

The Town of Westford

and

Red Hat

**Proposed Expansion Project and
Economic Development Incentive Program**

October 17, 2011

Company Overview

- World's leading provider of open source IT software
 - S&P 500 company that trades on the NYSE under ticker RHT
 - Strong historical revenue growth over 20% y/y
 - Approximately 4,000 employees in over 70 offices around the world
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- Global Engineering HQ in Westford
 - 314 Littleton Road Facility - 8 acres
 - Currently over 230 employees
 - Payroll over \$25 million



WESTFORD CORPORATE CITIZENSHIP

Education Initiatives

Blanchard Middle School Computer Technology Class

Participated in Westford Academy Career Exploration Breakfasts

Participated in Westford Academy Job Shadow Program

Participated in Westford Academy Internship Program (2004)

Other Initiatives and Donations

Invited area non-profits to Red Hat for "Meet the non-profits" day.

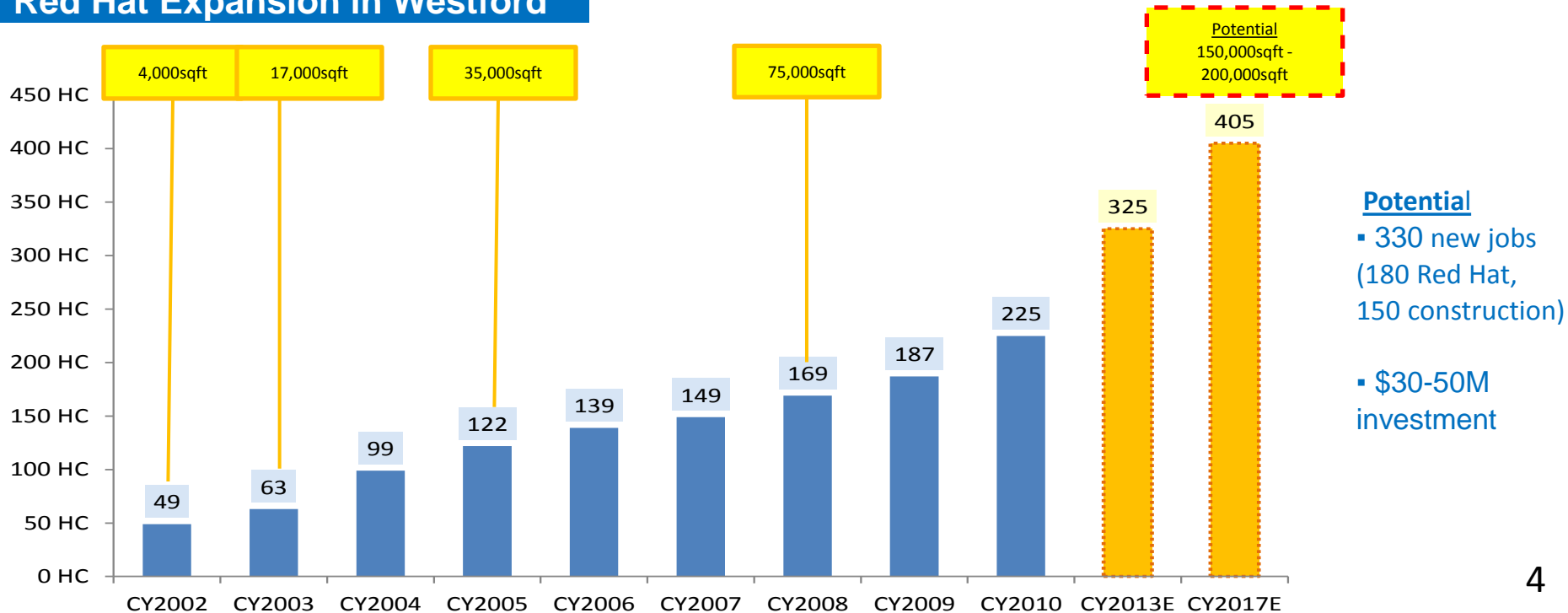
Active member of Westford Rotary Club [John Flanagan, Secretary]



POTENTIAL EXPANSION IN WESTFORD

- Designated a “Exceptional Economic Opportunity” from State of Massachusetts
- Estimated capital investment of \$30 - \$50 million
- Estimated 180 new Red Hat jobs over 5 years
- Estimated 150 new construction jobs during construction

Red Hat Expansion in Westford



OTHER POTENTIAL EXPANSION LOCATIONS

Sunnyvale, CA

- 250 S Mathilda
 - 100,000 sq. ft.
 - 10 year term
- 1020 Enterprise Way
 - 110,000 sq. ft.
 - 10 year term

Mountain View, CA

- 899 W. Evelyn
 - 80,000 sq. ft.
 - 10 year term

Westford, MA

- Red Hat, 314 Littleton Road
 - 100,000 sq. ft.
 - 12 year term
- Lucent, 4 Robbins Road
 - 80,000 sq. ft.
 - 6.5 year term





ECONOMIC DEVELOPMENT INCENTIVE PROGRAM

The Massachusetts Economic Development Incentive Program's ("EDIP") objectives are to stimulate job creation and attract new businesses to Economic Target Areas ("ETAs") or for Exceptional Economic Opportunities.

The incentives offered through this program include real and personal property tax exemptions and a state tax credit on capital investment.

Westford is not designated as an ETA, however **the potential Red Hat project has been designated by the State as an exceptional economic impact on the community and the State thus allowing project to be eligible for a Tax Increment Financing.**

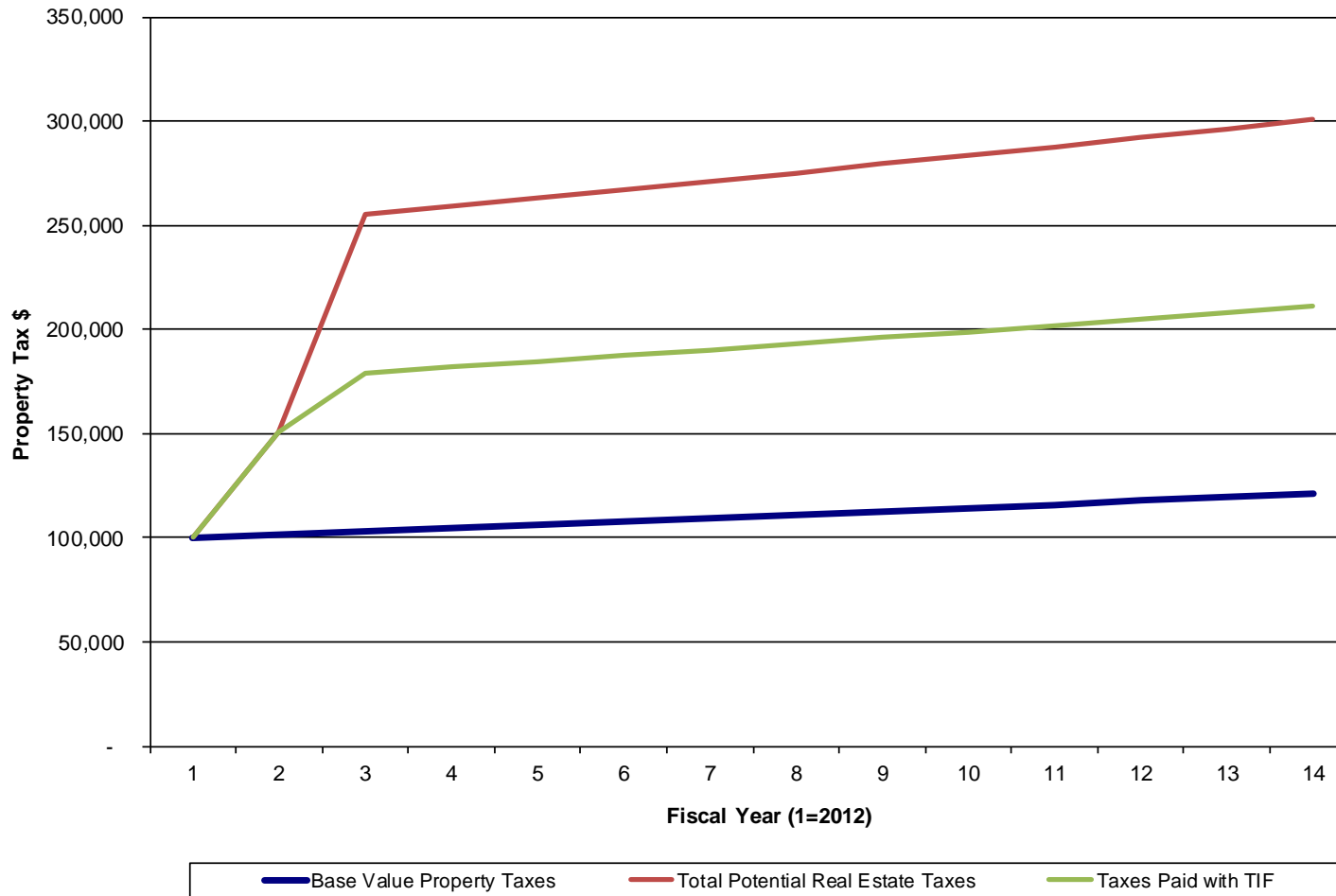
The Red Hat Expansion Project can benefit from this program by helping to reduce its occupancy costs, and that the Town of Westford can benefit from Red Hat's use of this program to drive economic growth for the Town.

PROPOSED EDIP INCENTIVES

- Proposed 13 year – 50% Tax Increment Financing (“TIF”)
 - New Property Taxes to Town are estimated at \$1 million
 - Total Property Taxes to Town on Red Hat facility of \$2.5 million
 - Eliminate uncertainty of personal property tax through use of TIF
- Incentivize significant current and future capital investment through use of Exceptional Opportunity Area (“EOA”) Tax Credit.
Requesting \$3.4 million EOA credit from Massachusetts Office of Business Development (“MOBD”).

PROPOSED EDIP INCENTIVES

Red Hat Tax Increment Financing Proposal



BENEFITS TO THE TOWN OF WESTFORD

- Long-term commitment to the Town and to the State
- \$30-\$50 million capital investment in Westford
- Significant job retention and creation in Westford
- Increased commerce to local businesses
- New property taxes on the new facility over 13 years
- First Westford TIF to set the stage for a business friendly environment to attract future investments consistent with the Town's smart growth plans
- Highly recognized technology company to support a broad range of local Westford initiatives