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COMPENSATION OF MERCEDES-BENZ FOR EXCHANGE RATE FLUCTUATIONS

1. Compensation method

- a) The Compensation is paid in addition to the Cash Grant and the Development Tax Allowance based on the increase, due to the HUF devaluation, of the HUF amount of the Eligible Cost of the Investment as defined in the Incentive Agreement of Mercedes-Benz.
- b) The aggregated HUF amount of the Cash Grant and the Development Tax Allowance shall be calculated from the HUF equivalent of the Eligible Costs incurred in EUR. This calculation is based on an exchange rate of 238.21 HUF/EUR as in effect on 31 August 2008. Accordingly, the aggregated amount of the Cash Grant and the Development Tax Allowance – without the Compensation – equals the maximum State aid intensity calculated from eligible costs of HUF 183,421,700,000 at current value (i.e. the HUF equivalent of EUR 770,000,000) and HUF 146,213,347,000 at present value (i.e. the HUF equivalent of EUR 613,800,240).
- c) If the Eligible Cost is less than HUF 146,213,347,000 at present value (i.e. EUR 613,800,240 at an exchange rate of 238.21 HUF/EUR), this lower amount of the Eligible Costs shall be the basis for calculating the Compensation. Furthermore, if Mercedes-Benz uses only a part of the total available Development Tax Allowance, the Compensation shall be adjusted proportionally to the share of the Development Tax Allowance in the State aid package and the unused portion of the Development Tax Allowance. This adjustment also applies to the reduction and repayment of the Cash Grant portion of the State aid package.
- d) The actual EUR and HUF investment volume and the Compensation shall be calculated and stipulated at the end of the investment period (2014). The Compensation shall cover the exchange rate fluctuations during the investment period of 2008-2013.
- e) The Compensation shall be paid to Mercedes-Benz within 45 (forty-five) days of the Completion Date of the Investment as defined in the Incentive Agreement.
- f) The Compensation is payable in HUF and its current value shall be calculated according to the following formula:

$$\text{Compensation (HUF)} = [\text{ECPV1(HUF)} - \text{ECPV2(HUF)}] * 0.17 * (1 + \text{DR})^6$$

where:

ECPV1(HUF): the lowest of the following three amounts:

- (i) the HUF present value of the Eligible Cost incurred by Mercedes-Benz; or
- (ii) the HUF equivalent of EUR 613,800,240 (**present value cap**). The HUF equivalent of EUR 613,800,240 shall be determined by calculating the cumulated present value of the Eligible Cost invoices in EUR up to the present value cap of EUR 613,800,000 and converting the relevant invoices under this cap into HUF; or
- (iii) the HUF equivalent of the present value of EUR 770,000,000 if the Eligible Cost amount at nominal value exceeds EUR 770,000,000 (**nominal value cap**). For the calculation of this amount, the present value of the Eligible Cost invoices up to the amount of EUR 770,000,000 should be calculated and added up.

MAG Zrt shall keep financial records in HUF and EUR on the Eligible Cost invoices. The invoiced Eligible Cost amounts shall be cumulated and discounted for the above calculations in the order of their settlement by Mercedes-Benz. The applicable exchange rate for the conversion of the above EUR amounts into HUF shall be the EUR selling rate quoted by Mercedes-Benz's account keeping bank on the day the invoice is settled; the applicable discount rate for the present value calculation shall be 9.58% for the discounting of the EUR and the HUF amounts as well.

ECPV2(HUF): the present value cap of the Eligible Costs in HUF determined in the resolution of the Ministry of Finance regarding the development tax allowance. Upon signing the Agreement, this cap amounts to HUF 146,213,347,000 in line with the current investment schedule in EUR, the exchange rate of 238.21 HUF/EUR and a discount rate of 9.58%.

DR: Applicable discount rate in 2014 (for the sake of clarity: if, for example, the applicable discount rate is 4.7%, the above formula will use 0.047 as the DR value).

The Compensation is only payable to Mercedes-Benz if the above formula results in a positive number and the following condition is fulfilled:

$$\frac{\text{ECPV3 (HUF)} - \text{ECPV4 (HUF)}}{\text{ECPV4 (HUF)}} > 0.1$$

where:

ECPV3 (HUF): HUF present value of the Eligible Costs incurred in EUR and translated into HUF at the EUR selling rate quoted by Mercedes-Benz's account keeping bank on the day the invoice is settled and discounted at 9.58%.

ECPV4 (HUF): HUF present value of the Eligible Costs incurred in EUR, translated at an exchange rate of 238.21 HUF/EUR and discounted at 9.58%.

The Compensation mechanism is illustrated by the following example:

| Decision of the European Commission | |
|---|--------------|
| | HUF thousand |
| Present value of eligible costs (the eligible cost basis and the amount of the infrastructure support are disregarded at this stage for simplification) | 146,213,347 |
| EUR 0-50 million: 50% | 5,955,250 |
| EUR 50-100 million: 25% | 2,977,625 |
| Eligible costs above EUR 100 million: 17% | 20,806,699 |
| Present value of total State aid - maximum intensity | 29,739,574 |
| Maximum intensity in % | 20.34% |
| Cash Grant | 17,231,346 |
| Development tax allowance cap | 12,508,228 |

| Actual numbers (based on actual investment volume of EUR 760,000,000 at current value, EUR 600,000,000 at present value; at exchange rate expectations) | |
|--|--------------|
| | HUF thousand |
| HUF equivalent of Eligible Costs incurred, at present value (at actual exchange rates) | 160,000,000 |
| HUF equivalent of EUR 613,800,240 (at actual exchange rates) | 180,000,000 |
| HUF equivalent of the present value of EUR 770,000,000 (at actual exchange rates) | 170,000,000 |
| ECPV1 (HUF) (the lowest of the three amounts) | 160,000,000 |
| ECPV2 (HUF) (eligible cost cap in development tax allowance resolution) | 146,213,347 |
| ECPV3 (HUF) | 160,000,000 |
| ECPV4 (HUF) | 142,926,000 |
| Base of Compensation (ECPV1 (HUF) – ECPV2 (HUF)) | 13,786,653 |
| Compensation at present value (Base of Compensation * 0.17) | 2,343,731 |
| Compensation at current value | 3,140,824 |

2. Monitoring and repayment

- g) Mercedes-Benz shall submit a closing report regarding the use of the development tax allowance in accordance with the decision of the European Commission by the last day of the fifth (5th) month from the filing of the corporate income tax return in which the last portion of the development tax allowance is used. The closing report shall contain the tax return and other relevant documents in order to verify the development tax allowance used. Within two (2) months of the receipt of the closing report the Parties shall draw up closing minutes on the basis of this closing report. In the closing report the Parties shall verify the development tax allowance used and the eligibility of Mercedes-Benz for the relevant part of the Compensation disbursed as determined in paragraph d).
- h) If the development tax allowance is used partially or part of the cash grant is repayable for any reason, Mercedes-Benz is only entitled to a proportional Compensation, and shall repay proportionally the excess part of the Compensation with interest quoted by the National Bank of Hungary for the date when the Compensation is revoked. The period of the interest calculation shall start on the date when the Compensation was disbursed to Mercedes-Benz. The period of the interest calculation shall end on the date when the excess part of the Compensation is revoked by the Ministry for National Development.
- i) The repayment obligations for the Compensation shall be calculated according to the following formulas:

Compensation repayment for direct Cash Grant part = $[COMP * [CG1 / (CG1 + DTA1)] * [CG2 / CG3]] * [(1 + IR)^{(YR - 2014)}]$

Compensation repayment for development tax allowance part = $[COMP * [DTA1 / (CG1 + DTA1)] * [DTA2 / DTA1]] * [(1 + IR)^{(YR - 2014)}]$

where:

COMP: HUF value of the disbursed Compensation.

CG1: HUF value of the Cash Grant at present value as in the Incentive Agreement and submitted to the European Commission.

CG2: HUF value of the Cash Grant at current value after repayment obligations are satisfied under the Incentive Agreement.

CG3: HUF value of the Cash Grant at current value as in the Incentive Agreement and submitted to the European Commission.

DTA1: HUF value of the development tax allowance at present value as in the resolution of the Ministry of Finance regarding the development tax allowance.

DTA2: HUF value of the development tax allowance used at present value.

IR: Weighted or arithmetic mean of the interests at the prime rate quoted by the National Bank of Hungary from the date when the Compensation is disbursed in 2014 until the Compensation is revoked, whichever is higher. The period of the interest calculation shall start on the date when the Compensation is disbursed to Mercedes-Benz in 2014. (For the sake of clarity: if, for example, the applicable interest rate is 4.7%, the above formula will use 0.047 as the IR value).

YR: Year when the Compensation is revoked.