

STATE OF NORTH CAROLINA

COUNTY OF CHATHAM

ECONOMIC DEVELOPMENT AGREEMENT

BY AND BETWEEN

WOLFSPEED, INC.

AND

CHATHAM COUNTY, NORTH CAROLINA

DATED as of _____, 2022

ECONOMIC DEVELOPMENT AGREEMENT

This Agreement (this “Agreement”) is entered into, effective as of the ____ day of _____, 2022 (“Effective Date”), by and between Wolfspeed, Inc. (the “Company”) and Chatham County (the “County”). Together the Company and the County are referred to herein as the “Parties” and, individually, as a “Party.”

RECITALS

WHEREAS, the County is vitally interested in the economic welfare of its citizens and the creation and maintenance of sustainable jobs for its citizens in strategically important industries and therefore wishes to provide the necessary conditions to stimulate investment in the local economy and promote business, resulting in an increase in the County’s ad valorem tax base, the creation of a substantial number of jobs at competitive wages, and to encourage economic growth and development opportunities which the County has determined will be made possible pursuant to the Project; and

WHEREAS, the Company desires to construct an advanced manufacturing facility in Chatham County; and,

WHEREAS, in order to implement the foregoing, the Company has proposed to make a capital investment at the Site from sources available to the Company, including the Company’s resources and all grants and other sources of financing, to construct and operate an advanced silicon carbide materials manufacturing facility and other ancillary and related uses. The Facility (as defined in Article I), along with the land constituting the Site (as defined in Article I) and the jobs referred to herein, are referred to herein as the “Project.” The Company expects that the Project will include real property, buildings, fixtures, machinery, and equipment having a cost of approximately \$5 billion, and expects to create approximately 1,802 full time equivalent jobs at an average wage exceeding or equal to that of the median average wage for Chatham County as described herein; and

WHEREAS, the County acknowledges that the Project will bring direct and indirect benefits to the County, including job creation, increase in the ad valorem tax base, and economic diversification and stimulus, and has therefore offered economic development incentives to induce the Company to locate the Project at the Site, and such local incentives do in fact induce the Company to locate the Project at the Site; and

WHEREAS, the Company fully intends to establish, through the Project, an important presence in the County by employing a large number of local employees and making substantial investments in the Project and in the training and development of such employees; and

WHEREAS, the County hereby acknowledges that the terms of this Agreement, including specifically the local incentives described in this Agreement, constitute an important inducement to the Company to locate the Project at the Site, and the Company hereby represents that its decision to locate the Project at the Site following a competitive selection process conducted by the Company among two or more states is based, in part,

on the County's offer of local incentives described in this Agreement and related agreements and documents; and

WHEREAS, the County is authorized pursuant to N.C.G.S. §158-7.1 to provide financial and other incentives; any action in this regard would follow a public hearing by the County's Board of Commissioners (the "Board") and a subsequent decision by that Board as to such matters before it; and the Board will assure that the County receives additional tax base, increase of jobs, and other economic stimuli of the local economy as a result of the Project; and,

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the County and the Company intending to be legally bound do hereby agree as follows:

ARTICLE I

DEFINITIONS

"Increased Tax Value" is that amount of ad valorem tax value of the Project's property, as finally determined for ad valorem tax purposes, as of January 1 of the calendar year that immediately precedes the calendar year in which the County will make a Business Investment Grant or Land Acquisition Business Investment Grant payment to the Company, less the tax value of the Site on January 1, 2022. For purposes of this Agreement, the tax value of Site on January 1, 2022 is \$1,826,936. For example, the BIG payment (as defined in Article III, Section B) made in 2028 will be for 2027 and will be based on the ad valorem value on January 1, 2027 less the ad valorem value of the Site on January 1, 2022.

"Incremental Taxes" is the amount of taxes actually paid by, or on behalf of, the Company to the County as a result of the Increased Tax Value.

"EIC" shall mean the Economic Investment Committee of the State of North Carolina.

"Fiscal Year" shall mean the County's Fiscal Year, July 1 to June 30.

"Facility" shall mean the advanced silicon carbide materials manufacturing facility and other ancillary and related facilities constructed at the Site.

"Site" shall mean all of those tracts and parcels of land lying and being in Chatham County, North Carolina containing 445.687 acres, more or less, as depicted on that certain recombination plat entitled "Recombination Plat for CAM, LLC off US Highway 64 & Stockyard Road, Matthews Township, Chatham County, Siler City, North Carolina" with a survey date of May 15, 2022 and prepared by Level Cross Surveying, a copy of which is attached hereto as Exhibit A.

ARTICLE II

COMPANY REQUIREMENTS

A. Project and Investment

The Company shall construct, equip, and operate the Project. The Company expects to invest, or cause to be invested, at least \$5 billion in taxable real property, buildings, fixtures, machinery, and equipment at the Site by December 31, 2030.

B. Job Commitment

The Company shall create and maintain Eligible Positions, as defined in the Community Economic Development Agreement by and between the Company and the EIC (the “CEDA”), at the Project according to the following table:

Calendar Year	Total Anticipated New Eligible Positions for Project	Minimum To Meet Job Commitment under this Agreement (85% of anticipated)
2023	111	94
2024	330	281
2025	551	468
2026	791	672
2027	1,026	872
2028	1,286	1,093
2029	1,544	1,312
2030 and thereafter	1,802	1,532

(For the avoidance of doubt, for purposes of this Agreement the yearly schedule for job creation set out in the table above shall apply without regard to any limitation in the CEDA on the years in which Eligible Positions must be created.)

Should the Company fail to meet its minimum job commitments in any year, the County’s BIG (as defined in Article III, Section B) payment for that year shall be reduced in an amount that is pro-rata to the Company’s job shortfall relative to its minimum obligations to the meet the job commitment for that year.

For example, if the Company has only 785 jobs at the end of calendar year 2027, the BIG payment in calendar year 2028 (the award for calendar year 2027) shall be reduced in accordance with the value that is the pro rata of 87/872, or (rounded to whole number only for purposes of example) 10%. Thus, the BIG payment in the calendar year 2028 would be only (rounded) 90% of the amount of the BIG payment for which the Company would otherwise have been eligible.

In order to receive a BIG payment, the Company shall provide to the County by March 1 a certification of the number of jobs filled at the end of the prior calendar year and aggregate average wage for those jobs. In order to qualify for a BIG payment in any year, the aggregate average wage for reported jobs must be at least \$62,522. In the event that the Company has not provided a certification by March 1, the County shall give notice of that default and the Company shall have fifteen days from receipt of the notice to cure. The County and the Company agree that the provision to the County by the Company of a copy of the annual report submitted to the EIC shall be sufficient to meet the requirements of this Section.

C. Tax Payment Commitment

The Company shall not, during the period in which it is eligible to receive BIG or LABIG payments, be in arrears in the payment of its annual property taxes to the County. In the event that the Company fails the Tax Payment Commitment, the County may withhold BIG and LABIG payments until the Company satisfies the Tax Commitment, at which time all previously withheld payments shall be made by the County.

D. Operation Commitment

Except in the case of an event of Force Majeure, the Company shall continuously operate the Facility from the date on which the Facility is qualified for such operations by appropriate governmental authorities until the conclusion of the period in which it is eligible to receive BIG payments. For purposes of this Agreement, "Force Majeure" shall mean any cause preventing or hindering the performance of this Agreement arising from or attributable to acts, events or circumstances beyond the reasonable control of the Company including, but not limited to, epidemic of disease, State of Emergency declared by the Governor of North Carolina due to pandemic, act of God, shortage of materials, war (declared or undeclared), labor disputes, accidents, acts of terrorism, fire, flood, earthquake or other natural disaster, breakdown of machinery, exposure to toxic substances, government condemnation, requisition or impoundment or other acts of any governmental agency (including such authority acting in a contractual or regulatory capacity), court order, destruction of all or substantially all of the Facility, and riot or civil commotion. Notwithstanding anything to the contrary in this Agreement, a temporary shutdown of operations for less than 6 months for any reason shall not be considered a breach of the Operation Commitment. If the Company violates the Operation Commitment, the County may withhold BIG and LABIG (as defined in Article III, Section C) payments until the Company recommences operations of the Facility.

ARTICLE III

LOCAL ECONOMIC DEVELOPMENT INCENTIVES

A. Termination of Option Agreement

The County hereby acknowledges and agrees that it does not have any option to purchase all or any portion of the Site and that any and all options it had to purchase all or any portion of the Site, including the option agreement(s) referenced by that certain Memorandum of Option Agreement dated as of September 7, 2017 and recorded in the Chatham County Register of Deeds at Book 01945, Pages 0893-0910, expired on their terms at 2:00 p.m. on September 7, 2022.

B. Business Investment Grant ("BIG")

The County shall provide to the Company a 20-year Business Investment Grant based on the Chatham County Incentives Policy for Transformational Projects – Level 3. Pursuant to that policy, the BIG shall be paid annually by the County to the Company in an amount determined by the following percentages of Incremental Taxes in the current Fiscal Year:

Years 1-4 – 90%
Years 5-8 – 80%
Years 9-11 – 75%
Years 12-15 – 60%
Years 16-20 – 50%

The Company shall give written notice to the County by January 1 in the year that the Company chooses to begin BIG payments. Such notice shall be given no later than January 1, 2027. BIG payments shall be made on or before May 1.

C. Land Acquisition Business Investment Grant ("LABIG")

In lieu of providing land to the Company, the County shall provide to the Company a Land Acquisition Business Investment Grant in a total amount of \$7,625,187. The LABIG shall be paid annually in an amount determined by the following formula: 95% of Incremental Taxes in the current Fiscal Year less that percentage of Incremental Taxes in the current Fiscal Year paid in any BIG payment (without giving effect to any reduction in BIG payment pursuant to Section B of Article II for failure to meet minimum job commitment). For example, if the BIG payments start in 2027, the LABIG payment in 2024, 2025, and 2026 would be at 95% [95-0] of Incremental Taxes, and any LABIG payment in 2027 would be at 5% [95-90] of Incremental Taxes.

Notwithstanding the foregoing, in the year in which a scheduled LABIG payment would, together with previous LABIG payments, total or exceed \$7,625,187, the LABIG

payment shall be in an amount that would, together with previous LABIG payments, total \$7,625,187. Once LABIG payments total \$7,625,187, the County's obligation to make LABIG payments shall end.

LABIG payments shall begin in 2024. LABIG payments shall be made on or before May 1. For example, the LABIG payment in 2024 will be 95% of the Incremental Taxes for the Fiscal Year ending June 30, 2024, and the Incremental Taxes for the Fiscal Year ending June 30, 2024 will be based on ad valorem tax value as of January 1, 2023 less the ad valorem value of the Site on January 1, 2022.

D. Recapture

If at any time the Company fails to satisfy its Operation Commitment (as described in Section D of Article II), the Company shall repay the County fifty percent (50%) of the most recent prior year BIG and LABIG payments only.

If the County terminates this Agreement pursuant to subsection I.c of Article IV (concerning the Company's failure to meet its obligations to invest and to create Eligible Positions), the Company shall repay the County fifty percent (50%) of the most recent prior year BIG and LABIG payments only.

In the event that the County makes a BIG payment in reliance on a job certification that is later determined to have an inaccurate Eligible Positions number or be materially inaccurate, the Company shall repay the County any overpayment that is based on the inaccuracy. For example, if (i) the County makes a BIG payment in 2028 (for calendar year 2027) based on the Company's certification that it has created 872 jobs by December 31, 2027 (thus meeting its minimum job creation requirement for 2027) and (ii) upon review by the EIC it is determined that the Company created only 785 jobs by December 31, 2027 (thus failing to meet its minimum job creation requirement for 2027), the Company would be required to repay the County's overpayment. The overpayment would be $\frac{87}{872}$ ths of the payment made by the County in 2028 (for calendar year 2027). For the avoidance of doubt, if, however, (i) the County makes a BIG payment in 2028 (for calendar year 2027) based on the Company's certification that it has created 900 jobs by December 31, 2027 (thus meeting its minimum job creation requirement for 2027) and (ii) upon review by the EIC it is determined that the Company created only 890 jobs by December 31, 2027 (thus still meeting its minimum job creation requirement for 2027), there would be no overpayment that the Company would be required to repay.

ARTICLE IV

OTHER PROVISIONS

A. Notices

All communications and notices expressly provided for herein shall be sent, by registered first class mail, postage prepaid, by a nationally recognized overnight courier for delivery on the following business day, by facsimile (with such facsimile to be confirmed

promptly in writing sent by mail or overnight courier as aforesaid), or by email as follows unless the relevant Party provides replacement contact information after the date hereof:

If to the County:

[to come]

With a copy to:

Robert E. Hagemann
Poyner Spruill
301 Fayetteville St., Suite 1900
Raleigh, NC 27601
Email: rhagemann@poynerspruill.com
Fax: 919.783.1075

If to the Company:

Wolfspeed, Inc.
4600 Silicon Drive
Durham, NC 27703
Attention: Bradley Kohn, General Counsel
Email: brad.kohn@wolfspeed.com
Fax: [to come]

With a copy to:

B. Davis Horne
Smith Anderson
2300 Wells Fargo Capitol Center
150 Fayetteville St.
Raleigh, NC 27601
Email: dhorne@smithlaw.com
Fax: 919.821.6800

B. Entire Agreement; Amendment; Construction

This Agreement, together with the exhibit attached hereto, constitutes the entire agreement between the Parties as to the subject matter referenced herein, and supersedes all prior agreements, understandings, or undertakings (whether oral, written, electronic or otherwise) between the Parties with respect to the subject matter hereof. No amendment may be made to this Agreement except with the prior written consent of all Parties hereto.

C. Governing Law; Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina. The exclusive jurisdiction for any litigation shall be in Superior Court for the 15B Judicial District of North Carolina or the United States District Court for the Middle District of North Carolina.

D. Severability; Incentives

If any court of competent jurisdiction holds any provision of this Agreement invalid or unenforceable, then (1) such holding shall not invalidate or render unenforceable any other provision of this Agreement, unless such provision is contingent on the invalidated provision; and (2) the remaining terms hereof shall, in such event, constitute the Parties' entire agreement. In the event any such provision is held to be invalid, illegal, or unenforceable, the Parties hereto shall make their best efforts to agree on a provision in substitution for such invalid, illegal or unenforceable provision that is as near in economic benefit as possible to the provision found to be invalid, illegal, or unenforceable. In the event that the validity, legality or enforceability of any local incentive and other assistance described or referred to herein as being offered or made available to the Company is challenged in any manner, the County shall (a) vigorously defend such local incentive and other assistance from such challenge, (b) seek legislative remedies to retain or restore such local incentive and other assistance, and (c) pursue the offering of other local incentives and other assistance or benefits to the Company (including to the extent other discretionary funds or benefit programs are or may become available to the County) in order that the Company may realize the economic and non-economic benefits of the local incentives and other assistance offered herein or made available hereby.

E. Assignment

Except as otherwise provided for in this Section, no Party shall have the right to assign this Agreement or any portion hereof, or any of its respective rights or obligations hereunder, without the prior written consent of the other Party.

The Company may assign or otherwise transfer its interest in this Agreement without the County's prior written consent to an affiliate of the Company. The Company may also assign or otherwise transfer its interest in this Agreement (including by a consolidation or a merger in which the Company is not the surviving entity) with the County's prior written consent, which shall not be unreasonably withheld. The County may, as a condition to its consent, require that the assignee, transferee, or surviving entity in the consolidation or merger:

- (i) assume in writing the obligations of the Company under this Agreement;

(ii) provide evidence satisfactory to the County that it is solvent and that it will be able to pay its debts as they come due; and

(iii) represent and warrant to the County that it is, and covenant that it will remain, in compliance with the terms of this Agreement.

F. Certificate of Authority

The Company or any assignee shall ensure a Certificate of Authority is filed with the North Carolina Office of the Secretary of State to transact business in the State of North Carolina as required by North Carolina law promptly after the execution of this Agreement.

G. Audit Right

The County shall have the right to require that the Company provide to it a certified audit (at the County's expense), or to perform (upon reasonable notice to the Company and during normal business hours) an audit through the use of the County's staff, in order to confirm the Company's compliance with the Job Commitment contemplated in this Agreement. Any such audit will be limited in scope to the least amount of information necessary to confirm such compliance. To the fullest extent allowed by law, all of the Company's records provided to the County shall (1) not be considered or deemed a public record, (2) be kept confidential (and the County agrees to cause its employees, agents, auditors and other representatives, including any internal or external auditors, to keep such evidence confidential), (3) be "trade secrets" under N.C.G.S. §132-1.2 and be marked as trade secrets, and (4) to the fullest extent allowed by law be held as confidential information under N.C.G.S. §132-1.2 and other law. All such records shall remain the property of the Company to be returned after the County's review and may be used by the County only for audit purposes. The County shall endeavor to notify the Company in the event that the County receives a request, subpoena, legal complaint, court order, or other demand for the release or disclosure of records, documents, or information that pertains to the Company or the Project, whether furnished by the Company in connection with an audit or otherwise, which are protected under the terms of this Agreement, which the Company has identified or designated as containing confidential information, or which clearly are protected or exempted from disclosure by State or Federal law.

H. Agreement to Cooperate

In the event of any legal action instituted by a third party or other governmental entity or official challenging the validity of any provision of this Agreement, the Parties hereby agree to cooperate in defending such action; provided, however, each of the Parties shall retain the right to pursue its own independent legal defense.

I. Termination

This Agreement may be terminated:

- a. by mutual written agreement by the Company and the County;

- b. by the Company for any reason; or
- c. by the County if the Company has not invested, or caused to be invested, at least \$875 million in taxable real property, buildings, fixtures, machinery, and equipment at the Site and created at least 865 Eligible Positions by December 31, 2032; provided, however, that such failure shall have continued for a period of sixty (60) calendar days after written notice thereof from the County to the Company, unless (A) the County shall agree in writing to an extension of such period prior to its expiration, or (B) during such sixty (60) day period or any extension thereof, the Company has commenced and is diligently pursuing appropriate corrective action. This right to terminate and the corresponding recapture described in Section D of Article III shall be the exclusive remedies under this Agreement for any shortfall in required or expected investment in taxable real property, buildings, fixtures, machinery, and equipment.

In the event that this Agreement is terminated, the County shall have no further obligation to make BIG or LABIG payments.

J. Infrastructure

The County acknowledges that Siler City has made certain water and sewer commitments in the Economic Development Agreement between the Town of Siler City and the Company (the “Siler City Commitments”) and is familiar with the Siler City Commitments. The Company recognizes that the County is not responsible for the delivery of the Siler City Commitments. Notwithstanding the foregoing, the County agrees that it will, to the extent authorized by law, cooperate with the Town of Siler City regarding the Siler City Commitments and, in good faith, facilitate their delivery to the extent appropriate under the circumstances.

K. Counterparts

This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed original counterpart of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Economic Development Agreement to be executed as of the date and year first above written.

ATTEST:

CHATHAM COUNTY

Name: Lindsay Ray
Title: County Clerk

By: _____
Name: Dan LaMontagne
Title: County Manager

WOLFSPEED, INC.

By: _____
Name: _____
Title: _____

This instrument has been pre-audited
in the manner required by the Local
Government Budget and Fiscal
Control Act.

Roy Lynch
Chatham County Finance Director

Exhibit A
Recombination Plat