



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Joel Brennan, Secretary

August 23, 2019

Dr. Jay Lee
Vice Chairman
Foxconn Technology Group
611 East Wisconsin Avenue
Milwaukee, WI 53202

Alan Yeung
Project Chairman for Foxconn Wisconsin
611 East Wisconsin Avenue
Milwaukee, WI 53202

Re: The Foxconn Project

Dear Jay and Alan:

Thank you for taking the time to set up and participate in the introductory meeting between Chairman Liu and Governor Evers last week. The Administration remains committed to our partnership and we are pleased to know Foxconn's commitment to Wisconsin remains strong. We appreciate the opportunity to gain a better understanding of Foxconn's evolving plans for success in Wisconsin. Specifically, it was helpful to hear all of you articulate Foxconn's vision for leveraging its technology, AI expertise, and smart manufacturing edge to penetrate new markets and develop commercial relationships in Wisconsin and the United States. As your vision materializes, our Administration will continue to work to support your success.

We want to follow up on Louis Woo's letter to Mark Hogan dated July 25, 2019, Mark's responsive letter to both of us dated July 27, 2019, and meetings Mark and I have had with Louis and Alan since March regarding Foxconn's incentive contract with the State of Wisconsin. I have copied Mark and Louis on this letter.

Mark's letter asks that we outline the Administration's "goals" regarding your project and the changes we envision to Foxconn's contractual relationships with the State. As reflected in Governor Evers' letter dated July 8, 2019, the answer is straightforward:

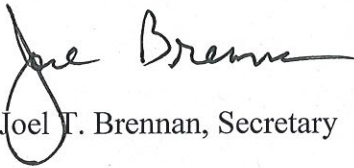
- (1) We want Foxconn's new project in the Racine area EITM Zone to succeed;
- (2) We believe that the present project is outside the terms of the 2017 contract so the best path forward is to amend the contract to better fit the evolving project plans; and
- (3) We want to help Foxconn succeed and earn credits with its project by working together to craft mutually beneficial terms for a revised agreement that appropriately fits the new project.

This Administration wants your project to succeed and be incentivized by an agreement tailored to fit it. However, the present project is not the one certified under the 2017 contract and we do not want Foxconn to be deterred in pursuit of its present project by contractual details and clawbacks sized for the Gen 10.5 factory.

As I have previously discussed with you and Mark, and as suggested in Mark's July 27, 2019 letter, the next steps in changing the contract should be taken by Foxconn. The company should submit the same type of detailed applications for the project as it did for the 2017 Gen 10.5 project (on September 15, 2017 and amended with additional applicants on November 7, 2017). To be most helpful, the applications should include a specific description of the project, its overall expected cost, when you expect to have it largely completed and operational, specifics about the projected types and number of jobs it will create in the Zone and details about the expected types and volume of its output and throughput. It also should detail on an affiliate-by-affiliate basis the nature, amount, and timing of what they are doing, the respective role of each affiliate in the project, and specifics about the projected hiring by each affiliate (how many jobs, when they will be hired, types of positions, and expected compensation). As you are aware, these are many of the same details that were included in the 2017 applications to WEDC.

Again, this administration is committed to working with you throughout the evolution of the project. We realize that Foxconn values being nimble and private in its business plans, but we also know that you understand the need for transparency when the partnership includes large public subsidies. Thank you for your diligent efforts in this matter,

Sincerely,

A handwritten signature in black ink that reads "Joel Brennan". The signature is fluid and cursive, with a large initial "J" and "B".

Joel T. Brennan, Secretary

Cc: Mark Hogan (by email)
Louis Woo (by email)