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1. Scope:

These GPC shall apply now and further on for each initiation and each performance of our business relationship with a Seller of goods or services. Contradicting or deviating conditions of Seller shall without exception be excluded and shall be deemed not valid provided we had determined contradicting or deviating conditions in details or had confirmed them expressly. These GPC are available for download under www.fte.de in the valid version. In the cross-border business relationship the GPC will be introduced and presented as separate document compelling for the entire business relationship with the Seller, according to Article 8 of the United Nations Convention on Contracts for the International Sale of Goods (CISG) and Article 23 EuGVO. Relevant is the version at the date of our purchase order.

The GPC also apply in the direct business relationship between the Seller and the affiliated companies of FTE automotive.


2. Basics for the supply of automotive products:

FTE automotive GmbH is a globally operating manufacturer of safety- and functional relevant automotive products of the original equipment and for the spare parts markets („automotive products“). The obligation for defect prevention within the whole supply chain of vehicle manufacturing and in the spare parts markets shall be mandatory for each Seller of automotive products and services including software. The compliance and the performance of internationally applicable or generally accepted regulations (e.g. APQP, PPAP, PPF according to VDA) including quality assurance management (e.g. ISO/TS 16949:2009 –herein further referred to as „ISO/TS“- and equivalent VDA standards) shall entirely be deemed incorporated as prerequisite in each business between FTE automotive and the Seller and therefore contractually binding. The specific terms and definitions in the regulations as referred to shall supersede any other interpretations.

For products and services others then automotive products the statutory provisions shall apply unless otherwise stipulated in these GPC.

3. Item of delivery:

In the scope of the customer-related processes (ISO/TS 7.2) the Seller shall collaborate responsibly determining the requirements and the specification on the automotive product (agreed upon quality and nature of the product). The Seller shall evaluate the requirements of the product proposed by FTE automotive on the base of a quality plan (in accordance with ISO/TS 7.2.2.2: 8.1.1) and Seller shall determine all final characteristics of the product in

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assent with FTE automotive. Seller shall confirm the compliance of the automotive product with the agreed upon specification by a first sample report issued in his own responsibility which shall be based on the approval of the process capability $c_{pk} > 1,67$ in accordance with a control plan as stipulated in assent with FTE automotive. The release to serial deliveries is based on the trust of FTE automotive in the integrity of the first sample report. The release shall not be deemed a legally binding approval of FTE automotive. The release shall not relieve the Seller from his sole responsibility for ensuring the quality of the automotive product (ISO/TS 7.4.1.3)

The Seller shall perform the deliveries and services by and within his own organisation. Any engagement of a sub-contractor needs the prior approval of FTE automotive in writing. The Seller must verify all products purchased within his production processes in accordance with ISO/TS 7.4.1. If the source for products purchased by the Seller has been determined by the customer of FTE automotive (determined supplier) the Seller is not relieved from the obligations as mentioned in the paragraph above and from the obligations to verify and validate the purchased products:

FTE automotive at any time may request the change of the automotive product or the production processes including but not limited to measurements and related methods. Such requests shall not reduce Seller's collaboration in the scope of the first paragraph above. Costs impacts arising from any change request will be negotiated in good faith. Seller's collaboration shall be made depend from a prior agreement on the cost.


4. Deliveries:

Deliveries shall be performed in accordance with agreed upon delivery schedules and logistics. Subject matters of such agreement will be in particular the volume of deliveries, sequences, locations of deliveries, delivery conditions (e.g. ex work, DDP, Incoterms 2010), means of transportation, routing and packaging. A delivery of Seller shall be deemed to be in compliance with contractual requirements only upon complete and just-in-time submission of agreed upon or statutorily required documents including but not limited to documents for cross border deliveries (in particular but not limited to Seller's declarations according to EC-Regulation 1207/2001 and according to Customs Code).

Partial deliveries are not permitted. The acceptance of partial deliveries shall not be deemed a waiver of FTE automotive of any contractual or statutory right.

5. Delayed Deliveries:

Delayed deliveries shall be deemed a fundamental breach of contract. Seller shall inform FTE automotive without

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undue delay of any event or circumstance which could have an impact on the timely delivery and of his activities to prevent such detrimental events and to mitigate any loss caused by such events. Seller must implement and maintain effectively contingency plans (ISO/TS 6.3.2) for any event of disturbance of deliveries and in the event of Force Majeure. FTE automotive is entitled to audit the contingency plans. In any case is FTE automotive entitled based on the information of the Seller in its own discretion to undertake any measure to mitigate any detriment including covering purchase.

6. Incoming inspection:

FTE automotive's incoming inspection according to Section 377 Commercial Code (CC) is reduced to the inspection of identity, quantity and obvious damages from packaging or transportation. FTE automotive shall inform the Seller without undue delay. FTE automotive will inspect automotive products in the normal course of verification during the productions processes (orderly business process) in accordance with ISO/TS 7.4.3.1. The information of the Seller without undue delay shall be deemed contractual and in time; Section 377 CC shall be deemed waived in this scope.


Defects which are detected in the process of verification at FTE automotive or in the process of validation at FTE automotive's customer shall be deemed hidden defects. Hidden defects shall be reported to Seller without undue delay after detection at FTE automotive or upon a detailed complaint of the customer of FTE automotive. Any notice of defects of FTE automotive shall be deemed in time even if indications for an allocation of the root cause of the defect to the Seller emerges not earlier than after testing and investigations.

7. Payments:

Payment shall be performed after contractual delivery of products or services until the 25th day of the following month with 3% discount or after 90 days net per credit procedure unless otherwise agreed upon.

Paragraph one applies if formal invoices are required. In case earlier deliveries the agreed upon delivery term is relevant for the maturity.

In the event of delivery of defective products FTE automotive is entitled to withhold payments according to the value of the defective products and attributable costs until performance of correct deliveries. FTW automotive may withhold due payments accordingly if FTE automotive had paid for defective products. No acceptance of products and no payment of FTE automotive shall be deemed any waiver pertaining contractual or statutory rights of FTE automotive.

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Any assignment of any receivable for Seller to a third party needs the assent of FTE automotive, which FTE automotive will not withhold unreasonably. This does not apply in the case of extended retention of title. In any case of assignment FTE automotive in its sole discretion may pay the Seller or the assignee.

8. Quality Management System:

During the business relationship with FTE automotive Seller must implement a certified and effective Quality Management System (QMS) in accordance with ISO/TS 16949:2009 or equivalent. The regulations relevant for the QMS shall contractually always be deemed incorporated in any delivery agreement. Seller shall without undue delay report any expiration, reduction or withdrawal of the certificate. The rights of FTE automotive to audit the Seller and to undertake measures of layout inspections and functional testing (ISO/TS 8.2.4.1) are always reserved.


FTE automotive may determine further requirements in Quality Guidelines and require the compliance with Customer Specific Requirements.

Any change of the automotive products or the related production processes need the prior written assent of FTE automotive and must be controlled (ISO/TS 7.1.4). Any change must be documented and approved by FTE automotive and the Seller in one document (part report). The part report is the decisive document for the last status of consent in regards to the nature and quality of the automotive product and the production processes.

On request of FTE automotive Seller shall reveal to and to submit FTE automotive all documents to be produced under the regime of the provisions of the product realization (ISO/TS 7). In order to preserve business secrets of the Seller or third parties FTE automotive may request the submission of the documents to and their evaluation by independent auditors who have the professional obligation for confidentiality.

9. Re-traceability:

The Seller shall secure the re-traceability of his automotive products including all purchased products and services. The identification of the automotive products shall be agreed upon with FTE automotive and may include requirements of customers of FTE automotive. The identification of the automotive products must be eligible to pursue the re-traceability in the supply chain (ISO/TS 8.3.1). On request of FTE automotive the Seller shall submit to FTE automotive the relevant documents thereof. Any objection of the Seller shall be excluded in particular for reasons of mitigating subsequent damages from any lack of re-traceability.

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10. Warranty:

Any deviation from the agreed upon specification or the nature and quality of the automotive product including but not limited to any lack, defectiveness or incompleteness of related technical or business documentations shall be deemed a defect of the automotive product in breach of contract. All statutory and contractual rights of FTE automotive of warranty are reserved including but not limited to any right caused by breach of contract and consultancy. FTE automotive may charge for each valid warranty claim an administration fee of at least € 100.00 net.

If the Seller is not able or not willing to remedy at his own expense the failure to perform his obligations or if he does not perform within the term determined by FTE automotive FTE automotive shall be entitled to remedy the failure by itself or by a third party or to purchase from a third supplier at the cost of the Seller.


If FTE automotive has the obligation to remedy failures of the automotive products due to defects from the performance of the Seller, the Seller shall irrespective of all other contractual and statutory obligations on request support FTE automotive as advised by FTE automotive. In particular but not limited to mitigate any costs and consequential damages any right of the Seller to object the requested support shall be excluded.

If any third party asserts claims against FTE automotive due to failures in the performance of the Seller, the Seller shall indemnify FTE automotive, hold FTE automotive harmless from any reasonable costs or shall reimburse such costs including but not limited to costs for transportation, investigation, dismantling and mantling and all statutory costs imposed on FTE automotive from the participants of the supply chain. The Seller' right to prove that the failure was caused by acts or omissions FTE automotive and to prove lower causal costs shall be reserved.

Warranty claims shall be statute-barred what occurs the earliest after 24 months after the first registration of the vehicle or incorporation of spare parts, or 30 months from the date of delivery to FTW automotive unless the law does not provide longer terms of warranty. The warranty period shall be suspended at date of serving the notice to remedy the failure or to render a statement in regards to the failures or to open an 8D-report. Statutory provisions pertaining the suspension shall remain unaffected.

11. Product Liability:

Should FTE automotive be challenged by any third party asserting claims based on producer's product liability or strict product liability Seller shall indemnify FTE automotive and hold FTW automotive harmless and shall reimburse all reasonable losses and costs FTE automotive has incurred in the scope as such losses and costs

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were caused by failures to be attributed to the Seller. FTE automotive shall inform the Seller about the assertion of third party's claims. The Seller shall provide any information and document in the discretion of FTE automotive are deemed necessary or useful in particular but not limited to defend said claims, to investigate the root cause, to mitigate the damages and losses and to determine containment actions. Seller has no right to refuse providing the requested information or documents or to support FTE automotive as requested. The Seller reserves his rights to prove contributory faults of FTE automotive or unreasonable or not causal losses and costs. In any event of product liability FTE automotive and the Seller shall communicate and exchange information fairly and on a good faith base. Neither party shall enter into settlements which could create ramifications to the detriment of the other party without prior consulting with the other party.


Seller shall maintain adequate insurance coverage for any case of product liability including in particular recalls, cost for mantling and dismantling and costs of investigations according to the extended product liability police under the schemes of the German GDV-model.

12. Industrial Property Rights:

Unless otherwise expressly agreed upon in writing nothing in the business relationship between FTE automotive and the Seller shall include any transfer of any industrial or intellectual property rights of FTE automotive (e.g. patents, know-how, copyrights trade marks), registered or not registered, to Seller or should be deemed to use for other purposes than the performance of the supply contract. The supply of automotive products to FTE automotive includes the rights of FTE automotive to use industrial property rights of Seller (inclusive software) unlimited, non-exclusive and global for the use in the automotive products by FTE automotive and its customers worldwide. Any fees deriving from the use of Seller's industrial property rights shall be deemed compensated by the purchase price of the automotive product.

Seller assures that his supply of automotive products or services do not infringe any third party's industrial or intellectual property rights. In the event of any such infringement Seller shall be responsible to enter into agreements or to offer solutions at Sellers costs enabling FTE automotive to use such property rights without additional costs for FTE automotive. If Seller cannot enter into such agreements or cannot submit reasonable solutions, Seller in assent with FTE automotive must change the automotive product and/or the related services excluding any infringement of third party's industrial and intellectual property rights.

Should FTE automotive be challenged by any third party based on alleged infringement of industrial or intellectual property rights related to the automotive products or services of Seller, Seller shall indemnify and hold FTE automotive harmless from any such claims and related costs and shall reimburse FTE automotive in the scope

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FTE automotive reasonably has insured losses and costs. This does not apply in the event that the infringement has been caused solely by FTE automotive. The Seller reserves his right to prove contributory faults of FTE automotive or unreasonable or not causal losses and costs

13. FTE automotive owned tools:

Any kind of tools in particular but not limited to samples, drawings, models, regulations, software etc. (each and together "tools") provided by FTE automotive to Seller, shall remain the sole property of FTE automotive. Seller shall mark the tools indestructible and permanent as property of FTE automotive. Tools construed or purchased by the Seller and which are paid for by FTE automotive either directly or amortized by the price of the automotive product shall be deemed irrevocably bailed to FTE automotive and will be the sole property of FTE automotive subject to the compensation of the purchase price of the tools which is the date of transfer of title to FTE automotive. Further details including costs for maintenance, repair and replacement shall be subject to a separate tools transfer and purchasing contract.

Seller shall use the tools solely for purposes of FTE automotive. FTE automotive may request the return of tools at any time.


In the event of any execution of any third party on the tools Seller shall inform FTE automotive immediately and must support FTE automotive in the defence against any such actions.

Seller has to secure the tools and to insure the tools at the original purchase price and against elementary damages. He must advise the insurer to make payments under the policy only to FTE automotive.

14. Environment – Hazardous Materials:

Seller shall maintain an environmental management system according to ISO 14001 or equivalent.

Seller shall declare all materials and their components in accordance with IMDS and to document the declaration in the PPAP documents. Hazardous materials are forbidden. Seller must supervise the use and the determination of materials as hazardous materials e.g. by permanently monitoring the „Global Automotive Declarable Substances List GADSL“, www.gadsl.org or equivalent. Seller has to report to FTE automotive with undue delay any change of such lists and any experience on the global markets which could have ramifications to the compliance of automotive products supplied to FTE automotive with compelling regulations. This obligation of product related monitoring of Seller shall survive any termination of the supply contract or the business relationship between FTE automotive and the Seller.

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15. Force Majeure:

In any event of Force Majeure in particular but not limited to natural disasters, flood, earthquake, fire, terror, embargos, unforeseeable governmental acts strikes or out locks Seller and FTE automotive each other immediately and comprehensively about the scope of the event, its impact on the security of supply and all measures they intend to undertake and have undertaken to mitigate the impacts. During the event of Force Majeure the parties are released from the performance of those obligations which are affected by the event. Seller must undertake any reasonable action to secure deliveries to FTE automotive and must support FTE automotive in all activities for covering purchasing. FTE automotive shall be entitled to undertake in its sole discretion all activities FTE automotive deems appropriate to maintain its own production.


Seller shall implement and maintain effective contingency plans for events of Force Majeure any other event which may jeopardize the supply of FTE automotive in accordance with ISO/TS 6.3.2.

16. Termination:

Unless otherwise agreed upon FTE automotive may terminate any agreement partially or in total with immediate effect or by good cause:

- a.) In the event of threatening or applied insolvency;
- b.) Should Seller not cooperate in the determination of the specifications according to Section 3 above;
- c.) In the event of the suspension, reduction or termination of the certification of the QMS;
- d.) In the event of Seller's failures to perform as agreed upon despite a warning by FTE automotive;
- e.) In the event of the termination of the supply contract for the specified automotive product by the customer of FTE automotive. In this case FTE automotive shall reimburse the costs for materials which were purchased by Seller for the supply purposes to FTE automotive and which Seller cannot sell otherwise. FTE automotive may purchase those materials at the purchase price of the Seller.
- f.) In the event of any change of control in the structure or the organization of Seller in particular but not limited to the material sale of assets relevant for the production of automotive products for FTE automotive or shares to a competitor of FTE automotive.

The right of FTE automotive and Seller to terminate any agreement for good cause with immediate effect remains unaffected.

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17. IT - Security:

Seller shall implement and maintain an IT-Management System based on the actual revision of DIN ISO/IEC 27001 (currently of 2008 and guideline DIN ISO/IEC 27002). Seller shall report immediately any event which might have an impact on his IT-Security (in particular but not limited to hacker attacks, Trojans, virus etc.). Seller must document any of such an event and must give notice and of make the documentation available to FTE automotive. FTE automotive and Seller shall in assent evaluate all possible impacts of such an event on their IT-Systems and the security of the systems. They shall determine containment actions immediately and effectively. If there is no reasonable action possible or not assented FTE automotive is entitled to interrupt the IT-communication with the Seller. FTE automotive at any time is entitled to audit the effectiveness of the IT-Security at the premises of Seller or to have it audited by a third person under professional obligation of confidentiality. This applies accordingly in the event of a security event at FTE automotive.

18. Venue – Contractual language:

Exclusive venue for any legal dispute is the District Court competent for Ebern. The contractual language is German unless otherwise agreed upon. Place of performance is the location determined by FTE automotive or the affiliated company of FTE automotive.

In case of any dispute caused by differences in the interpretation of legal terms the interpretations under the regime of the CISG shall prevail.


19. Applicable Laws:

Any legal dispute between FTE automotive and the Seller shall be governed exclusively according to and in accordance with German laws. The United Nations Convention on Contracts for the International Sale of Goods – CISG shall apply in any cross border business.

If FTE automotive and/or the Seller should be pursued by a third party under foreign jurisdiction at a foreign place of jurisdiction irrespective of paragraph one of this Section 19 either of them is entitled to undertake all legal actions of defence under the foreign jurisdiction at the foreign place of jurisdiction. Claims of compensation or recourse deriving from foreign disputes shall be governed in according with paragraph one of this Section 19.

20. Confidentiality:

All information exchanged between FTE automotive and Seller shall be deemed confidential irrespective from the

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nature of the information, from the means of transfer or from the methods of storing. The recipient shall use the information only for the purposes of the transfer, for the agreed upon business and for the performance of contractual obligations unless otherwise agreed upon in writing. FTE automotive and the Seller shall disseminate the information only in a scope to those persons (including but not limited to employees, consultants, agents etc.) who need-to-know. FTE automotive and the Seller shall impose in writing the same scope of confidentiality on peoples they have engaged. The obligation to maintain the confidentiality shall survive any termination at least for a term of five years after the expiration or termination of the contract of a specific automotive product or service. The non-compliance with the obligations of Section 17 shall be deemed a breach of the obligation of confidentiality.

21. Miscellaneous:

Any change, amendment, termination or cancellations of a contract must be in writing. The requirement of written form shall not be substituted by electronic forms.

Should a provision of these GPC be or become legally invalid or not enforceable the validity of all other provisions shall remain unaffected. In the event of an invalid or unenforceable provision the parties shall assent to a valid or enforceable provision which is legally and economical nearest to the provision which must be replaced, unless FTE automotive had changed the GPC accordingly.