

EXHIBIT A

DEFINED TERMS

(a) **"Act"** means the Michigan Strategic Fund Act, MCL 125.2001 et seq., including, in particular, MCL 125.2088r which authorized the creation of the MBDP.

(b) **"Affiliate"** means any person or entity that directly or indirectly owns, is owned by or is under common ownership with another person or entity to the extent of at least fifty percent (50%) of the equity (or such lesser percentage which is the maximum allowed to be owned by a foreign corporation in a particular jurisdiction or such lesser percentage provided the operational control is held by such other person or entity) having the power to vote on or direct the affairs of such person and any person, firm, partnership, corporation or other entity actually controlled by, controlling or under common control with such other person or entity.

(c) **"Agreement"** means this Agreement, including the Exhibits to this Agreement.

(d) **"Application"** means the Application for Incentive Assistance, dated December 21, 2012, submitted by the Company to the MEDC.

(e) **"Auditor General"** means the auditor general of the State of Michigan.

(f) **"MBDP"** has the meaning set forth in Recital C.

(g) **"Base Employment Level" or "Base"** means the 851 jobs maintained by the Company in the State as set forth in the Application (which jobs are identified in the Application as jobs held by employees at the Company's regional headquarters located at 24777 Denso Drive, Southfield, Michigan 48086).

(h) **"Company"** means the Grantee as identified in the preamble.

(i) **"Company Notice"** has the meaning set forth in Section 5.3.

(j) **"Confidential Information"** has the meaning set forth in Section D.2 of Exhibit D.

(k) **"Cure Period"** means within ten (10) business days after written notice by the MSF Fund Manager, or within such longer period of time as determined in writing and at the sole discretion of the MSF Fund Manager.

(l) **"Effective Date"** has the meaning set forth in the preamble.

(m) **"Eliminated QNJ's"** has the meaning set forth in Section 5.2(b)(i).

(n) **"Event of Default"** means any one or more of those events described in Section 5.1.

(o) **"Exhibit"** means each of the documents or instruments attached to this Agreement.

(p) **"Grantee"** means the Company as identified in the preamble.

(q) **"Grant"** has the meaning set forth in Recital E.

(r) **"Grant Disbursement"** means Grant funds paid to the Company by the MSF under this Agreement.

(s) **"Grant Disbursement Request"** means a written request from the Company for a Grant Disbursement in form and substance required from time to time by the MBDP.

(t) **"Grant Manager"** means that individual person designated by the MSF Fund Manager from time to time to provide administrative services for the MSF under this Agreement.

(u) **"Indemnified Persons"** has the meaning set forth in Section D.6 of Exhibit D.

(v) **"Key Milestones"** means major achievements of the Company described in Exhibit B.

(w) **"Maximum Grant"** means One Million Five Hundred Forty Thousand Dollars (\$1,540,000).

(x) **"MEDC"** has the meaning set forth in Recital B.

(y) **"Milestone Report"** means the report submitted by the Company to demonstrate and certify the completion of one or more sets of Key Milestones in form and substance required from time to time by the MBDP.

(z) **"MSF"** has the meaning set forth in the preamble.

(aa) **"MSF Fund Manager"** means the person designated by the Board of Directors of the MSF from time to time to serve as the manager for the MSF programs.

(bb) **"Party"** or **"Parties"** has the meaning set forth in the preamble.

(cc) **"Progress Report"** means the annual report submitted no later than October 10 of each year during the Term of the Grant that consists of the quantitative or numerical data required by the Act, as more particularly described in Section D.1 of Exhibit D, and otherwise in form and substance required from time to time by the MBDP.

(dd) **"Project"** means the Company's plan, more particularly described in the attached Exhibit C, for the facility located at 24777 Denso Drive, Southfield, Michigan 48086.

(ee) **"Qualified New Job"** or **"QNJ"** means a new job created by the Company, in excess of the Base, after December 21, 2012, and performed for the Company for consideration by an individual who is a resident of the State, and whose income taxes are withheld by the Company (or, to the satisfaction of the Grant Manager, an employee leasing company or professional employer organization on behalf of the Company); provided however, unless a job of an Affiliate is part of the Base, in no event shall any job transferred (or otherwise eliminated) from an Affiliate in the State, to a job at the Company or Affiliate in the State, be considered a QNJ.

(ff) **"Required Qualified New Jobs"** or **"RQNJ"** means 176 Qualified New Jobs.

(gg) **"Repayment Amount"** has the meaning set forth in Section 5.2.

(hh) **"Repayment Event"** has the meaning set forth in Section 5.2.

(ii) **"State"** means the State of Michigan.

(jj) **"Term of the Grant"** means from the Effective Date and, unless earlier terminated as provided by this Agreement, through December 31, 2017.

EXHIBIT B
KEY MILESTONES*

*Subject to the terms and conditions of the Agreement, including the terms and conditions of Section 2.3 of the Agreement which include the required submission of a Grant Disbursement Request, a Milestone Report, and any other information as may be required under Section 2.3, the following Grant Disbursements may be requested by the Company:

Key Milestone Number One:

Grant Disbursement: Not to exceed \$500,000

The Company must demonstrate to the satisfaction of the Grant Manager by no later than December 31, 2013 all of the following, and must otherwise be in compliance with the Agreement:

1. The Company has maintained the Base Employment Level, including providing employee identification numbers (or other identification information) for each employee comprising the Base, hiring date for each employee comprising the Base, as well as the location where the Base job is located;
2. The Company shall provide all documentation to the satisfaction of Grant Manager that the City of Southfield, Michigan has formally approved a real and/or personal property tax abatement for the Project on terms and conditions acceptable to the Grant Manager;
3. The Company has created a minimum of sixty (60) Qualified New Jobs, including providing employee identification number (or other identification information) for the QNJ's, hiring date for each employee comprising the QNJ, as well as the location where each QNJ is located; and
4. The Company has provided all copies of documents requested by, and to the satisfaction of, the Grant Manager, including without limitation, copies of any requested Form W-2's, payroll reports, employment or other reports, including any unemployment insurance agency reports, and any other information deemed necessary by the Grant Manager to support the Grant Disbursement Request.

Key Milestone Number Two:

Grant Disbursement: Not to exceed \$540,000

The Company must demonstrate to the satisfaction of the Grant Manager by no later than December 31, 2014 all of the following, and must otherwise be in compliance with the Agreement:

1. The Company has maintained the Base Employment Level, including providing employee identification numbers (or other identification information) for each employee comprising the Base, hiring date for each employee comprising the Base, as well as the location where the Base job is located;
2. The Company has created a total of a minimum of an additional sixty three (63) Qualified New Jobs (for a total of one hundred twenty three (123) Qualified New Jobs); including providing employee identification number (or other identification information)

for each employee comprising all QNJ's, hiring date for each employee comprising all QNJ's, as well as the location where each QNJ is located; and

3. The Company has provided all copies of documents requested by, and to the satisfaction of, the Grant Manager, including without limitation, copies of any requested Form W-2's, payroll reports, employment or other reports, including any unemployment insurance agency reports, and any other information deemed necessary by the Grant Manager to support the Grant Disbursement Request.

Key Milestone Number Three:

Grant Disbursement: Up to \$500,000, and when taken together with any prior Grant Disbursement, cannot exceed the Maximum Grant.

The Company must demonstrate to the satisfaction of the Grant Manager by no later than December 31, 2015 all of the following, and must otherwise be in compliance with the Agreement:

1. The Company has maintained the Base Employment Level, including providing employee identification numbers (or other identification information) for each employee comprising the Base, hiring date for each employee comprising the Base, as well as the location where the Base job is located;
2. The Company has created a total of a minimum of an additional fifty three (53) Qualified New Jobs (for a total of one hundred seventy six (176) Qualified New Jobs); including providing employee identification number (or other identification information) for each employee comprising all QNJ's, hiring date for each employee comprising all QNJ's, as well as the location where each QNJ is located; and
3. The Company has provided all copies of documents requested by, and to the satisfaction of, the Grant Manager, including without limitation, copies of any requested Form W-2's, payroll reports, employment or other reports, including any unemployment insurance agency reports, and any other information deemed necessary by the Grant Manager to support the Grant Disbursement Request.

EXHIBIT C
PROJECT DESCRIPTION

This Project will involve the expansion of new product research and development capabilities at the Denso International America, Inc. (the "Company") facility located at 24777 Denso Drive, Southfield, Michigan 48086. The cost of the building renovations, machinery and equipment, and other personal property is approximately \$45,700,000.

The Company plans to add 176 Qualified New Jobs related to this Project.

The City of Southfield, Michigan will provide a tax abatement in support of the Project.

EXHIBIT D

STATE REQUIRED TERMS

Section D.1 Progress Reports. No later than October 10th of each year during the Term of the Agreement, the Company shall submit to the Grant Manager an annual Progress Report through September 30th. Following the end of the Term of the Agreement, the Company shall submit to the Grant Manager a final Progress Report by no later than October 10th. The Progress Report shall be an all-encompassing report and shall include a description of the Key Milestones achieved during the preceding twelve (12) months, and submission of all data required for the MSF to comply with its annual reporting requirements to the Michigan legislature under the Act (see MCL 125.2088r(6) and MCL 125.2088n(5)); including reporting for the previous twelve (12) months:

- (a) the total proposed amount, and the actual amount, of investment attracted by the Company to the Project;
- (b) the total committed, and the actual number of, QNJ created by the Company;
- (c) the individuals hired by the Company, including the number and their educational attainment (including whether high school diploma or equivalent, higher education certificate or degree, or advanced degree or training), and the number of individuals hired by the Company who relocated to the State;
- (d) the number of new patents, copyrights, or trademarks applied for and issued to the Company;
- (e) the amounts of other funds leveraged by the Company;
- (f) the number of new licensing agreements by the Company and the number of such licensing agreements entered into by the Company with Michigan based firms; and
- (g) the number of products commercialized by the Company.

This Section shall survive the end of the Term of the Agreement for a period of one (1) year.

Section D.2 Confidentiality. In connection with the transactions contemplated by this Agreement, the MSF, the MEDC or their representatives may obtain, or have access to all information or data concerning the business, operations, assets or liabilities of the Company. Under MCL 125.2005(9), the MSF Board has authority, upon the Company's request, to acknowledge financial or proprietary Company information as confidential. If the MSF acknowledges Company information as confidential (the "Confidential Information"), the MEDC and the MSF agree that they and their representatives will use the Confidential Information solely for the purpose of administering this Agreement, and that the Confidential Information will be kept strictly confidential and that neither the MEDC, the MSF, nor any of their representatives will disclose any of the Confidential Information in any manner whatsoever. However, the MSF or the MEDC may disclose Confidential Information: (i) to such of its representatives who need such information or data for the sole purpose of administering the MBDP and the transactions contemplated by this Agreement; (ii) to the extent required by applicable law (including, without limitation, the Michigan Freedom of Information Act); (iii) if, before the Effective Date, such information or data was generally publicly available; (iv) if after the Effective Date, such information or data becomes publicly available without fault of or action on the part of the MSF, the MEDC or its representatives; and (v) in all other cases, to the extent that the Company gives its prior written consent to disclosure. This Section shall survive indefinitely. Neither the MSF nor MEDC, nor any of their officers, directors, employees or agents shall be liable for any inadvertent disclosure of any of the Confidential Information.

Section D.3 Access to Records and Inspection Rights. During the Term of the Grant, there will be frequent contact between the Grant Manager, or other MEDC, MSF or representative of the State,

and the Company, including a minimum of an annual site visit. In addition and also until the end of the Term of the Grant, to enable the Auditor General, the Department of Technology, Management and Budget (the "DTMB"), the MSF, or the MEDC to monitor and ensure compliance with the terms of this Agreement, the Company shall permit the Auditor General, the DTMB, the MSF, or the MEDC to visit the Company, and any other location where books and records of the Company are normally kept, to inspect the books and records, including financial records and all other information and data relevant to the terms of this Agreement, including the expenditure of the Grant Disbursements; provided, however, that such audit right shall survive the end of the Term of the Grant by three (3) years. In connection with any such audit, the Company shall cooperate with the chief compliance officer, if contacted, as provided in MCL 125.2088i(6)(h). At such visits, the Company shall permit the Auditor General, the DTMB, the MSF, or any member, employee or agent of the MSF, the Grant Manager or any employee or agent of the MEDC to make copies or extracts from information and to discuss the affairs, finances and accounts of the Company related to this Agreement with its officers, employees or agents. Notwithstanding anything to the contrary, any information and data that the Company reasonably determines is Confidential Information shall be reviewed by the Auditor General, the DTMB, the MSF, and the MEDC at the offices of the Company and the Auditor General, the DTMB, the MSF, or the MEDC shall have the right to remove, photocopy, photograph or otherwise record in any way any part of such books and records with the prior written consent of the Company, which consent shall not be unreasonably withheld.

Section D.4 Termination of Funding. In the event that the State Legislature or the State Government fails to provide or terminates the funding necessary for the MSF to fund the Grant, the MSF may terminate this Agreement by providing notice to the Company not less than thirty (30) calendar days before the date of cancellation provided, however, that in the event the action of the State Legislature or State government results in an immediate absence or termination of funding, this Agreement may be terminated effective immediately upon delivery of written notice to the Company. In the event of termination of funding, the MSF has no further obligation to make Grant Disbursements beyond the date of termination of this Agreement.

Section D.5 Non-Discrimination and Unfair Labor Practices. In connection with this Agreement, the Company agrees not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. The Company further agrees that every subcontract entered into for performance of this Agreement will contain a provision requiring nondiscrimination in employment, as specified in this Agreement, binding upon each subcontractor. This covenant is required under the Elliot Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and any breach thereof may be regarded as a material breach of this Agreement.

Under 1980 PA 278, MCL 423.321, *et seq.*, the State shall not award a contract or subcontract to an employer whose name appears in the current register of employers failing to correct an unfair labor practice compiled under MCL 423.322. The United States Labor Relations Board compiles this information. The Company shall not enter into a contract with a subcontractor, manufacturer, or supplier whose name appears in this register. Under MCL 423.324, the State may void any contract if, subsequent to the award of the contract, the name of the Company as an employer, or the name of a subcontractor, manufacturer, or supplier of the Company appears in the register.

Section D.6 Indemnification and Hold Harmless. Except for their respective obligations to process or disburse Grant Disbursements as required in this Agreement, the MSF, the State, the MEDC, its Executive Committee and their respective directors, participants, officers, agents and employees (collectively, the "Indemnified Persons") shall not be liable to the Company for any reason.

The Company shall indemnify and hold the State, the MSF, and the MEDC and other Indemnified Person harmless against all claims asserted by or on behalf of any individual person, firm or entity (other than an Indemnified Person), arising or resulting from, or in any way connected with this Agreement or any act or failure to act by the Company under the Agreement, including all liabilities, costs and expenses, including reasonable counsel fees, incurred in any action or proceeding brought by reason of any such claim. The Company shall also indemnify the MSF, the MEDC and other Indemnified Person from and against all costs and expenses, including reasonable counsel fees, lawfully incurred in enforcing any obligation of the Company under this Agreement.

The Company shall have no obligation to indemnify an Indemnified Person under this Section if a court with competent jurisdiction finds that the liability in question was solely caused by the willful misconduct or gross negligence of the MSF, the MEDC or other Indemnified Person, unless the court finds that despite the adjudication of liability, the MSF, the MEDC or other Indemnified Person is fairly and reasonably entitled to indemnity for the expenses the court considers proper. The MSF, the MEDC and the Company agree to act cooperatively in the defense of any action brought against the MSF, the MEDC or another Indemnified Person to the greatest extent possible.

Performance of the Company's obligations contemplated under this Agreement is within the sole control of the Company and its employees, agents and contractors, and an Indemnified Person shall have no liability in tort or otherwise for any loss or damage caused by or related to the actions or failures to act, products and processes of the Company, its employees, agents or contractors. This Section shall survive indefinitely.

Section D.7 Jurisdiction. The parties shall make a good faith effort to resolve any controversies that arise regarding this Agreement. If a controversy cannot be resolved, the parties agree that any legal actions concerning this Agreement shall be brought in the Michigan Court of Claims or, as appropriate, Ingham County Circuit Court in Ingham County, Michigan. The Company acknowledges by signing this Agreement that it is subject to the jurisdiction of this court and agrees to service by first class or express delivery wherever the Company resides, in or outside of the United States. This Section shall survive indefinitely.