



CZECHINVEST

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The European Investment Promotion Agency of the Year 2000

Mr. Seiji Nakagoshi
General Manager, Planning Dept.
DENSO CORPORATION
Japan

RE: ČAZI 301/01/JL

AA/sekr/odepo/2

Prague, April 13, 2001

Dear Mr. Nakagoshi,

After several meetings, discussions and site visits by DENSO CORPORATION officials (including the very recent one with Messrs. K. Tono and K. Yamauchi on April 5th, 2001 in Prague) we would like to summarize the offer of support and the technical conditions for the new investment project in the Czech Republic. Please find the Improved Package Offer and listed enclosures attached to this letter.

I trust that when making your final decision you will take into account all the advantages, merits and support offered to your company from all responsible government and regional authorities in the Czech Republic as well as good location of the selected site itself.

Looking forward to our future fruitful cooperation on this feasible project.

Yours faithfully,



Martin Jahn
Chief Executive Officer
CzechInvest

Enclosures : Improved Package Offer (5 pages) + other documentation (Attachment A,B,C + Flowchart)

Prague April 13, 2001

IMPROVED PACKAGE OFFER TO DENSO CORPORATION **INVESTMENT PROJECT IN THE CZECH REPUBLIC**

1. The site

1.1. Plot

The selected site is located in "EAST" and "SOUTH" Sectors of the INDUSTRIAL PARK LIBEREC SOUTH in the city of Liberec (See Attachment A). The land is enclosed with the 700m of south boundary and the new road, which is offered by INVESTORSKO INŽENÝRSKÁ a.s. (Ii a.s.) on March 9, 2001 with the amendment offer as of April 12, 2001 (See blue part in Attachment B).

The land will be measured by the end of April 2001, while the land is currently estimated to be 255,000 sqm.

Regardless of the result of such actual measurement of the land, the total price of the land to be sold by Ii a.s. is maximum CZK 100 million.

The option to purchase the area between the new road and the stream at the price of CZK 100/sqm will be conferred on DENSO, without any consideration, for the period of 5 years after the conclusion of the site purchase contract. The option area is indicated in red in the Attachment B.

With such conditions, DENSO will get the full title of the land and the excellent better location of the site within the industrial zone, the best available usage of the space within the site and competitive original price of the land.

Terms and conditions of the purchase of the land are to be agreed separately.

Payment conditions for purchase of the land have been re-scheduled by Ii a.s. to meet DENSO CORPORATION request and actually zero payment will be required at the time of signing of the site purchase contract. The first payment will be due only after the incorporation of the DENSO CORPORATION branch company in the Czech Republic.

1.2. Infrastructure

Detailed maps and all necessary information have been provided (roads, gas, water, electricity, telephone lines ... etc.) by INVESTORSKO-INŽENÝRSKÁ a.s.

The whole infrastructure in connection with the land is to meet all needs of the investor. Two additional accesses were included to further improve the infrastructure, as well as the reconstruction of the bridge. The construction of East side road (indicated as "Road A2" in the Attachment B) will be finished by the end of 2003, and construction of West side road (indicated as "Road A1" in the Attachment B) by the end of 2002.

The roundabout at the end of main access road was shifted because of layout changes of the facility.

Public transport (bus lines) has been arranged; it will be provided right next to the

DENSO CORPORATION facility, bus stops will be built in accordance with the request of the investor, including a street lighting. Street lighting will be furnished along to main backbone road (access road) to roundabout and up to bus station next to DENSO CORPORATION facility.

Bus route will be considered by City of Liberec to be convenient for employees of the Industrial area.

All details of infrastructure requirements were attached to the documentation that was delivered on March 9, 2001(see Attachment C / 1-3).

Responsible person: Mr. Pavel Bernat

E-mail: bernat@iias.cz

2. Investment incentives

2.1. Tax holiday

A ten-year corporate tax relief is offered to a new company established in the Czech Republic (according to the Investment Incentives Act No. 72/2000 Coll. and relevant rules of the EU). As for timing for submitting the application, the parent company is advised to apply for incentives as soon as possible after the final decision.

2.2. Import duty exemption according to the Decree of the Ministry of Finance No. 313/1998 Coll. applicable to machines, machinery equipment, instruments and tools.

(see Investment Incentives Manual, part 13)

Responsible person: Mrs. Jana Baseova, Head of Investment Incentives Dept.,
CzechInvest

E-mail: baseova@czechinvest.org

2.3. Local incentives - financial support for the creation of new jobs and re-qualification of employees

Financial and other support from the local Labor Office is available, as discussed in various meetings in the city Liberec. Representatives of the Labour Office in Liberec provided all necessary details. Contacts are listed below.

Because the average unemployment rate in the district of Liberec is lower than the national average (7.48 % = average unemployment in 2nd half of the year 2000 in Liberec district while average unemployment rate in the Czech Republic in the same period = 8.75%), an investor in this district can not receive financial support at the state level according to the Investment Incentives Act. However, local support at the municipal level from the Labor Office in Liberec should perfectly satisfy individual needs of DENSO CORPORATION.

Moreover, the Technical University in Liberec proposed co-operation with DENSO CORPORATION in preparation and training of students and graduates.

Recruiting labor force

Responsible persons:

Mrs. Dana Hovorkova Head of Labor Recruiting Department Labor Office, Liberec Tel.: 048/52 36 43 E-mail: dana.hovorkova@up.mpsv.cz	Doc. Ing. Miloslav Pavlik, CSc. Head of Land Building Department Technical University Liberec, Faculty of Architecture Tel.: +420 48 5353111
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Training and retraining of personnel

Responsible person:

Ing. Maria Seifertova Head of Recruiting Department Labor Office, Liberec Tel.: +420 48 5236436 E-mail: maria.seifertova@up.mpsv.cz
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3. Aftercare

3.1. Assistance in localization - sourcing

CzechInvest has arranged visits of several potential suppliers and there are other possibilities of using all available sources of CzechInvest's database to identify more potential contacts upon request of DENSO CORPORATION with the aim to assist in further localization.

Responsible person: Mr. Vit Svajcr, Head of Sourcing Dept., CzechInvest
E-mail: svajcr@czechinvest.org

3.2. Recruiting and training support

(1) Recruit Support

Labor office in Liberec guarantee support for recruit activities of investor. The list of unemployed people at the labor office is available, which will serve as a source of potential employees.

The labor office will cooperate with high schools and with Technical University in Liberec by recruiting the students, especially studying the last year.

(2) Applicant Screening

The labor office will make a preliminary selection for the applicant suitable for manufacturing company.

Then the labor office will divide people to some groups according to a demand (e.g. required level of achieved education, age, etc.) and the potential employer can make the secondary selection.

(3) Training Support

The labor office will arrange an education and training program for employees before employment. It can be organized by various private agencies in cooperation with the labor office. The costs connected with this program can be paid by the labor office, as it is designed for unemployed people.

The labor office will arrange the similar program for employees after employment. This could be done also by some private agency, but in cooperation with the employer. The labor office will not take direct part in it, as this is not designed for unemployed people.

The interpreter will be provided for mentioned programs by the labor office.

Responsible person :

Ing. Maria Seifertová
Head, Recruiting Department
Labor Office, Liberec
Tel.: +420 48 5236436
E-mail: maria.seifertova@up.mpsv.cz

3.3. Assistance in setting up a temporary office

INVESTORSKO-INŽENÝRSKÁ a.s. is offering 50 m² of office space in the center of Liberec city free of charge and other terms and conditions will be separately agreed. Further, Ii a.s. will provide a few candidates of the office space ca. 200 sqm which will meet DENSO CORPORATION requirement (ground floor with parking lots, close to the site, reasonable charge).

Responsible person:

Mr. Pavel Bernat
E-mail: bernat@iias.cz

3.4. Taking care for Japanese expatriate

(1) City of Liberec will ensure creating of Guide book for Japanese expatriates about living in Czech Republic and especially in Liberec and also to provide an English speaking person, who will take care for them for temporary time.

(2) City of Liberec will provide a bus service between Japanese school and residential area by using commercial conditions.

Responsible person:

Mrs. Nad'a Jozífková
Deputy Mayor, Liberec
Tel: + 420 48 5243102
E-mail : Jozifkova.nada@magistrat.liberec.cz

4. Flowchart of the project

Please see the attached flowchart (grading permit, building permit, designing, EIA process, construction...etc).

Each permission is obtained within the following period:

5,5 months for E.I.A. process.

2,5 months for Area decision.

2 months for Grading permit.

1,5 months for Building permit.

5. Team responsible for the DENSO Project at CzechInvest

- Mr. Tomas Vohralik, Project Manager, Investment Project Dept.
- Mrs. Jana Dolejsova, Industrial Property Dept.

The above-mentioned package is being duly submitted to DENSO CORPORATION for the new investment project to the Czech Republic.
