

PROJECT
HOUSTON PTO

HOUSTON REGION OVERVIEW AND PROPOSAL



GREATER HOUSTON PARTNERSHIP
houston.org

Houston Region #1s

January 30, 2012

*Top U.S. Manufacturing Cities
Manufacturers' News Inc.—
May 2010*

Mr. Azam Khan
Deputy Chief of Staff
United States Patent and Trademark Office
Mail Stop Office of Under Secretary and Director
P.O. Box 1450
Alexandra, VA 22313-1450

*Top Metro in the Nation: Corporate
Relocations & Expansions
Site Selection – March 2009*

Re: USPTO Satellite Office – Houston

*Top City for New College Grads
Bloomberg Businessweek – July 2010*

Dear Mr. Khan:

*Best City for Young Professionals
Forbes.com – June 2010*

Houston is the ideal location for the USPTO's next satellite office. On behalf of the Houston region, the Greater Houston Partnership and the Houston Intellectual Property Law Association, we welcome the USPTO. With over 1,100 USPTO registered attorneys and agents, Houston has the highest concentration in Texas.

*Best Place to Live, Work and Play
Kiplinger's Personal Finance –
July 2008*

In this proposal you will find that the Houston region has the talent, business climate and resources to help your satellite office succeed. The University of Houston has an ideal office location within the new University of Houston Energy Research Park, in a campus style setting adjacent to the main campus. The site is 10 minutes from Downtown Houston and less than 20 miles from two major airport hubs. I have enclosed a site map for your review.

*Healthiest Housing Markets
Builder Magazine – March 2009*

*Mega Market of the Year
Southern Business Development –
August 2009*

*Best City to Get Ahead
Forbes.com – June 2009*

Simply put, the Houston region is a strong place for companies to do business. This is why during these difficult economic times companies are looking to Houston as a place where business not only grows but thrives. The Houston Region is a powerhouse as a preferred and strategic location by the nation's top CEOs. Houston is corporate friendly with an abundant and skilled work force all balanced out by an unparalleled quality of life.

*Largest Employment Gain
US Bureau of Labor Statistics –
July 2010*

*Top Destination City
U-Haul International – April 2010*

The USPTO will find that companies in Houston are growing, developing new technologies and conducting innovative research. Houston is the first major metro to have recovered all of the jobs lost and Houston is leading the charge coming out of the current recession.

*America's Best Airports-George
Bush Intercontinental Airport
The Daily Beast – November 2009*

*Healthiest Housing Market
Builder Magazine – February 2009*

Our rankings do not tell the entire story as Houston is known for its vision, hard work and the attitude that anything is possible. Did you know the following?

*M.D. Anderson Cancer Center
Named #1 U.S. Cancer Hospital
U.S. News & World Report – July 2009*

- The Houston region has one of the **lowest costs of living** among major U.S. metropolitan areas.
- The Houston region's work force offers abundant and available talent with **2.5 million workers** to meet the needs of new and existing firms.

*Local Government Green
Power Purchaser – City of Houston
EPA – July 2010*

GREATER HOUSTON PARTNERSHIP
houston.org

*Best performing Large Metro
Milken Institute: Best Performing
Cities 2008 – May 2008*

*Best Airline in North America:
Continental Airlines
Skytrax – September 2008*

*Fastest Growing Companies
Fortune – September 2008*

*Easiest City to Work With
Conference Direct – January 2008*

*Best City for Your Job
Business Week – June 2008*

*Best Cities to Buy a Home
Forbes.com – July 2008*

- With 92 foreign consulate offices, one in five Houstonians being foreign born and nearly 1 million bilingual residents, Houston is truly a **world-class global city**.

The 10-county Houston region is a major international corporate center with an international air gateway. The Houston Airport System offers non-stop service to 120 domestic locations and 72 international destinations in 36 different countries.

Our local infrastructure, excellent physical location, skilled talent and available metropolitan resources provide the necessary advantages for your satellite office in the Houston region.

GHP stands ready to assist the USPTO leadership in evaluating Houston as the next location for your satellite office. Thank you for allowing us to introduce to you to the greater Houston region. I look forward to the opportunity to work with you on this exciting project.

Warmest regards,



Craig J. Richard, CEcD
Chief Economic Development Officer
Greater Houston Partnership

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STRATEGIC ADVANTAGES



Houston Intellectual Property

Houston is a hub for innovation and a strategic location for the USPTO's new satellite office. Houston has the talent, infrastructure and local support to make this satellite office a success.

- For more than five years, Texas inventors have ranked second in the number of patents granted. In 2010, **7,545** patents were awarded to Texans — from businesses and corporations to university professors, start-ups and garage tinkerers.
- There are 1,143 attorneys and agents that are registered to practice before the USPTO in the greater Houston area, the highest concentration in Texas.

USPTO Registered Attorneys & Agents	
City	Number Registered
Austin	572
Dallas	860
Fort Worth	93
Houston	1,143
Total	2,907
<i>Source: Zip code data sorted from USPTO website by Houston Intellectual Patent Law Association.</i>	

- Houston offers an unmatched educational experience for local examiners, with state of the art trade shows and conferences, field trips to research and production facilities, multiple graduate and post-graduate degree options and home to numerous professional organizations

HOUSTON, THE HEADQUARTERS FOR HEADQUARTERS

Houston offers low operating costs, an excellent labor pool, and ready access to domestic and international markets.

Corporate Headquarters

Houston is a major corporate center. *Fortune 1000* lists 47 Houston companies in 2011 with Headquarters in the Houston region.

FORTUNE 1000 COMPANIES HEADQUARTERED IN HOUSTON					
Company	Rank	Revenues (\$ millions)	Company	Rank	Revenues (\$ millions)
ConocoPhillips	4	198,655.0	American National Insurance	654	3,067.088
Marathon Oil	29	73,621.0	Noble Energy	665	3,022.0
Sysco	67	39,323.5	Southwestern Energy Company	729	2,610.663
Plains All American Pipeline	99	25,893.0	Southern Union	750	2,489.913
Halliburton	144	17,973.0	Exterran Holdings	755	2,461.533
Baker Hughes	170	14,414.0	Oil States International	767	2,411.984
Waste Management	196	12,515.0	Benchmark International	769	2,402.143
National Oilwell Varco	202	12,156.0	Dynegy	791	2,323.0
Apache	206	12,092.0	HCC Insurance Holdings	797	2,302.254
Anadarko Petroleum	223	10,984.0	GenOn Energy	807	2,270.0
KBR	242	10,099.0	Adams Resources & Energy	822	2,211.97
CenterPoint Energy	279	8,785.0	Service Corporation International	826	2,190.522
Enbridge Energy Partners	309	7,736.1	The Men's Warehouse	843	2,102.664
Calpine	349	6,545.0	Genesis Energy	845	2,101.324
Cameron International	375	6,134.8	Dresser-Rand Group, Inc.	889	1,953.6
EOG Resources	377	6,099.896	BMC Software	899	2,065.3
Group 1 Automotive	413	5,509.169	Oceaneering International	896	1,917.045
Targa Resources	416	5,460.2	Newfield Exploration Company	913	1,883.0
Spectra Energy	442	4,945.0	Crown Castle International Corp	914	1,878.658
El Paso	481	4,616.0	Rowan Companies	935	1,819.207
FMC Technologies	518	4,125.6	Insperty, Inc.	966	1,719.752
CVR Energy	529	4,079.768	TPC Group Inc.	977	1,688.484
Quanta Services	542	3,931.218	Stewart Information Services	985	1,672.39
Westlake Chemical	635	3,171.787			

Source: *Fortune*, May 2011

MAKING THE CASE FOR THE HOUSTON REGION

Houston is where economic potential, human resources, cost effectiveness, quality of life, infrastructure, business friendliness and innovation fuse together and create a superior destination. Here's what some of Houston's business leaders are saying about the region.

-Thad Miller, Executive Vice President, Chief Legal Officer and Secretary
Calpine Corporation

"A number of factors make Houston a great place to do business...The local economy is strong and resilient, and the absence of a state income tax in Texas offers advantages for businesses and employees alike. Companies here draw from a well-educated work force, and reasonable housing costs make Houston an attractive and practical place to live."

-David Bronsweig, Executive Vice President, Human Resources
U.S. Oncology

"Being in Houston, which is rich in human capital in health care and business, helps us stay strong and manage the challenges of the economy and health-care winds."

-Kevin Drumm, President
Dynamic Engineering

"[Houston] is the top chemical engineering metropolis in the world...The downturn in [the] global economy in 2009 resulted in a business slowdown...Having a flexible work force enabled us to manage personnel costs."

José Orlando Azevedo, President
Petrobras America

"...Houston has companies with roots in many different cultures and countries...Houston is diversified into many different businesses and many different currencies, which provides a stabilizing influence."

Finn Strom Madsen, President
VESTAS Technology R&D

"Houston provides access to a highly qualified work force in an international and extremely energy-focused research and development environment. In addition, Houston will allow Vestas to establish and strengthen relations within the North American and global energy industry."

EDUCATED WORKFORCE

Houston offers a talented well-educated workforce to fill the USPTO's examiner positions and continue improving the overall quality of the examination process.

EDUCATIONAL ATTAINMENT: HOUSTON MSA 2010 POPULATION 25 YEARS OR OLDER		
Highest Education Level Attained	Estimated Population Age 25 or More	Percent of Population Age 25 or More
Graduate Degree	366,351	9.8
Bachelor's Degree	695,320	18.6
Total Completing College	1,061,671	28.4
Associate Degree	224,297	6.0
Some College, No Degree	833,636	22.3
High School Diploma Only	893,448	23.9
Total Completing High School	3,013,052	80.6
Grade 9-12, No Diploma	351,398	9.4
Less Than Grade 9	373,828	10.0
Total Population Age 25 or More	3,738,278	100.0
Source: U.S. Bureau of the Census, 2010 American Community Survey		

- The Houston region's percent of college graduates at 28.4 is slightly ahead of the U.S. average of 28.2 percent and significantly exceeds the state average of 25.9 percent.

FIELD OF STUDY FOR BACHELOR'S AND HIGHER DEGREES HOUSTON MSA 2010		
Field for Bachelor's, Master's, Professional and Doctorate Degrees	Number of Houstonians with Degrees in the Selected Fields	Percent of Bachelor's and Higher Degrees Awarded
Science, Engineering and Related Fields	509,297	47.9
Business	245,511	23.1
Education	124,974	11.8
Arts, Humanities, and Other	182,968	17.2
TOTAL Completing College	1,062,750	100.0
Source: U.S. Bureau of the Census, 2010 American Community Survey		

UNIVERSITIES AND COLLEGES

Houston offers premier research institutions. Houston is home to three Law schools including: University of Houston, Texas Southern University and South Texas College of Law.

SELECTED HOUSTON AREA UNIVERSITIES AND COLLEGES			
University/College	2010 Fall Enrollment	Annual Expenses ¹	Degrees and Certificates Awarded 2009-2010 ²
Baylor College of Medicine	1,489	\$19,824 ³	284
Houston Baptist University	2,594	\$37,155	435
Prairie View A&M University	8,781	\$16,602	1,470
Rice University	5,879	\$50,771	1,582
Sam Houston State University	17,291	\$21,976	4,001
South Texas College of Law	1,305	\$13,425 ³	373
Texas A&M University	49,129	\$20,782	11,529
Texas A&M University at Galveston	1,867	\$19,880	274
Texas A&M University Health Science Center	1,954	\$8,714 ³	523
Texas Southern University	9,557	\$25,839	1,214
University of Houston – University Park	38,752	\$25,043	7,230
University of Houston – Clear Lake	8,099	\$22,990	2,127
University of Houston – Downtown	12,900	24,590	2,376
University of St. Thomas	3,437	\$40,468	616
University of Texas Health Science Center	4,427	\$25,828	1,021
University of Texas M. D. Anderson Cancer Center	248	\$22,146	101
University of Texas Medical Branch at Galveston	2,660	\$28,162	841
Total	170,369	----	35,997

¹ Estimated tuition, fees, books, supplies, room and board, transportation and miscellaneous expenses for a full-time student living off campus and taking 15 semester credit hours in both the fall and spring during the 2011-2012 academic year.
² Includes bachelor's, master's, doctorate and professional degrees, and professional certificates.
³ This cost estimate only includes tuition and fees for full time students attending the fall and spring semesters in 2011-2012.
Source: College For All Texans; Texas Higher Education Coordinating Board; IPEDS College Opportunities On-Line - National Center for Education Statistics

TEXAS MEDICAL CENTER

Houston offers the renowned Texas Medical Center (TMC). TMC is home to 49 of the most prestigious medical research and academic institutions in the world. TMC is the largest medical center in the world.

TEXAS MEDICAL CENTER OVERVIEW	
Area	1000+ Acres
Permanent Buildings	162
Total Employment	93,500
Future Growth	\$7.1 billion in approved infrastructure between 2008 and 2014
Patient Visits Per Year	6.0 million
Foreign Patients Per Year	18,000+
Patient Beds	6,800
Students	71,500 (includes high school, college and health profession graduate programs)
Annual Research Expenditures	\$1.8 billion
Source: Texas Medical Center 2010 Facts and Figures and Houston Facts 2010	

- The TMC's 21 educational institutions include three medical schools, six nursing schools, two schools of pharmacy, and schools of dentistry, public health, and offer degrees and post-doctoral plans in virtually all health-related careers.
- Planned projects total more than \$7 billion in building new hospitals, clinics, research and other office space by Texas Medical Center institutions along with city, county, state and federal investment for infrastructure, including flood control, new roads and bridges. TMC's projected growth is from its current 31.0 million gross square feet—equivalent to the 12th largest business district in the U.S.—to 41 million gross square feet in 2014.
- At the beginning of 2010, 16 projects totaling 9.1 million square feet and valued at \$3.1 billion were under construction.
- In 2010, more than 20 member institutions in the TMC contributed \$1.8 billion in life science research, including cardiovascular, cancer, cell biology and genetic research. Baylor College of Medicine is the recipient of the most outside funding.
- Altogether, the Houston region has over 13,000 practicing physicians, 120 hospitals, and 20,216 hospital beds. Clinics and convalescent homes are plentiful. Virtually every medical specialty is represented here.

HOUSTON, ENERGY CAPITAL OF THE WORLD

More than 3,700 energy-related establishments are located within the Houston region, including more than 500 exploration and production firms. 27 % of the nation's jobs in oil and gas extraction are in Houston.

LARGEST HOUSTON AREA ENERGY FIRMS 2011		
EXPLORATION, EXTRACTION & DEVELOPMENT COMPANIES	SERVICE PROVIDERS and EQUIPMENT MANUFACTURERS	ELECTRIC POWER GENERATION, DISTRIBUTION and MARKETING
Anadarko Petroleum Corp.	Aker Solutions	AES Deepwater, Inc.
Apache Corporation	Baker Hughes Incorporated	Calpine Corporation
BHP Billiton Petroleum	Cameron International Corp.	CenterPoint Energy
BP America, Inc.	CGG Veritas	Constellation New Energy
Chevron Corporation	Exterran Holdings, Inc.	Direct Energy
CITGO Petroleum Corporation	FMC Technologies	Dynegy Inc.
ConocoPhillips	GE Oil and Gas	Entergy Solutions, Ltd.
Devon Energy Corporation	Halliburton	GDF SUEZ Energy NA, Inc.
El Paso Corporation	Nabors Industries, Ltd.	Gexa Energy
Enbridge Energy Partners, LP	National Oilwell Varco	Horizon Wind Energy
EOG Resources, Inc.	Oceaneering International, Inc.	NRG Texas
ExxonMobil	Oil States International, Inc.	OTC Global Holdings
Hess Corporation	Schlumberger	RRI Energy, Inc.
Kinder Morgan, Inc.	Smith International, Inc.	Tara Energy, Inc.
Marathon Oil Corporation	Stewart & Stevenson, LLC	TXU Energy
Noble Energy, Inc.	Transocean	
Occidental Oil & Gas Corporation	Weatherford International Ltd.	
Plains Exploration and Production	Wilson Supply	
Shell Oil Company		
Spectra Energy Corp		
Total E&P USA, Inc.		
Valero Energy Corporation		

NOTE: Selected by employee count in the Houston region but listed alphabetically.
Source: Greater Houston Partnership database, 2011

- Houston is home to 39 of the nation's 137 publicly traded oil and gas exploration, production and service firms, including 11 of the top 25.

HOUSTON AIRPORT SYSTEM

Houston offers a world class airport system with direct non-stop flights to 120 domestic locations. Houston is the largest hub for United Airlines, the world's largest airline.

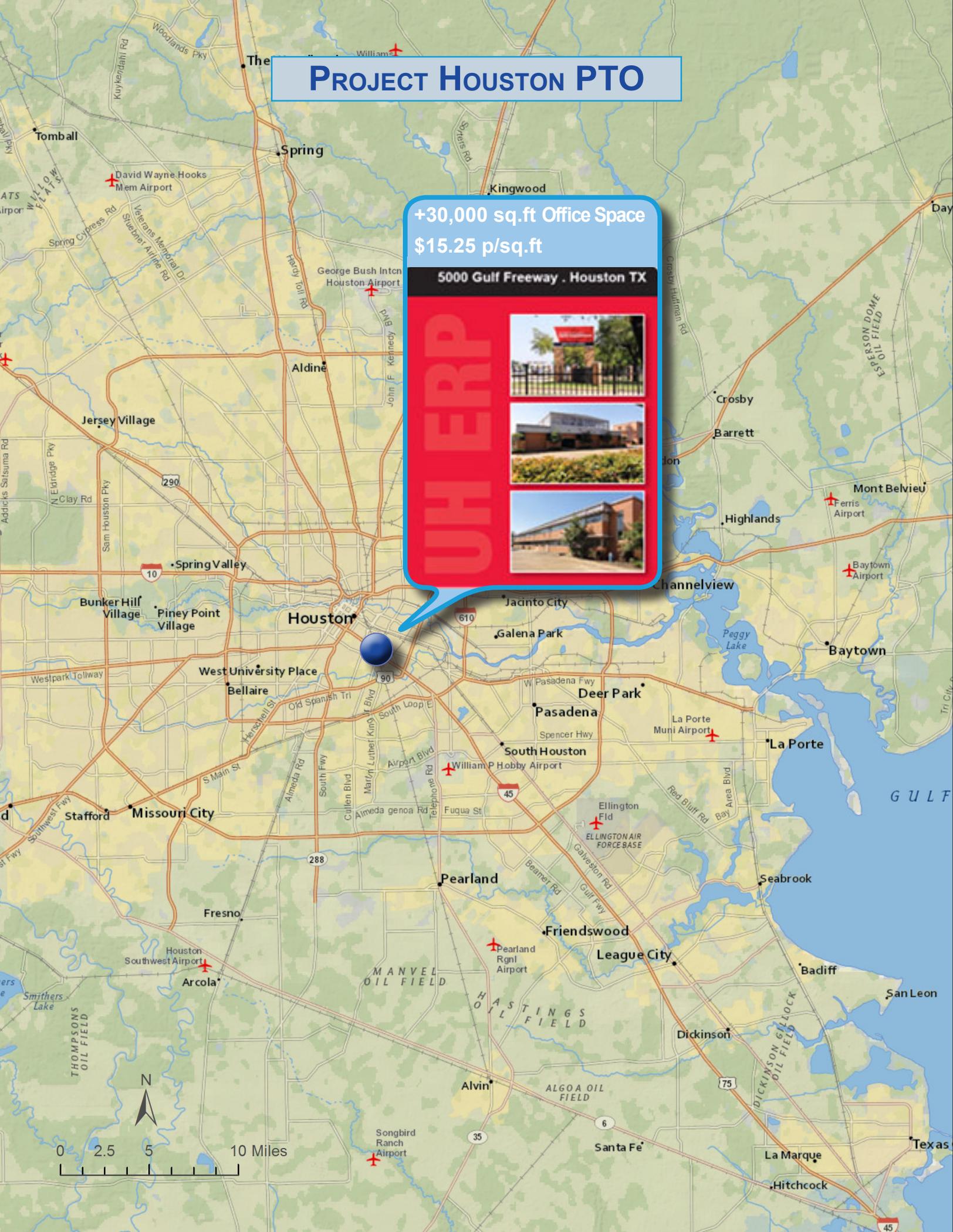
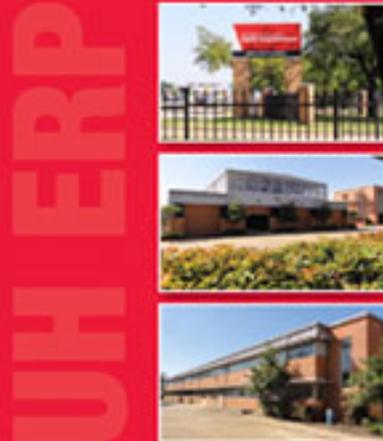
HOUSTON AIRPORT SYSTEM (HAS) PASSENGERS, CARGO AND AIRCRAFT OPERATIONS 2010			
HAS Airports	Passengers	Cargo* (KG)	Aircraft Operations
George Bush Intercontinental Airport (IAH)	40,479,569	389,075,206	531,347
William P. Hobby Airport (HOU)	9,054,001	11,224,143	209,614
Total	49,533,570	400,299,349	740,961
*excluding airmail Source: <i>Department for Aviation Statistical Summary Report for Dec. 2010</i> , Houston Airport System			

- The Houston Airport System (HAS) ranks as one of the largest multi-airport systems in the world. The system comprises George Bush Intercontinental Airport (IAH), William P. Hobby Airport (HOU) and Ellington Airport (EFD).
- Scheduled and charter passenger and cargo carriers fly directly to approximately 120 domestic and 72 international destinations in 36 countries from Houston, which ranks IAH third in the U.S. for total nonstop destinations served.
- IAH, Houston's largest airport and the largest hub for Continental/United Airlines, offers daily nonstop and direct flights to major cities in Asia, Canada, Europe, Latin America, Mexico, and the Middle East. IAH also offers a weekly passenger charter flight to Luanda, Angola in Africa. IAH is ranked as the seventh largest U.S. mainland gateway airport for international passengers and for total passenger traffic.
- IAH is ranked as the 12th largest international air cargo gateway in the United States and 15th nationally for total air cargo volume.
- HOU, Houston's original municipal airport, handles domestic passengers for five airlines and one charter service, and, is a key hub for Southwest Airlines. HOU ranks as the nation's 41st-busiest airport, serving more than 9.0 million passengers each year.
- EFD is a joint military and civilian airport and serves as a base of operations for the National Aeronautics and Space Administration (NASA) and corporate charters.

PROJECT HOUSTON PTO

+30,000 sq.ft Office Space
\$15.25 p/sq.ft

5000 Gulf Freeway . Houston TX



2

LETTERS
OF SUPPORT



OFFICE OF THE MAYOR
CITY OF HOUSTON
TEXAS

ANNISE D. PARKER
MAYOR

January 30, 2011

Mr. Azam Khan
Deputy Chief of Staff
United State Patent and Trademark Office
Mail Stop Office of Under Secretary and Director
P.O. Box 1450
Alexandra, VA 22313-1450

Dear Mr. Khan:

I am pleased to hear that the United States Patent and Trademark Office is currently evaluating multiple cities to establish a satellite office and that Houston is among these being considered. I am confident that Houston's pro-business environment, low cost of living and highly educated workforce will appeal to the USPTO, as it has helped our city to become a global leader in new technology development and breakthrough innovations in energy, healthcare, aerospace and information technology. I would also like to welcome you to visit Houston to participate in discussions with my administration and our leading economic development organization as to how we could maximize the USPTO's experience in Houston.

As a member of Houston's business community, the USPTO will have the full attention and support of my administration. It would also benefit from the outstanding infrastructure investments made by our city and state over the years, which have made Houston one of world's great business innovation hubs. The city-owned Houston Airport System, managing three airports, is Houston's window to the world and a gateway to the global economy. Complimenting this is Houston's Texas Medical Center, the world's largest medical center, and a dynamic compilation of institutions researching and developing tomorrow's medical miracles.

You will also find that Houston's local government and its partners are committed to growing and investing in the success of its business community. We can work with you on developing programs which can be utilized by the USPTO to make this new satellite office a success.

We would greatly appreciate your consideration, and we thank you in advance. Should you have any questions or concerns, please contact my Chief Development Officer, Mr. Andy Icken at (832) 393-1064 or by e-mail at andy.icken@houstonn.gov.

Sincerely,

Annise D. Parker
Mayor

Cc: Andy Icken, Chief Development Officer, City of Houston
Tim Douglass, Deputy Director, Economic Development, City of Houston
Jeff Moseley, President and CEO, Greater Houston Partnership
Craig Richard, Chief Economic Development Officer, Greater Houston Partnership



UNIVERSITY OF HOUSTON SYSTEM
UNIVERSITY OF HOUSTON

RENU KHATOR
Chancellor and President

January 25, 2012

The Honorable David Kappos
Under Secretary of Commerce
Director, United States Patent & Trademark Office
Washington, D.C. 20231

Re: Satellite office in Houston

Dear Mr. Under Secretary:

I write in support of the effort of the Greater Houston Partnership and other organizations to locate a satellite office of the Patent & Trademark Office in Houston. As you may know, our university is a Tier-One research institution, and many other research-oriented entities are also located in this city, including the Texas Medical Center and its component medical and science schools.

We have an excellent engineering college at the University of Houston, as does Rice University. Our law school has long been highly ranked in intellectual property law. We have extensive national and international air connections through our two airports. Office space and residential living costs are quite reasonable here as compared with most other cities. And if your Office so desires, we would welcome locating the facility at the University of Houston Energy Research Center.

We would very much look forward to the beneficial presence of one of your satellite offices here in Houston. Please let me know if we can do anything further toward that end.

Sincerely,

Renu Khator

January 27, 2012

Azam Khan
Deputy Chief of Staff
United States Patent and Trademark Office
Mail Stop Office of Under Secretary and Director
P.O. Box 1450
Alexandria, VA 22313-1450

Re: Letter in Support of the City of Houston's Proposal for a Satellite PTO Office

Dear Mr. Khan:

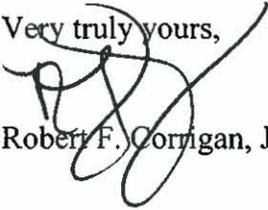
Located in the largest medical center in the world, Baylor College of Medicine ("BCM"), is one of the top medical schools in the USA, ranked by the National Science Foundation as number 2 in the nation for research and development in the biological sciences, and having a total research support of over \$400 million. Having close to 4,000 faculty and 3,000 trainees, BCM is the only private medical school in the greater southwest, and has more than 90 research and patient-care centers.

Because of its robust research enterprise, BCM has an active patenting and technology transfer history managed by its world-famous Baylor Licensing Group and wholly owned venture capital firm, BCM Technologies, Inc. There are over 200 diagnostic, clinical and research products on the market due to BCM's active technology transfer enterprise. In the past ten years, BCM has acquired approximately 154 US patents and has filed approximately 561 applications.

BCM offers a course on intellectual property to its Ph.D graduate students and post-doctoral fellows. Many of those students take the course in anticipation of following a career path in technology transfer or patent law. Some have become patent lawyers and agents. We are aware of one who moved to the Washington, DC area to serve as a patent examiner, and strongly believe that many others would follow the examiner career path if a satellite office were to be located in Houston.

We hope that the USPTO will give prime consideration to locating a satellite office in Houston, especially considering the strong biomedical and biotechnological expertise and resources located in this city.

Very truly yours,


Robert F. Corrigan, Jr.



Baker Hughes Incorporated

2929 Allen Parkway, Suite 2100
Houston, Texas 77019-2118
Office: 713-439-8691
Fax: 713-439-8281
AL.riddle@bakerhughes.com

J. Albert Riddle
Vice President Legal
Products and Technology

January 27, 2012

The Honorable David Kappos
Under Secretary of Commerce
Director, United States Patent & Trademark Office
Washington, D.C. 20231

Re: USPTO Satellite office in Houston

Dear Mr. Kappos,

This letter is written in strong support for the placement of a USPTO Satellite Office in Houston, Texas. I am currently the lead technology attorney for Baker Hughes Incorporated and oversee all patent and trademark registrations worldwide. Baker Hughes employs over 57,000 people around the world, and almost 9,000 of those in the Houston area. In 2011 our revenues totaled almost twenty billion dollars. Further, over the past five years Baker Hughes has been awarded over 1,400 U.S. patents and filed many more applications. The majority of our research and development, for which we spent over 300 million in 2011, occurs in Houston as well. ALL of the patent attorneys for Baker Hughes reside in the Houston area and report to me. A similar scenario likely exists with our major competitors the largest of which are all primarily based in Houston.

Baker Hughes was founded on patents and strongly supports the United States patent system. Our Executive Chairman, Chad Deaton, was the keynote speaker at the Intellectual Property Owners meeting last years in Los Angeles. As a major player in the energy industry we also know that this industry is the one of the most capable of creating many new jobs in the future so long as we are able to protect our intellectual property. We therefore believe a Houston based Satellite office would be the best for not only our interests but those of our industry and the country. The existence of three law schools and one with a L.L.M. program in Intellectual Property Law assures that this office would have direct access to some of the most qualified students and potential patent examiners in the country. Further, the fact we have two major airport hubs, one north and one south of the city makes it extremely convenient for those traveling in by air.

While the Energy Industry is strong in Houston there are of course many other companies that require quick and easy access to a satellite office. These include medical, refining, and even nano technology businesses among others. Houston offers moderate weather, a low cost of living, superior universities, and a friendly atmosphere for anyone living in our area. For all these reasons we ask the Houston be given due consideration as allocation for the

Very truly yours,

A handwritten signature in blue ink, appearing to read "Al Riddle", is written over the typed name.

Al Riddle
Vice President Legal
Products and Technology
Baker Hughes Incorporated

3

QUALITY
OF LIFE

QUALITY OF LIFE

Take a closer look at all that Houston has to offer and it's easy to see why people enjoy working and living here.

Affordable Housing & Livable Income

- Affordable housing options in the Houston metro area are generally well below those of other metropolitan areas. According to the Center for an Urban Future, **\$50,000** in annual income in Houston is the equivalent of \$130,000 in New York City, \$80,000 in Los Angeles and \$70,000 in Chicago.

ACCRA Cost of Living Index			
U.S. Average = 100.0			
	Houston-Sugar Land-Baytown TX	Chicago-Naperville- Joliet IL-IN-WI	New York-Newark- Edison NY-NJ-PA
Composite Index	89.4	107.3	155.3
Grocery Items	82.8	107.4	119.7
Housing	80.9	115.9	239.9
Utilities	92.6	101.8	134
Transportation	94.9	109.7	109.9
Health Care	99.1	107.6	112.3
Miscellaneous Goods & Services	95.7	100.5	120.4
Housing Cost	\$213,405	\$312,414	\$676,683
Monthly Apartment Rent	\$877	\$1,215	\$1,987

Source: ACCRA Cost of Living, 3rd Quarter 2011, Published October 2011

Cultural Amenities & Recreation

- Houston has an acclaimed and extensive cultural scene including fine arts and science museums; several resident companies in drama, ballet, opera and orchestra; nearly 100 libraries scattered throughout Houston; and a 17-block Downtown Theater District.
- The 130,000 sq. ft. Bayou Place entertainment complex, restaurants, movie theaters, plazas and parks.
- Over 8,300 food services and drinking establishments to choose from, featuring outstanding regional and traditional American dishes and diverse international cuisine.
- Nearly 100 libraries located throughout Houston's neighborhoods.
- The Shell Houston Open, the lead-in tournament for the Masters Golf Tournament, has been hosted at Redstone Golf Club since 2003. The Houston Golf Association (HGA) has

conducted PGA Tour events since 1946, making Houston's tournament the 10th oldest on the schedule.

- Houston's major sports teams include: Astros: www.houston.astros.mlb.com (Baseball); Texans: www.houstontexans.com (Football); Rockets: www.nba.com/rockets/ (Basketball); Dynamo: houston.mlsnet.com (Soccer) and Aeros: www.aeros.com (Hockey).

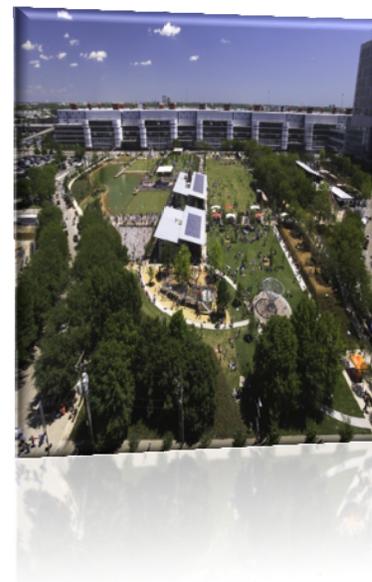


Health Care

- Houston is home to the largest collection of medical experts and facilities in the world at its Texas Medical Center. With 49 member institutions on its campus every medical specialty is well-represented in the Houston metro area. More heart surgeries are performed in the center than anywhere else in the world.
- Unique facilities include Texas Children's Neurological Research Institute, the University of Texas MD Anderson Cancer Center Proton Therapy Center and the Methodist Institute for Technology, Innovation and Education.
- The TMC treats more than 6 million patients annually.

Parks & Green Space

- Houston is home to 337 parks including Discovery Green located in the center of downtown Houston which includes renowned restaurant, The Grove.
- The Houston MSA contains two of the 10 largest urban public parks in the U.S. — Cullen Park (7th) and George Bush Park (9th). There are more than ninety, 18-hole golf courses in the region.
- Spread over 500 square miles, the City of Houston Bikeway Program is a 345-mile interconnected bikeway network of on-street and off-road paths that includes bike lanes, bike routes, shared lanes and bayou trails, and other urban multi-use paths. More than 300 miles have been completed; 45 miles of trails are in development. City parks offer an additional 80 miles of



hike and bike and natural trails.

- Texas National Wildlife Refuges in the Houston MSA include the Anahuac and Moody National Wildlife Refuges in Chambers County; the Brazoria, San Bernard and Big Boggy National Wildlife Refuges in Brazoria County; and the 23,000-acre Trinity River National Wildlife Refuge in Liberty County. More than 620 plant species and 400 vertebrate species have been observed in the Trinity River National Wildlife Refuge.
- Recognized by the editors of *Parents* magazine as one of the nation's Ten Best Zoos for Kids, the nonprofit Houston Zoo (www.houstonzoo.org) is a unique educational and conservation resource serving more than 1.6 million visitors annually, ranking in the top 10 nationwide in attendance. It is home to more than 4,500 exotic animals representing more than 800 species.

CLIMATE

- Houston averages 123.0 days with high temperatures of 90°F or more and only 19.0 days per year with temperatures of 32°F or less. Houston has had only 17 measurable snowfalls since 1939.

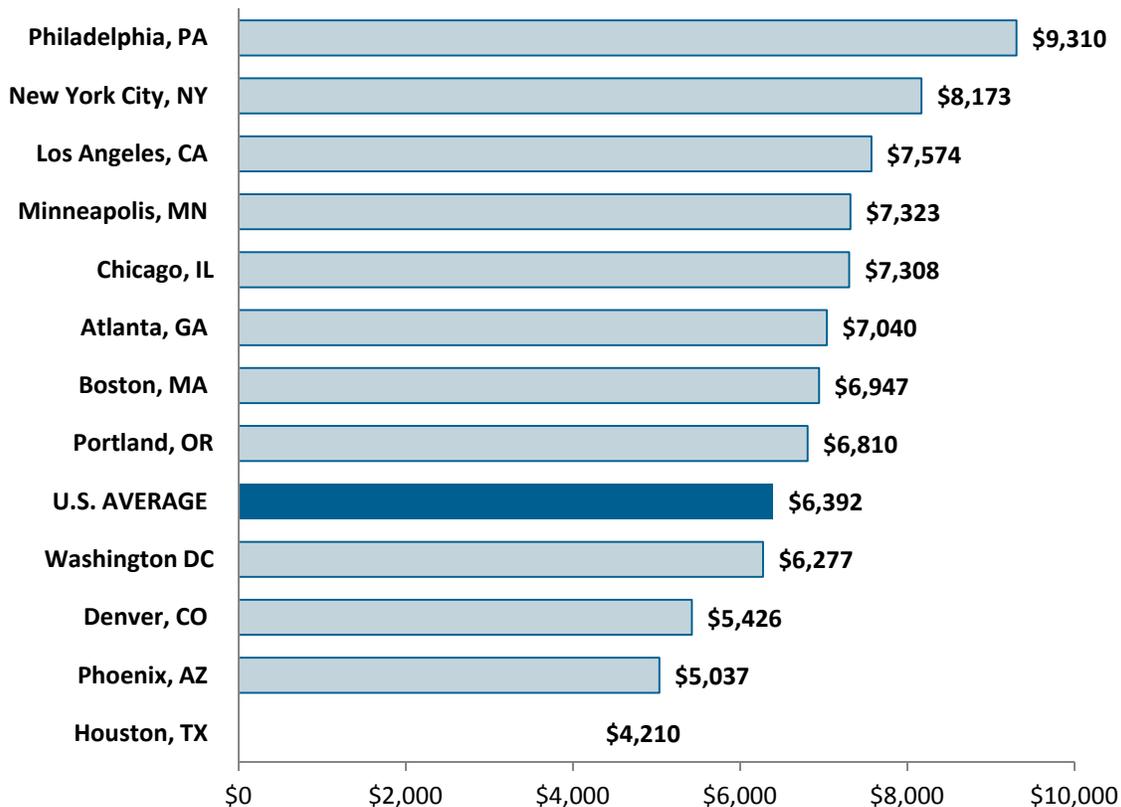
HOUSTON WEATHER				
Month	Normal Temperatures (°F)			Average Precipitation
	Average Maximum	Average Minimum	Average	Water Equivalent (In.)
January	59.1	39.0	49.1	2.53
February	57.6	39.4	48.5	3.55
March	70.1	48.0	59.1	1.88
April	79.5	59.5	69.5	2.81
May	89.7	69.2	79.5	3.68
June	93.4	76.1	84.8	3.75
July	91.7	76.3	84.0	12.92
August	97.6	77.9	87.8	1.02
September	90.3	72.5	81.4	4.81
October	86.4	59.5	73.0	0.02
November	73.0	51.3	62.2	2.71
December	66.2	44.7	55.5	3.04
Year	79.6	59.5	69.5	42.72

Source: 2010 Local Climatological Data: Annual Summary with Comparative Data, National Oceanic and Atmospheric Administration

FAMILY TAX BURDENS

Houston has one of the lowest per-family tax burdens among major U.S. cities, according to an annual comparison issued by the Government of the District of Columbia.

Tax Burden for a Family of Three with \$75,000 Annual Income



Annual Taxes Paid on \$75,000 Income

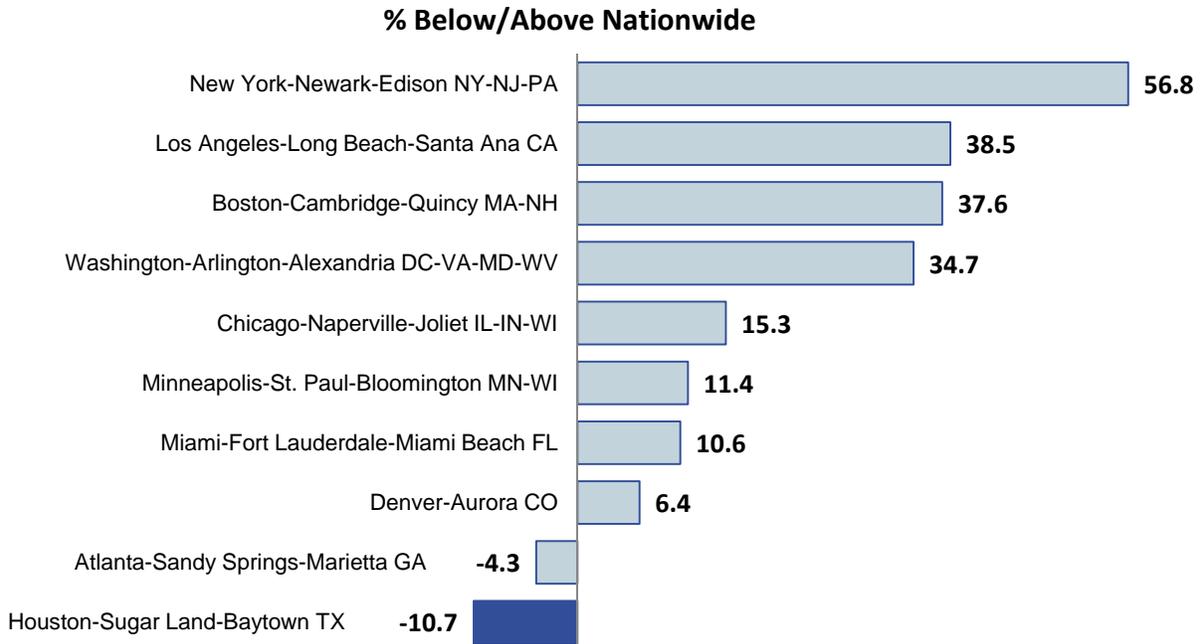
SOURCE: Tax Rates and Tax Burdens in the District of Columbia – A Nationwide Comparison 2009 (issued Nov 2010)

- The above report compares the state and local tax burdens of hypothetical households in Washington, D.C. with the tax burden for the largest city in each of the 50 states.
- The four major taxes used in the comparison are the individual state income tax, real property tax on residential property, general sales and use taxes, and automobile taxes – including the gasoline tax, registration fees, excise tax and personal property tax. Local housing values as well as hypothetical itemized income tax deductions also were taken into account in calculating the tax burden.

LIVING COST COMPARISONS

Houston offers the lowest cost of living among all of the major metro areas.

Cost of Living Comparisons: Selected Metro Areas



Source: ACCRA Cost of Living Index, First Quarter 2011 Data based on a Survey of 312 Urban Areas, Published May

- The First Quarter 2011 *ACCRA Cost of Living Index* shows that Houston has the lowest overall cost of living among the 27 metropolitan areas with more than 2 million residents. Houston's housing costs are 40 percent below the average for these large metro areas, and its overall costs are 20.2 percent below the average for this group.
- The First Quarter 2011 *ACCRA Cost of Living Index* shows that Houston's overall after-taxes living costs are 10.7 percent below the nationwide average, largely due to housing costs that are 23 percent below the average.
- Bargain housing prices and a low tax burden keep living expenses in Houston below those in most other metropolitan areas.

4

MEDIA &
RANKINGS

THE HOUSTON REGION MERITS YOUR ATTENTION

Why take our word for it? The Houston region has been ranked by third party validation as the best or in the top ten of almost every major category from cost of living to best city for your job and from top manufacturing city to third in the number of *Fortune 500* companies. We have one question for you, *Where's Your Houston Office?*

#1 Green Building Initiatives (Large City Category - population over 100,000)

The U.S. Conference of Mayors – June 2011

Most Affordable City to Do Business - Worldwide

Cities of Opportunities 2011 (report by PwC and The Partnership for New York City) – May 2011

2011 Fast City of the Year

Fastcompany.com – May 2011

Lowest Cost of Living – Large Metros

ACCRA Cost of Living Index – First Quarter 2011

Fastest Growing Metro Area

Rice University's Kinder Institute for Urban Research – July 2011

#1 Most New Nonfarm Jobs in MSA (August '10 to August '11)

U.S. Bureau of Labor Statistics – September 2011

Highest Retail Employment Growth Since Recession

On Numbers (as reported by The Business Journals) – June 10, 2011

#3 Number of Fortune 500 Headquarters

Fortune – May 2011

Top U.S. Logistics Hub

Business Facilities – August 2011

Lowest Estimated Land and Regulation Costs

New Geography – November 1, 2010

HOUSTON AND THE MEDIA

The Houston region has garnered press coverage from media outlets both domestically and globally. In 2011, the Greater Houston Partnership garnered more than \$6 million in earned media with circulation and media impressions of more than 37 million from print, radio, broadcast, social media and online outlets.

Print/Online Articles

The U.S. Conference of Mayors: “Green Building Initiatives” – June 2011

Houston Business Journal: “Exxon-Mobil moves to The Woodlands” – June 2011

Fast Company: “Reinvention, innovation, and cultivation make Houston our City of the Year for 2011” – May 2011

PricewaterhouseCoopers, LLC: “Houston is No. 1 Most Cost Competitive City in the World” – May 2011

Environmental Protection Agency: “Top Local Government Green Power Purchaser” – April 2011

Site Selection Magazine: “A city with an Edge: Houston No. 2 metro for 2010 – March 2011

Inbound Logistics: “Supply Chain Gain: Benchmarking Success” Houston Profile – January 2011

Television Coverage

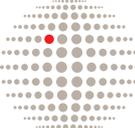
NASDAQ: “Rice Business Plan Rings NASDAQ Closing Bell” – August 2011
<http://www.houston.org/greater-houston-partnership/events/media/multimedia-gallery.html>

KTRK – Channel 13: “GHP on Panama Canal Expansion” – September 2011
<http://www.houston.org/greater-houston-partnership/events/media/multimedia-gallery.html>

KPRC – Channel 2: “CNN Money names Houston as the No. 1 most affordable city to do business” – June 2011



Cities of Opportunity





Cities of Opportunity 2011 makes its fourth analysis of the trajectory of 26 cities, all capitals of finance, commerce and culture—and through their performance, seeks to open a window on what makes cities function best.

The Upper East Side of Manhattan, with Midtown in the background.

www.pwc.com

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www.pfnyc.org

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Cost: Post-recession, the rich get cheaper

Two things truly are remarkable about the five lowest cost cities in this year's rankings. First, none is from a developing country. Second, they are all in North America. Last year, by contrast, Johannesburg was ranked first in this indicator, and Santiago tied for fourth. This year, Johannesburg and Santiago are tied for eighth, which make them the only non-Western cities in the top 10. Last year, there were five non-Western cities—including Seoul, Dubai and Mexico City—among the top 10 rankings.

As was the case last year, however, this indicator confirms the potential of smaller cities,

or cities that are not among the long-established global financial capitals, to compete in attracting investment. The four top cities in this ranking—led by Houston by a significant margin, followed by Los Angeles, Chicago, and San Francisco—are surprisingly affordable places to do business. The issue now for these cost-competitive cities is to maintain their advantages.

This year's rankings also challenge the traditional perspective on the cost-competitiveness of mature cities. Eight of the top 10 cities come from the developed world (with Stockholm jumping five places from last

	Total tax rate	Cost of business occupancy	Cost of living	Purchasing power ¹	Business trip index ²	Score
26 Houston	19	25	24	25	23	116
25 Los Angeles	15	24	16	24	22	101
24 Chicago	18	21	21	21	18	99
23 San Francisco	13	22	22	23	16	96
22 Toronto	17	13	19	19	26	94
21 Berlin	14	20	17	20	20	91
20 Sydney	11	16	10	26	24	87
19 Johannesburg	22	26	25	10	3	86
19 Santiago	24	23	23	6	10	86
17 Stockholm	8	11	19	16	25	79
16 New York	12	17	12	23	13	77
15 Abu Dhabi	26	9	14	13	8	70
14 Singapore	23	14	4	7	16	64
13 Madrid	6	12	15	15	14	62
12 Hong Kong	25	1	3	12	19	60
11 London	20	2	8	18	11	59
10 Mexico City	9	19	26	2	2	58
9 Seoul	21	10	5	9	12	57
8 Paris	2	6	8	14	21	51
7 Istanbul	16	8	13	5	4	46
6 Tokyo	7	3	1	17	17	45
5 Shanghai	5	15	11	4	6	41
4 Beijing	5	18	6	3	7	39
3 Moscow	10	5	2	11	9	37
2 São Paulo	1	7	9	8	5	30
1 Mumbai	3	4	20	1	1	29

Each city's score (here 116 to 29) is the sum of its rankings across variables. The city order from 26 to 1 is based on these scores. See maps on pages 18–19 for an overall indicator comparison.

■ High
■ Medium
■ Low
 Highest rank in each variable

1. Domestic purchasing power is measured by an index of net hourly pay (where New York = 100), including rent prices. Net hourly income is divided by the cost of the entire basket of commodities including rent. The basket of goods relates to 122 commodities.

2. Weighted index of the cost of a business trip to a city, including measures such as taxi cab rates, lunch prices, and quality of entertainment and infrastructure. The business travel index comprises the following five categories: stability, healthcare, culture and environment, infrastructure and cost.

year to reach the 10th rank this year). The notion, therefore, that North America, Europe and Australia are doomed to be perennially uncompetitive on costs might have to be re-examined—as PwC’s 2011 annual CEO Survey recently showed. Chief executives now rank the US and Germany among the top five countries for sourcing along with China, India and Brazil, competing favorably on a combination of cost, quality and innovation (see www.pwc.com/ceosurvey).

Nonetheless, the developing world maintains considerable benefits. Johannesburg remains first in cost of business occupancy and continues to do very well in cost of living and total

tax rate. What most affected its ranking this year was the transfer of the business trip index to this indicator. Moreover, Mexico City ranks first (that is, most affordable) in cost of living (coming up from second last year), while Abu Dhabi has the lowest tax rate (as Dubai had last year). The problem for every city in the developing world is to translate these and other advantages to benefits for their citizens. One key measure, however, points to a relative lack of success on that count.

Sydney ranks first in its citizens’ purchasing power, followed by Houston and Los Angeles. Counterintuitively, perhaps, for those who have lived or visited there, San Francisco and

New York tie for fourth. At the very bottom of the rankings comes Mumbai, followed (in ascending order) by Mexico City, Beijing, Shanghai and Istanbul.

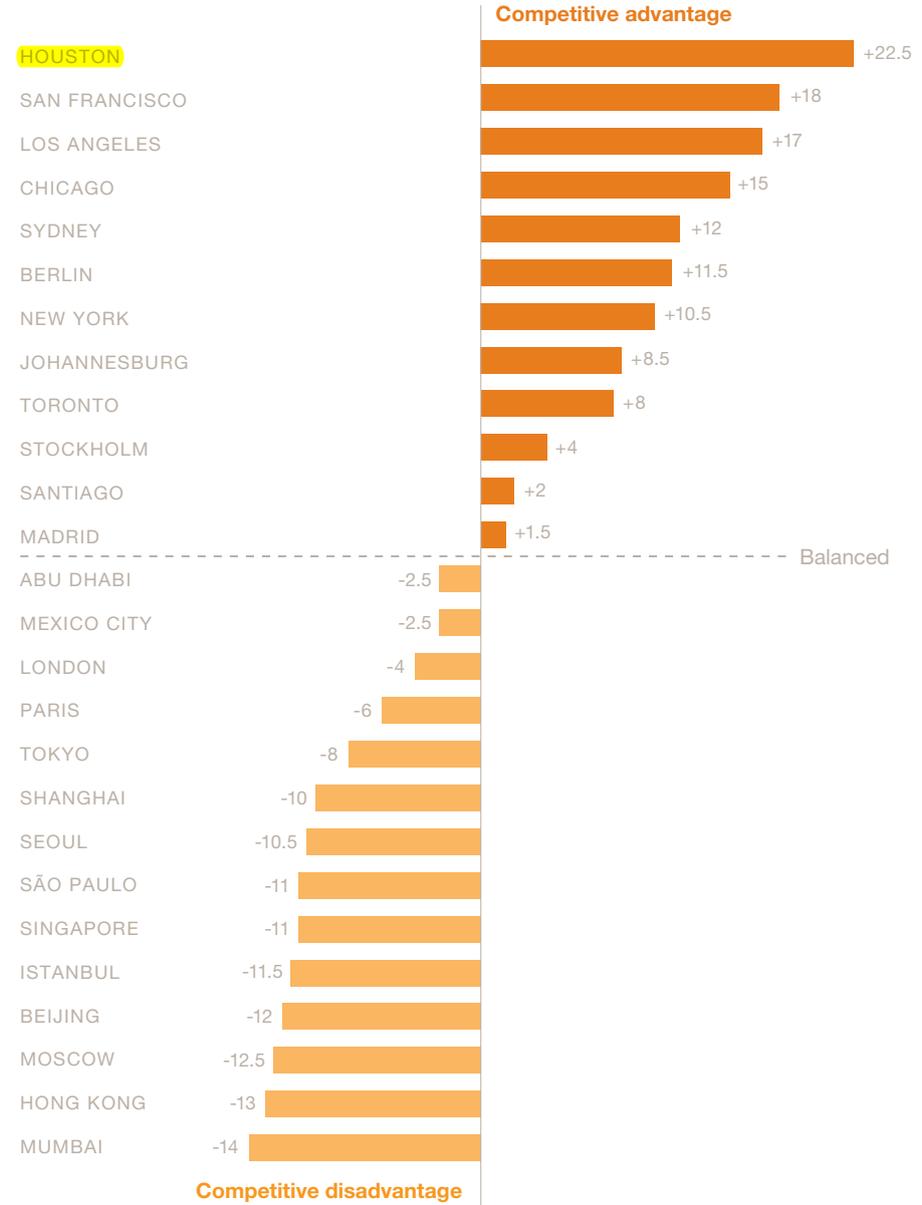
Of course, as we noted last year, purchasing power is greatly enhanced by high salaries, which are concentrated in the major cities of the advanced economies. Also, the 122 Western goods and services that compose the basket of goods measured by this variable might skew the results to the disadvantage of the cities of the developing world. Still, the rankings show that good salaries are not so much an impediment to as a confirmation of a city’s overall competitiveness.

Confirming the pattern:
Western lifestyles are
(usually) cheaper in the West

Once again, this year’s study confirms—even more so than last year’s—that Western lifestyles are decidedly expensive in the East (and South); they also are unavoidable given the realities of transnational business. Last year, five out of seven cities with a competitive advantage in costs were from the mature economies; this year, 10 out of 12 are.

Each city’s relative cost was calculated based on cost of business occupancy and cost of living as compared with purchasing power. Costs of business occupancy feed directly into operating costs. The cost of living affects the wages needed to attract the best workforce. Purchasing power serves here as a proxy for productivity, or, broadly, the production of goods and services.

We determined each city’s average costs by creating a factor of costs of living and business occupancy weighted in inverse proportion to purchasing power. The resulting ranking gauges general levels according to basic economic theory; that is, a city in a rich country with high purchasing power should be more costly on a relative scale. Divergences from what might be expected determine competitiveness.





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