

CITY OF AUSTIN / SAMSUNG AUSTIN SEMICONDUCTOR, L.L.C.,

CHAPTER 380

ECONOMIC DEVELOPMENT AGREEMENT

This Chapter 380 Economic Development Agreement ("Agreement") is made and entered into by and between Samsung Austin Semiconductor, L.L.C., a Delaware limited liability corporation licensed to do business in Texas, its successors and assigns ("Samsung") and the CITY OF AUSTIN, TEXAS, a home rule city and municipal corporation ("City").

RECITALS

WHEREAS, the City has adopted Ordinance No. 20050818-008, establishing an economic development program and authorizing the City Manager to make economic development grants to Samsung as an inducement by the City for the Project.

WHEREAS, as part of the Project, the City seeks to induce Samsung to create at least 500 new fulltime jobs and 200 new contract jobs in connection with the Project and the operations of Samsung's current facilities in Austin, Texas; which jobs shall promote state and local economic development and stimulate business and commercial activity in Austin; and

WHEREAS, as part of the Project, the City seeks to induce Samsung to invest at least \$2.5 billion by December 31, 2010, in real property improvements, and new equipment and machinery, at its site in the City's Desired Development Zone; and

WHEREAS, the City seeks to induce Samsung to make investments at its site in the City's Desired Development Zone in addition to those previously described by offering additional incentives and extending the term of this Agreement, as described herein;

WHEREAS, the City also desires to provide Samsung further inducements to:

- (i) expand its employment level,
- (ii) make new investment in new equipment and machinery and real property improvements, and

- (iii) carry out other parts of the Project in a manner proposed by Samsung as provided in this Agreement;

NOW, THEREFORE, in consideration of the mutual benefits and promises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the City and Samsung agree as follows:

I. Authority

1.01 The City's execution of this Agreement is authorized by Chapter 380 of the Texas Local Government Code and Ordinance No. 20050818-008 and constitutes a valid and binding obligation of the City. Samsung's execution and performance of this Agreement constitutes a valid and binding obligation of Samsung in the event Samsung proceeds to locate the Project at its site in the Desired Development Zone. The City acknowledges that Samsung is acting in reliance upon the City's performance of its obligations under this Agreement in making its decision to invest its funds, and expand employment in Austin.

II. Definitions

2.01 "300 mm Fab" means a 300 millimeter semiconductor wafer manufacturing plant to be constructed by Samsung on the Samsung Campus at one of the approximate locations delineated as alternatives on the plat and outline drawing attached as Exhibit A. Once a final location for the 300 mm Fab is determined, Samsung shall provide the City with a revised Exhibit A delineating the location of the facility and the term "300 mm Fab" shall refer to the facility shown on the revised Exhibit A.

2.02 "Additional Property Tax Notice" means the written notice provided by Samsung to the City of any additional amounts of Property Tax paid by Samsung over and above the amount of Property Tax paid by Samsung to the County Tax Collector after notification to the City of taxes paid by Samsung in any given year.

2.03 "Certificate of Compliance" means the written certification by Samsung under which it warrants to the City that it is in full compliance with each of its obligations under this Agreement, including the number of new Full-time Jobs maintained by Samsung for the preceding year under Section 4.01 of this Agreement. The Certificate shall be substantially in the form and contain the information specified in the sample Certificate attached to this Agreement as Exhibit D.

2.04 "Certified Appraised Value of Eligible Property" means the final appraised value of eligible property as determined by TCAD after the resolution of all contests or disputes concerning property valuation.

2.05 "Chapter 380 Payment" means the amounts paid by the City to Samsung under the Program.

2.06 "Contract Jobs" means jobs performed at the Samsung Campus by employees of independent contractors to Samsung and created as the result of the construction and operation by Samsung of a 300 mm Fab.

2.07 "County Tax Collector" means the Tax Assessor Collector for Travis County or its successor.

2.08 "Desired Development Zone" means the area defined in Section 25-1-21(26) of the Austin City Code.

2.09 "Effective Date" means the effective date of this Agreement and is January 1, 2006.

2.10 "Existing Fab" means the semiconductor wafer manufacturing plant that is located on the Samsung Campus as of the date of this agreement, including, without limitation, the expansion of Samsung's original plant that is currently under construction.

2.11 "Full-time Job(s)" means full-time jobs performed at the Samsung Campus by employees of Samsung and created as the result of the construction and operation by Samsung of a 300 mm Fab. Full-time Job(s) does not include any increase in Jobs attributable to Samsung's operations at its existing facilities as of the Effective Date that are not the result of the operation and maintenance of a 300 mm Fab.

2.12 "Initial Ten-Year Period" means a period of ten years, beginning January 1, 2007 and ending December 31, 2016.

2.13 "Original Investment" means the investment by Samsung of at least \$2,500,000,000 in new real property improvements and new equipment and machinery for a 300 mm Fab on the Samsung Campus by December 31, 2010.

2.14 "Program" means the economic development program for this Project established by the City pursuant to Texas Local Government Code Chapter 380 and under the Ordinance to promote local economic development and stimulate business and commercial activity within the City.

2.15 "Project" means Samsung's proposal to create new jobs and make an additional capital investment for a 300 mm Fab to be located and maintained in the Desired Development Zone in Austin, Texas at the Samsung Campus.

2.16 "Property Tax" means amount of City Property Tax paid by Samsung to the County Tax Collector.

2.17 "Property Tax Notice" means the written notice provided by Samsung to the City of the amount of Property Tax paid by Samsung to the County Tax Collector.

2.18 "Samsung Campus" means the lands currently owned by Samsung at 12100 Samsung Boulevard, Austin, Texas, as shown on the Official Records of Travis County, Texas, as of the Effective Date.

2.19 "Second Ten-Year Period" means a period of ten years beginning January 1, 2017 and ending December 31, 2026.

2.20 "TCAD" means the Travis Central Appraisal District or its successor.

III. Term

3.01 This Agreement shall become enforceable upon execution by the City and Samsung and shall be effective on the Effective Date. Unless terminated earlier in accordance with its terms, this Agreement shall terminate December 31, 2017; however, if Samsung has met the requirements of Sections 5.01 and 5.02 below, the term of the Agreement shall be extended to December 31, 2027.

IV. Samsung Obligations

In consideration of the City's participation in the Program, Samsung agrees that the following performance guidelines shall apply:

4.01 300 mm Fab employment and Local Businesses.

4.01.1 Samsung shall create new jobs as follows:

(a) Between the Effective Date and December 31, 2009, Samsung shall create at least 500 new Full-time Jobs and 200 new Contract Jobs.

(b) In the event of a voluntary or involuntary termination or elimination of a Full-time Job after December 31, 2009, that causes the number people employed in Full-time Jobs to fall

below 500, Samsung shall continue to receive the incentives set out in Sections 5.01 and 5.02 below, provided the required number of people employed in said Full-time Jobs is re-established within 90 days after the date the termination or elimination occurs that results in the number of people employed in said Full-time Jobs to fall below 500.

(c) If the total number of the Full-time Jobs falls below 500 and is not so restored at the conclusion of the 90 day period, then, at the option of the City, this Agreement shall terminate.

(d) Samsung shall provide written notification to the City within two weeks of the reduction referenced in this Section; the notice shall contain the reduction in levels of Full-time Jobs and Samsung's plan for restoring the levels. Samsung shall provide the City written notification at the conclusion of the 90 day period as to the status of Samsung's efforts in this regard.

4.01.2 Samsung shall continue its efforts to maintain a diverse and well represented workforce that reflects the City of Austin. During the term of the Agreement, Samsung shall work with its local employment recruiting agency to enhance recruiting of potential minority job applicants. Samsung shall hold a recruiting fair for new hires for a 300 mm Fab in underrepresented areas of the city and work with the Texas Workforce Commission to assist in the recruitment and hiring of individuals who are representative of the City of Austin.

4.01.3 Samsung shall contractually require its general construction contractor and major construction subcontractors to hold recruiting fairs in areas of the city that are traditionally underrepresented and to strive to utilize a diverse workforce for any work performed at Samsung.

4.01.4 In the construction of the facilities, which are the subject of this Agreement, Samsung shall endeavor to acquire goods and services in a manner based on the goals set out in the City's Minority and Women Business Enterprise regulations in City Code Chapter 2-9. If requested by Samsung, City staff in the Department of Small and Minority Business Resources shall assist Samsung in identifying minority and women-owned businesses.

4.01.5 In an effort to further stimulate and positively impact the local economy, Samsung shall continue its current practice of utilizing local small businesses to provide goods and services for their local operations during the term of this Agreement.

4.02 300 mm Fab Investment. By December 31, 2010, Samsung shall invest at least \$2,500,000,000 in new real property improvements and new equipment and machinery for the 300 mm Fab.

4.02.1 For purposes of this Section 4 and the City's obligations under Section 5, new equipment and machinery shall be considered to be:

(a) equipment placed into service to for or related to or supporting the manufacture of products based on a new technology or a new generation of an existing technology deployed at the Samsung Campus and attributable to the operation of a 300 mm Fab, or

(b) equipment supporting or conducting research and development or manufacturing operations not in existence prior to the execution of this Agreement deployed at the Samsung Campus and attributable to the operation of a 300 mm Fab.

4.02.2 For purposes of this Section 4 and the City's obligations under Section 5, new real property improvements shall be considered to be new building additions located at the Samsung Campus that are attributable to the operation of a 300 mm Fab.

4.03 Additional Investment. If by December 31, 2016, Samsung invests at least \$3,500,000,000 including the Original Investment in new real property improvements and new equipment and machinery on the Samsung Campus, and is in compliance with all requirements of the Agreement, then the term and incentives offered under this Agreement shall be extended as set out herein.

4.04 Compliance with City Regulations. For the construction or remodeling of the 300 mm Fab and related facilities, which are the subject of this Agreement, and any future facilities in the City's planning jurisdiction during the term of this Agreement, Samsung shall comply with all City Code regulations, including water quality regulations in effect at the time any site plan application is filed, unless Samsung has negotiated an agreement with the City to comply with overall impervious cover limits and provide the currently required water quality controls. This means

Samsung shall not assert possible rights under Chapter 245 of the Texas Local Government Code to avoid compliance with water quality regulations for any future development within Austin's planning jurisdiction during the term of this Agreement. If, during the term of this Agreement, Samsung's development does not comply with water quality regulations in effect at the time any site plan application is filed for any development, this Agreement shall, at the option of the City, terminate by giving Samsung written notice.

4.05 Certificate of Compliance. At the time that Samsung delivers to City the annual Property Tax Notice required under Section 5.03 below, Samsung shall also deliver a Certificate of Compliance to the City. The City has the right to inspect pertinent records of Samsung to verify compliance with all requirements of this Agreement. Inspections shall be preceded by at least two week's notice by telephone or in writing to Samsung.

4.06 Failure to Meet Obligations. In the event that Samsung fails to fulfill its obligations under the performance guidelines in Sections 4.01.1, 4.02 and 4.04 above, after receipt of notice and expiration of the cure period described in Section 6.4 of this Agreement the City may, at its option, terminate this Agreement upon written notice to Samsung; whereupon:

- (a) the City shall not be required to pay, and Samsung shall not be entitled to receive, any further payments under this Agreement; and
- (b) both shall be released from any further compliance with the provisions of this Agreement.

V. City Obligations

In consideration of Samsung's establishment of the Project, the City agrees to make Chapter 380 Payments under the following terms and conditions:

5.01 Property Tax Incentive. As consideration for Samsung's creating and maintaining the new Full-time Jobs as described in Section 4.01 and making the minimum investment described in Section 4.02, and complying with the other provisions in this Agreement, the City, during the Initial Ten-Year Period: shall rebate 100% of the City property taxes levied on:

- (a) all new equipment and machinery acquired after the Effective Date, and
- (b) the incremental increase after the Effective Date in taxable value of all new real property improvements. Exhibit A includes a plat of the site that indicates the approximate locations at which a 300 mm Fab could be constructed, and dimensions of the structure.

5.02 Incentives for Additional Investment. If Samsung makes an investment of at least \$3.5 billion including the Original Investment the City, during the Second Ten-Year Period, shall rebate 75% of the City property taxes levied on the taxable value of both:

- (a) all new equipment and machinery acquired after the Effective Date and
- (b) the incremental increase in value of all new real property improvements after the Effective Date. To remain eligible for the incentives under this Agreement Samsung must:
 - (i) continue to comply with all terms of the Agreement, and
 - (ii) must invest at least an additional \$500 million in new machinery and equipment by December 31, 2020 in addition to the \$3.5 billion required to be invested under Section 4.03 of this Agreement.

If Samsung does not invest the additional \$500 million by December 31, 2020, then the Agreement shall terminate and no further Chapter 380 payments shall be made to Samsung.

5.03 Schedule for Chapter 380 Payments.

5.03.1 To properly identify the property eligible for rebate of City taxes, Samsung shall work with TCAD to create separate TCAD accounts for both new real property improvements, and personal property acquired after the Effective Date. Samsung and the City agree that TCAD records shall be conclusive both as to the property specified by this Agreement as eligible for tax incentives and as to the value of the property specified by this Agreement as eligible for tax incentives under this Section 5.

5.03.2 With respect to the tax rebate described in Sections 5.01 and 5.02 above, on or before March 1st of each year during the term of this Agreement, Samsung shall deliver the Property Tax Notice to the City.

5.03.2.1 The Chapter 380 Payments with respect to the property taxes shall be based on the amount stated in the Property Tax Notice.

5.03.2.2 Both real property and personal property Chapter 380 Payments shall be paid to Samsung by the City on an annual basis for the preceding year, on or before October 30th following the tax year for which they were paid. For example,

(a) the first Chapter 380 Payments shall be based on taxes paid for the calendar year 2007, and shall be paid on or before October 30, 2008, and the last Chapter 380 Payments for the Initial Ten-Year Period of tax rebates shall be based on taxes paid for the calendar year 2016, and shall be paid on or before October 30, 2017.

(b) Chapter 380 Payments for the Second Ten-Year Period of rebates, if applicable, shall be paid on the same schedule, with the last payment due on or before October 30, 2027.

5.03.2.3 If Samsung is required to pay more Property Tax on the Certified Appraised Value of Eligible Property than the amount stated in the Property Tax Notice for the year preceding the applicable October 30 payment date, then Samsung shall provide the City with the Additional Property Tax Notice, and the City shall pay Samsung the amount stated in the Additional Property Tax Notice at the same time as the next payment is due to Samsung under this Section 5.03. A summary explanation and examples of schedules for rebates of taxes and fees under this Agreement is attached as Exhibit C.

5.04 Austin Energy Services, Infrastructure and Fee Waivers. Austin Energy shall purchase, install and energize new and existing equipment in Austin Energy's Dessau Substations, as shown on Austin Energy's proposed preliminary one-line drawing attached as Exhibit B, to meet Samsung's increased capacity needs related to the 300 mm Fab as follows:

5.04.1 New load related to the 300 mm Fab is projected by Samsung to be less than 110 MVA. The City shall design and build a dual feed infrastructure to serve the 300 mm Fab such that there shall be adequate capacity available to operate the 300 mm Fab, in the event of the loss of a single feeder, the loss of a single transformer or switchgear, or the loss of a single high voltage operating bus within the Dessau substation; and therefore

the City shall waive (1) the Initial Assessment Fee of \$4,000, (2) the Facilities Design and Construction Fee of up to \$6,750,000 as provided for in City Ordinance No. 040913-05 related to the construction of the dual feed infrastructure in this Agreement, and (3) the Deposit or Bond for Infrastructure Improvements (Section 15-9-5, City Utility Service Regulations), in an amount up to \$3,375,000.

5.04.2 Austin Energy shall build the improvements to include the following:

5.04.2.1 Provide the power supply requirements for the 300 mm Fab to the Samsung point of connection as well as the engineering services, labor and auxiliary equipment needed to complete the installation.

(a) Two 50 MVA transformers (existing) and two 65 MVA transformers. Austin Energy shall replace the two 50 MVA transformers with two 65 MVA transformers within 12 months of receiving written notice that load projections require such replacement.

(b) Four switchgear sets, each with a minimum bus rating of 3000 amperes. Each switchgear set shall have three feeder bays, each rated at a minimum of 1200 amperes. The transformer/switchgear sets shall be operated in a paired arrangement, with a tie feeder between the transformer/switchgear pairs rated at a minimum of 2000 amperes.

(c) One circuit switcher/breaker for each transformer.

(d) Associated duct within the Dessau substation.

(e) Three feeders from each switchgear set to the Samsung point of connection, for a total of twelve feeders

(f) Up to 2000 circuit feet of cabling for each feeder rated at a minimum of 1000 amperes, consisting of a minimum two cables per phase for each feeder.

- (g) Associated protective relaying equipment for protection of the transformer, switchgear and feeders.

5.04.2.2 Austin Energy shall make arrangements for the temporary power required for the 300 mm Fab prior to the completion of the work.

5.04.2.3 Austin Energy agrees to complete the work related to the Dessau substation as follows:

- (a) Using the existing two 50 MVA transformers complete the installation of the switchgear sets, duct banks, feeders and related facilities within 11 months of the receipt of written notice to proceed from Samsung.

- (b) Complete the installation of one 65 MVA transformer, switchgear set, duct banks, feeders and related facilities within 12 months of the receipt of written notice to proceed from Samsung. Transformer delivery is estimated to take 34 weeks. Notwithstanding the agreement to complete installation of facilities within 12 months, if transformer delivery is longer than 34 weeks, or due to manufacturing or test floor issues the delivery of the transformer is delayed, the scheduled energization of the 65 MVA unit may not occur within 12 months. If, due to manufacturing or test floor issues, the transformer delivery is longer than 12 months, Austin Energy shall provide its mobile power source, up to 30 MVA if the mobile unit is available or provide temporary power from overhead distribution circuits in the area within the limitations of the existing system (any such limitations shall be determined within the sole discretion of Austin Energy) , to support the Samsung site until such time that the transformer is delivered and installed. Austin Energy will also make reasonable efforts to provide a mobile power source from another entity if Austin Energy's mobile unit is unavailable. Samsung shall be responsible for paying all costs related to use of the mobile unit provided by an entity other than Austin Energy. The temporary power arrangement shall be mutually agreeable between both Samsung and Austin Energy.

(c) Complete the installation of the second 65 MVA transformer, switchgear set, duct banks, feeders and related facilities within 15 months of the receipt of written notice to proceed from Samsung. Transformer delivery is estimated to take 34 weeks. Notwithstanding the agreement to complete installation of facilities within 15 months, if transformer delivery is longer than 34 weeks, or due to manufacturing or test floor issues the delivery of the transformer is delayed, the scheduled energization of the 65 MVA unit may not occur within 15 months. If, due to manufacturing or test floor issues, the transformer delivery is longer than 15 months, Austin Energy shall provide it's mobile power source, up to 30 MVA if the mobile unit is available or provide temporary power from overhead distribution circuits within the limitations of the existing system (any such limitations shall be determined within the sole discretion of Austin Energy), to support the Samsung site until such time that the transformer is delivered and installed. Austin Energy will make reasonable efforts to provide a mobile power source from another entity if Austin Energy's mobile unit is unavailable. Samsung shall be responsible for paying all costs related to use of the mobile unit provided by an entity other than Austin Energy. The temporary power arrangement shall be mutually agreeable between both Samsung and Austin Energy.

5.04.2.4 In addition, to improve the overall efficiency of the facility, Austin Energy shall reimburse Samsung up to \$500,000 for costs associated with the completed construction of a thermal energy storage system that qualifies for the Thermal Energy Storage Rider. Samsung shall be required to receive written approval from Austin Energy prior to the construction of the thermal energy storage system. Failure to receive prior approval shall result in no payment by Austin Energy for those improvements.

5.04.3 If, within ten years of installation of the four (4) transformers referenced in 5.04.2.1(a) Samsung does not achieve an additional 575,000,000 kWh per year load, served by Austin Energy generation and related to the 300 mm Fab, and if Samsung does not thereafter average that load for at least two years after attaining that additional 575,000,000 kWh per year load Samsung shall reimburse the City for all costs and expenses, including overhead, incurred or paid by Austin Energy, related to designing,

purchasing the equipment, and building the dual infrastructure that Austin Energy would not have incurred but for the obligations to be performed by Austin Energy under this Agreement. Austin Energy shall provide written notice notifying Samsung when installation is completed. If Samsung, should default in the performance of its obligations to maintain an average load of 575,000,000 kWh through that two year period, after achieving the additional 575,000,000 kWh within ten years of installation of the transformers, then the City shall provide Samsung written notice of the default and allow Samsung an additional three years to cure such default. If the default is not cured at the expiration of those three years, or earlier upon mutual agreement of both parties, then Samsung shall reimburse the City for all cost as described in this paragraph. This cure provision does not apply to the requirement to achieve an additional 575,000,000 kWh per year load within ten years of installation of the transformers as described in this paragraph. Said reimbursement shall be due and payable by Samsung, upon a written request by the City, no later than 90 days after said written request is made by the City. Upon request of Samsung, Austin Energy shall provide Samsung a complete written accounting of all costs, expenses and overhead incurred by Austin Energy, which is the subject of a potential reimbursement as provided in this Section 5.04.3. Section 6.04 of this Agreement ("Default") does not apply to this Section 5.04.3. Austin Energy agrees to provide the same or similar electrical infrastructure to meet Samsung's needs for future expansion and Samsung agrees to meet the same or similar performance measures for any new electricity load for future expansions.

5.05 Permit Fee Rebates. The City shall provide up to \$3 million in rebates for building and related construction inspection fees, and site plan fees, to Samsung for the construction of the 300 mm Fab and related facilities. Rebates of fees are subject to compliance with all terms of this Agreement, and are reimbursed at the same time as the rebates of property taxes. Samsung must submit a request for reimbursement of fees paid during prior calendar year at the same time that the request for rebate of tax is submitted, for the City to budget funds for next fiscal year. Failure of Samsung to timely submit a request for reimbursement may result in the City delaying payment of the reimbursement to accommodate its budget process requirements.

5.06 Capital Recovery Fee Rebates. The City shall rebate up to \$360,000 in capital recovery fees paid by Samsung and related to the construction of the 300 mm Fab and related facilities. Rebates of fees are subject to compliance with all terms of this Agreement, and are reimbursed at the same time as the rebates of property taxes.

Samsung must submit a request for reimbursement of fees paid during prior calendar year, at the same time that the request for rebate of tax is submitted, for the City to budget funds for next fiscal year. Failure of Samsung to timely submit a request for reimbursement may result in the City delaying payment of the reimbursement to accommodate its budget process requirements.

5.07 Permitting and Inspections. The City shall work with Samsung to expeditiously process building and related permit applications, and to expedite inspections of construction and related activity at the 300 mm Fab. The City shall provide one dedicated on-site inspector to be available during normal City work hours.

5.08 Water Quality Facilities. The City shall reimburse Samsung for the cost, up to \$1,238,000, of construction of water quality facilities as delineated on Exhibit A necessary for the 300 mm Fab, to be in full compliance with City storm water quality regulations in effect at the time of application for site plan. Samsung must submit a request for reimbursement for construction costs paid during the prior calendar year at the same time that a request for rebate of tax is submitted, for the City to budget funds for next fiscal year. Failure of Samsung to timely submit a request for reimbursement may result in the City delaying payment of the reimbursement to accommodate its budget process requirements.

VI. General Terms

6.01 Payments Subject to Future Appropriation.

6.01.1 This Agreement shall not be construed as a commitment, issue or obligation of any specific taxes or tax revenues for payment to Samsung.

6.01.2 All payments or expenditures made by the City, including Austin Energy, under this Agreement are subject to the City's appropriation of funds for such payments or expenditures to be paid in the budget year for which they are made.

6.01.3 The payments to be made to Samsung, or other expenditures under the Agreement, if paid, shall be made solely from annual appropriations from the general funds of the City or from such other funds of the City as may be legally set aside for the implementation of Article III, Section 52a of the Texas Constitution or Chapter 380 of the Local Government Code or any other economic development or financing program authorized by statute or home rule powers of the City under applicable Texas law, subject to any applicable limitations or procedural requirements.

6.01.4 In the event the City does not appropriate funds in any fiscal year for payments due or expenditures under this Agreement, the City shall not be liable to Samsung for such payments or expenditures, and Samsung, in its sole discretion, shall have the right but not the obligation to rescind this Economic Development Agreement.

6.01.5 To the extent there is a conflict between this Section and any other language or covenant in this Economic Development Agreement, this Section shall control, except as set out in Section 6.01.6 below.

6.01.6 Notwithstanding any other clause or covenant in this Agreement to the contrary, this Agreement shall not be subject to this Section 6.01, if Texas Constitutional Article III, Section 52-a, as amended as a result of the November 2, 2005 general election, permits the removal of this Section 6.01 without rendering this Agreement, or a portion hereof, void, voidable, or invalid. In such-event, this Section 6.01 shall not govern this Agreement or portion hereof; and this Agreement, or such portion, shall be interpreted and enforced as if this Section 6.01 were not contained in this Agreement.

6.02 Mutual Assistance. City and Samsung shall do those things commercially reasonable, necessary or appropriate to carry out the terms and provisions of this Agreement, and to aid and assist each other in carrying out such terms and provisions to put each other in the same economic condition contemplated by this Agreement regardless of changes in public policy, the law or taxes or assessments attributable to Samsung facilities.

6.03 Representations and Warranties. The City represents and warrants to Samsung that the Program and this Agreement are within its authority, and that it is duly authorized and empowered to establish the Program and enter into this Agreement, unless otherwise ordered by a court of competent jurisdiction. Samsung represents and warrants to City that it has the requisite authority to enter into this Agreement.

6.04 Default. If either the City or Samsung should default in the performance of any obligations of this Agreement, the other party shall provide such defaulting party written notice of the default, and a minimum period of 90 days after the receipt of said notice to cure such default, prior to instituting an action for breach or pursuing any other remedy for default; provided, however, in the event the breach that occurs is not reasonably susceptible of being cured within said 90-day period, then said 90 day period shall automatically be extended for the reasonable period of time required to cure said breach so long as the breaching party shall have commenced to cure said breach during said 90-day period and thereafter diligently pursues the cure thereof until cured. The defaulting party shall provide the other party written notification of the status of the defaulting party's efforts to cure the default every 30 days following the event of default and shall provide a final disposition of its efforts to cure the default on or before the 90th day.

6.05 Attorney's Fees. In the event any legal action or proceeding is commenced between the City and Samsung to enforce provisions of this Agreement and recover damages for breach, the prevailing party in such legal action shall be entitled to recover its reasonable attorney's fees and expenses incurred by reason of such action, unless prohibited by law.

6.06 Entire Agreement. This Agreement contains the entire agreement between the parties. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement. This Agreement may only be amended, altered or revoked by written instrument signed by the City and Samsung.

6.07 Binding Effect. This Agreement shall be binding on and inure to the benefit of the parties, their respective successors and assigns.

6.08 Assignment. Except as provided, Samsung may not assign all or part of its rights and obligations to a third party without prior written approval of the City, which approval shall not be unreasonably withheld or delayed. Notwithstanding anything to the contrary, Samsung may assign all or part of its rights and obligations without the prior consent of the City to a third party lender advancing funds for the acquisition, construction or operation of Samsung facilities.

6.09 Termination. In the event Samsung elects not to proceed with the Project as contemplated by this Agreement, Samsung shall notify the City in writing, and this Agreement and the obligations on the part of both parties shall be deemed terminated and of no further force or effect.

6.10 Notice. Any notice and or statement required and permitted to be delivered shall be deemed delivered by actual delivery, facsimile with receipt of confirmation, or by depositing the same in the United States mail, certified with return receipt requested, postage prepaid, addressed to the appropriate party at the following addresses:

Samsung: Samsung Austin Semiconductor, L.L.C.
12100 Samsung Boulevard
Austin, TX 78754
Attn:

Re: Economic Development Agreement
with copies to:

City: City Manager
301 West 2nd Street
Austin, Texas 78701
(P.O. Box 1088, Austin, Texas 78767)
Phone: (512) 974-2200

with copies to:

Director, Economic Growth and
Redevelopment Services
301 West 2nd Street
Austin, Texas 78704
Phone: (512) 974-7820

City Attorney
301 West 2nd Street
Austin, Texas 78701
(P.O. Box 1546, Austin, Texas 78767)
Phone: (512) 974-2268
Facsimile: (512) 974-2894

Either party may designate a different address at any time upon written notice to the other party.

6.11 Interpretation. Each of the parties has been represented by counsel of their choosing in the negotiation and preparation of this Agreement. Regardless of which party prepared the initial draft of this Agreement, this Agreement shall, in the event of any dispute, however its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against any party.

6.12 Applicable Law. This Agreement is made, and shall be construed and interpreted, under the laws of the State of Texas and venue shall lie in the State courts of Travis County, Texas.

6.13 Severability. In the event any provisions of this Agreement are illegal, invalid or unenforceable under present or future laws, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected. It is also the intention of the parties of this Agreement that in lieu of each clause and provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement, which is legal, valid or enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.14 Section Headings. The section headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several sections.

6.15 No Third Party Beneficiaries. This Agreement is not intended to confer any rights, privileges or causes of action upon any third party.

6.16 No Joint Venture. It is acknowledged and agreed by the parties that the terms of this Agreement are not intended to and shall not be deemed to create any partnership or joint venture among the parties. The City, its past and future officers, elected officials, employees and agents do not assume any responsibilities or liabilities to any third party in connection with Samsung facilities or the design, construction or operation of any portion of the facilities.

6.17 Exhibits. The following Exhibits "A", "B", "C", and "D" are attached and incorporated by reference for all purposes:

Exhibit "A":	Plat and Drawing with outline of 300 mm Fab
Exhibit "B":	Austin Energy Oneline Drawing
Exhibit "C":	Summary of Schedules and Examples for Rebates of Taxes and Fees
Exhibit "D"	Form of Certificate of Compliance

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

EXECUTED by the authorized representatives of the parties on the dates indicated below.

**Samsung Austin Semiconductor,
L.L.C.**

a Delaware limited liability company

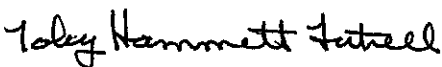
By: 

Printed Name: Hee Kyon Park

Title: President

Date: 14 March 2006

CITY OF AUSTIN, TEXAS,
a home-rule city and municipal
corporation

By: 

Toby Hammett Futrell
City Manager

Date: April 13, 2006

Exhibit A
Samsung plat of 300 mm Fab site

Samsung Site Plan

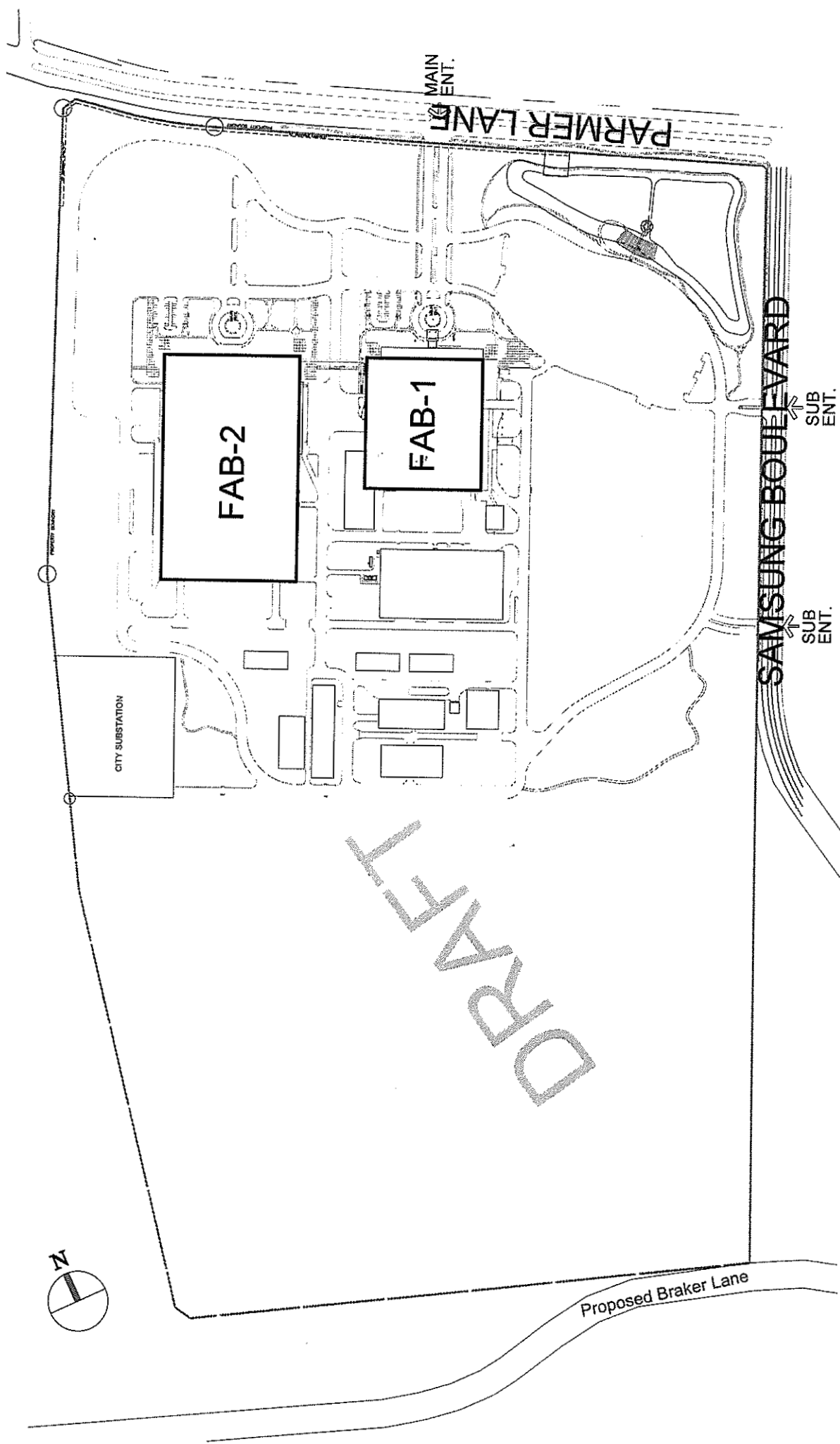


Exhibit B

EXHIBIT C

Incentive Program Methodology

1. SAS makes investment each year
2. TCAD appraises value of investment each year and records in separate TCAD account
3. SAS pays property taxes each year on new investment
4. City budgets each year for incentive payment based on taxes paid for previous year
5. City makes economic development grant each year to SAS based on taxes paid for previous year.

Note: Fees paid by SAS each year are granted back to SAS each year in a similar fashion.

Example Property Tax Grant

December, 2006	SAS invest in building, machinery and equipment
January 1, 2007	TCAD appraises SAS fixed assets
December, 2007	SAS pays property tax
March 1, 2008	SAS informs COA via letter of taxes paid on new investment
June, 2008	COA prepares budget
October 30, 2008	COA pays economic development grant to SAS

Example Fee Grant

December, 2006	SAS pays fee associated with new investment
March 1, 2007	SAS informs COA via letter of payment
June, 2007	COA prepares budget
October 30, 2008	COA pays fee rebate to SAS

Note: SAS will prepare a letter each year itemizing all payback items for the city's review.

EXHIBIT D
Certificate of Compliance Form



Economic Development Agreement Reporting Form
City of Austin

REPORTING YEAR _____ (YEAR _____ OUT OF 20)

1.0 Employment

- 1.1 Total number of employees at facility for reporting year. Agreement requires 500 new Samsung jobs and 200 new contract jobs by December 31, 2009 (EDA Section 4.01.1) **Number of FTE's for reporting year**

- 1.2 Average Annual Salary **Avg. annual salary for reporting year**
\$ _____
- 1.3 Total Payroll **Total annual payroll for reporting year**
\$ _____
- 1.4 Diverse Workforce (Section 4.01.2)
Please attach information addressing this section including: 1) Enhancement of recruiting efforts for minority job applicants; 2) Recruiting fairs; for new hires in underrepresented areas of the city; and 3) Texas Workforce Commission assistance in recruiting job seekers.
- 1.5 Diverse Contractor Workforce (Section 4.01.3)
Please attach information addressing this section including: 1) Efforts with general construction contractor and major subcontractors in holding recruiting fairs regarding jobs opportunities.
- 1.6 Diverse Construction Vending Opportunities (Section 4.01.4)
Please attach information addressing this section including: 1) Efforts to acquire goods and services from M/WBE's during construction phase of the 300mm fab.
- 1.7 Small Business Utilization (Section 4.01.5)
Please attach information addressing this section including: 1) Efforts to utilize locally based small businesses in supporting functions of the new 300mm fab.

2.0 Investment

- § Agreement requires \$2,500,000,000 by December 31, 2010 during term of agreement (Section 4.02)
- § For 2nd 10 year extension, agreement requires \$3,500,000,000 by December 31, 2015(Section 4.03)
- § To remain eligible for 2nd 10 year extension, agreement requires \$4,000,000,000 by December 31, 2020 (Section 5.02(b))

		Real Property	Business Personal Property
2.1	Total investment since project start.	\$ _____	\$ _____
2.2	Reporting year investment	\$ _____	\$ _____

3.0 Austin Energy

Agreement requires at least 575,000,000 kWh per year of load served by Austin Energy Generation and related to 300mm Fab. Samsung is required to average the above stated load through December, 31, 2017.

Reporting year kWh usage _____ kWh

Average kWh usage since agreement start _____ kWh

4.0 Reimbursement Request

Agreement requires grant equal to City taxes paid on eligible real and business personal property over Initial Ten Year Period of Agreement (Section 5.01.), and grant equal to 75% of taxes paid on eligible real and business personal property during 2nd 10 Year Period (Section 5.02).

		Real Property	Business Personal Property
4.1	Property Taxes Paid (reporting year)	\$ _____	\$ _____
4.2	Reimbursement Request	\$ _____	\$ _____

4.3 Permit Fees during reporting year \$ _____

4.4 Capital Recovery Fees during reporting year \$ _____

4.5 Water Quality Facility Costs during reporting year \$ _____

4.6 Total Request for Reporting Year \$ _____

[City may request additional information or on-site visits to confirm compliance, per Section 4.05 of the Economic Development Agreement.]

I, as the authorized representative of Samsung Austin Semiconductor, L.L.C., hereby certify that the above information is correct and accurate pursuant to the terms of this Agreement:

Signature: _____

Printed Name: _____

Date: _____

Title: (Chief Financial Officer or equivalent) _____