

**EXHIBIT A**

**SCHEDULE FOR REDUCTION OF FUTURE INCENTIVE PAYMENTS**

In the event BW fails to meet and maintain 90% of both its Direct Investment commitment and the new Full-Time Project Related Jobs in the preceding year in which the County has agreed to make Future Incentive Payments the County's payments to the BW shall be reduced by a pro rata amount of that year's payment. The pro rata amount shall be computed as the average of (a) the percentage by which BW has failed to meet the Performance Commitments for the Jobs Minimum and (b) the percentage by which BW has failed to meet the Direct Investment. The examples below demonstrate the application of this payment reduction provision.

<u>Date</u>	<u>new Full-Time Project Related Jobs Benchmark Minimum (cumulative total)</u>	<u>Direct Investment Benchmark Minimum Total (in Thousands)</u>
<b>2014</b>	<b>39</b>	<b>\$ 16,843</b>
<b>2015</b>	<b>41</b>	<b>\$ 11,497 for a cumulative total of \$28,340</b>
<b>2016</b>	<b>87</b>	<b>\$ 11,178 for a cumulative total of \$39,518</b>
<b>2017</b>	<b>121</b>	<b>\$ 8,850 for a cumulative total of \$48,368</b>
<b>2018</b>	<b>154</b>	<b>\$ 6,588 for a cumulative total of \$54,956</b>

Pro Rata Reduction Examples

Jobs Minimum:

- If BW makes and maintains aggregate Direct Investment of the full \$28,340,000 by December 31, 2015, but has employed only 30 new full-time persons associated with the Project (and assuming BW has retained its current 588 employees) then the County's next Future Incentive Payment will be calculated as follows:
- County will pay an amount equal to (i) a pro rata percentage, multiplied by (ii) the sum of the Future Incentive Payments attributable to Jobs Minimum that would be due to BW under this Agreement (up to a maximum of \$963,300.00) (iii) divided by 2.
  - The pro rata percentage is 73.17% (30 [new employees] ÷ 41 [commitment]).
  - Assume that BW has received all previous Future Incentive Payments in full.
- The amount County owes for Future Incentive Payment in April 2016 is calculated as: (73.17% x \$192,660) ÷ 2 = \$70,484.66. Hence, \$70,484.66 (Jobs) + \$192,660 (Investment) = \$263,144.66.

Direct Investment:

- If BW has achieved all 154 new full-time employees at the Facilities by December 31, 2018, but has achieved / maintained Direct Investments of only \$35,000,000 then the County's next Future Incentive Payment will be calculated as follows:

- County will pay an amount equal to (i) a pro rata percentage, multiplied by (ii) the sum of the Future Incentive Payments attributable to Direct Investment that would be due to BW under this Agreement (up to a maximum of \$963,300.00) (iii) divided by 2.
  - The pro rata percentage is 63.69% ( $\$35\text{M investment} \div \$54.956\text{M commitment} = 63.69\%$ ).
  - Assume that BW received all previous Future Incentive Payments in full.
- The amount County owes for Future Incentive Payment in April 2016 is calculated as:  $(63.69\% \times \$192,660) \div 2 = \$61,352.58$ . Hence,  $\$61,352.58$  (Jobs) +  $\$192,660$  (Investment) =  $\$254,012.58$ .

#### Other Scenarios:

##### Scenario 1:

- BorgWarner hits all of its Direct Investment and new Full-Time Project Related Jobs metrics during the 5 year project. In December 2019, BW has only 104 jobs such new Full-Time Project Related Jobs.
- BW is obligated to repay an amount equal to (i) taking 60% of all the Future Incentive Payments made to BW associated with Job Creation, multiplied by (ii) the percentage of such reduction.
  - total incentives paid to BW associated with Full-Time Project Related Jobs is \$963,300.
  - percentage of reduction is 32.47% ( $104 \div 154 = 67.53\%$ ;  $100\% - 67.53\% = 32.47\%$ ).
- The amount BW would repay County is calculated as:  $(60\% \times \$963,300) \times 32.47\% = \$187,670.11$ .

##### Scenario 2

- BorgWarner hits all of its Direct Investment and new Full-Time Project Related Jobs metrics during the 5 year project. In 2019, BW must move some equipment out of state and as of December 31, 2019 the Buncombe County Tax Department calculates the value of Direct Investment attributable to the project to be \$34,956,000. (\* this does not account for any applicable depreciation and may not reflect book value)
- BW is obligated to repay an amount equal to (i) taking 60% of all the Future Incentive Payments made to BW associated with Direct Investment, multiplied by (ii) the percentage of such reduction.
  - total incentives paid to BW associated with Direct Investment payments is \$963,300.
  - percentage of reduction is 40.04% ( $34.956\text{M} \div \$54.956\text{M} = 59.96\%$ ;  $100\% - 59.96\% = 40.04\%$ ).
- The amount BW would repay County is calculated as:  $(60\% \times \$963,300) \times 40.04\% = \$231,423.19$ .