

Foxconn: New WEDC Agreement Provides Flexibility and Clarity for Renewed Tech Investments in Science and Technology Park

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Mount Pleasant, WI - Hon Hai Technology Group (Foxconn) thanks the WEDC Board of Directors for endorsing an amendment to the 2017 WEDC Agreement that will give Foxconn the flexibility to pursue business opportunities in response to changing global market conditions. With this flexibility also comes the predictability and stability to know that Foxconn's material contributions in Wisconsin will be recognized by the State as benchmarks are achieved year-over-year.

We are grateful to Governor Evers, Missy Hughes, her team, and our team at Foxconn for finding a solution that works for the State, our local partners, Wisconsin taxpayers, and our shareholders. We are pleased with the clarity and certainty that this agreement provides Foxconn, our affiliates, our joint ventures, and our global business partners. Foxconn is happy to have worked with the Evers administration to significantly lower taxpayer liability. Original projections used during negotiations in 2017 have at this time changed due to unanticipated market fluctuations.

Our new agreement signals to the United States and international business communities that our Science and Technology Park still benefits from unique advantages that make Wisconsin, and our Park, an attractive place to call home, drive business, and grow jobs. Foxconn looks forward to working with WEDC and our local partners to attract market-driven development to the Park. With elected officials supporting Foxconn's investments in Wisconsin, and with the right market

demand, we are confident other Foxconn affiliates, joint ventures, and non-affiliates will soon also look to Wisconsin.

The amended terms in the agreement are based on Foxconn's current projections for digital infrastructure hardware products through 2025. As Foxconn's business partners and customers, who include many of the world's leading consumer electronics brands, evaluate their supply chain sources for secure, reliable, and US-manufactured products, Foxconn is strategically positioned within Mount Pleasant to make Wisconsin one of the—if not the—largest manufacturer of data infrastructure hardware in the United States.

Under the amended terms, Foxconn's \$672 million projected investment is still one of the largest economic development projects on the books at WEDC and provides a framework and foundation for future growth and investment.

Agreement highlights:

- Provides \$80 million in performance-based tax incentives to Foxconn. Foxconn has target job creation of 1,454 qualified workers earning an average wage of \$53,875 and target capital expenditure investments of \$672 million by 2026. The terms also memorialize the potential for future investment and additional tax incentives.
- Gives a broader project definition that allows Foxconn, like other manufacturers in the state, to earn tax incentives based on job creation and capital investment regardless of the type of products and goods manufactured.
- Gives Foxconn the ability to add affiliates to the agreement and make such affiliates eligible for tax incentives.
- Preserves benefits of the Electronics and Information Technology Manufacturing Zone, including Market-Based Energy Rates and Sales and Use Tax Exemptions.

Since the inception of this project, Foxconn has invested approximately \$900 million dollars in Wisconsin inclusive of all expenditures. A part of this investment has been the construction of Foxconn's nearly 1 million-square-foot Advanced Manufacturing Facility, an approximately 300,000-square-foot Smart Manufacturing Center, an approximately 120,000-square-foot Multipurpose Building and an approximately 100-foot tall High Performance Computing Data Center globe. Over 3,500 construction jobs have been created as part of the Park development, representing some 300 Wisconsin businesses who have received approximately 90% of all

construction contract value.

Foxconn's 3+3 corporate vision—electric vehicles, digital health, and robotics using AI, semiconductors, and 5G technologies—has caught the attention of many businesses and investors from around the world who share our vision for a Park that is sustainable for business and community growth. This type of attention will make our Park, the region, and the state of Wisconsin a new hub for next-gen technological product design, jobs, investment, and smart manufacturing.