/2, of said Section 29, 5294 feet more or less to the north line of said Section 32; thence East coincident with an east-west line of the Village of Mount Pleasant and the north line of said Section 32, 1330 feet more or less to the northwest corner of said Section 33; thence East coincident with an east-west line of the Village of Mount Pleasant and the north line of said Section 33, 5304 feet more or less to the northeast corner of said Section 33; thence South coincident with the east line of said Section 33, 5287 feet more or less to the southeast corner of said Section 33; thence West coincident with the south line of said Section 33, 5284 feet more or less to the southeast corner of said Section 32; thence West coincident with the south line of said Section 32, 5299 feet more or less to the southeast corner of said Section 31; thence West coincident with the south line of said Section 31, 5187 feet more or less to the point of beginning.



## EXHIBIT E

### SAMPLE PERFORMANCE REPORT

(SAMPLE ONLY- You will be sent a report to complete 30 days before the due date)

**PLEASE RETURN YOUR COMPLETED REPORT AND REQUIRED SUPPORTING DOCUMENTATION**

TO: [reporting@wedc.org](mailto:reporting@wedc.org)

PROJECT INFORMATION		
<b>CONTRACT #:</b> <b>AWARDEE:</b> <b>PROJECT SITE:</b>	<b>REPORTING DESIGNEE:</b> Email:	<b>REPORTING PERIOD:</b> -
<b>PROJECT FUNDING</b>	<b>Planned</b>	<b>Actual for reporting period</b>
<b>TOTAL PROJECT BUDGET</b>	\$	\$
Awardee ( ) Direct Expenditures	please enter → amounts	\$
Other Privately Funded Expenditures (investors, financial institutions)		\$
Other Publicly Funded Expenditures (state, federal, other public aid)		\$
<b>TOTAL PROJECT EXPENDITURES</b>	\$	\$
<b>WEDC AWARD INFORMATION</b>	<b>Eligible</b>	<b>Verified</b>
WEDC Tax Credits	\$	\$
<b>SUMMARY OF PROGRESS</b>		
Provide a comprehensive summary of project activities that have been accomplished as of the end of the reporting period. Please describe any progress towards project deliverables, as well as any factors that may have had an adverse effect on the project or slowed progress on expected performance. Briefly address project plans for the coming year including what steps will be taken to ensure performance within agreed-upon timelines. Attach additional pages if needed.		
Percentage Completion of Project: ____%		
What project activities have been completed as of the end of the reporting period, and which would not have occurred if not for WEDC assistance?		
What contract deliverables were completed during the reporting period? (Please provide an explanation for any deliverables that were not met)		
What actions are being taken within the next year to ensure contractual performance?		
<b>GENERAL CERTIFICATIONS</b>		
Position Openings were posted with the Wisconsin Department of Workforce Development, Job Service and/or Workforce Development Board. <input type="checkbox"/> Yes <input type="checkbox"/> No (if No, attach a description of your organization's hiring process)		
Jobs have not been reduced at other locations in the State in order to increase jobs at this project site. <input type="checkbox"/> Yes <input type="checkbox"/> No (if No, attach an explanation)		
No WEDC funds were utilized to outsource jobs from the state of Wisconsin. <input type="checkbox"/> Agree <input type="checkbox"/> Disagree (attach an explanation)		
Eligible Employee are offered retirement, health, and other benefits <input type="checkbox"/> Yes <input type="checkbox"/> No (if No, attach an explanation)		
<b>SUPPORTING DOCUMENTATION</b>		
As required by your contract, please attach the following documentation to this report and indicate which are being submitted below:		
<input type="checkbox"/> Payroll Report (instructions): Tax Year End: ____ / ____ / ____		
<input type="checkbox"/> Capital Expenditure Report Dated: ____ / ____ / ____		
<input type="checkbox"/> UCT-101e Unemployment Insurance Filing from the Department of Workforce Development		
<b>PRINCIPAL/PROJECT DIRECTOR AFFIDAVIT</b>		
As the authorized representative for this project, I hereby attest and certify that the information provided in this report and all documentation submitted is true and correct to the best of my knowledge.		
_____		rptid:



<b>PROJECT INFORMATION</b>	
(SIGNATURE) _____	WEDC Review
(PRINT NAME) _____ (EMAIL ADDRESS) _____	

<b>SUPPLY CHAIN PURCHASES</b>	<b>Planned</b>	<b>Actual</b>
Purchase a specific amount of goods from Wisconsin suppliers.	\$ _____	\$ _____
<b>Purchase Breakdown</b>		
Number of Wisconsin Suppliers of Goods Purchased	# Suppliers _____	

DRAFT

