

**HEADS OF AGREEMENT BETWEEN THE NORTHERN IRELAND DEPARTMENT OF COMMERCE,
THE NORTHERN IRELAND DEVELOPMENT AGENCY AND THE DE LOREAN MOTOR COMPANY**

Based on the tripartite discussions held on 19 and 20 June 1978 the following assistance will, subject to the approval of the Secretary of State for Northern Ireland, be offered by the Department of Commerce and the Northern Ireland Development Agency respectively to the company to be formed in Northern Ireland by the De Lorean Motor Company.

A. FROM THE DEPARTMENT OF COMMERCE

- (i) A grant of 50% on building expenditure estimated at £8.75m. This grant will be payable against vouched expenditure.
- (ii) A loan of £4.375m to be repaid together with interest at the rate of $13\frac{1}{8}\%$ within a period of 14 years. The period prior to commencement of production shall be interest free and capital repayment shall be deferred for 3 years. The loan shall be secured by a first charge on the factory building.
- (iii) A grant of 50% on expenditure on new machinery and equipment of £24m. This grant will be payable at quarterly intervals against vouched expenditure.
- (iv) A loan of £6.5m interest free for 3 years, to be repaid at least interest rate by offsetting employment grants at the rate of £6,500 per head for 1,000 people employed, payable in one instalment when 1,000 people are employed. The parent company will guarantee the repayment of the loan.
- (v) A further loan of £3.25m, interest free for 3 years, to be repaid by offsetting employment grants at the rate of £6,500 per head for an additional 500 people employed, payable in one instalment when 1,500 people are employed. The parent company will guarantee the repayment of the loan.
- (vi) The provision of a site of approximately 53 acres on a 99 year lease at Twinbrook, Dunmurry, for the factory building and test track. The site rent will be £1,000 per acre per annum with the first 3 years rent free. As an alternative to an annual rental the company may pay a premium of £530,000 any time between the end of year 3 and year 5.
- (vii) The provision of a factory of approximately 50,000 sq.ft. at Twinbrook, Dunmurry, rent free for a period of 5 years. This factory may be used to commence production or for training purposes.

B. FROM THE NORTHERN IRELAND DEVELOPMENT AGENCY (NIDA)**(i) SHARES**

NIDA will subscribe an amount of £9.56m for all the 'A' shares in the proposed NI company such shares to carry the following rights:

- (a) each share shall carry one vote
- (b) the shares will be preferred to the 'B' shares on a winding up

- (c) during the first four years from initial subscription DMC shall have the right to purchase any or all of the 'A' shares at NIDA's subscription price plus interest accumulated at the rate of 15% p.a. from the date of subscription by NIDA to the date of purchase by DMC.
- (d) after four years from subscription NIDA shall have the right at any time to call upon DMC to purchase all or any of the 'A' shares at a price to be agreed or failing such agreement to require DMC to issue $2\frac{1}{2}$ shares of its common stock at a fair market price and to use the total proceeds (after deducting any expenses of the issue) to purchase all the 'A' shares (or to issue pro rata such lesser number of shares of common stock as may be appropriate should NIDA wish to redeem only a portion of its equity investment)
- (e) after ten years from subscription NIDA shall have the right to require DMC to purchase any or all of the 'A' shares at the cost to NIDA plus interest at a rate of 10% per annum accumulated from the end of the third year to the date of purchase by DMC.
- (f) during the term of its ownership of shares NIDA shall have the right to appoint one director to the Board of DMC and to the Board of the new company and receive adequate financial and other information on the performance of all relevant companies
- (g) NIDA will be entitled to standard anti-dilution protection related to DMC common stock
- (h) should DMC declare any dividend on its common stock NIDA shall be entitled to a dividend on its 'A' shares equivalent in total to the dividend applicable to 2.5 million shares of common stock in DMC

(ii) LOAN/LOAN GUARANTEE

NIDA will make available to the proposed company a loan (or will guarantee a loan from another source to be agreed between DMC and NIDA) amounting to \$6,284,000 on the following terms and conditions:

- (a) the loan will be obtained from the least expensive source
- (b) the loan will be for a term of ten years with a moratorium of three years on capital repayments
- (c) NIDA will be entitled to a turn of $1\frac{1}{2}$ % p.a. on its cost of funds or for providing the guarantee whichever is appropriate
- (d) the loan/loan guarantee will be secured by the provision of a first fixed and floating charge in favour of NIDA on the assets of the proposed new company (but excluding the factory building)

GENERAL CONDITIONS

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1. DeLorean Motor Corporation (DMC) will agree to promote the formation of a new NI company to manufacture motor cars, the company to be controlled by DMC.
2. The company will use its best endeavours to employ 600 persons at date of commencement of production, rising to 1000 persons after one year, 2000 persons after 5 years and to maintain this level of employment thereafter.

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3. BMC will subscribe £546,000 for all the 'B' shares in the company, each 'B' share to carry 20 votes and to be deferred both as to dividend and rights on a winding up to the 'A' shares.
4. BMC will complete a satisfactory agreement in respect of the formation and financing of the new limited partnership referred to in the prospectus dated 14 March 1978.
5. The company will provide to DOC half-yearly management accounts for all relevant companies together with audited annual accounts within four months of year end.
6. The company will satisfy both the DOC and NIRA that the group has adequate management resources to launch and sustain the project towards which the assistance outlined above is being provided.
7. Any breach by the company of its employment obligations under the agreement may and shall entitle the Department to require the company to repay all or such part of the financial assistance made available by the Department as the Department may determine. In the event that production was discontinued on a permanent basis within a period of five years from the end of the period in respect of which the last payment of grant was made the Department may and shall be entitled to require the company to repay all or such part of the assistance as the Department may determine.

NOTE

The provisions of the Criminal Injuries legislation relating to compensation for loss of assets and consequential loss arising from civil disturbances will apply in relation to this project.

Signed, for and on behalf of,

The De Lorean Motor Company

The Department of Commerce for Northern Ireland

The Northern Ireland Development Agency

Dated 21 June 1978

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