

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "Memorandum") is entered by and between Texas Instruments Incorporated (the "Company"), Fort Bend County, Texas, (the "County"), and the Fort Bend County Drainage District (the "District") (collectively the "Parties") describes the intent of the Parties with respect to initiating a due diligence process for the purpose of the Company entering into a Purchase and Sale contract for an approximate seven acre tract of land located in the Telfair development in the City of Sugar Land, Fort Bend County, Texas, at the northeast corner of the intersection of University Blvd. and Lexington Blvd. and (the "Project Site") and for construction of certain improvements on the Project Site and for the Parties to pursue negotiations and approvals for an ad valorem tax abatement agreement under Chapter 312, Tex. Tax Code ("Tax Abatement Agreement").

Recitals

1. For operational considerations, the Company has decided that it would be more beneficial for it to locate certain operations within the State of Texas (the "State") and more specifically in the County.
2. After consideration of a number of alternative locations, the Company has identified the Project Site as the potential location for a research and development facility. The Company is about to enter into a Purchase and Sale Agreement to acquire the Project Site (the "Purchase Agreement"), but will not do so without the commitments of the County and District with respect to the County and District's intent to negotiate a Tax Abatement Agreement.
3. County and District desire that the Company select a Project Site within its jurisdiction and has discussed the offer of a Tax Abatement Agreement to the Company which requires the approval of the County's Commissioners Court and the District's Board of Directors.
4. Representatives of the Parties hereto have initiated discussions related to the business terms of this memorandum (the "Memorandum"). This Memorandum is an expression of intent to proceed with further good faith negotiations, and the Parties shall not be legally bound hereby, and the representatives of the Parties agree to negotiate a Tax Abatement Agreement in good faith based upon the terms set forth herein. Any legal rights or obligations of the Parties shall arise solely out of subsequent negotiation and documentation of the Tax Abatement Agreement, which requires approval of the County's Commissioners Court, District's Board of Directors, and the Company.

NOW, THEREFORE, the Parties intend to negotiate toward entering into legally binding Tax Abatement Agreement, that require approval of the Company and the County's Commissioners Court and District's Board of Directors and are subject to law, as follows:

5. **Statement of Overall Intent.** The County and District desire that the Company select a Project Site within their jurisdiction and has specifically offered an incentive to the Company which must be approved by its Commissioner's Court and Board of Directors to induce the Company to select the Project Site within their jurisdiction. The County and District intend to work with Company and the State, where necessary, to identify and secure financial and other support including without limitation, the incentive as set for the

below to assist in the completion of the consolidation, retention or expansion project (hereafter the "Project").

6. The Company's Commitments. The Company intends to make the following commitments if a Tax Abatement Agreement is negotiated that is in conformity with this MOU and acceptable to the Parties:

(a) Employment. The Company intends to relocate its current workforce to the Project Site which will result in 375 full-time employees.

(b) Investment. The Company will consider the following investment and anticipates that:

(1) The Improvements (as defined herein) will have a minimum appraised value of \$25 million as shown in the records of the Fort Bend Central Appraisal District; and

(2) The personal property to furnish and equip the building(s) will have a minimum appraised value of \$10 million as shown in the records of the Fort Bend Central Appraisal District, with an initial investment of \$8 million by June 30, 2014 and an additional investment of \$2 million by June 30, 2016. "Personal Property" means any property classified as tangible personal property by the Fort Bend Central Appraisal District, other than inventory or supplies, that is located within the building(s) to be constructed as part of the Improvements.

A \$35 million minimum investment in new ad valorem value for the County and District is anticipated based on the above investment. The Company understands that the Tax Abatement Agreement to be negotiated will conform to the County's and District's standard tax abatement agreements and any tax abatement proposed to be granted will not apply to the value of the land, personal property, increases in the value of the land, or to inventory or supplies.

(c) Project Completion. The negotiated Tax Abatement Agreement will include the requirement that the Company's employment and investment obligations be completed by June 30, 2014, with the exception of the additional investment of \$2 million of Personal Property to furnish and equip the building(s) by June 30, 2016.

7. Tax Abatement Agreement. In consideration of the proposed commitments by the Company set forth above, the County and District intend to negotiate the Tax Abatement Agreement, subject to law, approval of the County's Commissioners Court and District's Board of Directors, and appropriate communications with taxing authorities, as follows:

A. Tax Abatement Agreement providing for abatement of 75% of the Improvements only, at the Project Site for 10 years. "Improvements" means a 155,000 square foot building constructed with high quality finishes, designed to integrate into a mixed-use development, and consisting of Class A office space, any sidewalks, parking structures, outdoor lighting, landscaping and other improvements to serve the building as delineated in an exhibit to the future Tax Abatement Agreement. The County's and District's, through its Commissioners Court and Board of Directors, consideration of a Tax Abatement Agreement, among other things, is contingent upon:

(1) The Company submitting an application to the County and District, as required by the

County's and District's respective policies and procedures;

(2) The Company submitting all required documents, including surveys, site plans, cost estimates for the Improvements, the construction timeline for the building development of the Project Site, and any other documents required by the respective County's and District's policies and procedures;

(3) The Tax Abatement Agreement containing a requirement that the Improvements and at the Project Site will receive a 10-year, 75% ad valorem tax abatement if the:

- (a) Improvements are completed by June 30, 2014;
- (b) Improvements have a minimum value of \$25 million on January 1, 2015, as shown on the records of the Fort Bend Central Appraisal District;
- (c) The Personal Property has a minimum value of \$8 million on January 1, 2015 and a minimum value of \$10 million on January 1, 2017, as shown on the records of the Fort Bend Central Appraisal District; and
- (d) Company employs at the Project Site 375 full-time employees.

8. Conditions Precedent. The Company and the County's and District's representatives will work in good faith to negotiate a more-detailed Tax Abatement Agreement for approval of their governing bodies to effectuate the ad valorem tax incentive identified in this Memorandum. Subject approval of the County's Commissioners Court and District's Board of Directors, the Company would plan on accepting the Tax Abatement Agreement so long as the ad valorem tax incentive is consistent with this Memorandum, the negotiated terms of a Tax Abatement Agreement, and appropriately approved by the proper governmental bodies.

9. Costs. Each of the Parties shall be responsible for its own reasonable and customary due diligence costs. The Company will pay all standard applicable application fees related to any ad valorem tax incentives discussed above or offered to the Company at a later date. The Company shall pay all administrative and permitting fees applicable to any ad valorem tax incentive.

10. GFBEDC Membership: The Company will participate in the continuing economic development process in Fort Bend County by becoming a Trustee Member of the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.

11. Approvals. The mutual statements of intent herein are subject to negotiation of the terms of a Tax Abatement Agreement, approvals of the County's Commissioners Court and District's Board of Directors, or administrative bodies as required by law, and approval by the senior management of the Company.

12. Confidentiality. To the extent permitted by law, the Parties agree that each other will treat in confidence all documents, material and other information which each party shall have obtained during the course of negotiations leading up to, and its performance of, this Memorandum (Confidential Information). The Confidential Information shall not be communicated to any third party, including the media, without prior notice to the non-disclosing party, unless required by law.

13. Cooperation. The Parties' representatives will cooperate with each other in securing the a Tax Abatement Agreement in accordance with the objectives of this Memorandum, which,

however, requires approval of the County's Commissioners Court and District's Board of Directors and Company's respective governing body.

14. Tax Abatement Process. Upon the Company's application for tax abatement and the County and District's receipt and approval of the site layout plan and survey for the Project Site, the City intends to initiate the processes for the granting of tax abatement pursuant to legal requirements.

15. Effective date. This Memorandum shall become effective upon execution by County and District.

IN WITNESS WHEREOF, the Parties have executed this Memorandum as of the date set forth below.

TEXAS INSTRUMENTS, INC.

David W. Thomas
David W. Thomas,
Vice President, World Wide Facilities

11-5-2012
Date

FORT BEND COUNTY, TEXAS

Robert E. Hebert
Robert E. Hebert, County Judge

11-6-2012
Date

Attest:

Dianne Wilson
Dianne Wilson, County Clerk

FORT BEND COUNTY DRAINAGE DISTRICT

Robert E. Hebert
Robert E. Hebert, County Judge

11-6-2012
Date

Attest:

Dianne Wilson
Dianne Wilson, County Clerk

