

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 15, 2016

GENTHERM INCORPORATED

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction
of incorporation)

0-21810
(Commission
File Number)

95-4318554
(IRS Employer
Identification No.)

21680 Haggerty Road, Ste. 101, Northville, MI
(Address of principal executive offices)

48167
(Zip Code)

Registrant's telephone number, including area code: (248) 504-0500

Former name or former address, if changed since last report: N/A

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 1.01 Entry into a Material Definitive Agreement.

On December 15, 2016, Gentherm Incorporated (the “Company”), together with the direct and indirect subsidiaries set forth on the signature pages thereto as borrowers, designated borrowers or guarantors thereunder, entered into a Third Amendment to Credit Agreement (the “Third Amendment”), with the lenders party thereto and Bank of America, N.A., as administrative agent. The Third Amendment amends that certain Credit Agreement, dated August 7, 2014 (as amended, the “Credit Agreement”).

The Third Amendment (i) increases the aggregate principal amount available for borrowing under the revolving credit facility from \$250 million to \$350 million; (ii) increases the German Borrower sublimit from \$50 million to \$100 million; (iii) increases permitted investments of certain subsidiaries; (iv) increases the aggregate amount of restricted payments that may be made by the Company assuming compliance with a specified consolidated leverage ratio test; (v) permits prepayment of certain intercompany indebtedness; and (vi) adds a new lender under the Credit Agreement.

Under the Credit Agreement, U.S. Dollar denominated loans bear interest at either a base rate (“Base Rate Loans”) or Eurocurrency rate (“Eurocurrency Rate Loans”), plus a margin (“Applicable Rate”). The Applicable Rate varies based on the Consolidated Leverage Ratio of the Company as defined by the Credit Agreement. The base rate, Eurocurrency rate and Applicable Rate remain unchanged by the Third Amendment.

The other terms and conditions of the Credit Agreement, including the terms under which the amounts due thereunder may be accelerated or increased, were not materially amended by the Third Amendment and remain in full force and effect.

The foregoing summary of the material terms of the Third Amendment is qualified in its entirety by reference to the Third Amendment, which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 15, 2016, the Compensation Committee of the Board of Directors (the “Committee”) of the Company approved the Gentherm Incorporated Performance Bonus Plan (the “Performance Bonus Plan”), effective January 1, 2017.

The Performance Bonus Plan provides for potential cash bonus payments to executive officers of the Company and other key employees of the Company and its subsidiaries as selected by the Company’s Chief Executive Officer (“CEO”). Each participant in the Performance Bonus Plan is eligible to receive a “target bonus” equal to a fixed percentage of his or her annual base salary as determined by the Committee, for executive officers, or as determined by the CEO, for other participants. Bonus payments under the plan are based on the Company’s achievement of revenue and earnings before interest, taxes, depreciation and amortization, deferred financing cost amortization, transaction expenses, debt retirement expenses, unrealized currency gain or loss, unrealized revaluation of derivatives and any other non-recurring adjustments that the Committee determines, in its discretion, should be excluded (“Adjusted EBITDA”) for the applicable performance periods compared to target revenue and target Adjusted EBITDA, respectively, for the applicable performance periods as established by the Committee. Bonus payments are further adjusted by the individual performance rating of the applicable participant, and may be further modified by the Administrator in its sole discretion for any reason, subject to applicable law and restrictions set forth in the Performance Bonus Plan.

The Performance Bonus Plan provides for two performance periods each calendar year. The first performance period is based on the Company’s and the participant’s performance for the period from January 1 through June 30 each year, which will be paid in August or September of such calendar year. The second performance period is based on the Company’s and the participant’s performance for the entire calendar year, with the bonus payment for the second performance period reduced by the actual bonus paid to the participant for the first performance period; such final bonus payment will be paid in February or March of the subsequent calendar year.

In addition to establishing the targets for revenue and Adjusted EBITDA for each year of the Performance Bonus Plan, the Committee will establish the relative weighting of the two performance targets to determine the Company's target financial achievement during the applicable performance period (the "Performance Goals") and will establish a performance threshold, based on revenue, Adjusted EBITDA or a combination of both, below which no bonuses will be paid under the Performance Bonus Plan. In addition to any performance threshold, if the Company achieves less than 85% of the Performance Goals, no bonus will be paid under the Performance Bonus Plan. If the Company achieves more than 85% of the Performance Goals, then, subject to adjustments for individual performance ratings and any discretionary adjustments made by the Committee, for executive officers, or by the CEO, for other participants, bonuses will be payable to participants according to the scale set forth in the Performance Bonus Plan. Base bonuses earned due to the Performance Goals will be 50% to 150% of the applicable target bonus for the applicable period, and such base bonuses will be modified based on an individual performance multiplier of 0% to 135%.

The Performance Bonus Plan further specifies rights regarding pro rata bonuses or termination of such bonus upon hiring, promotion, employment termination or change in control events. In addition, the Performance Bonus Plan includes a clawback provision that provides for the Company's option to seek reimbursement of up to three completed years of bonus payments from executive officers in the event of a restatement of the Company's financial statements due to error or misconduct, to the extent permitted by governing law, having the effect of reducing the earned bonus thereunder. The foregoing summary of the material terms of the Performance Bonus Plan is qualified in its entirety by reference to the Performance Bonus Plan, which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Item 8.01 Other Events.

Effective as of December 15, 2016, the Board of Directors of the Company approved a stock repurchase program (the "Repurchase Program"). Under the Repurchase Program, which terminates on December 15, 2019, the Company may repurchase up to \$100 million of its issued and outstanding common stock. Repurchases under the Repurchase Program may be made, from time to time, in amounts and at prices the Company deems appropriate, subject to market conditions, applicable legal requirements, debt covenants and other considerations. Any such repurchases may be executed using open market purchases, privately negotiated agreements or other transactions. Repurchases under the Repurchase Program may be funded from cash on hand, available borrowings or proceeds from potential debt or other capital markets sources. The Repurchase Program may be modified, extended or terminated at any time without prior notice. A copy of the news release announcing the Repurchase Program is filed as Exhibit 99.1 attached hereto and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	Description
10.1	Third Amendment to Credit Agreement, dated as of December 15, 2016, by and among Gentherm Incorporated, together with the direct and indirect subsidiaries set forth on the signature pages thereto as borrowers, designated borrowers or guarantors thereunder, the lenders party thereto, and Bank of America, N.A., as administrative agent.
10.2	Gentherm Incorporated Performance Bonus Plan
99.1	Company news release dated December 16, 2016 announcing a \$100 million stock repurchase program.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GENTHERM INCORPORATED

By: /s/ Kenneth J. Phillips
Kenneth J. Phillips
Vice-President and General Counsel

Date: December 16, 2016

Exhibit Index

<u>Exhibit No.</u>	Description
10.1	Third Amendment to Credit Agreement, dated as of December 15, 2016, by and among Gentherm Incorporated, together with the direct and indirect subsidiaries set forth on the signature pages thereto as borrowers, designated borrowers or guarantors thereunder, the lenders party thereto, and Bank of America, N.A., as administrative agent.
10.2	Gentherm Incorporated Performance Bonus Plan
99.1	Company news release dated December 16, 2016 announcing a \$100 million stock repurchase program.

THIRD AMENDMENT TO CREDIT AGREEMENT

Dated as of December 15, 2016

among

GENTHERM INCORPORATED,
GENTHERM (TEXAS), INC.,
GENTHERM LICENSING, LIMITED PARTNERSHIP,
GENTHERM GMBH,
GENTHERM ENTERPRISES GMBH,
GENTHERM LICENSING GMBH,
GENTHERM GLOBAL POWER TECHNOLOGIES INC.,
and
GENTHERM CANADA ULC,
as Borrowers,

CERTAIN SUBSIDIARIES OF GENTHERM INCORPORATED PARTY HERETO,
as Designated Borrowers,

CERTAIN SUBSIDIARIES OF GENTHERM INCORPORATED PARTY HERETO,
as Guarantors,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender and L/C Issuer,

JPMORGAN CHASE BANK, N.A.,
as Syndication Agent,

HSBC BANK USA, NATIONAL ASSOCIATION,
and
KEYBANK NATIONAL ASSOCIATION,
as Co-Documentation Agents

and

The Other Lenders Party Hereto

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Sole Lead Arranger and Sole Book Runner

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT (this "Agreement"), dated as of December 15, 2016 (the "Third Amendment Effective Date"), is entered into by and among Gentherm Incorporated, a Michigan corporation (the "Company"), Gentherm (Texas), Inc., a Texas corporation ("Gentherm Texas"), Gentherm Licensing, Limited Partnership, a Michigan limited partnership ("Gentherm Licensing US"), Gentherm GmbH, a German limited liability company ("Gentherm Germany"), Gentherm Enterprises GmbH, a German limited liability company ("Gentherm Enterprises"), Gentherm Licensing GmbH, a German limited liability company ("Gentherm Licensing Germany"; together with Gentherm Germany and Gentherm Enterprises, the "German Borrowers"), Gentherm Global Power Technologies Inc., an Alberta corporation ("Global"), Gentherm Canada ULC, an Alberta unlimited liability company ("Gentherm Canada"; together with Global, the "Canadian Borrowers"), the Designated Borrowers party hereto (the "Designated Borrowers" and each, a "Designated Borrower"; and together with the Company, Gentherm Texas, Gentherm Licensing US, the German Borrowers and the Canadian Borrowers, the "Borrowers" and each, a "Borrower"), the Guarantors party hereto, the Lenders (including the New Lender (as defined below)) party hereto, and Bank of America, N.A., as Administrative Agent (the "Administrative Agent"), Swing Line Lender and L/C Issuer.

WITNESSETH:

WHEREAS, the Borrowers, the Lenders and Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, are all parties to that certain Credit Agreement, dated as of August 7, 2014 (as amended or otherwise modified prior to the date hereof, the "Credit Agreement");

WHEREAS, the Borrowers have requested that the Lenders, the Swing Line Lender, the L/C Issuer and the Administrative Agent amend certain provisions of the Credit Agreement as set forth herein; and

WHEREAS, the Lenders, the Swing Line Lender, the L/C Issuer and the Administrative Agent are willing to effect such amendments, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

SECTION 1.1. Definitions. Capitalized terms used but not otherwise defined herein have the meanings assigned to them in the Credit Agreement.

ARTICLE II.

AMENDMENTS TO CREDIT AGREEMENT

SECTION 2.1. Section 1.01.

SECTION 2.1.1. The definition of "Arranger" in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Arranger” means Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation’s or any of its subsidiaries’ investment banking, commercial lending services or related businesses may be transferred following the Third Amendment Effective Date), in its capacity as sole lead arranger and sole book runner.

SECTION 2.1.2. The definition of “Federal Funds Rate” in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

SECTION 2.1.3. The definition of “German Borrower Sublimit” in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“German Borrower Sublimit” means an amount equal to the lesser of (a) \$100,000,000 and (b) the Revolving Credit Facility. The German Borrower Sublimit is part of, and not in addition to, the Revolving Credit Facility.

SECTION 2.1.4. The definition of “Revolving Credit Facility” in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Revolving Credit Facility” means, at any time, the aggregate amount of the Lenders’ Commitments at such time. The aggregate principal amount of the Revolving Credit Facility in effect on the Third Amendment Effective Date is THREE HUNDRED FIFTY MILLION DOLLARS (\$350,000,000).

SECTION 2.1.5. The following defined term is hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical order:

“Third Amendment Effective Date” means December 15, 2016.

SECTION 2.2. Section 7.02. The reference in Section 7.02(i) of the Credit Agreement to “\$35,000,000” is hereby replaced with “\$50,000,000”.

SECTION 2.3. Section 7.06. Section 7.06 of the Credit Agreement is hereby amended by (i) deleting “and” at the end of clause (d) thereof, (ii) deleting the “.” at the end of clause (e) thereof and replacing it with “; and”, and (ii) adding a new clause (f) to read as follows:

(f) the Company may make any Restricted Payment; provided that (i) immediately before and immediately after giving Pro Forma Effect to any such Restricted Payment, no Default shall have occurred and be continuing, and (ii) upon giving effect to

any such Restricted Payment on a Pro Forma Basis, the Consolidated Leverage Ratio is less than or equal to 2.00:1.00.

SECTION 2.4. Section 7.14. Section 7.14 of the Credit Agreement is hereby amended and restated in its entirety as follows:

7.14 Prepayments, Etc. of Indebtedness. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Indebtedness, except (a) the prepayment of the Credit Extensions in accordance with the terms of this Agreement, (b) regularly scheduled or required repayments or redemptions of Indebtedness set forth in Schedule 7.03 and refinancings and refundings of such Indebtedness in compliance with Section 7.03(b), and (c) the prepayment of Indebtedness permitted under Section 7.03(f), owing to any Loan Party.

SECTION 2.5. Section 11.01. Section 11.01(e) is hereby amended by adding the following at the end thereof: “without the written consent of each Lender directly affected thereby”.

SECTION 2.6. Schedule 2.01. Schedule 2.01 to the Credit Agreement is hereby amended and restated in its entirety to read as set forth on Schedule 2.01 attached hereto.

ARTICLE III.

CONDITIONS TO EFFECTIVENESS

SECTION 3.1. Conditions to Effectiveness. This Agreement shall become effective on and as of the Third Amendment Effective Date upon and subject to the satisfaction of the following conditions precedent:

SECTION 3.1.1. Counterparts. Receipt by the Administrative Agent of counterparts of this Agreement duly executed by each Borrower, each Guarantor, each Lender, the New Lender, the Swing Line Lender, the L/C Issuer and the Administrative Agent.

SECTION 3.1.2. Opinions of Counsel. Receipt by the Administrative Agent of favorable opinions of legal counsel to the Loan Parties, addressed to the Administrative Agent and each Lender (including the New Lender), dated as of the Third Amendment Effective Date, and in form and substance reasonably satisfactory to the Administrative Agent.

SECTION 3.1.3. No Material Adverse Change. There shall not have occurred a material adverse change since December 31, 2015 in the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of any Borrower or of the Company and its Material Subsidiaries taken as a whole.

SECTION 3.1.4. Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of the following, each of which shall be originals or facsimiles (followed promptly by originals), in form and substance satisfactory to the Administrative Agent and its legal counsel:

(i) copies of the Organization Documents of each Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and

certified by a secretary or assistant secretary or managing director of such Loan Party to be true and correct as of the Third Amendment Effective Date (or, with respect to any Organization Documents of such Loan Party delivered to the Administrative Agent on the Second Amendment Effective Date that have not been amended, supplemented or otherwise modified and that remain in full force and effect as of the Third Amendment Effective Date, certification by a secretary or assistant secretary or managing director of such Loan Party that such Organization Documents have not been amended, supplemented or otherwise modified since the Second Amendment Effective Date and remain in full force and effect as of the Third Amendment Effective Date);

(ii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;

(iii) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each Loan Party is validly existing, in good standing and qualified to engage in business in its jurisdiction or organization or formation;

(iv) in the case of Gentherm Hungary Kft., a current excerpt of the entry of Gentherm Hungary Kft. in the court of registration records (*cégkivonat*); and

(v) in the case of each German Borrower, a current excerpt of the entry of such German Borrower in the commercial register (*Handelsregisterauszug*).

SECTION 3.1.5. Closing Certificate. Receipt by the Administrative Agent of a certificate signed by the chief financial officer of the Company certifying (i) that the condition specified in Sections 3.1.3 has been satisfied, (ii) as to the accuracy of the representations and warranties contained in Section 5.8, (iii) that the Company and its Material Subsidiaries have no Indebtedness for borrowed money (other than Indebtedness permitted by Section 7.03 of the Credit Agreement), and (iv) that each Loan Party is (after giving effect to the transactions contemplated hereby), individually and together with its Material Subsidiaries on a consolidated basis, Solvent.

SECTION 3.1.6. Prepayment. The Borrowers shall have prepaid any Revolving Credit Loans owing by them under the Credit Agreement and outstanding on the Third Amendment Effective Date (and paid any additional amounts required pursuant to Section 3.05 of the Credit Agreement) to the extent necessary to keep the outstanding Revolving Credit Loans ratable with the revised Commitments in effect as of the Third Amendment Effective Date.

SECTION 3.1.7. Fees. Receipt by the Administrative Agent, the Arranger and the Lenders (including the New Lender) of any fees required to be paid on or before the Third Amendment Effective Date.

SECTION 3.1.8. Licensing Requirements. Each Lender (including the New Lender) shall have obtained all applicable licenses, consents, permits and approvals as deemed necessary by such Lender (or the New Lender) in order to execute and perform the transactions contemplated by this Agreement and the other Loan Documents.

SECTION 3.1.9. Attorney Costs. Unless waived by the Administrative Agent, the Company shall have paid all fees, charges and disbursements of counsel to the Administrative Agent to the extent invoiced prior to or on the Third Amendment Effective Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Company and the Administrative Agent).

SECTION 3.1.10. Other. Receipt by the Administrative Agent and the Lenders (including the New Lender) of such other documents, instruments, agreements and information as reasonably requested by the Administrative Agent or any Lender (including the New Lender).

Without limiting the generality of the provisions of the last paragraph of Section 9.03 of the Credit Agreement, for purposes of determining compliance with the conditions specified in this Section 3.1, each Lender (including the New Lender) that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender (including the New Lender) unless the Administrative Agent shall have received notice from such Lender (or the New Lender) prior to the Third Amendment Effective Date specifying its objection thereto.

ARTICLE IV.

EFFECT OF THIS AGREEMENT; REAFFIRMATION; NEW LENDER

SECTION 4.1. Effect of this Agreement. Except as expressly modified and amended in this Agreement, all of the terms, provisions and conditions of the Loan Documents shall remain unchanged and in full force and effect. The Loan Documents and any and all other documents heretofore, now or hereafter executed and delivered pursuant to the terms of the Credit Agreement are hereby amended so that any reference to the Credit Agreement shall mean a reference to the Credit Agreement, as amended by this Agreement.

SECTION 4.2. Reaffirmation. Each Loan Party hereby (x) restates, ratifies and reaffirms each and every term and condition set forth in, and its obligations under, the Credit Agreement and the other Loan Documents as of the date hereof, and (y) acknowledges and agrees that the Liens granted under the Collateral Documents continue to secure the full payment and performance of the Obligations as increased hereby. Each Guarantor (i) hereby acknowledges and consents to all of the terms and conditions of this Agreement, (ii) affirms all of its obligations under the Loan Documents and (iii) agrees that this Agreement and all documents executed in connection herewith do not operate to reduce or discharge its obligations under the Credit Agreement or the other Loan Documents.

SECTION 4.3. New Lender.

SECTION 4.3.1. New Lender. On the Third Amendment Effective Date, PNC Bank, National Association (the "New Lender") hereby agrees to provide a Commitment in the amount set forth on Schedule 2.01 attached hereto and the initial Applicable Percentage of the New Lender shall be as set forth on Schedule 2.01 attached hereto.

SECTION 4.3.2. Representations and Warranties of New Lender. The New Lender (i) represents and warrants that (a) it has full power and authority, and has taken all action necessary, to execute and deliver this Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (b) it satisfies the

requirements of Section 11.06(b)(v) of the Credit Agreement, (c) from and after the Third Amendment Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and shall have the obligations of a Lender thereunder, (d) it is sophisticated with respect to its decision to enter into this Agreement and either it, or the Person exercising discretion in making its decision to enter into this Agreement, is experienced in transactions of this type, (e) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01 of the Credit Agreement and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Agreement, and (f) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement; and (ii) agrees that (a) it will, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (b) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

SECTION 4.3.3. Treatment as a Lender. Each Loan Party agrees that, as of the Third Amendment Effective Date, the New Lender shall (i) be a party to the Credit Agreement, (ii) be a “Lender” for all purposes of the Credit Agreement and the other Loan Documents, and (iii) have the rights and obligations of a Lender under the Credit Agreement and the other Loan Documents.

SECTION 4.3.4. New Lender Notice Information. The address, telecopier number, electronic mail address and telephone number of the New Lender for purposes of Section 11.02 of the Credit Agreement are as set forth in the New Lender’s Administrative Questionnaire delivered by the New Lender to the Administrative Agent on or before the Third Amendment Effective Date or to such other address, telecopier number, electronic mail address or telephone number as shall be designated by the New Lender in accordance with Section 11.02 of the Credit Agreement.

SECTION 4.3.5. Reallocation. The Lenders’ Commitments and Revolving Credit Loans under the Credit Agreement are hereby assigned and reallocated on the Third Amendment Effective Date among the Lenders, including the New Lender, without recourse, representation or warranty, such that each of the Lenders, including the New Lender, has a Commitment in the amount set forth on Schedule 2.01 and holds its Applicable Percentage of the outstanding Revolving Credit Loans. Notwithstanding anything in the Credit Agreement or any other Loan Document to the contrary, all assignments and reallocations of Revolving Credit Loans and Commitments pursuant to this Section 4.3.5 shall be deemed to be assignments made subject to and in compliance with Section 11.06 of the Credit Agreement (including, without limitation, the “Standard Terms and Conditions” applicable to Assignments and Assumptions).

ARTICLE V.

MISCELLANEOUS

SECTION 5.1. Cross-References. References in this Agreement to any Article or Section are, unless otherwise specified, to such Article or Section of this Agreement.

SECTION 5.2. Loan Document Pursuant to Credit Agreement. This Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated therein) be construed, administered and applied in accordance with all of the terms and provisions of the Credit Agreement, including Article XI thereof.

SECTION 5.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 5.4. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 5.5. Governing Law. THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

SECTION 5.6. Full Force and Effect. Except as expressly amended hereby, all of the representations, warranties, terms, covenants, conditions and other provisions of the Credit Agreement and the other Loan Documents shall remain unchanged and shall continue to be, and shall remain, in full force and effect in accordance with their respective terms. The amendments set forth herein shall be limited precisely as provided for herein to the provisions expressly amended herein and shall not be deemed to be an amendment to or modification of any other term or provision of the Credit Agreement or any other Loan Document or of any transaction or further or future action on the part of any Loan Party which would require the consent of the Lenders under the Credit Agreement or any of the Loan Documents.

SECTION 5.7. Miscellaneous. Each Loan Party that is a party hereto hereby represents and warrants as follows: (i) the execution, delivery and performance by such Loan Party of this Agreement has been duly authorized by all necessary corporate or other organizational action, (ii) such Loan Party has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, (iii) this Agreement has been duly executed and delivered by such Loan Party and constitutes such Loan Party's legal, valid and binding obligation, enforceable in accordance with its terms, and (iv) no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with execution, delivery or performance by, or enforcement against, such Loan Party of this Agreement, or for the consummation of the transactions contemplated hereby.

SECTION 5.8. Representations and Warranties. In order to induce the Lenders (including the New Lender) to execute and deliver this Agreement, the Loan Parties hereby represent and warrant to the Lenders (including the New Lender) that both before and after giving effect to this Agreement, (a) no event has occurred and is continuing which constitutes a Default or an Event of Default and (b) the representations and warranties of (i) the Borrowers contained in Article V of the Credit Agreement and (ii) each Loan Party contained in each other Loan Document or in any document furnished at any time under or in connection herewith or therewith, are true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality) on and as of the date hereof, except to the extent that such representations and warranties specifically refer to an earlier date, in

which case they are true and correct in all material respects (and in all respects if any such representation or warranty is already qualified by materiality) as of such earlier date, and except that for purposes of this Agreement, the representations and warranties contained in Sections 5.05(a) and (b) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to, respectively, of Sections 6.01(a) and (b) of the Credit Agreement.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first above written.

BORROWERS:

GENTHERM INCORPORATED,

a Michigan corporation

By: /s/ Barry Steele

Name: Barry Steele

Title: Chief Financial Officer

GENTHERM (TEXAS), INC.,

a Texas corporation

By: /s/ Barry Steele

Name: Barry Steele

Title: Chief Financial Officer

GENTHERM LICENSING, LIMITED
PARTNERSHIP,

a Michigan limited partnership

By: /s/ Barry Steele

Name: Barry Steele

Title: Chief Financial Officer of Gentherm Equity, LLC,
General Partner

GENTHERM GMBH,

a German limited liability company

By: /s/ Barry Steele

Name: Barry Steele

Title: Managing Director

GENTHERM ENTERPRISES GMBH,

a German limited liability company

By: /s/ Barry Steele

Name: Barry Steele

Title: Managing Director

GENTHERM LICENSING GMBH,

a German limited liability company

By: /s/ Barry Steele

Name: Barry Steele

Title: Managing Director

GENTHERM GLOBAL POWER TECHNOLOGIES INC.,
an Alberta corporation

By: /s/ Barry Steele
Name: Barry Steele
Title: Treasurer

GENTHERM CANADA ULC,
an Alberta unlimited liability company

By: /s/ Barry Steele
Name: Barry Steele
Title: Vice-President Finance

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

DESIGNATED BORROWERS:

CINCINNATI SUB-ZERO PRODUCTS, LLC,
an Ohio limited liability company

By: /s/ Barry Steele
Name: Barry Steele
Title: Treasurer

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

GUARANTORS:

GENTHERM PROPERTIES I, LLC,
a Michigan limited liability company

By: /s/ Barry Steele
Name: Barry Steele
Title: Chief Financial Officer

GENTHERM PROPERTIES II, LLC,
a Michigan limited liability company

By: /s/ Barry Steele
Name: Barry Steele
Title: Chief Financial Officer

GENTHERM PROPERTIES III, LLC,
a Michigan limited liability company

By: /s/ Barry Steele
Name: Barry Steele
Title: Chief Financial Officer

GENTHERM HOLDING (MALTA) LIMITED,
a Maltese limited company

By: /s/ Barry Steele
Name: Barry Steele
Title: Director

GENTHERM AUTOMOTIVE SYSTEMS (MALTA) LIMITED,
a Maltese limited company

By: /s/ Barry Steele
Name: Barry Steele
Title: Director

GENTHERM HUNGARY KORLÁTOLT FELELŐSSÉGŰ TÁRSASÁG,
a Hungarian limited liability company

By: /s/ Barry Steele
Name: Barry Steele
Title: Managing Director

GENTHERM LUXEMBOURG I S.À R.L.,
a private limited liability company (*société à responsabilité limitée*)
incorporated and existing under the laws of the Grand Duchy of
Luxembourg, with its registered office at 41, avenue de la Gare, L-1611
Luxembourg and registered with the Luxembourg trade and companies
register under number B 191.251

By: /s/ Barry Steele
Name: Barry Steele
Title: Manager

GENTHERM LUXEMBOURG II S.À R.L.,
a private limited liability company (*société à responsabilité limitée*)
incorporated and existing under the laws of the Grand Duchy of
Luxembourg, with its registered office at 41, avenue de la Gare, L-1611
Luxembourg and registered with the Luxembourg trade and companies
register under number B 191.252

By: /s/ Barry Steele
Name: Barry Steele
Title: Manager

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ Angela Larkin
Name: Angela Larkin
Title: Assistant Vice President

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender, Swing Line Lender and L/C Issuer

By: /s/ Gregory J. Bosio
Name: Gregory J. Bosio
Title: Vice-President

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ Matthew F. Bielawa
Name: Matthew F. Bielawa
Title: Vice President

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH,
as a Lender

By: /s/ Michael N. Tam
Name: Michael N. Tam
Title: Senior Vice President

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

HSBC BANK USA, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Frank M. Eassa

Name: Frank M. Eassa

Title: Senior Vice President, Corporate Banking

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

COMERICA BANK,
as a Lender

By: s/ Nicole Swigert
Name: Nicole Swigert
Title: Vice President

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

THE HUNTINGTON NATIONAL BANK,
as a Lender

By: /s/ Josh Elsea
Name: Josh Elsea
Title: Vice President

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

KEYBANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Brandon Welling
Name: Brandon Welling
Title: Vice President

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

NEW LENDER:

PNC BANK, NATIONAL ASSOCIATION,
as the New Lender

By: /s/ Scott M. Kowalski
Name: Scott M. Kowalski
Title: Senior Vice President

GENTHERM INCORPORATED
THIRD AMENDMENT TO CREDIT AGREEMENT

Schedule 2.01

Commitments and Applicable Percentages

Lender	Commitment	Applicable Percentage of Commitment
Bank of America, N.A.	\$67,500,000.00	19.285714286%
JPMorgan Chase Bank, N.A.	\$57,500,000.00	16.428571428%
HSBC Bank USA, National Association	\$50,000,000.00	14.285714286%
KeyBank National Association	\$50,000,000.00	14.285714286%
Comerica Bank	\$42,500,000.00	12.142857143%
PNC Bank, National Association	\$42,500,000.00	12.142857143%
The Huntington National Bank	\$40,000,000.00	11.428571428%
TOTAL	\$350,000,000.00	100.000000000%

Gentherm Incorporated
Performance Bonus Plan

(Effective January 1, 2017)

1. Purpose

The purpose of this Gentherm Incorporated Performance Bonus Plan (the “Plan”) is to attract, motivate, reward and retain eligible employees by making a portion of their cash compensation dependent on (i) the performance of Gentherm Incorporated (the “Company”), and (ii) individual performance.

2. Participants

The individuals to whom incentive bonus payments may be made hereunder shall be the executive officers of the Company, as determined by the Company’s Board of Directors (the “Executive Officer Participants”), and such other key employees of the Company and subsidiaries of the Company as the Chief Executive Officer shall determine in his or her sole discretion (the “Other Participants” and, together with the Executive Officer Participants, the “Participants”).

3. The Committee

(a) The Compensation Committee of the Board of Directors of the Company (the “Committee”) shall administer and interpret the Plan for the Executive Officer Participants. With the oversight of the Compensation Committee, the Chief Executive Officer shall administer and interpret the Plan for the Other Participants; provided, however, that the Chief Executive Officer’s administration and interpretation shall not be in direct conflict with the actions taken by the Committee. The Committee and the Chief Executive Officer, in the exercise of the foregoing powers, shall be referred to as the “Administrator.”

(b) Subject to the express provisions and limitations of this Plan, applicable law and the listing standards of the Nasdaq Stock Market (or other national securities exchange, as applicable), the Administrator shall be authorized and empowered to do all things necessary or desirable, in its sole discretion, in connection with the administration of the Plan, including, without limitation, the following:

- (i) To prescribe, amend and rescind rules and regulations relating to the Plan and to define terms not otherwise defined herein, and to take or approve such further actions as it determines necessary or appropriate to the administration of the Plan, such as correcting a defect or supplying any omission, or reconciling any inconsistency so that the Plan or any award complies with applicable law, regulations and listing requirements and so as to avoid unanticipated consequences or address unanticipated events deemed by the Administrator to be inconsistent with the purposes of the Plan;
 - (ii) To designate Participants and to determine the incentive bonus payments, if any, to be made to such Participants;
 - (iii) To prescribe and amend the terms of any agreements or other documents under the Plan;
 - (iv) To determine whether, and the extent to which, adjustments are required pursuant to Section 5 hereof;
-

- (v) To interpret and construe the Plan, any rules and regulations under the Plan, and the terms and conditions of any incentive bonus payment provided hereunder, and to make exceptions to any such provisions in good faith and for the benefit of the Company; and
- (vi) To make all other determinations deemed necessary or advisable for the administration of the Plan.

(c) All decisions, determinations and interpretations by the Administrator regarding the Plan and incentive bonus payments shall be final and binding on all Participants. The Administrator may consider such factors, as it deems relevant to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any director, officer or employee of the Company and such attorneys, consultants and accountants as it may select.

4. Target Bonus and Earned Bonus

(a) Each Participant will have a target incentive bonus for each fiscal year during the term of this Plan stated as a percentage of his or her annual base salary (the "Target Bonus Percentage"). Bonus payments under this Plan, if any, shall be paid based on performance measurements determined half way through each year and at the end of each year. Bonuses paid with respect to the First Half Performance Period (as defined herein) are based on Company and individual performances during the First Half Performance Period. Bonuses paid with respect to the Second Half Performance Period (as defined herein) are based on Company and individual performances for the entire year (including both the First Half Performance Period and the Second Half Performance Period) and paid only after deducting the amount of any bonus that was already paid to the Participant based on the First Half Performance Period. For purposes of computing the bonus to be paid for each bonus period under this Plan, the "Applied Target Bonus Percentage" shall be as follows: for the First Half Performance Period, one-half of the Target Bonus Percentage, and, for the Second Half Performance Period, the entire Target Bonus Percentage.

As an example of the foregoing, if an individual with a salary of \$100,000 has a 20% Target Bonus Percentage (and thus a target bonus of \$20,000), his Applied Target Bonus Percentage will be 10% for the First Half Performance Period and 20% for the Second Half Performance Period (and, as noted above, the amount of bonus actually paid to the Participant following the Second Half Performance Period will be computed under the terms of the Plan below by deducting any bonus that was already paid to the Participant based on the First Half Performance Period). Example computations of the bonus payments to such hypothetical individual (the "Example Participant") are set forth further below.

(b) A Participant's annual base salary as of last business day of the applicable Performance Period (as defined herein), as reflected in the Company's payroll records, shall be used to calculate the earned bonus for such Performance Period; provided, however, (i) for terminations under Sections 6(a)(i) or (iii) hereof prior to last business day of the performance period, the annual base salary in effect as of the date of termination shall be used and (ii) for a new hire under Section 7(a) hereof that is hired after the beginning of a Performance Period, the annual base salary in effect on the date of hire shall be used. The annual base salary shall include any salary reduction contributions made to the Company's 401(k) plan or other deferred compensation plans, but shall be exclusive of any awards under the Plan or any other bonus, incentive (including equity incentive) or special pay awards.

(c) No incentive bonus payment shall be paid to a Participant unless he or she is an employee of the Company as of the payment date for the applicable Performance Period, except as permitted by Section 6 hereof.

(d) Financial results for Company Performance Goals (as defined herein) must be finalized as appropriate by the Chief Financial Officer (or person having similar duties) and, in the case of full year financial results used for Company Performance Goals, must be computed using financial results audited by an independent registered public accounting firm before earned bonuses can be calculated and paid. Further, no incentive bonus payments will be made unless and until the Administrator approves payments in accordance with the Plan. The incentive bonus payments hereunder shall be made in cash in the employee's local currency (the same currency for which the employee receives his or her regular salary).

(e) Notwithstanding Section 4(d) hereof, (i) the First Half Earned Bonus (as defined herein) shall be paid in August or September of the year of the First Half Performance Period, and (ii) the Second Half Earned Bonus (as defined herein) shall be paid in February or March of the year subsequent to the Second Half Performance Period, with the specific date of payment in such applicable periods determined by the Administrator.

5. **Performance Measures and Earned Bonus**

(a) As used herein, January 1 through June 30 of the calendar year is referred to as the "First Half Performance Period" and July 1 through December 31 of the calendar year is referred to as the "Second Half Performance Period". Together, the First Half Performance Period and the Second Half Performance Period are referred to herein as the "Performance Periods".

(b) A base bonus shall be determined for each Participant for each Performance Period based upon the achievement of the Company Performance Goals (defined below) for the applicable Performance Period (referred to as the "First Half Base Bonus" for the First Half Performance Period and the "Second Half Base Bonus" for the Second Half Performance Period). Each of the First Half Base Bonus and the Second Half Base Bonus shall be modified by the Individual Performance Modifier as set forth below, and as so modified shall be referred to as the "Modified First Half Bonus" and "Modified Second Half Bonus," respectively. The Modified First Half Bonus and Modified Second Half Bonus may be further modified by the Administrator in its sole discretion, and as so further modified or not, shall be referred to as the "First Half Earned Bonus" and "Second Half Earned Bonus."

(c) Company Performance Goals.

(i) (A) The First Half Base Bonus shall be based upon the Company's actual revenue and the Company's actual earnings before interest, taxes, depreciation and amortization, deferred financing cost amortization, transaction expenses, debt retirement expenses, unrealized currency gain or loss, unrealized revaluation of derivatives and any other non-recurring adjustments that the Committee determines, in its discretion, should be excluded ("Adjusted EBITDA") for the First Half Performance Period measured against revenue and Adjusted EBITDA targets pre-established by the Committee (the "First Half Company Performance Goals") and (B) the Second Half Base Bonus shall be based upon the achievement of the Company's actual revenue and actual Adjusted EBITDA for the full year (taking into consideration both the First Half Performance Period and the Second Half Performance Period) measured against revenue and EBITDA targets pre-established by the Committee for such full year (the "Second Half Company Performance Goals" and, together with the First Half Company Performance Goals, the "Company Performance Goals"). If an unusual or extra-ordinary event significantly impacts the Company Performance Goals, the Committee has the discretion to adjust the Company Performance Goals as appropriate. The Committee shall determine, for each Performance Period, the relative weight of the revenue and Adjusted EBITDA targets that comprise the Company Performance Goals. For example, the Committee may determine that the Company Performance Goals for a particular Performance Period should be based 50% on

achievement of revenue targets and 50% on achievement of EBITDA targets. The Committee shall also determine, for each Performance Period, the “Threshold Company Performance”, which is the minimum Company financial achievement necessary before any bonus may be paid under the Plan. The Threshold Company Performance for any particular Performance period may be based solely on actual revenue, solely on actual Adjusted EBITDA or on a combination of both.

(ii) The First Half Base Bonus and Second Half Base Bonus shall be calculated as 0% to 150% of the Applied Target Bonus Percentage based on the achievement of each Company Performance Goal for the applicable Performance Period, as set forth in the table below. There shall be a linear increase in the First Half Base Bonus and Second Half Base Bonus earned between such threshold, target and maximum amounts.

Company Performance Goal	Degree of Performance Achieved	Percent of Applied Target Bonus Percentage to Compute Base Bonus
Below Threshold Company Performance OR Below 85% of the Target	Below Threshold	0%
85% of the Target	Threshold	50%
100% of Target	Target	100%
120% or more of Target	Maximum	150%

As an example of the foregoing, if, during a First Half Performance Period, the Threshold Company Performance was established as 85% of target Adjusted EBITDA, the Company achieved more than 85% of the target Adjusted EBITDA and the Company achieved 95% of the Company Performance Goals, then, with respect to the Example Participant, his First Half Base Bonus would be 83.33% of his Applied Target Bonus (determined based on a linear increase between the Threshold and the Target above), which is 8.33% (83.33% x 10%) of his salary for the First Half Performance Period or \$8,333.

(c) Individual Performance Modifier. The “Modified First Half Bonus” and “Modified Second Half Bonus,” respectively, shall be calculated as the (i) First Half Base Bonus or Second Half Base Bonus, respectively, multiplied by (ii) the Performance Modifier (as determined by the table below). The individual performance ratings shall be determined by the Administrator, with the intention that the Performance Modifier for the First Half Performance Period be only based on the Participant’s individual performance during the First Half Performance Period while the Performance Modifier for the Second Half Performance Period be based on the Participant’s average individual performance for the entire year (including both the First Half Performance Period and the Second Half Performance Period). The Administrator reserves the right to apply subjective, discretionary criteria to determine the individual performance objectives and performance thereof, and the Administrator also may adjust a Participant’s individual performance rating based on the actual distribution of performance ratings of Participants in order to ensure the Company’s aggregate payments under the Plan do not exceed the funding authorized under the Plan.

Individual Performance Ratings

Level	Level Number	Performance Modifier
Breakthrough Performer	6	135%
Outstanding	5	120%
Valued Contributor	4	110%
Performs to Expectations	3	100%
Room for Improvement	2	60%
Unacceptable	1	0%

Continuing the example from above, if, during a First Half Performance Period, the Example Participant received an individual performance rating of “4”, then the First Half Base Bonus would be multiplied by 110% for a blended percentage of 92% [83.33% x 110%] and the Modified First Half Bonus would be \$9,200, prior to any adjustments by the Administrator as permitted under the Plan.

(d) Notwithstanding the attainment of financial results, all earned bonuses under the Plan are subject to reduction or elimination by the Administrator prior to payment. For example, but not as a limitation of the foregoing general provision, a reduction in any and all earned bonuses may be made if earnings are achieved in ways that are considered not in the best interests of the Company’s shareholders or not authorized by the Board of Directors or management.

(e) The First Half Earned Bonus, based on the Modified First Half Bonus as adjusted by the Administrator as permitted under this Plan, shall be payable at the time set forth in Section 4(e). The Second Half Earned Bonus, based on the Modified Second Half Bonus as adjusted by the Administrator as permitted under this Plan, shall be payable at the time set forth in Section 4(e) but only for the amount by which the Second Half Earned Bonus exceeds the First Half Earned Bonus actually paid to the Participant for such year.

Continuing the example from above concerning an Example Participant, if the First Half Earned Bonus was \$9,200 and if, for the entire year, the Threshold Company Performance was established as 85% of target Adjusted EBITDA, the Company achieved more than 85% of the target Adjusted EBITDA and the Company achieved 110% of the Company Performance Goals, then his Second Half Base Bonus would be 125% of his Applied Target Bonus (determined based on a linear increase between the Target and the Maximum Company performance measurement points), which is 24% (125% x 20%) of his salary for the Second Half Performance Period or \$24,000. Further assuming that the Example Participant received a performance rating of “5” for the entire year (based on the Participant’s average individual performance for the entire year, including both the First Half Performance Period and the Second Half Performance Period), then the Second Half Base Bonus would be multiplied by 120% for a blended percentage of 150% [125% x 120%] and the Modified Second Half Bonus would be \$30,000 [150% x 20% x \$100,000], and the actual Second Half Earned Bonus (before any adjustments by the Administrator as permitted under the Plan) would be \$20,800 [\$30,000 - \$9,200]. For clarity, the Second Half Earned Bonus can never be less than zero.

6. Termination of Employment; Change in Control.

(a) Death or Disability During the Performance Period.

(i) If a Participant's employment is terminated due to death, the bonus will be earned and paid (to the estate of the Participant) on a pro rata basis. The pro rata period will be from the beginning of the Performance Period until the date of death.

(ii) A Participant's disability of 30 calendar days or less will not have an impact on the Participant's eligibility to earn a bonus under the Plan.

(iii) If a Participant's disability lasts more than 30 calendar days, then a bonus may be earned only for fiscal quarters in which the Participant works more than 60 calendar days and will be earned on a pro rata basis for days worked in the applicable fiscal quarters.

(b) Voluntary Termination. If a Participant's employment is terminated due to a voluntary termination, excluding a retirement that meets the definition of retirement established by the Committee, no bonus will be earned by or paid to the Participant. In the case of qualifying retirement, the Administrator shall have the discretion, but not the obligation, to pay a pro rata pro rata bonus for the applicable Participant for the Performance Period during which the Participant retired in accordance with Section 7.

(c) Involuntary Termination. If a Participant's employment is terminated for cause (but excluding any other event otherwise described in this Section 6), no bonus will be earned by or paid to the Participant. For purposes of the Plan, a termination for "cause" means a material failure to perform such employee's duties and responsibilities to a satisfactory degree, any violation of laws or regulations or a material violation of Company policies and procedures. If a Participant's employment is terminated without cause, the Administrator shall have the discretion, but not the obligation, to approve a pro rata bonus for the applicable Participant for the Performance Period during which the Participant was terminated in accordance with Section 7.

(d) Change in Control. If there is a Change in Control (as defined under the Company's 2013 Equity Incentive Plan, as amended, or any successor equity incentive plan) and a Participant is terminated by the Company (or any successor thereof, by merger, acquisition or otherwise) within six months of such Change in Control for any reason other than for intentional acts of material misconduct or omission in carrying out the duties and responsibilities of such Participant's position, such Participant shall earn a cash bonus equal to the Target Bonus Percentage for the applicable Performance Period in which the Change in Control occurred multiplied by the greater of his or her actual base salary in effect on the date of (i) the employment termination and (ii) the Change in Control. Such payments shall be paid in cash to the Participant as soon as administratively possible, but not later than 30 days following such termination.

(e) Section 409A. Notwithstanding anything in this Plan to the contrary, if it is determined that any payment hereunder constitutes "nonqualified deferred compensation" that would be paid upon "separation from service" of a "specified employee" (as such terms are defined in Section 409A of the Internal Revenue Code of 1986, as amended), then such payment that otherwise would have been paid within six months after the Participant's "separation from service" shall be accrued, without interest, and its payment delayed until the first day of the seventh month following the Participant's "separation from service," or if earlier, the Participant's death, at which point the accrued amount will be paid as a single, lump sum cash payment.

(f) Timing of Payments. Except as set forth in Sections (6)(d) and (e) hereof, earned bonuses under this Section 6 will be paid to Participants approximately at the same time as bonuses are made to other Participants under the Plan for the applicable Performance Period.

7. Pro Rata Bonuses.

- (a) New Hires. A new employee who becomes a Participant in connection with such hire shall earn a pro rata bonus from the date of hire.
- (b) Transfer; Promotion; Demotion; Retirement; Involuntary Termination Without Cause.
- (i) For an existing employee who is transferred to a new position which results in such employee becoming a Participant, the pro rata period shall begin from the date of transfer.
- (ii) For an existing employee who was a Participant prior to a promotion and who continues to be a Participant thereafter, and the Target Bonus Percentage is increased, the earned bonus will be based on two pro rata periods: (i) from the beginning of the Performance Period through the date immediately preceding such promotion, and (ii) from the date of such promotion until the end of the Performance Period.
- (iii) For an existing employee who was a Participant and who is demoted such that the employee is no longer a Participant thereafter, the pro rata period will end on the date immediately preceding such demotion.
- (iv) For an existing employee who retires and for whom a pro rata bonus is approved by the Administrator under Section 6(b), the pro rata period will end on the date immediately preceding such retirement.
- (v) For an existing employee who was a Participant and who is involuntary terminated without cause and for whom a pro rata bonus is approved by the Administrator under Section 6(c), the pro rata period will end on the date immediately preceding such termination.
- (c) Achievement of Performance Period Company Performance Measures. A pro rata bonus will be earned only if the applicable Company Performance Goals also are satisfied for the full Performance Period.
- (d) Timing of Pro Rata Payments. Earned pro rata bonuses under this Section 7 will be paid to Participants approximately at the same time as bonuses are made to other Participants under the Plan for the applicable Performance Period

8. Bonus Clawback.

If the Company's financial statements are the subject of a restatement due to error or misconduct, to the extent permitted by governing law, the Company is authorized under this Plan to seek reimbursement of excess incentive bonus payments under the Plan to Executive Officer Participants for the relevant performance periods; provided, this Section 8 only shall apply to any bonuses earned for the three completed fiscal years prior to the date the Company determines such restatement is required. For purposes of this Plan, an excess incentive bonus payment means the positive difference, if any, between (i) the bonus paid to the Executive Officer Participant and (ii) the bonus that would have been made to the

Executive Officer Participant had the performance been calculated based on the Company's financial statements as restated. The Company will not be required to award any Participants an additional bonus should the restated financial statements result in a higher bonus.

9. **General**

(a) **Amendment and Termination.** The Company reserves the right to amend or terminate this Plan at any time by action of the Board of Directors or the Committee with respect to future services of Participants. To comply with local laws, the Company (acting through the Administrator) reserves the right to adopt amendments, rules, procedures, guidelines or other documents (collectively "Addendums") affecting this Plan at any time that are applicable only to such local jurisdictions; provided, however, that any Addendums that are applicable to any Executive Officer Participants must be reflected in a written amendment to this Plan that is approved by the Committee.

(b) **Tax Withholding.** The Company shall have the right to make all payments or distributions pursuant to the Plan to any person, net of any applicable federal, state and local payroll or withholding taxes, or the applicable taxes of any foreign jurisdiction (collectively, "Taxes"), required to be paid or withheld. The Company shall have the right to withhold from wages or other amounts otherwise payable to such Participant such Taxes as may be required by law, or if permitted by law, to otherwise require the Participant to pay such Taxes. If such person shall fail to make such Tax payments as are required, the Company shall, to the extent permitted by law, have the right to deduct any such Taxes from any payment of any kind otherwise due to such Participant or to take such other action as may be necessary to satisfy such Tax obligations.

(c) **No Assignment.** Unless the Committee expressly provides otherwise in writing, no Participant nor any other person may sell, assign, convey, gift, pledge or otherwise hypothecate or alienate any bonus payment.

(d) **Non-Exclusivity.** The adoption of the Plan by the Board of Directors shall not be construed as creating any limitations on the power of the Board of Directors or Administrator to adopt such other incentive arrangements as either may deem desirable, including, without limitation, cash or equity-based compensation arrangements, either tied to performance or otherwise, and any such other arrangements as may be either generally applicable or applicable only in specific cases.

(e) **Employment at Will.** Neither the Plan, the selection of a person as a Participant, the payment of any bonus to any Participant, nor any action by the Company or the Administrator shall be held or construed to confer upon any person any right to be continued in the employ of the Company. The Company expressly reserves the right to discharge any Participant whenever in the sole discretion of the Company its interest may so require.

(f) **No Vested Interest or Right.** Except as specified under Section 6 hereof, at no time before the actual payment of a bonus to any Participant or other person shall any Participant or other person accrue any vested interest or right whatsoever under the Plan, and the Company has no obligation to treat Participants identically under the Plan.

(g) **Beneficiary Designation.** Each Participant may name, from time to time, any beneficiary (who may be named contingently or successively) to whom any benefit under the Plan is to be paid in case of his or her death before he or she receives any or all of such benefit. Each designation will revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during his or her lifetime.

(h) Headings. Headings are given to the sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(i) Governing Law. The Plan and any agreements and documents hereunder shall be governed, construed and administered in accordance with the laws of the State of Michigan (regardless of the laws that might otherwise govern under applicable principles of conflicts of laws of such jurisdiction or any other jurisdiction) and applicable federal law.

(j) Code Section 409A. It is intended that this bonus plan be exempt from or comply with Code Section 409A, and the plan shall be interpreted and administered consistent with that intent; provided, however, that under no circumstances whatsoever shall the Company be liable for any additional tax, interest or penalty imposed upon a participant, or any other damage suffered by a participant, on account of the bonus plan being subject to but not in compliance with Code Section 409A. For purposes of Code Section 409A, each of the First Half Earned Bonus and the Second Half Earned Bonus shall be treated as a separate payment.



NEWS RELEASE for December 16, 2016 at 6:00 AM ET

GENTHERM ANNOUNCES STEPS TO ENHANCE FINANCIAL FLEXIBILITY
Increases Borrowing Capacity by \$100 Million; Approves Repurchase Program

NORTHVILLE, MI (December 16, 2016) . . . Gentherm (NASDAQ-GS:THRM), the global market leader and developer of innovative thermal management technologies, today announced that it had entered into an amendment to its credit facility, effective December 15, 2016, to increase the aggregate principal amount available for borrowing under the Company's revolving credit line from \$250 million to \$350 million.

"The increase in our borrowing capacity compliments our strong liquidity position and cash flow generation, providing us with the financial flexibility to pursue strategic growth opportunities," said Dan Coker, President and CEO.

In addition, the Company announced today that its Board of Directors had authorized a stock repurchase program. Under the three-year program, Gentherm may repurchase, from time to time, up to \$100 million of the Company's common stock in amounts and at prices as the Company deems appropriate, taking into account market conditions, applicable legal requirements, debt covenants and other considerations.

"The announcement of this stock repurchase program reflects the confidence we have in the future of our company. This program also gives us the further flexibility to enhance shareholder value through opportunistic repurchases of our common stock," said Coker.

The number of shares repurchased and the timing of the repurchases under the stock repurchase program will be determined by the Company's management. Repurchases may be made on the open market or in privately negotiated transactions. Repurchases may also be made under a Rule 10b5-1 plan, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so under securities laws. The authorization of this stock repurchase program does not require that the Company repurchase any specific dollar value or number of shares and may be modified, extended or terminated by the Company's Board of Directors at any time.

About Gentherm

Gentherm (NASDAQ-GS: THRM) is a global developer and marketer of innovative thermal management technologies for a broad range of heating and cooling and temperature control applications. Automotive products include actively heated and cooled seat systems and cup holders, heated and ventilated seat systems, thermal storage bins, heated automotive interior systems (including heated seats, steering wheels, armrests and other components), battery thermal management systems, cable systems and other electronic devices. Non-automotive products include remote power generation systems, heated and cooled furniture, patient temperature management systems, industrial environmental test chambers and related product testing services and other consumer and industrial temperature control applications. The Company's advanced technology team is developing more efficient materials for thermoelectrics and new systems for waste heat recovery and electrical power generation. Gentherm has over ten thousand employees in facilities in the U.S., Germany,

Canada, China, Hungary, Japan, Korea, Macedonia, Malta, Mexico, Ukraine and Vietnam. For more information, go to www.gentherm.com.

Except for historical information contained herein, statements in this release are forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent Gentherm Incorporated's goals, beliefs, plans and expectations about its prospects for the future and other future events. The forward-looking statements included in this press release are made as of the date hereof or as of the date specified and are based on management's current expectations and beliefs. Such statements are subject to a number of important assumptions, risks, uncertainties and other factors that may cause the Company's actual performance to differ materially from that described in or indicated by the forward looking statements. Those risks include, but are not limited to: that the Company may be unable to repurchase its shares of common stock at favorable prices or at all, due to market conditions, applicable legal requirements, debt covenants or other restrictions; compliance with covenants and other restrictions under the Company's credit facility; the availability and terms of additional financings; and changes in global, national, regional and/or local economic conditions and geopolitical climates. The foregoing risks should be read in conjunction with other cautionary statements included herein, as well as in the Company's annual report on Form 10-K for the year ended December 31, 2015 and subsequent reports filed with the Securities and Exchange Commission. Except as required by law, the Company expressly disclaims any obligation or undertaking to update any forward-looking statements to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.