



October 12, 2020

Mr. Robert Berry
Associate General Counsel
FEWI Development Corporation
611 E. Wisconsin Ave.
Milwaukee, WI 53202

TRANSMITTED VIA ELECTRONIC MAIL

Dear Mr. Berry:

Thank you for submitting the 2019 Annual Project Report required under the Electronics and Information Technology Manufacturing Zone Tax Credit Agreement dated November 10, 2017 (the "Agreement"). WEDC's analysis of the Annual Project Report indicates that SIO International Wisconsin, Inc., FEWI Development Corporation, and AFE, Inc., the Recipients named in the Agreement (each, a "Recipient" and collectively, the "Recipients") are not eligible for tax credits based on the 2019 Annual Project Report.

The Recipients are ineligible for tax credits because of their failure to carry out the Project. The Project is defined in Section 1(o) of the Agreement as follows:

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 (\$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.*

The Agreement provides that, prior to the calculation of both Job Creation and Capital Investment Tax Credits, WEDC must be "satisfied that the requirements to earn ... Tax Credits have been satisfied" (See, Sections 6(a)2 & 6(b)1 of the Agreement).

WEDC is unable to calculate either Job Creation Tax Credits or Capital Investment Tax Credits because the Recipients have not met the requirement that the Full-Time Jobs created and Significant Capital Expenditures made within the Zone – or in the case of Full-Time Jobs, outside of the Zone, but within the State of Wisconsin, and for the benefit of the Recipients' operations within the Zone – be related to the Project. The verification forms that follow provide initial estimates of the maximum number of Full-Time Jobs employed and Significant Capital Expenditures made by each Recipient. Complete verification of these numbers was not conducted as it would require additional testing under the Agreed Upon Procedures at the Recipients' additional expense and WEDC's additional use of resources which is not prudent given the ultimate outcome.

The fact that the Recipients have neither built, nor started to build or operate, the required Generation 10.5 TFT-LCD Fabrication Facility (the "10.5 Fab") is not in



dispute. The Recipients have acknowledged that they have no formal or informal business plans to build a 10.5 Fab within the Zone, and WEDC and the State of Wisconsin have corroborated that fact from observation, evaluations, and from industry experts hired to provide consulting services.

WEDC leadership and representatives of the State of Wisconsin have been consistent in their oral and written messages to the Recipients since March 2019 that (1) business development activities other than the 10.5 Fab would be ineligible for tax credits under the Agreement, and (2) if the Recipients' wished to work with WEDC to align the Agreement with the Recipients' actual business activities, the Recipients would need to seek an amendment to the Agreement to align the size and scope of the tax credit incentive with the size and scope of the actually-occurring business activities.

It is evident from the Recipients' 2019 Annual Project Report that the Recipients are not building a 10.5 Fab, and that current activities are smaller in scale and economic impact to the region and the State of Wisconsin than those projected by the analyses run on the 10.5 Fab when WEDC initially approved and executed the Agreement. The Agreement and Application provide that, by the end of 2019, 2,080 Full-Time Jobs were anticipated to be created and \$3,307,000,000 in capital expenditures would be invested. WEDC's initial review of the 2019 Annual Project Report reveals that, by contrast, the Recipients employed fewer than the *minimum* required 520 Full-Time Employees and had invested roughly \$300,000,000 in capital expenditures.

If the Recipients or other Foxconn affiliates wish to apply for benefits for future activities in the state, WEDC remains ready to work on a new arrangement.

Sincerely,

Jennifer H. Campbell
Chief Legal Officer

201 W. Washington Avenue
Madison, WI 53703

608.210.6700
855-INWIBIZ
InWisconsin.com

THINK•MAKE•HAPPEN.

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE TAX CREDITS CERTIFICATION/VERIFICATION FORM

SECTION I. COMPANY			
Business Name (Claimant*) AFE Inc.		Telephone Number: [REDACTED] Fax Number:	
Project Address (City, State, Zip Code): Mount Pleasant, WI, 53202		SIC or NAICS: 334220	
Contact Person and Address Robert Berry, Associate General Counsel FEWI Development Corporation 611 E. Wisconsin Ave. Milwaukee, WI 53202		Telephone Number: [REDACTED] Fax Number: E-mail: Robert.Berry@fewidev.com	
Business Entity C Corp	Tax Year End 12/31	Business Activity: Electronics manufacturing	Certification Date 1/1/2018
Jobs To Be Created: 13,000		Current Employment Level	FYE 12/31/18
Employment Base: 0		Claimant Jobs**	40
		Total EITMZ Jobs**	113
Planned Project Investment: \$10,000,000,000		Claimant Investment Per Period**	\$6,361,467
		Total EITMZ Investment**	\$99,100,862
			\$11,260,463
			\$202,362,765
SECTION II. VERIFICATION			

Verified Credits for the tax year ending 12/31/19 for the business named.

Tax Credit Activity	FYE 12/31/18	FYE 12/31/19	FYE 12/31/20	FYE 12/31/21	Total To-Date
Job Creation	\$0.00	\$0.00	\$ -	\$ -	\$ -
Capital Investment	\$0.00	\$0.00	\$ -	\$ -	\$ -
Yearly Total	\$0.00	\$0.00	\$ -	\$ -	\$ -

* "Claimant" means a person who is certified to claim tax benefits under s. 238.396 (3) and who files the claim.

** The Jobs and Investment numbers listed here represent WEDC's initial estimates of the Full-Time Jobs employed and Significant Capital Expenditures made by each Recipient, and in the EITMZ cumulatively, which may have been eligible were they related to the Project defined in Section 1(o) of the Agreement. Complete verification of these numbers was not conducted as it would require additional testing under the Agreed Upon Procedures at the Recipients' additional expense and WEDC's additional use of resources.

WEDC certifies that, if the Verified Credits listed above are more than \$0, the Claimant named above meets the requirements of Chapter 238 of the Wisconsin Statutes, and is therefore eligible to claim Electronics & Information Technology Manufacturing Zone Tax Credit Benefits up to the limit established on this form.

Rick Cushman		Senior Financial Servicing Director	10/12/2020
Name	Signature	Title	Date

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE TAX CREDITS CERTIFICATION/VERIFICATION FORM

SECTION I. COMPANY			
Business Name (Claimant*) FEWI Development Corporation		Telephone Number: [REDACTED] Fax Number: [REDACTED]	
Project Address (City, State, Zip Code) Mount Pleasant, WI, 53202		FEIN: 82-2602980	
Contact Person and Address Robert Berry, Associate General Counsel FEWI Development Corporation 611 E. Wisconsin Ave. Milwaukee, WI 53202		Telephone Number: [REDACTED] Fax Number: [REDACTED] E-mail: Robert.Berry@fewidev.com	
Business Entity C Corp	Tax Year End 12/31	Business Activity: Electronics manufacturing	Certification Date 1/1/2018
Jobs To Be Created: 13,000		Current Employment Level	FYE 12/31/18
Employment Base: 0		Claimant Jobs**	FYE 12/31/19
		Total EITMZ Jobs**	
Planned Project Investment: \$10,000,000,000		Claimant Investment Per Period**	FYE 12/31/18
		Total EITMZ Investment**	FYE 12/31/19
SECTION II. VERIFICATION			

Verified Credits for the tax year ending 12/31/19 for the business named.

Tax Credit Activity	FYE 12/31/18	FYE 12/31/19	FYE 12/31/20	FYE 12/31/21	Total To-Date
Job Creation	\$0.00	\$0.00	\$ -	\$ -	\$ -
Capital Investment	\$0.00	\$0.00	\$ -	\$ -	\$ -
Yearly Total	\$0.00	\$0.00	\$ -	\$ -	\$ -

* "Claimant" means a person who is certified to claim tax benefits under s. 238.396 (3) and who files the claim.

** The Jobs and Investment numbers listed here represent WEDC's initial estimates of the Full-Time Jobs employed and Significant Capital Expenditures made by each Recipient, and in the EITMZ cumulatively, which may have been eligible were they related to the Project defined in Section 1(o) of the Agreement. Complete verification of these numbers was not conducted as it would require additional testing under the Agreed Upon Procedures at the Recipients' additional expense and WEDC's additional use of resources.

WEDC certifies that, if the Verified Credits listed above are more than \$0, the Claimant named above meets the requirements of Chapter 238 of the Wisconsin Statutes, and is therefore eligible to claim Electronics & Information Technology Manufacturing Zone Tax Credit Benefits up to the limit established on this form.

Rick Cushman



Senior Financial Servicing Director

10/12/2020

Name

Signature

Title

Date

WISCONSIN ECONOMIC DEVELOPMENT CORPORATION

ELECTRONICS AND INFORMATION TECHNOLOGY MANUFACTURING ZONE TAX CREDITS CERTIFICATION/VERIFICATION FORM

SECTION I. COMPANY			
Business Name (Claimant*) SIO International Wisconsin, Inc.		Telephone Number: [REDACTED] Fax Number: [REDACTED]	
Project Address (City, State, Zip Code) Mount Pleasant, WI, 53202		SIC or NAICS 334220	
Contact Person and Address Robert Berry, Associate General Counsel FEWI Development Corporation 611 E. Wisconsin Ave. Milwaukee, WI 53202		Telephone Number: [REDACTED] Fax Number: [REDACTED] E-mail: Robert.Berry@fewidev.com	
Business Entity C Corp	Tax Year End 12/31	Business Activity: Electronics manufacturing	Certification Date 1/1/2018
Jobs To Be Created: 13,000		Current Employment Level	FYE 12/31/18
Employment Base: 0		Claimant Jobs**	6
		Total EITMZ Jobs**	113
Planned Project Investment: \$10,000,000,000		Claimant Investment Per Period**	\$92,739,395
		Total EITMZ Investment**	\$190,755,411
			\$202,362,765
SECTION II. VERIFICATION			

Verified Credits for the tax year ending 12/31/19 for the business named.

Tax Credit Activity	FYE 12/31/18	FYE 12/31/19	FYE 12/31/20	FYE 12/31/21	Total To-Date
Job Creation	\$0.00	\$0.00	\$ -	\$ -	\$ -
Capital Investment	\$0.00	\$0.00	\$ -	\$ -	\$ -
Yearly Total	\$0.00	\$0.00	\$ -	\$ -	\$ -

* "Claimant" means a person who is certified to claim tax benefits under s. 238.396 (3) and who files the claim.

** The Jobs and Investment numbers listed here represent WEDC's initial estimates of the Full-Time Jobs employed and Significant Capital Expenditures made by each Recipient, and in the EITMZ cumulatively, which may have been eligible were they related to the Project defined in Section 1(o) of the Agreement. Complete verification of these numbers was not conducted as it would require additional testing under the Agreed Upon Procedures at the Recipients' additional expense and WEDC's additional use of resources.

WEDC certifies that, if the Verified Credits listed above are more than \$0, the Claimant named above meets the requirements of Chapter 238 of the Wisconsin Statutes, and is therefore eligible to claim Electronics & Information Technology Manufacturing Zone Tax Credit Benefits up to the limit established on this form.

Rick Cushman

Name



Signature

Senior Financial Servicing Director

Title

10/12/2020

Date