

**MEMORANDUM OF UNDERSTANDING**

This Memorandum of Understanding (the “MOU”) is made and entered into as of the last date of execution (the “Effective Date”) by and among the Mississippi Development Authority (the “MDA”), acting for and on behalf of the State of Mississippi (the “State”), Lowndes County, Mississippi, acting by and through the Board of Supervisors (the “County”), and the Lowndes County Industrial Development Authority (the “LCIDA”) (collectively the “Inducers”) and Silicor Materials Inc., a Delaware corporation, (the “Company”).

**WHEREAS**, the Company will locate in Lowndes County, Mississippi, and acquire, construct, equip, and operate, or cause to be located, acquired, constructed, equipped, and operated, either directly, in partnership or as a joint venture, one or more facilities to be used as (i) a silicon metal production operation (“Phase I”), and (ii) a silicon metal purification operation (“Phase II”, and together with Phase I is hereinafter referred to collectively as the “Project with a capital investment of not less than Five Hundred Million Dollars (\$500,000,000), which will create at least Nine Hundred Fifty-one (951) new full-time jobs, with an average annual compensation per such employee, excluding benefits which are not subject to Mississippi income taxes, of at least Forty-five Thousand Dollars (\$45,000) (which will result in an annual payroll of not less than Forty Two Million Seven Hundred and Ninety Five Thousand Dollars (\$42,795,000); and

**WHEREAS**, MDA has determined that the Company qualifies as an approved business enterprise, that the Project qualifies under the Mississippi Industry Incentive Financing Revolving Fund (“MIIF”) as set out in Section 57-1-221, Mississippi Code of 1972, as amended, (the “Law”); and

**WHEREAS**, the Inducers have determined that the proposed Project will benefit the residents of the State by increasing both employment and tax revenues and have further determined that the Project will improve the standard of living for the residents of Lowndes County and the residents will further benefit through the creation of jobs and the increase in employment opportunities and that it will have a significant regional impact as an approved business enterprise; and

**WHEREAS**, the parties hereto acknowledge that the participation of the Inducers is undertaken for the benefit of the residents of the State and Lowndes County and therefore the Company will use its commercially reasonable best efforts to employ residents of the State and Lowndes County in connection with the Project when practicable; and

**WHEREAS**, the parties hereto wish to set forth and memorialize their mutual understandings and obligations with respect to the Project.

**WHEREAS**, all statutory references made in this MOU, unless otherwise specified, shall be deemed to refer to the Mississippi Code of 1972, as amended, (the “Code”).

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants, promises and agreements contained herein, and other good and valuable consideration, the parties agree as follows:

ARTICLE I  
OBLIGATIONS

1.1 The parties hereby agree that, in consideration of the Project with its employment opportunities, capital investment and tax revenues, the Inducers will provide the respective incentives set forth herein.

1.2 The Company hereby agrees that in consideration of the provision of said incentives as described in this MOU, the Project will be located in the State and County, in accordance with the terms hereof.

ARTICLE II  
THE COMPANY'S COMMITMENTS

2.1 The Company acknowledges that Phase I will be located on an approximately ninety (90) acre "greenfield" site (the "Phase I Project Site") and that Phase II will be located adjacent to Phase I (and possibly sharing a common wall and other infrastructure) on an approximately 150 acre "greenfield" site (the "Phase II Project Site"), and each of the Phase I Project Site and the Phase II Project Site will be owned by LCIDA and leased to the Company as further described herein; and

2.2 (a) The Company commits that Phase I will result in the following:

(i) a capital investment from any source of not less than Two Hundred Thirty-Five Million Dollars (\$235,000,000) by not later than December 31, 2014; and

(ii) the creation of not less than Two Hundred (200) new full-time jobs, with an average annual compensation per such employee, excluding benefits which are not subject to Mississippi income taxes, of at least Forty-five Thousand Dollars (\$45,000) (resulting in an annual payroll of not less than \$9,000,000) within three (3) years after the Phase I Start of Commercial Production, which shall be defined as the date on which commercial production commences at Phase I as evidenced by product produced and invoiced for commercial sale to a third party, but not later than June 30, 2016, and maintain such number of jobs for a period of seven (7) years commencing on the earlier of the Phase I Start of Commercial Production or June 30, 2016 (the "Phase I Maintenance Period"), and

(iii) at all times during the Phase I Maintenance Period, said jobs shall have in the aggregate an average annual compensation per employee, excluding benefits which are not subject to Mississippi income taxes, of at least Forty-Five Thousand Dollars (\$45,000.00).

(b) The Company commits that Phase II will result in the following:

(i) a capital investment from any source, other than grants from the State of Mississippi or its subdivisions, of not less than Two Hundred Sixty-Five Million Dollars (\$265,000,000.00) by not later than December 31, 2016; and

(ii) the creation of not less than Seven Hundred Fifty-One (751) new full-time jobs, with an average annual compensation per such employee, excluding benefits which are not subject to Mississippi income taxes, of at least Forty-five Thousand Dollars (\$45,000) (resulting in an annual payroll of not less than Thirty-Three Million Seven Hundred Ninety-Five Dollars (\$33,795,000) within three (3) years after the Phase II Start of Commercial Production, which shall be defined as the date on which commercial production commences at Phase II as evidenced by product produced and invoiced for commercial sale to a third party, but not later than June 30, [2017,] and maintain such number of jobs for a period of (7) years commencing on the earlier of (a) the date three (3) years from the Phase II Start of Commercial Production or (b) June 30, [2017](the “Phase II Maintenance Period”), and

(iii) at all times during the Phase II Maintenance Period, said jobs shall have in the aggregate an average annual compensation per employee, excluding benefits which are not subject to Mississippi income taxes, of at least Forty-Five Thousand Dollars (\$45,000.00).

2.3 (a) The Company will enter into a lease agreement with the State (the “Phase I Lease Agreement”) the provisions of which will provide that the Company, for the benefit of the State, will use the funds to be provided by the State through the various loans and/or programs as outlined herein to purchase and construct certain buildings to house Phase I in conformance with the Company’s specifications, all applicable laws, permits, and codes (the “Phase I Leased Assets”) and under which the State will lease the Phase I Leased Assets to Company for a period of twenty (20) years. The lease payments shall be no less than the debt service payments on the loan from the State to the Company described in Section 3.2(a) herein. The Company will have the option to purchase the Phase I Leased Assets at any time at a price equal to the amount necessary to pay the then-outstanding principal balance of the State lease per the Phase I Lease Agreement plus One Thousand Dollars (\$1,000). Any cost above and beyond the State’s investment in the Leased Assets will be covered by the Company with no claim being made by the Company to the Leased Assets (hereinafter defined).

(b) The Company will enter into a lease agreement with the State (the “Phase II Lease Agreement”) the provisions of which will provide that the Company, for the benefit of the State, will use the funds to be provided by the State through the various loans and/or programs as outlined herein to purchase and construct certain buildings to house Phase II, including extensions to the Phase I Leased Assets, in conformance with the Company’s specifications, all applicable laws, permits, and codes (the “Phase II Leased Assets”) (collectively “Leased Assets”) and under which the State will lease the Phase II Leased Assets to Company for a period of twenty (20) years from the date the Phase I Lease is entered into.. The lease payments shall be no less than the debt service

payments on the loan from the State to the Company described in Section 3.2(a) herein. The Company will have the option to purchase the Phase II Leased Assets at any time at a price equal to the amount necessary to pay the then-outstanding principal balance of the State lease per the Phase II Lease Agreement plus One Thousand Dollars (\$1,000). Any cost above and beyond the State's investment in the Leased Assets will be covered by the Company with no claim being made by the Company to the Leased Assets.

2.4 The Company agrees to comply in all material respects with all federal, state and local requirements related to the Project, including the provision of financial and other documentation in connection with the incentive programs as described in this MOU.

2.5 The Company acknowledges that there are other forms to be completed and statutory and guideline requirements to be met relative to various program incentives set out herein. There may be penalties included in these separate grant and loan agreements.

2.6 The Company acknowledges that it is subject to the requirements of the Mississippi Employment Protection Act, Section 71-11-3, Miss. Code of 1972 as amended, and covenants and agrees to adhere to and abide by the requirements of said Act. The Company specifically agrees that it will register and participate in the status verification system for all newly hired employees from the effective date of this MOU. The Company will maintain records of such compliance and, upon request, provide a copy of each such verification to the State. The Company further acknowledges that a material violation of the Act that is not cured, if such violation is able to be cured, in thirty (30) days, or such less period prescribed by law will constitute a default hereunder and provide the State and County with the right to terminate this MOU.

2.7 The Company agrees that in the event it is in material violation of its commitments contained in Article II, Section 2.2 of this MOU, which are not corrected during applicable cure periods, then all or a portion of the funds provided by the State and County for the Project pursuant to Article III and Article IV of this MOU shall be repaid as set out in Article VI or in accordance with other such documents as agreed to the parties.

### ARTICLE III MDA'S COMMITMENTS

3.1 The State, acting by and through MDA, acknowledge that certain commitments were made to the Company to induce it to develop the Project in the State and County; and

3.2 The State, through MDA and pursuant to legislative authority as set out in 57-1-221, Mississippi Code of 1972, as amended (the "Law"), agrees to provide the following assistance in support of the Project (each of which shall be cumulative in amount and nature of the assistance):

(a) A loan to the Company in an amount not to exceed a total of Fifty-Nine Million Five Hundred Thousand Dollars (\$59,500,000.00) (the “Loan”) with Fifteen Million Dollars of such loan to be made available upon the closing of the Phase I financing on terms acceptable to the State and the commencement of Phase I construction and Forty-Four Million Five Hundred Thousand Dollars of such loan to be made available upon the closing of the Phase II financing on terms acceptable to the State and the commencement of the Phase II construction with the term of such loan not to exceed twenty (20) years from the date the Phase I Lease is entered into, plus interest (the rate to be determined at the time of the bond sale and will be the cost of the State’s money or, if a series of bond sales or other forms of State financing, the rate to be equal the State’s average cost of funds over the previous twelve (12) month period with respect to each such sale) to be used by the Company in purchasing and constructing the Leased Assets to be leased to the Company under the Lease Agreement. Funds will be supplied on a reimbursement basis or paid directly to a contractor/vendor. The Loan shall be repaid in equal semi-annual lease payments of principal and interest, with the first lease payment related to the Phase I Leased Assets due on the date which is the first anniversary of the Phase I Start of Commercial Production and lease payments related to the Phase II Leased Assets first due on the date which is the first anniversary of the Phase II Start of Commercial Production. The Loan shall be prepayable at any time without penalty by payment of the then-outstanding principal amount; and

(b) MDA will offer and make available to the Company the full support and services of MDA’s Minority and Small Business Development Division including but not limited to the scheduling of a meeting (telephone or in person, based upon availability and scheduling) between and/or among appropriate representatives of the Division and the Company within thirty (30) days of execution of this MOU. The Company shall not be obligated, however, to make any commitments regarding the Project unless otherwise stated in the MOU.

(c) A grant to the Company in an amount not to exceed a total of Five Million Two Hundred Fifty Thousand Dollars (\$5,250,000.00) (the “Phase I Grant”) to be used for reimbursement of reimbursable costs incurred by the Company in constructing infrastructure “inside the fence” with respect to Phase I and Six Million Dollars (\$6,000,000) (the Phase II Grant and along with the Phase I Grant the “Grant”) and other Leased Assets to be leased by the Company under the Lease Agreement (the “Reimbursable Costs”). Reimbursable Cost shall include any reasonable cost incurred by the Company relating to the development, construction and/or erection of infrastructure at or relating to the Project Site and necessary for the Project.

(d) Subject to the passing of pending legislation and upon application and approval, the State agrees to provide a franchise tax exemption to Company.

(e) Certification of a fee-in-lieu of ad valorem tax agreements (the “Property Tax Fee-in-Lieu Agreements”) substantially in the form attached hereto as Exhibit 3.2(v) Following the term of the Property Tax Fee-in-Lieu Agreements, County and school taxes or assessments otherwise applicable or assessable with respect to such property, assets or infrastructure shall be assessed in accordance with applicable Mississippi law

(i.e., based on the then-depreciated value of such property, assets or infrastructure) and at the tax rates then in effect; and

(f) A grant in an amount not to exceed Four Million Five Hundred Thousand (\$4,500,000) proportionally between Phase I and Phase II to the Company for training and workforce services as allowed by the Workforce Investment Act (WIA) and by a local community college(s), with the understanding that there are no additional funds to provide extraordinary training over and above the standard programs and services offered all companies. This grant shall cover all on-job-training available to the Company including training costs paid to the Company's vendors as approved by the Company. See attached Exhibit "B"; and

3.3 With respect to the foregoing and other assistance identified herein, MDA will endeavor to pay all requisitions within thirty (30) days of receipt of a proper and complete requisition and will pay the same within forty-five (45) days of receipt pursuant to Section \_\_\_\_\_, Mississippi Code of 1972.

3.4 With respect to the foregoing and other assistance identified herein, MDA will use its best efforts to cause all other government entities to take all actions, including the granting of approvals, necessary for the State to fulfill its commitments which are described herein.

ARTICLE IV  
THE COUNTY COMMITMENTS

4.1 Subject to agreements by any other necessary governmental entity, the County agrees to provide the following assistance in support of the Project:

(a) Project Site.

(i) Phase I. The parties acknowledge that the LCIDA presently has title to the Phase I Project Site. In consideration of the benefits to be received by the residents of the County by increasing capital investment, employment (i.e., jobs and payroll) and tax revenues in the County, and in order to facilitate the financing of Phase I, LCIDA agrees to lease the Phase I Project Site to the Company. LCIDA will lease the Phase I Project Site to the Company for \$50,000.00 per year. The Company shall receive a credit against such rental obligation for amounts paid by the Company to the County in the form of ad valorem taxes or payments in lieu of County ad valorem taxes made pursuant to the Phase I Property Tax Fee-in-Lieu Agreement (as defined herein). Upon the acquisition by the Company of title to the Phase I Leased Assets, the Company shall have the right to acquire the Phase I Project Site for One Dollar (\$1.00).

(ii) Phase II. The parties acknowledge that the LCIDA will obtain one or more options to obtain title to the Phase II Project Site. In consideration of the benefits to be received by the residents of the County by increasing capital investment, employment (i.e., jobs and payroll) and tax revenues in the County, and in order to facilitate the financing of Phase II, LCIDA agrees to lease the Phase II Project Site to the Company. LCIDA will lease the Phase II Project Site to the Company for \$75,000.00 per

year. The Company shall receive a credit against such rental obligation for amounts paid by the Company to the County in the form of ad valorem taxes or payments in lieu of County ad valorem taxes made pursuant to the Phase II Property Tax Fee-in-Lieu Agreement (as defined herein). Upon the acquisition by the Company of title to the Phase II Leased Assets, the Company shall have the right to acquire the Phase II Project Site for One Dollar (\$1.00).

(b) Water and Sewer Improvements. The County will cooperate with the Company with respect to the placement of extensions of water and sewer services to the Phase I Project Site based upon plans and specifications approved by the County's engineers.. Any contracts relating thereto that primarily involve County funds will be subject to public bidding as required by applicable law. The County will provide to the Company an allowance of up to Two Hundred Thousand Dollars (\$200,000) (the "Allowance") for the costs of such extensions, including the costs associated with the acquisition of any required easements and the costs, if any, relating to the relocation of existing water and sewer lines. No contract for any such improvement shall be executed for any amount in excess of the Allowance unless the Company has provided to the County an amount equal to such excess (which may be placed into a trust account which will be available to the County. Alternatively, the County may, with the approval of the Company, fund any required expenditure in excess of the Allowance by deducting such amount from the Phase I Qualified Project Improvements (as defined in Section 4.1(f)(i) herein). The Allowance shall be provided by the County only after the Company has provided the County with evidence satisfactory to the County that construction of Phase I has commenced. Costs which may be financed with the Allowance shall be subject to the approval of the County's engineers and the Allowance shall be made available only upon the submission of evidence satisfactory to the County engineers as to the appropriateness of such expenditure.

(c) Manufacturers Drive Loop. In connection with Phase II, the County will work with the Company and together they will develop plans to complete Manufacturers Drive Loop (the "Manufacturers Drive Loop Improvements"). The County will expend not more than Two Million Three Hundred Thousand Dollars (\$2,300,000) for such improvements. If the cost of the improvements approved by the Company and the County require the expenditure of an amount in excess of Two Million Three Hundred Thousand Dollars (\$2,300,000), the Company will, prior to the commencement of work, provide the County with such additional amount (which may be placed into a trust account which will be available to the County); provided, the County may, with the approval of the Company, pay such additional amount and deduct such expenditures from the amounts provided for as Phase II Qualified Project Improvements pursuant to Section 4.1(f)(ii) The Manufacturers Drive Loop Improvements and the timing and scheduling of the same shall be subject to the approval of the County's engineers.

(d) Wastewater Plant Improvements.

(i) Phase I. The County agrees to construct or cause to be constructed at its expense improvements to the County's wastewater treatment plant in order to provide for sufficient wastewater treatment capacity for the Company as of the Phase I Start of Commercial Production of up to Two Hundred Thousand (200,000) gallons of

wastewater (sanitary and industrial) per day (the “Phase I Required Capacity”). If such improvements are not performed by County employees, any contract for such work will be subject to public bidding as required by applicable law. The Company shall be obligated to satisfy all pretreatment requirements under applicable law, including any County and/or LCIDA rules and regulations, with respect to water pretreatment so long as any such pretreatment requirements similarly apply to all users of the County’s wastewater treatment plant. The County agrees to reserve for the Company’s exclusive use up to One Hundred Fifty Thousand (150,000) gallons per day for twenty-four (24) months following the Phase I Start of Commercial Production. Notwithstanding the amount of capacity reserved for the Company for wastewater treatment, the Company will pay the regular and ordinary charges for the treatment of wastewater actually delivered by the Company to the County’s wastewater treatment system. As of the Phase I Start of Commercial Production, the Company may demand, and the County will reserve, the capacity to treat the Company’s wastewater up to the Phase I Required Capacity; provided, that if after the Phase I Start of Commercial Production, the Company demands that the County reserve the capacity to treat the Company’s wastewater in excess of One Hundred Fifty Thousand (150,000) gallons per day, the Company shall agree to pay, in addition to the regular and ordinary charges for the treatment of wastewater actually delivered by the Company to the County’s wastewater treatment system, for such reserved capacity, regardless of whether the Company actually delivers such quantity of wastewater to the system. The charge for each gallon of daily wastewater capacity reserved by the Company in excess of the quantity of wastewater actually delivered by the Company to the system shall be as provided in the then-current Sewer Use Ordinance of LCIDA. It is anticipated that the cost of the wastewater plant expansion for Phase I will be approximately One Million One Hundred Twenty Thousand Dollars (\$1,120,000) but any difference between the anticipated cost and the actual cost will not be for the account of the Company or otherwise impact the terms of this MOU.

(ii) Phase II. The County agrees to construct or cause to be constructed at its expense improvements to the County’s wastewater treatment plant in order to provide for sufficient wastewater treatment capacity for the Company as of the Phase II Start of Commercial Production of up to Five Hundred Thousand (500,000) gallons of wastewater per day (which, after taking into account the 200,000 gallon per day capacity referenced in (i) above equals an additional Three Hundred Thousand (300,000) per day capacity) (the “Phase II Required Capacity”). If such improvements are not performed by County employees, any contract for such work will be subject to public bidding as required by applicable law. The Company shall be obligated to satisfy all pretreatment requirements under applicable law, including any County and/or LCIDA rules and regulations, with respect to water pretreatment so long as any such pretreatment requirements similarly apply to all users of the County’s wastewater treatment plant. Notwithstanding the amount of capacity reserved for the Company for wastewater treatment, the Company will pay the regular and ordinary charges for the treatment of wastewater actually delivered by the Company to the County’s wastewater treatment system. If, after the Phase II Start of Commercial Production, the Company demands that the County reserve the capacity to treat the Company’s wastewater in excess of One Hundred Fifty Thousand (150,000) gallons per day (including any amounts which the



Company may have requested to be reserved pursuant to the preceding paragraph relating to Phase I), the Company shall agree to pay, in addition to the regular and ordinary charges for the treatment of wastewater actually delivered by the Company to the County's wastewater treatment system, for such reserved capacity, regardless of whether the Company actually delivers such quantity of wastewater to the system. The charge for each gallon of daily wastewater capacity reserved by the Company in excess of the quantity of wastewater actually delivered by the Company to the system shall be as provided in the then-current Sewer Use Ordinance of LCIDA. It is anticipated that the cost of the wastewater plant expansion for Phase II will be approximately Two Million Two Hundred Forty Thousand Dollars (\$2,240,000) but any difference between the anticipated cost and the actual cost will not be for the account of the Company or otherwise impact the terms of this MOU.

(iii) The County will not provide any additional amounts to the Company if the cost of the Water System Improvements for Phase I is less than \$1,120,000 or if the cost of the Water System Improvements for Phase II is less than \$2,240,000. The Company acknowledges that the County may, in its discretion, commence and/or complete any or all of the Water System Improvements referenced in (i) or (ii) above prior to the commencement by the Company of the construction of Phase I or Phase II and that any such decision by the County will in no way accelerate any term of this MOU or otherwise negatively impact the Company in any way.

(e) Water Production and Water Treatment. The County agrees to expand or have expanded at its expense the County's off-site water production and treatment system in order to provide (i) as of the Phase I Start of Commercial Production a sufficient amount of water reasonably required by the Company for Phase I (the "Phase I Water System Improvements"), and (ii) as of the Phase II Start of Commercial Production a sufficient amount of water reasonably required by the Company for Phase II (the "Phase II Water System Improvements"). Water will be provided by extension lines installed pursuant to plans and specifications approved by the County engineers. The water line extension(s) shall be constructed and installed to the standards of the American Water Works Association and the Mississippi State Department of Health, including, but not limited to, line size and pressure standards, in order to service adequately the needs of the Project. The County shall provide the required volume from the existing twelve inch (12") water line at the volume and pressure available with its present quality. This volume shall be provided at a rate sufficient to comply with the Mississippi State Department of Health's Pressure standards. Construction and installation of the water line(s) shall begin as soon as reasonably practicable after the commencement of construction of the Project by the Company and shall be completed prior to the respective Phase I and Phase II Starts of Commercial Production. It is anticipated that (i) the cost of the County's improvements to the water production and treatment system for Phase I (including improvements to its system and the installation of water lines to the Phase I Project Site will be approximately Eight Hundred Thirty-Three Thousand Five Hundred Dollars (\$833,500), and (ii) the cost of the County's improvements to the water production and treatment system for Phase II (including improvements to its system and the installation of water lines to the Phase II Project Site will be approximately One Million Six Hundred Sixty-Six Thousand Five Hundred Dollars (\$1,666,500) but any difference between the anticipated costs and the actual costs will not be for the account of

the Company or otherwise impact the terms of this MOU. The County will not provide any additional amounts to the Company if the cost of the Water System Improvements is less than the amounts anticipated to be expended for either Phase I or Phase II as herein provided. The Company acknowledges that the County may, in its discretion, commence and/or complete any or all of the Water System Improvements prior to the commencement by the Company of the construction of Phase I or Phase II and that any such decision by the County will in no way accelerate any term of this MOU or otherwise negatively impact the Company in any way.

(f) Qualified Project Improvements.

(i) Phase I. The County will provide up to Six Hundred Thousand Dollars (\$600,000) for the construction of parking lots, interior roads, landscaping, parking lot lighting, curbs, gutters, sidewalks, fencing, rail improvements and/or such other improvements on the Phase I Project Site, as may be approved by the County (the "Phase I Qualified Project Improvements") and such Phase I Qualified Project Improvements will thereafter be included as a portion of the Phase I Project Site and subject to the Project Site Lease. The Company shall be responsible for the payment or reimbursement to the County of commercially reasonable costs incurred by the County (except for those costs which the County has otherwise expressly committed to pay in the other provisions of this Article 4) directly in connection with the Project and the County's performance of its obligations under this MOU, including, but not limited to, commercially reasonable architectural, engineering, legal and other professional and related costs. The County may, in its discretion, pay for such costs by deducting such amounts from the costs of the Phase I Qualified Project Improvements. The County shall select the contractors to provide the Phase I Qualified Project Improvements in accordance with procedures established by the County which procedures may include public bidding requirements as set forth in Section 31-7-13, Mississippi Code of 1972, as amended.

(ii) Phase II. The County will provide monetary assistance (as described below) for the construction of parking lots, interior roads, landscaping, parking lot lighting, curbs, gutters, sidewalks, fencing, rail improvements and/or such other improvements on the Phase II Project Site, as may be approved by the County (the "Phase II Qualified Project Improvements") and such Phase II Qualified Project Improvements will thereafter be included as a portion of the Phase II Project Site and subject to the Project Site Lease.

(iii) (x) If the Company expends at least Two Hundred Fifty Million Dollars (\$250,000,000) for Phase II, the County will contribute up to Two Million Dollars (\$2,000,000) for the Phase II Qualified Project Improvements;

(iv) (y) If the Company expends at least Three Hundred Million Dollars (\$300,000,000) for Phase II, the County will contribute Two Million Four Hundred Thousand Dollars (\$2,400,000) for the Phase II Qualified Project Improvements; and

(v) (z) If the Company expends at least Three Hundred Sixty-Five Million Dollars (\$365,000,000) for Phase II, the County will contribute Two Million

Nine Hundred Fifty Thousand Dollars (\$2,950,000) for the Phase II Qualified Project Improvements.

(vi) The County and the Company shall mutually select the contractors to provide the Phase II Qualified Project Improvements in accordance with procedures established by the County which procedures may include public bidding requirements as set forth in Section 31-7-13, Mississippi Code of 1972, as amended.

(g) Foreign Trade Zone. Following the provision by the Company to the County of evidence satisfactory to the County that construction of Phase I has commenced, upon the request of the Company, the County will use its best efforts to apply for and obtain Foreign Trade Zone or Foreign Trade Subzone status for the Project based on information to be provided by the Company. The application shall be filed as soon as reasonably practicable following receipt from the Company of all necessary information to complete such application. The County agrees to pay or cause to be paid the costs associated with the initial designation of the Phase I Project Site and the Phase II Project Site as a foreign trade zone (which is anticipated to require the expenditure of approximately One Hundred Sixty Thousand Dollars (\$160,000)); provided, the County's obligation to pay such costs shall not exceed Two Hundred Thousand Dollars (\$200,000). Any costs required to maintain the foreign trade zone after its initial establishment shall be the responsibility of the Company.

(h) Property Tax Fee-in-Lieu Agreements. The County agrees to enter into two (2) fee-in-lieu of ad valorem tax agreements for Phase I and Phase II respectively, in substantially the forms attached hereto as Exhibits A and B.

#### 4.2 Duration of County Commitments.

##### (a) Phase I.

(i) If, by September 2, 2012, which is the one-year anniversary of the date of passage of legislation by the Mississippi Legislature regarding the funding of the loan by the State as described in Section 3.2(i) herein, the Company **has not (i) provided the County with evidence that binding commitments for the financing of Phase I (with a minimum funding requirement, representing equity, debt and other Project-related financing, of not less than Two Hundred Thirty-Five Million Dollars (\$235,000,000)) have been obtained; and (ii) provided the County with evidence satisfactory to the County that construction of Phase I has commenced, the County Commitments referenced in Section 4.1 as they pertain to Phase I will be deemed revoked and no longer available.**

##### (b) Phase II.

(i) **If, by December 31, 2012, the** Company has not (i) provided the County with evidence that binding commitments for the financing of Phase II (with a minimum funding requirement, representing equity, debt and other Project-related financing, of not less than Two Hundred Fifty Million Dollars (\$250,000,000)) have been obtained; and (ii) provided the County with evidence satisfactory to the County that

construction of Phase II has commenced, the County Commitments referenced in Section 4.1 as they pertain to Phase II will be deemed revoked and no longer available.

ARTICLE V  
INTENTIONALLY OMITTED

ARTICLE VI  
REMEDIES FOR FAILURE TO PERFORM

6.1 Upon request of the State, the Office of the State Auditor or County, the Company will provide reasonable verification of its compliance with its obligations herein including those related to the annual payroll, jobs creation and investment commitment as set out in Article II, Section 2.2.

6.2 In the event that all or a portion of the funds provided for the benefit of the Project pursuant to Article III, Section 3.2(a) and (c)) have been expended for the benefit of the Project, then in the event the parties determine in writing that the Company has defaulted on its commitments as set out in Article II, Section 2.2 herein, the following shall apply if the Facility is in operation and the Lease payments are current:

(a) If the Company falls below its jobs creation and/or maintenance commitments as set out in Section 2.2(a) and (b) of the MOU by more than 75% (below 713 jobs), then within (90) days of the parties confirming in writing of such default first occurring the Company's interest rate on the Loan will increase by four percent (4%) until such time as 100% of the jobs creation commitment is achieved.

6.3 In the event that all or any portion of the proceeds of the Grant Funds provided for the benefit of the Project pursuant to Article III, Section 3.2(iii) have been expended, then in the event the Company has defaulted on its investment requirement as set out in Article II, 2.2(a)(i) and (b)(i), then the Company shall repay the State the percentage of the grant funds spent by the State that was expended on the Project which equals the percentage of the investment not met, including, but not limited to, any accrued interest and penalties and costs incurred by the State in the issuance of the bonds for the grant funds. The State shall provide the Company with notice of default and the Company will be given thirty (30) days following receipt of such notice to cure such default prior to any repayment becoming due and payable.

(a) If all or any portion of the proceeds of the grant funds have been expended and the Company fails to satisfy the Job Creation Commitment set out in Article II, 2.2(a)(ii) and (b)(ii) for any calendar year during the Maintenance Period, then not later than March 31 of the following year, the Company shall pay the State an amount calculated in accordance with the following formula:

$$(a - b) * (1 - c / 951) * (.7)$$

a = the amount of Grant Funds expended

b = any amount repaid by the Company pursuant to Section 6.3

c = the number of new qualified jobs created by the Company for the calendar year

As used herein, the term “new qualified jobs” means the sum of the cumulative number of full-time employees by month employed by the Company at the Facility divided by the number of months the Company was in operation during said calendar year. The State shall provide the Company with notice of default and the Company will be given thirty (30) days following receipt of such notice to cure such default prior to the per job payment becoming due and owing.

6.4 In the event that all or a portion of the proceeds of the Grant Funds (*i.e.* those funds provided for the benefit of the Project pursuant to Article III, Section 3.2(c) have been expended for the benefit of the Project, then in the event the Company has not placed the Facility into commercial production on or before December 31, [2014], the following shall apply:

(a) A sum equal to the amount of the Grants Funds provided by MDA to the Company for the Project shall be paid by the Company to the State within sixty (60) days of written demand by the State.

6.5 In the event that all or a portion of the proceeds of the State Funds (those funds provided for the benefit of the Project pursuant to Article III, Section 3.2(a) and (c) have been expended for the benefit of the Project, then in the event the Start of Commercial Production has occurred by December 31, \_\_\_\_\_, but has failed to pay its lease payments when due, the following shall apply following a sixty (60) day cure period:

(a) A sum equal to the outstanding balance of the Loan made to the Company for the Project shall be paid by the Company to the State within sixty (60) days of written demand by the State; and

6.6 The Company's total aggregate repayment obligations under this Article or otherwise – whether to the State, Count, MDA and/or LCIDA (or together or in any combination) shall not exceed the amount actually expended and distributed to the Company from the State Funds plus the State’s actual cost of issuance.

## ARTICLE VII MISCELLANEOUS

7.1 If any clause, provision or paragraph of this MOU is held to be illegal or invalid by any court, the illegality or invalidity of such clause, provision or paragraph shall not affect any remaining clauses, provisions or paragraphs hereof, and this MOU shall be construed and enforced as if such illegal or invalid clause, provision or paragraph had not been contained herein.

7.2 In the event that the County’s commitments are revoked and no longer available, all remaining Inducers have the option to either with draw their incentives or renegotiate the MOU.

7.2 The terms of this MOU may be modified or waived only by a separate writing signed by each of the parties that expressly modifies or waives any such term.

7.3 This MOU may be executed in several counterparts all of which shall be regarded for all purposes as original and shall constitute and be but one and the same instrument.

7.4 The parties agree to execute and deliver such additional instruments and documents, provide such additional financial or technical information, and to take such additional actions as may be reasonably required from time to time in order to accomplish the realization of the incentives contained herein.

7.5 Each party will use its best efforts to coordinate with the other parties all press releases, other announcements, events and publications concerning the Project.

7.6 The representations and covenants made by the parties and contained herein shall survive the performance of any obligations to which such representations and covenants relate.

7.7 The term of this MOU shall commence on the date of the last execution and continue in effect through the date all obligations and covenants herein are met.

7.8 This MOU shall be governed by the laws of the State of Mississippi and venue shall lie in the First Judicial District of Hinds County, Mississippi.

7.9 All communications and notices expressly provided for herein shall be sent, by registered first class mail, postage prepaid, or by nationally recognized courier for delivery on the next business day, or by telecopy (with such telecopy to be promptly confirmed in writing sent by mail or overnight courier as aforesaid) as follows:

MISSISSIPPI DEVELOPMENT AUTHORITY      James L. Barksdale  
Executive Director  
501 North West St. (39202)  
P. O. Box 849  
Jackson, MS 39205  
Fax: 601-359-3613

LOWNDES COUNTY, MISSISSIPPI      Board of Supervisors  
Attention: President  
P.O. Box 1384  
Columbus, MS 39703-0849

LOWNDES COUNTY INDUSTRIAL      Attention: Executive Director  
DEVELOPMENT AUTHORITY      P.O. Box 1328  
Columbus, MS 39703

SILICOR MATERIALS INC.

\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7.10 The Company may sell, lease or assign in whole or in part, its interest in the Project, provided that any such assignee, vendee or lessee shall, in writing, specifically assume the obligations and affirm in its own capacity and become liable for the representations, warranties and covenants made by the Company in this MOU and any subsequent documents, and provided further that such sale, lease or assignment shall be subject to the written approval (not to be unreasonably withheld) by (i) the State, in the event the lease term has not expired or lease payments sufficient to repay the Loan have not previously been made, and (ii) the County, in the event the Fee In Lieu of Ad Valorem Tax Agreement has not expired or been otherwise forgone by the Company, the State and/or County, as the case may be., Where any such sale, lease or assignment, is subject to and receives such written approval, the Company shall no longer be liable for the performance and observance of the obligations, agreements, representations, warranties and covenants made by the Company in this MOU and in any subsequent documents, and the State and/or County shall execute and deliver to Company documentation sufficient to effectuate such action. The State shall have the option to accelerate the loan or extend the loan to the assignee; and

(a) The Company may sell, lease or assign the Company’s interest in the Project without the written consent of the State and/or County. As provided in Section 7.10(a); provided, however, that in such instance the Company shall continue to remain primarily liable for the payments specified in Section 4.2 and Section 4.3 hereof and for performance and observance of the other agreements on its part herein.; and

7.11 In the event the Company elects to relocate its corporate headquarters from its existing site in California, the Company will give consideration and use its best efforts to relocating the same to Lowndes County, Mississippi.

**IN WITNESS WHEREOF**, the Company has caused its name to be hereunto subscribed by its \_\_\_\_\_, the State has caused its name to be hereunto subscribed by the Executive Director of the MDA, the County and the LCIDA has caused its name to be hereunto subscribed by the President of the Board of Supervisors and the Clerk of the Board, as of the date hereinafter written.

[SIGNATURES ON FOLLOWING PAGES]

STATE OF MISSISSIPPI

MISSISSIPPI DEVELOPMENT AUTHORITY

\_\_\_\_\_  
DATE

BY: \_\_\_\_\_  
James L. Barksdale  
Executive Director



LOWNDES COUNTY, MISSISSIPPI

\_\_\_\_\_  
DATE

By: \_\_\_\_\_  
Harry Sanders  
President, on Behalf of the Board  
Of Supervisors

ATTESTED BY:

\_\_\_\_\_

\_\_\_\_\_  
Chancery Clerk

LOWNDES COUNTY INDUSTRIAL  
DEVELOPMENT AUTHORITY

\_\_\_\_\_  
DATE

BY: \_\_\_\_\_

ATTESTED BY:

\_\_\_\_\_

DATE:

CALISOLAR INC.

By:

**EXHIBIT A**

Phase I Fee-In-Lieu of Ad Valorem Tax Agreement

**EXHIBIT B**

Phase II Fee-In-Lieu of Ad Valorem Tax Agreement