
**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): February 15, 2013

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
(I.R.S. Employer
Identification No.)

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

48167
(Zip Code)

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

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 250.13e-4(c))
-
-

Item 1.01. Entry into a Material Definitive Agreement.

On February 15, 2013, Gentherm Incorporated (the “Company”) and its wholly-owned subsidiary, Gentherm Europe GmbH (“Gentherm Europe”), entered into a series of related agreements (the “Transaction Agreements”) pertaining to the acquisition by Gentherm Europe of 442,253 shares (the “Acquired Shares”) in W.E.T. Automotive Systems AG (“W.E.T.”) from Deutsche Balaton AG (“DB”). At the time the Company entered into the Transaction Agreements, the Company held, directly or through Gentherm Europe, an aggregate of 2,432,063 shares in W.E.T., or approximately 76% of the total outstanding shares in W.E.T., and the 442,253 shares in W.E.T. held by DB represented approximately 14% of the total outstanding shares in W.E.T. Following acquisition of the Acquired Shares, the Company, directly or through Gentherm Europe, will hold an aggregate of 2,874,316 shares in W.E.T., or approximately 90% of the total outstanding shares in W.E.T.

The Transaction Agreements also provide for DB’s termination of its legal action in Germany (the “Legal Action”) in opposition to a Domination and Profit and Loss Transfer Agreement (“DPLTA”) previously approved by the W.E.T. shareholders which would give the Company full operational control over W.E.T.

W.E.T. is a developer, manufacturer and distributor of heating systems, interior equipment and accessories used in automobile seats and other automotive and electronic applications in the automotive industry. The activities of W.E.T. represent a significant portion of the Company’s consolidated assets, liabilities, revenues and expenses.

The Transaction Agreements include the following, each dated as of February 15, 2013: (1) a Framework Agreement, by and among DB, the Company and Gentherm Europe, a copy of which is attached hereto as Exhibit 10.1 (the “Framework Agreement”), (2) a Trustee Agreement, by and among DB, the Company, Gentherm Europe and Gütt Olk Partnerschaft von Rechtsanwälten (the “Trustee”), a copy of which is attached hereto as Exhibit 10.2 (the “Trustee Agreement”), (3) a Settlement Agreement, by and among DB, the Company and Gentherm Europe, a copy of which is attached hereto as Exhibit 10.3 (the “Settlement Agreement”), (4) a Share Purchase Agreement, by and among DB, the Company and Gentherm Europe, a copy of which is attached hereto as Exhibit 10.4 (the “SPA”), (5) a Registration Rights Agreement, by and between the Company and DB, a copy of which is attached hereto as Exhibit 10.5 (the “Registration Rights Agreement”), and (6) a Balaton Rights Agreement, by and between DB and the Company, a copy of which is attached hereto as Exhibit 10.6 (the “Balaton Rights Agreement”). The description herein of the material terms of each Transaction Agreement is qualified in its entirety by reference to the exhibits referred to above, which are incorporated herein by reference.

The Framework Agreement describes each of the other Transaction Agreements and the process for the closing of the sale of the Acquired Shares from DB to Gentherm Europe. The material terms of the sale, and the other material terms agreed to by the parties to the Transaction Agreements, are set forth in the other Transaction Agreements.

The Trustee Agreement provides that the parties will utilize the services of the Trustee to facilitate a closing of the transactions described in the other Transaction Agreements. The Trustee agreed to hold the signature pages to the Transaction Agreements, the Acquired Shares, the consideration to be paid for the Acquired Shares and the documentation necessary to terminate the Legal Action in escrow until all of the closing conditions are met. The closing conditions for release of the items placed into escrow

are receipt by the Trustee of all of the items to be placed into escrow and the publication of the Transaction Agreements in the Federal Gazette in Germany.

The Settlement Agreement provides that, upon consummation of the transactions under the terms of the Trustee Agreement, DB agrees to terminate the Legal Action and will declare its consent to the registration of the DPLTA. The Settlement Agreement further provides that Gentherm Europe will increase the total cash compensation payable to any W.E.T. shareholder tendering shares to Gentherm Europe under the terms of the DPLTA to 85 Euro. Finally, the Settlement Agreement provides that DB will not acquire any shares in W.E.T. for a period of four years from the date of the Settlement Agreement.

The SPA provides that, upon consummation of the transactions under the terms of the Trustee Agreement, Gentherm Europe will acquire the Acquired Shares from DB for total consideration comprised of (1) 3,300,000 shares of the Company's common stock (the "New Gentherm Stock") and (2) a cash payment (the "Cash Payment") computed (a) using an assumed \$13.00 per share value for the New Gentherm Stock, (b) using an assumed 85 Euro per share value for the Acquired Shares and (c) based on the exchange rate of U.S. Dollars to Euros on the day of signing. Based on the actual exchange rate on the date the SPA was signed, the Cash Payment amounts to 5,408,459.24 Euro. The SPA contains certain customary representations and warranties, covenants and indemnification by the Company, Gentherm Europe and DB pertaining to the Acquired Shares and the New Gentherm Stock. The Cash Payment was funded by the Company from cash on hand. Until March 30, 2013, the holders of the Gentherm Series C Preferred Stock have the right to purchase up to 30 percent, in the aggregate, of any common share offering. All such holders agreed to waive those rights in connection with the stock issuance to DB described in the SPA.

The Registration Rights Agreement grants DB certain registration rights with respect to the New Gentherm Stock. The Company agreed to file with the U.S. Securities and Exchange Commission a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 of the U.S. Securities Act of 1933, as amended, registering for resale the New Gentherm Stock. The Company also granted to DB certain "piggyback" registration rights by which DB has the right to demand, subject to certain exceptions, that the Company include shares of New Gentherm Stock in any future registration statement filed by the Company. The Company must bear all registration expenses incurred in connection with any registration to which the Registration Rights Agreement applies; provided, however, that the Company is not responsible for, among other things, discounts, commissions or fees of any broker-dealer or underwriter. DB's rights under the Registration Rights Agreement expire on the fourth anniversary of such agreement. The Company and DB have given certain customary representations and warranties, covenants and indemnification in the Registration Rights Agreement.

The Balaton Rights Agreement provides that, for four years from the consummation of the transactions under the terms of the Trustee Agreement, DB and its affiliates will not, without prior written approval of the Company, take any of the following actions, directly or indirectly, with respect to the Company: acquire more than 11% of the Company's outstanding share capital, make shareholder proposals, attempt to control or influence the management, the board of directors or policies of the Company, form a voting trust, solicit proxies or written consents, participate in director election contests, call special meetings or make public statements critical of the Company.

On February 21, 2013, the closing conditions set forth in the Trustee Agreement were satisfied and the Trustee released all of the items placed into escrow under the Trustee Agreement to the applicable parties.

A copy of the Company's news release dated February 15, 2013 announcing the execution of the Transaction Agreements is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated in this report by reference. A copy of the Company's news release dated February 21, 2013 announcing the closing of the transactions described in the Transaction Agreements is furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated in this report by reference. The information in Exhibits 99.1 and 99.2 shall not be deemed filed for purposes of Section 18 of the Securities Act of 1934, as amended, nor incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly stated by specific reference in such filing.

Item 3.02 Unregistered Sales of Equity Securities

Reference is made to the disclosures under Item 101 of this Current Report on Form 8-K pertaining to the New Gentherm Stock, which such disclosures are incorporated in this Item 3.02 by reference. The Company issued the New Gentherm Stock relying on Regulation S.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Number</u>	<u>Description</u>
10.1	Framework Agreement, dated as of February 15, 2013, by and among Deutsche Balaton AG, Gentherm Incorporated and Gentherm Europe GmbH
10.2	Trustee Agreement, dated as of February 15, 2013, by and among Deutsche Balaton AG, Gentherm Incorporated, Gentherm Europe GmbH and Gütt Olk Partnerschaft von Rechtsanwälten
10.3	Settlement Agreement, dated as of February 15, 2013, by and among Deutsche Balaton AG, Gentherm Incorporated and Gentherm Europe GmbH
10.4	Share Purchase Agreement, dated as of February 15, 2013, by and among Deutsche Balaton AG, Gentherm Incorporated and Gentherm Europe GmbH
10.5	Registration Rights Agreement, dated as of February 15, 2013, by and between Gentherm Incorporated and Deutsche Balaton AG
10.6	Balaton Rights Agreement, dated as of February 15, 2013, by and between Deutsche Balaton AG and Gentherm Incorporated
99.1	Company news release dated February 15, 2013
99.2	Company news release dated February 21, 2013

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: February 21, 2013

EXHIBIT INDEX

<u>Number</u>	<u>Description</u>
10.1	Framework Agreement, dated as of February 15, 2013, by and among Deutsche Balaton AG, Gentherm Incorporated and Gentherm Europe GmbH
10.2	Trustee Agreement, dated as of February 15, 2013, by and among Deutsche Balaton AG, Gentherm Incorporated, Gentherm Europe GmbH and Gütt Olk Partnerschaft von Rechtsanwälten
10.3	Settlement Agreement, dated as of February 15, 2013, by and among Deutsche Balaton AG, Gentherm Incorporated and Gentherm Europe GmbH
10.4	Share Purchase Agreement, dated as of February 15, 2013, by and among Deutsche Balaton AG, Gentherm Incorporated and Gentherm Europe GmbH
10.5	Registration Rights Agreement, dated as of February 15, 2013, by and between Gentherm Incorporated and Deutsche Balaton AG
10.6	Balaton Rights Agreement, dated as of February 15, 2013, by and between Deutsche Balaton AG and Gentherm Incorporated
99.1	Company news release dated February 15, 2013
99.2	Company news release dated February 21, 2013

Framework Agreement

(the “Agreement”)

Milbank, Tweed, Hadley & McCloy LLP

Taunusanlage 15
60325 Frankfurt am Main, Germany

Framework Agreement

dated as of February 15, 2013

by and among

1. **Deutsche Balaton AG**, a stock corporation organized under the laws of the Federal Republic of Germany, with its seat in Heidelberg and its business address at Ziegelhäuser Landstraße 1, 69120 Heidelberg, and registered with the commercial register of the local court of Mannheim under HRB 338172 (“**Balaton**”)
2. **Gentherm Incorporated**, a corporation organized under the laws of the State of Michigan, USA, with its seat in Northville, USA and its business address at Northville, Michigan, 21680 Haggerty Road, Ste. 101, 48167 USA (“**Gentherm Inc.**”)
3. **Gentherm Europe GmbH**, a limited liability company organized under the laws of the Federal Republic of Germany, with its seat in Augsburg and its business address at Ulmer Straße 160B, 86156 Augsburg, and registered with the commercial register of the local court of Augsburg under HRB 25596 (“**Purchaser**”)

- the parties under 2. and 3. collectively “**Gentherm**” -

- Balaton, Gentherm Inc. and Purchaser each a “**Party**” and,
collectively, the “**Parties**” -

Table of Contents

1. Definitions	7
2. Settlement; Escrow of Settlement Agreement	9
3. Sale and Purchase of the Shares	10
4. Shareholding of Balaton in Genterm Inc.	10
5. Closing; Subsequent Acts	10
6. Confidentiality	12
7. Termination	13
8. Notices; Accounts	14
9. Choice of Law, Venue	15
10. Interpretation, Formalities, Severability	15
11. Miscellaneous	16

List of Annexes

Annex	Topic
Annex P.14	Executed Trustee Agreement
Annex 2	Draft of Registration Rights Agreement
Annex 3	Draft of Settlement Agreement
Annex 4	Draft of SPA
Annex 5	Draft of Balaton Rights Agreement
Annex 5.5	Notification re. Waiver
Annex 6.2	Press Release Genthern

Preamble

- P.1 **Whereas**, Gentherm Inc. holds all shares in Purchaser.
- P.2 **Whereas**, Purchaser holds 2,429,403 of the bearer shares with no par value (*auf den Inhaber lautende Aktien ohne Nennbetrag (Stückaktien)*) in W.E.T. Automotive Systems A.G., a stock corporation organized under the laws of the Federal Republic of Germany with its seat in Odelzhausen, its business address at Rudolf-Diesel-Str. 12, 85235 Odelzhausen and registered with the commercial register of the local court of Munich under HRB 119793 (the “**Company**”), and Gentherm Inc. holds 2,660 of the bearer shares with no par value (*auf den Inhaber lautende Aktien ohne Nennbetrag (Stückaktien)*) in the Company. The Company has a registered share capital of EUR 9,600,000 divided into 3,200,000 bearer shares with no par value (each a “**W.E.T. Share**”), which are admitted for trading in the Regulated Market of the Frankfurt Stock Exchange.
- P.3 **Whereas**, Balaton holds 442,253 of the W.E.T. Shares (the “**Shares**”), which are booked on deposit accounts to the benefit of Balaton.
- P.4 **Whereas**, Purchaser (then named Amerigon Europe GmbH) as controlling entity and the Company as controlled entity entered into a domination and profit and loss transfer agreement on June 16, 2011 (the “**DPLTA**”).
- P.5 **Whereas**, the annual shareholders’ meeting of the Company dated August 16, 2011 (the “**2011 Shareholders’ Meeting**”) has adopted, inter alia, the following resolutions:
- resolutions under agenda item 3 and agenda item 4 on the discharge of the members of the executive board of the Company and the members of the supervisory board of the Company, respectively, for fiscal year 2010 (the “**Discharge Resolutions 2011**”), and
 - resolution under agenda item 6 on the approval of the DPLTA (the “**DPLTA Approval Resolution**”).
- P.6 **Whereas**, the annual shareholders’ meeting of the Company dated June 14, 2012 (the “**2012 Shareholders’ Meeting**”) has adopted, inter alia, the following resolutions:
- resolutions under agenda item 3 and agenda item 4 on the discharge of the members of the executive board of the Company and the members of the supervisory board of the Company, respectively, for fiscal year 2011 (the “**Discharge Resolutions 2012**”), and
 - resolution under agenda item 6 on the confirmation pursuant to Sec. 244 German Stock Corporation Act (*AktG*) of the DPLTA Approval Resolution (the “**Confirmatory Resolution**”).

- P.7 **Whereas**, following the 2011 Shareholders' Meeting, Balaton filed a challenge and voidance action (*Anfechtungs- und Nichtigkeitsklage*) with the Regional Court Munich I (*Landgericht München I*) (file no. 5 HK O 20488/11) against the Company with respect to the Discharge Resolutions 2011 and the DPLTA Approval Resolution (the "**Balaton Court Action 2011**"). By first instance decision of the Regional Court Munich I (*Landgericht München I*) dated April 5, 2012, the court declared the DPLTA Approval Resolution void, but dismissed the Balaton Court Action 2011 with respect to the Discharge Resolutions 2011. Each of the Company and Balaton appealed against this first instance decision to the Higher Regional Court of Munich (*Oberlandesgericht München*) (file no. 7 U 1805/12). Such appeal has not yet been decided on.
- P.8 **Whereas**, following the 2012 Shareholders' Meeting, Balaton filed a challenge and voidance action (*Anfechtungs- und Nichtigkeitsklage*) with the Regional Court Munich I (*Landgericht München I*) (file no. 5 HK O 14081/12) against the Company with respect to the Discharge Resolutions 2012 and the Confirmatory Resolution (the "**Balaton Court Action 2012**").
- P.9 **Whereas**, Balaton, furthermore, filed two applications with the Regional Court Munich I (*Landgericht München I*) (file no. 17 HK O 27730/11 and 17 HK O 16045/12) against the Company each regarding the appointment of a special auditor pursuant to Sec. 142 para. 2 German Stock Corporations Act (*AktG*) (the "**Balaton Court Applications**" and, together with the Balaton Court Action 2011 and the Balaton Court Action 2012, the "**Balaton Actions**"). By first instance decision of the Regional Court Munich I dated January 17, 2013 one of the Balaton Court Applications (file no. 17 HK O 27730/11) was dismissed. The other Balaton Court Application (file no. 17 HK O 16045/12) has not yet been decided on.
- P.10 **Whereas**, Gentherm Inc. has informed Balaton that it will seek to obtain written waivers or written declarations of non-exercise of rights from all of the holders of Gentherm Inc.'s Series C Preferred Stock effectively waiving the rights such holders have to participate in the issuance of equity by Gentherm Inc.
- P.11 **Whereas**, while holding up their respective legal positions regarding the subject matters of the various Balaton Actions, the Parties intend to finally settle all Balaton Actions through the Balaton Documentation. The Parties are aware that (i) the Company concluded, among others, a currency related swap with Hypovereinsbank and that the aforementioned contractual parties to such currency related swaps are currently in legal proceedings concerning the validity of such currency related swaps and related claims and (ii) that the outcome of such lawsuit (and its further handling) may be of interest to the shareholders of the Company.
- P.12 **Whereas**, Purchaser desires to acquire the Shares, and Balaton is willing to exchange, the Shares against shares in Gentherm Inc. as ultimate parent company

of the Company and a cash payment as consideration and subject to and under the terms of the Balaton Documentation. As Balaton via its shareholding in Gentherm Inc. will become an indirect shareholder in the Company, upon receiving the shares in Gentherm Inc., Balaton will—not as consideration but as a consequence—become an indirect shareholder in the Company. This allows Balaton to participate indirectly in the Company and therewith continue its investment in the Company.

P.13 **Whereas**, Gentherm Inc. requests and Balaton agrees to certain restrictions in respect of Balaton’s future shareholding in Gentherm Inc. as set forth in the Balaton Rights Agreement.

P.14 **Whereas**, the Parties and the Trustee have executed a Trustee Agreement attached to this Agreement as Annex P.14.

Now, therefore, it is agreed as follows:

1.
Definitions

“**2011 Shareholders’ Meeting**” is defined in Section P.5.

“**2012 Shareholders’ Meeting**” is defined in Section P.6.

“**Agreement**” shall mean this Framework Agreement.

“**Balaton**” is defined in the Recitals.

“**Balaton Actions**” is defined in Section P.9.

“**Balaton Cash Account**” is defined in Section 8.5.

“**Balaton Court Action 2011**” is defined in Section P.7.

“**Balaton Court Action 2012**” is defined in Section P.8.

“**Balaton Court Applications**” is defined in Section P.9.

“**Balaton Documentation**” shall mean this Agreement, the Settlement Agreement, the SPA, the Balaton Rights Agreement, the Registration Rights Agreement and any notice, certificate or other agreement (except for the Trustee Agreement) related to any of the foregoing, collectively.

“**Balaton Rights Agreement**” shall mean the agreement attached to this Agreement in draft form as Annex 5.

“**Balaton Securities Account**” is defined in Section 8.5.

“**Business Day**” shall mean a day on which the banks are open to the public for regular business in both Frankfurt am Main, Germany, and Michigan, United States.

“**Cash Consideration**” is defined in Section 5.2(f).

“**Closing**” is defined in Section 5.1.

“**Closing Action**” is defined in Section 5.2.

“**Closing Date**” is defined in Section 5.1.

“**Company**” is defined in Section P.2.

“**Confidential Information**” shall mean any information relating to the Balaton Documentation and/or the Trustee Agreement, the nature and details of the negotiations that preceded the execution of this Agreement, and information shared by the Parties with each other concerning their respective businesses at any time prior to execution of this Agreement, in whatever form, and includes information given orally and in any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information, except to the extent that the relevant facts (i) are or become public knowledge other than as a result of any breach of Section 6.1 of this Agreement, (ii) are or were known by the relevant person before the date the information is or was disclosed to it or (iii) are lawfully obtained after that date and that have not been disclosed by any party hereto in accordance with the terms contained in the Balaton Documentation.

“**Confirmatory Resolution**” is defined in Section P.6.

“**Declarations of Withdrawal**” shall mean the letters attached to the Settlement Agreement in draft form as Annex 4.1.

“**Discharge Resolutions 2011**” is defined in Section P.5.

“**Discharge Resolutions 2012**” is defined in Section P.6.

“**DPLTA**” is defined in Section P.4.

“**DPLTA Approval Resolution**” is defined in Section P.5.

“**Gentherm**” is defined in the Recitals.

“**Gentherm Affiliate**” shall mean any direct or indirect subsidiary of Gentherm other than the Company and its direct or indirect subsidiaries.

“**Gentherm Common Stock**” shall mean 3,300,000 fully paid and nonassessable shares of the common stock, without par value, of Gentherm Inc.

“**Gentherm Inc.**” is defined in the Recitals.

“**Gentherm Representative**” shall mean an attorney-at-law of Milbank, Tweed, Hadley & McCloy LLP with business address Taunusanlage 15, 60323 Frankfurt or Maximilianstrasse 15, 80539 Munich, or any person nominated by Gentherm Inc. prior to the Closing Date.

“**Notice**” is defined in Section 8.1.

“**Parties**” is defined in the Recitals.

“**Party**” is defined in the Recitals.

“**Proceedings Courts**” shall mean the district court Munich I and the Higher Regional Court of Munich.

“**Publication**” is defined in Section 11.6.

“**Purchaser**” is defined in the Recitals.

“**Purchaser’s Deposit Account**” shall mean Purchaser’s deposit account which shall be communicated in writing by Purchaser to Trustee at least three calendar days prior to the Closing Date.

“**Registration Rights Agreement**” shall mean the agreement attached to this Agreement in draft form as **Annex 2**.

“**Settlement Agreement**” shall mean the agreement attached to this Agreement in draft form as **Annex 3**.

“**Shares**” is defined in Section P.3.

“**Share Certificate**” shall mean a physical certificate of the Gentherm Common Stock representing the consideration payable in shares of Gentherm Common Stock as provided in Section 3.3 of the SPA.

“**SPA**” shall mean the agreement attached to this Agreement in draft form as **Annex 4**.

“**Trustee**” shall mean any partner or associate of the law firm Gütt Olk Feldhaus, Partnerschaft von Rechtsanwälten in Munich, or any other person mutually agreed by Gentherm Inc. and Balaton prior to the Closing Date.

“**Trustee Account**” shall mean Trustee’s bank account, which has been communicated in writing by Trustee to the Parties on or prior to the date hereof.

“**Trustee Agreement**” shall mean the agreement attached to this Agreement as **Annex P.14**.

“**Trustee’s Deposit Account**” shall mean Trustee’s deposit account, which has been communicated in writing by Trustee to the Parties on or prior to the date hereof.

“**W.E.T. Share**” is defined in Section P.2.

2.

Settlement; Escrow of Settlement Agreement

- 2.1 On Closing and as further provided for in Section 5.2, the Parties shall sign the Settlement Agreement, the signed versions and signature pages of which shall not be exchanged between any of the Parties but shall be held in escrow by the Trustee, who shall, in this respect and with respect to the signed Declarations of Withdrawal, not act as a receiving agent (*Empfangsvertreter*) pursuant to Sec. 164 para. 3 German Civil Code (*Bürgerliches Gesetzbuch, BGB*) for any Party.

2.2 The Trustee shall be instructed not to exchange or make available to any Party or third party the signature pages of the Settlement Agreement and the signed Declarations of Withdrawal, and, therefore, the Settlement Agreement shall not become effective, prior to the confirmation by the Trustee that he has received the Share Certificate from Gentherm.

2.3 Between signing of this Agreement and Balaton's receipt of the Share Certificate, Gentherm or any Gentherm Affiliate shall not in any way object to Balaton's entitlement to procure any of the Balaton Actions and shall not file any declarations with the relevant courts that doubt, question or challenge Balaton's ability to uphold or support such Balaton Actions.

3.

Sale and Purchase of the Shares

On Closing and as further provided for in Section 5.2, the Parties shall sign the SPA and the Registration Right Agreement.

4.

Shareholding of Balaton in Gentherm Inc.

On Closing and as further provided for in Section 5.2, the Parties shall sign the Balaton Rights Agreement.

5.

Closing; Subsequent Acts

5.1 The consummation of this Agreement (the "**Closing**") shall take place at the offices of Trustee in Munich at 8.00 a.m. CET on the first Business Day following the satisfaction of the conditions set forth in Section 5.5, unless otherwise agreed between the Parties (that date set or agreed for the Closing to take place hereafter referred to as the "**Closing Date**"). In the event the conditions set forth in Section 5.5 have not been satisfied by February 28, 2013, this Framework Agreement shall automatically terminate, be of no further force or effect whatsoever and no Party shall have any obligation to any other Party hereunder whatsoever, except that the Parties shall have such rights and obligations under the Trustee Agreement as shall exist in the event of termination of this Agreement.

5.2 On the Closing Date, the Parties shall take the actions (each a "**Closing Action**") in the order set out below, unless and to the extent such Closing Actions have not already been taken before the Closing Date:

- (a) Gentherm Inc. delivers to Balaton written waivers, or other legal binding indications of waiver or non-exercise of rights, from all of the holders of Gentherm Inc.'s Series C Preferred Stock effectively waiving the rights

such holders have to participate in the issuance of equity by Gentherm Inc. evidencing that Gentherm Inc. is in a position to issue the Gentherm Common Stock.

- (b) The Parties shall sign the Settlement Agreement in accordance with Section 2 (it being understood that the Settlement Agreement shall not, directly or indirectly, be delivered to (“*zugehen*”) Gentherm Inc or the Purchaser unless in accordance with Section 2.1 and the Trustee Agreement).
- (c) The Parties shall sign the SPA.
- (d) The Parties shall sign the Balaton Rights Agreement and the Registration Rights Agreement.
- (e) Gentherm Inc. shall have placed the Share Certificate with the Trustee.
- (f) Purchaser shall pay the amount of the cash payment payable as consideration for the Shares to Balaton as provided for in Section 3.2 of the SPA (the “**Cash Consideration**”) to the Trustee Account.
- (g) Balaton shall instruct its bank to book the Shares to the Trustee’s Deposit Account and such bookings shall have occurred, but only following delivery of the Share Certificate and the amount set forth above under (f) was transferred to the Trustee.
- (h) Balaton shall deliver originals of the signed Declarations of Withdrawal to the Trustee;
- (i) Gentherm shall deliver a written statement of the Company to the Trustee that the Company irrevocably represents to publish any and all documents pursuant to Section 149 German Stock Corporation Act (*AktG*) in the Federal Gazette (*Bundesanzeiger*) related to the settlement of any court proceedings in question and irrevocably authorizing Balaton to make such publications;

5.3 Immediately upon fulfillment of the Closing Actions as set forth in Section 5.2 and the Publication in accordance with Section 11.6, the Trustee shall, in accordance with the terms of the Trustee Agreement,

- (a) release the Declarations of Withdrawal to the Proceedings Court, and
- (b) deliver the Share Certificate to Balaton, and
- (c) pay the Cash Consideration to the Balaton Cash Account, and
- (d) transfer the Shares from the Trustee’s Deposit Account to Gentherm Europe.

- 5.4 If on the Closing Date Balaton or Gentherm fail or have failed to comply in any material respect with their respective obligations hereunder, the non-failing Party may, in addition to its rights under applicable law, by written notice to the failing Party:
- (a) defer the date scheduled for the Closing until such failure to comply has been cured, or
 - (b) proceed to Closing so far as practicable,
- in each case without prejudice to its rights hereunder.
- 5.5 It is a condition to the obligation of the Parties to commence the Closing that Gentherm Inc. has obtained written waivers, or other indications of waiver or non-exercise of rights, from all of the holders of Gentherm Inc.'s Series C Preferred Stock effectively waiving the rights such holders have to participate in the issuance of equity by Gentherm Inc. on the same basis as at the equity issuance of Gentherm Inc. described in this Agreement. Gentherm Inc. shall notify (i) Balaton of the status of receipt of such waivers on a periodic basis and (ii) Balaton and Trustee in the form attached hereto as Annex 5.5 after all such waivers have been obtained.
- 5.6 After delivery of the originals of the signed Declarations of Withdrawal to the Trustee as set forth in Section 5.2(h), Balaton shall not withdraw, revoke, contest or otherwise challenge the validity of the Declarations of Withdrawal towards Gentherm, the Company, any of the Proceedings Courts or any other third party. For the avoidance of doubt, the Trustee shall only be entitled to release the Declarations of Withdrawal and the Settlement Agreement as set forth in the Trustee Agreement.

6. Confidentiality

- 6.1 The Parties mutually undertake to keep Confidential Information secret and confidential vis-à-vis any third party, except that Confidential Information may be disclosed:
- (a) to persons affiliated with a Party and its officers, directors, employees and to professional advisers who have a need to know such information, so long as such persons have been made aware of the confidential nature of the Confidential Information and have agreed to be bound by the terms of this Section 6; or
 - (b) where requested or required by any court of competent jurisdiction or any competent judicial, governmental, supervisory or regulatory body or where required by the rules of any stock exchange, regulation or law, but only after giving written notice of such required disclosure to the other

Parties (except that the Parties expressly acknowledge that the Company, Gentherm Inc., Balaton and/or Purchaser are required or considers to be required under applicable law to publish respectively disclose the content of the Balaton Documentation and/or the Trustee Agreement and no prior notice shall be required in such regard); or

- (c) where disclosure is required in order for a Party to honor or enforce any provision of the Balaton Documentation and/or the Trustee Agreement; or
- (d) with the prior written consent of all of the other Parties.

6.2 No press releases or other public announcement concerning the transactions contemplated by the Balaton Documentation and/or the Trustee Agreement shall be made by any Party unless the form and text of such announcement shall first have been approved by Gentherm Inc. and Balaton except that (a) if that Party is required by law or by applicable stock exchange regulations to make an announcement, the aforementioned approval requirement shall not apply and (b) Gentherm shall be permitted to issue a press release concerning the transactions contemplated by the Balaton Documentation and/or the Trustee Agreement, as attached hereto as **Annex 6.2**, and (c) Balaton shall be permitted to issue an ad-hoc release concerning the transactions contemplated by the Balaton Documentation and/or the Trustee Agreement.

6.3 The Parties are aware that the publication of this Agreement, the Balaton Documentation and the Trustee Agreement by the Company in their original language and with a translation into German language of each of the agreements part of the Balaton Documentation and the Trust Agreement in the Federal Gazette (*Bundesanzeiger*) shall be a condition precedent to the effectiveness of this Agreement.

7. Termination

7.1 Prior to Closing, this Agreement may be terminated by written notice:

- (a) at any time by mutual agreement of Gentherm Inc. and Balaton; Purchaser hereby acknowledges that such mutual agreement shall also be binding for Purchaser;
- (b) by Gentherm Inc. or Balaton at any time on or ten days after signing of the Trustee Agreement if the Closing has not taken place by such date;
- (c) by Gentherm Inc. if Balaton is in material breach of any obligation under the Balaton Documentation and/or the Trustee Agreement that is incurable or has not been cured within five Business Days following written notice by Gentherm Inc.; or
- (d) by Balaton if any of Gentherm Inc or the Purchaser is in material breach of

any obligation under the Balaton Documentation and/or the Trustee Agreement that is incurable or has not been cured within five Business Days following written notice by Balaton to Gentherm Inc.

- 7.2 Section 6 of this Agreement shall apply and shall continue to apply and be in full force following termination of this Agreement. Gentherm Inc. and the Purchaser each undertake to use reasonable efforts to ensure that the Company does not disclose any Confidential Information to any court which is competent for disputes between the Company and Balaton or any of its affiliated companies at the moment or in the future, unless Closing has occurred. This Section 7.2 of this Agreement shall continue to apply following termination of this Agreement. Gentherm Inc. is fully responsible for any misuse or breach of the confidentiality by the Company and shall indemnify Balaton for any damages resulting thereof.

8.

Notices; Accounts

- 8.1 All declarations, notices or other communications under the Balaton Documentation (“**Notice**”) shall be in writing and in the English language and delivered by hand, by courier, by facsimile or scanned letter transmitted by email to the person at the addresses set forth in Section 8.2, or such other addresses as may be designated by the respective Party to the other Parties in the same manner.
- 8.2 Any Notice to be given under or in connection with the Balaton Documentation shall be addressed as follows:
- (a) If directed to Balaton:
Deutsche Balaton AG, Attn: Jens Jüttner, Ziegelhäuser Landstraße 1 69120 Heidelberg, Fax +49 62 21 6 49 24 24, e-mail: juettnr@deutsche-balaton.de and flick@deutsche-balaton.de
 - (b) If directed to Purchaser or Gentherm Inc.:
Gentherm Europe GmbH and Gentherm Incorporated, Attn: Daniel R. Coker, 21680 Haggerty Road, Suite 101, Northville, Michigan 48167, United States of America, Fax +1 248 504 0500, e-mail: dcoker@gentherm.com
with a copy to: Dr. Peter Memminger, Milbank, Tweed, Hadley & McCloy LLP, Taunusanlage 15, 60325 Frankfurt am Main, Fax +49 (0) 69 71914 3500, e-mail: pmemminger@milbank.com
- 8.3 Each Party shall communicate any change of its respective address as soon as possible in writing to the respective other Parties. Until such communication, the address as hitherto shall be relevant.

- 8.4 The receipt of copies of Notices by a Party's advisor shall not constitute or substitute the receipt of such Notices by the Party itself.
- 8.5 Unless Balaton in writing informs Gentherm and the Trustee otherwise, the Cash Consideration shall be transferred to the account to be communicated to the Trustee (the "**Balaton Cash Account**").

9.
Choice of Law, Venue

- 9.1 The Balaton Documentation, excluding the Balaton Rights Agreement and the Registration Rights Agreement, shall be governed by and construed in all respects in accordance with the laws of the Federal Republic of Germany with the exception of (a) its conflict of laws provisions and (b) the rules of the Vienna Convention for Sale of Goods dated April 11, 1980, unless explicitly provided otherwise. The Balaton Rights Agreement shall be governed by Michigan, United States law as set forth therein, the Registration Rights Agreement shall be governed by the laws of New York, New York, United States, as set forth therein.
- 9.2 The courts of Frankfurt am Main, Germany, have exclusive jurisdiction to settle any dispute arising out of or in connection with the Balaton Documentation, excluding any dispute arising under the Balaton Rights Agreement and the Registration Rights Agreement. For the Balaton Rights Agreement the courts in Oakland County, Michigan, United States shall have exclusive jurisdiction. For the Registration Rights Agreement the Federal Court in New York, New York, United States shall have exclusive jurisdiction.

10.
Interpretation, Formalities, Severability

- 10.1 Capitalized terms are defined within the Balaton Documentation and such definitions shall apply to each and every use of such terms within the Balaton Documentation.
- 10.2 In case of doubt, the meaning of the German expressions used in the Balaton Documentation shall prevail over the meaning of the English expressions to which they relate. The foregoing shall not apply to the Balaton Rights Agreement and the Registration Rights Agreement.
- 10.3 A reference to any agreement of the Balaton Documentation implies reference to all annexes included in such agreement.
- 10.4 A Party's failure or delay to insist on strict performance of any provision of the Balaton Documentation or exercise any power, right or remedy hereunder shall not operate as or be deemed to be a waiver thereof or of any right or remedy for breach of a like or different nature nor shall any single or any partial exercise of

any power, right or remedy preclude its further exercise or the exercise of any other power, right or remedy.

- 10.5 Changes, amendments and waivers to the Balaton Documentation shall be valid only if made in writing and must be signed by all Parties to be effective. This shall also apply to amendments of this provision.
- 10.6 In the event that any agreement or any provision of the Balaton Documentation shall be or become invalid or unenforceable or if the Balaton Documentation should show a gap, this shall not affect the validity of the remaining provisions of the Balaton Documentation. In any such case, such valid and enforceable provision shall apply which the parties would have agreed upon in the light of the economic purpose pursued with this Balaton Documentation, had they considered the matter when executing the Balaton Documentation.

11.
Miscellaneous

- 11.1 Except as otherwise stated in the Balaton Documentation, all payments under or in connection with the Balaton Documentation shall be made free of all taxes, bank charges and other deductions by wire transfer of immediately available funds, value as of the relevant due date.
- 11.2 Except as otherwise stated in the Balaton Documentation, the Parties shall not be entitled to exercise any right of set-off or retention right with respect to any payment or action to be made by them under the Balaton Documentation unless their claim is finally decided by a final court judgment or arbitration award.
- 11.3 Each of the Parties hereto shall pay their own costs and expenses in relation to the preparation, execution and carrying into effect of the Balaton Documentation.
- 11.4 Except for the rights and claims of Gentherm Inc. towards Balaton under Section 4 and 5 of the Settlement Agreement, which Gentherm Inc. may assign to any of its subsidiaries, and except as otherwise provided herein or in the Registration Rights Agreement, no Party shall be entitled to assign any rights or claims under the Balaton Documentation without the prior written approval of the other Parties. However, if any right shall be or is assigned or any obligation is transferred or passes over to another person, in particular to the Company, such assignment or transfer has to be published in accordance with Section 149 German Stock Corporation Act (*AktG*). Sections 11.6 and 11.7 of this Agreement shall apply accordingly. For the avoidance of doubt, Balaton is allowed to transfer all or part of the Gentherm Common Stock or other Gentherm shares to any third party or affiliated company at any time without any publication other than applicable under US law and without approval of Gentherm Inc., the Purchaser or the Company.

- 11.5 Except as provided for in Section 2 of the Settlement Agreement and in Section 6 of this Agreement, none of the provisions of the Balaton Documentation shall give rise to any rights of any third person not a Party.
- 11.6 The Parties acknowledge that for the effectiveness of this Agreement, the Company has to publish the complete wording of this Agreement, the Balaton Documentation and the Trustee Agreement in the Federal Gazette (*Bundesanzeiger*) including German translations (the “**Publication**”) in compliance with sections 248a, 142, 149 German Stock Corporation Act (*AktG*). To the extent the Publication is incomplete, all rights and obligations under this Agreement shall remain unaffected. Each Party hereby waives its rights (i) to reclaim any of the received performance, (ii) to exercise retention rights (*Zurückbehaltungsrechte*), (iii) to exercise rights to refuse performance (*Leistungsverweigerungsrecht*) even if the performance was made pursuant to an ineffective agreement.
- 11.7 If the Publication pursuant to sections 248a, 142, 149 German Stock Corporation Act (*AktG*) is incomplete or omitted, Balaton is entitled to publish the Balaton Documentation and the Trustee Agreement following a period of two weeks that has Balaton set the Company or Gentherm to arrange for the Publication. Gentherm has to indemnify Balaton for reasonable costs for such Publication.
- 11.8 Gentherm hereby indemnifies (*leistet Schadensersatz*) Balaton and each of the shareholders of the Company against any damage as a result of an omitted, incomplete or incorrect Publication.
- 11.9 Each of Gentherm Inc. and the Purchaser separately undertakes, for a period of four years from the date hereof, not to make a public statement critical of Balaton or its subsidiaries or affiliates or any of their directors, officers, supervisory board members or employees, or take any other action likely to damage the reputation of such persons. The Parties each acknowledge and agree that money damages would not be a sufficient remedy for any breach (or threatened breach) of the foregoing by Gentherm and that, in the event of any breach or threatened breach hereof, Balaton will be entitled to seek injunctive and other equitable relief from Gentherm Inc. or the Purchaser as the case may be.
- 11.10 Balaton undertakes, for a period of four years from the date hereof, that neither it nor any of its affiliated companies within the meaning of Sect. 15 AktG or its or their directors and officers, will make a public statement critical of Gentherm Inc. or its subsidiaries or affiliates or any of their directors, officers or employees, or take any other action likely to damage the reputation of such persons. The Parties each acknowledge and agree that money damages would not be a sufficient remedy for any breach (or threatened breach) of the foregoing by Balaton and that, in the event of any breach or threatened breach hereof, Gentherm Inc. will be entitled to seek injunctive and other equitable relief from Balaton.

SIGNATURE PAGE – FRAMEWORK AGREEMENT

IN WITNESS WHEREOF, the Parties have caused this Framework Agreement to be signed by a duly authorized signatory thereof, all as of the date first written above.

Deutsche Balaton AG

/s/ Jens Jüttner

Gentherm Europe GmbH

/s/ Peter Memminger, as representative
based on a PoA

Gentherm Incorporated

/s/ Peter Memminger, as representative
based on a PoA

Annex P.14 – Executed Trustee Agreement

[See the executed Trustee Agreement which is part of this publication.]

Annex 2 – Draft of Registration Rights Agreement

[See the executed Registration Rights Agreement which (i) reflects an executed version of the draft attached to this agreement as Annex 2 and (ii) is part of this publication.]

Annex 3 – Draft of Settlement Agreement

[See the executed Settlement Agreement which (i) reflects an executed version of the draft attached to this agreement as Annex 3 and (ii) is part of this publication.]

Annex 4 – Draft of SPA

[See the executed SPA which (i) reflects an executed version of the draft attached to this agreement as Annex 4 and (ii) is part of this publication.]

Annex 5 – Draft of Balaton Rights Agreement

[See the executed Balaton Rights Agreement which (i) reflects an executed version of the draft attached to this agreement as Annex 5 and (ii) is part of this publication.]

Annex 5.5 – Notification re. Waiver

To: Deutsche Balaton AG, fax number 06221 6492424

To: Gütt Olk Feldhaus, fax number 089 24 22 411—50

RE: [NOTIFICATION REGARDING RECEIPT OF WAIVER]

Please be aware that on [date] we have obtained the last outstanding indications of waiver or non-exercise of rights, from our holders of Gentherm Inc.'s Series C Preferred Stock effectively waiving the rights such holders have to participate in the issuance of equity by Gentherm Inc. on the same basis as the equity issuance of Gentherm Inc. described in the Framework Agreement between Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH dated [date].

Yours faithfully,

[Signature(s) for Gentherm Inc.]



NEWS RELEASE for February 15, 2013

Contact: Allen & Caron Inc
Jill Bertotti (investors)
jill@allencaron.com
Len Hall (media)
len@allencaron.com
(949) 474-4300

**GENTHERM ANNOUNCES AGREEMENT TO ACQUIRE ALL W.E.T. SHARES
OWNED BY LARGEST MINORITY SHAREHOLDER**

Clears Path to Complete Integration of W.E.T.

NORTHVILLE, MICHIGAN, U.S.A. AND HEIDELBERG, GERMANY (February 15, 2013) . . . Gentherm Incorporated (NASDAQ-GS: THRM), the global market leader and a developer of innovative thermal management technologies, today announced it has reached an agreement to acquire all the shares of W.E.T. Automotive Systems AG (W.E.T.) owned by Heidelberg, Germany-based Deutsche Balaton AG, the largest minority shareholder of W.E.T. The acquisition of the shares by Gentherm is a major step in completing its acquisition of W.E.T., a publicly-traded German automotive thermal control and electronic components company. Deutsche Balaton remains indirectly a shareholder of W.E.T. via Gentherm.

Upon completion of the transaction, Deutsche Balaton has agreed to withdraw its legal case opposing the registration of a Domination and Profit and Loss Transfer Agreement (DPLTA), which, under German law, would essentially allow Gentherm and W.E.T. to be managed as one operational entity.

Gentherm initially acquired a majority interest in W.E.T. in May 2011 to create a larger and more global company with a broad range of thermal products and manufacturing capabilities. "The purchase of Deutsche Balaton's shares will enable Gentherm to more completely achieve the synergies inherent in the combined companies," noted Gentherm President and CEO Daniel R. Coker.

The transaction involves the issuance of 3.3 million Gentherm common shares and payment of approximately \$7.5 million in cash in exchange for Deutsche Balaton's 442,253 shares in W.E.T. (or 13.8 percent of the total outstanding W.E.T. shares). For a limited time, the holders of the Gentherm Series C Preferred Stock have the right to purchase up to 30 percent, in the aggregate, of any common share offering. Such holders have all agreed to waive those rights in connection with the stock issuance to Balaton described above. For purposes of the transaction, the Gentherm shares are valued at \$13.00 per share, yielding an €85 per share valuation of the W.E.T. shares. Another minority shareholder in W.E.T. has agreed to simultaneously sell 23,044 W.E.T. shares to Gentherm for €85 per share in cash. The acquisition of Deutsche Balaton's shares and the shares held by such other minority shareholder will bring the total stock of W.E.T. held by Gentherm to 2,897,360 shares, representing approximately 90 percent of W.E.T.'s outstanding shares. Closing of the transaction is expected to occur within a few days.

"The share purchase will allow Gentherm and W.E.T. to continue the process of combining into one entity, integrating our broad array of capabilities and fulfilling the promise of the acquisition we have always envisioned," Coker said. "Upon the registration of a DPLTA, we will be able to accelerate this process and better serve our customers and generate greater shareholder value without the ongoing distraction of legal issues associated with the combination of the two companies."

"Upon closing of the transaction, Deutsche Balaton, which has proven to be a savvy investor in W.E.T., having held its position for 10 years, will be a significant European investor in Gentherm," added Coker. "This fits well with our strategy to expand our global shareholder base to include investors located outside the U.S., and we are pleased to have Deutsche Balaton as an equity partner."

"We have always believed in W.E.T. and recognized it as a very valuable asset in our portfolio. We are convinced that the combination of Gentherm and W.E.T. will create an extraordinary value opportunity and are enthusiastic about being able to participate," said Thomas Zours, Chairman of the Supervisory Board at Deutsche Balaton.

In connection with the share purchase from Deutsche Balaton, Gentherm has agreed to offer to acquire, upon registration of the DPLTA, the remaining shares of W.E.T. held by other minority shareholders. Such remaining shares represent approximately 10 percent of the total outstanding W.E.T. shares. Gentherm will offer a total payment of €85 per W.E.T. share, or an aggregate of approximately \$37 million in cash. Further details about the technical implementation of such offer will be announced shortly after the registration of the DPLTA.

Gentherm and W.E.T. intend to pursue swift registration of the DPLTA after the transaction is consummated.

About Gentherm

Gentherm Incorporated (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 seat and steering wheel systems, cable systems and other electronic devices. The Company's advanced technology team is developing more efficient materials for thermoelectrics and systems for waste heat recovery and electrical power generation for the automotive market that may have far-reaching applications for consumer products as well as industrial and technology markets. Gentherm has more than 6,000 employees in facilities in the U.S., Germany, Mexico, China, Canada, Japan, England, Korea, Malta, Hungary and the Ukraine. For more information, go to www.gentherm.com.

Certain matters discussed in this release are forward-looking statements that involve risks and uncertainties, and actual results may be different. Important factors that could cause the Company's actual results to differ materially from its expectations in this release are risks that sales may not significantly increase, additional financing, if necessary, may not be available, new competitors may arise and adverse conditions in the automotive industry may negatively affect its results. The liquidity and trading price of its common stock may be negatively affected by these and other factors. Please also refer to Gentherm's Securities and Exchange Commission (SEC) filings and reports, including, but not limited to, its Form 10-Q for the period ended September 30, 2012, and its Form 10-K for the year ended December 31, 2011; all of which are available free of charge on the SEC's website at www.sec.gov. Gentherm expressly disclaims any intent or obligation to update any forward-looking statements.

###

Trustee Agreement

(the “Agreement”)

Milbank, Tweed, Hadley & McCloy LLP

Taunusanlage 15
60325 Frankfurt am Main, Germany

Trustee Agreement

dated as of February 15, 2013

by and among

1. **Deutsche Balaton AG**, a stock corporation organized under the laws of the Federal Republic of Germany, with its seat in Heidelberg and its business address at Ziegelhäuser Landstraße 1, 69120 Heidelberg, and registered with the commercial register of the local court of Mannheim under HRB 338172 (“**Balaton**”)
2. **Gentherm Incorporated**, a corporation organized under the laws of the State of Michigan, USA, with its seat in Northville, USA and its business address at Northville, Michigan, 21680 Haggerty Road, Ste. 101, 48167 USA (“**Gentherm Inc.**”)
3. **Gentherm Europe GmbH**, a limited liability company organized under the laws of the Federal Republic of Germany, with its seat in Augsburg and its business address at Ulmer Straße 160B, 86156 Augsburg, and registered with the commercial register of the local court of Augsburg under HRB 25596 (“**Purchaser**”)
- the parties under 2. and 3. collectively “**Gentherm**” –
4. **Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten**, with business address at Hackenstraße 5, 80331 Munich (“**Trustee**”)
- Balaton, Gentherm Inc., Purchaser and Trustee each a “**Party**” and, collectively, the “**Parties**” -

Table of Contents

1. Definitions	7
2. Appointment of Trustee	9
3. Treatment during Escrow Period	10
4. Deposit and Receipt of Escrow Amount, the Shares and Escrow Items	10
5. Release of Escrow Amount, Shares and Escrow Items	10
6. Fees and Expenses of Trustee	13
7. Liability of Trustee	13
8. Variation and Waiver	14
9. Notices	15
10. Replacement and Retirement of Trustee	15
11. Termination	16
12. Confidentiality	16
13. Governing Law and Jurisdiction	16
14. Miscellaneous	17

List of Annexes

Annex	Topic
Annex P.12	Draft of Declarations of Withdrawal
Annex 4.2	Draft of Receipt Notice
Annex 5.1.1	Joint Release Instruction re. Declarations of Withdrawal
Annex 5.1.3	Draft Notification re. Waiver
Annex 5.2.1	Joint Release Instruction re. Escrow Amount
Annex 5.3.1	Joint Release Instruction re. Shares
Annex 5.4.1	Joint Release Instruction re. Share Certificate

Preamble

- P.1 **Whereas**, Gentherm Inc. holds all shares in Purchaser.
- P.2 **Whereas**, Purchaser holds 2,429,403 of the bearer shares with no par value (*auf den Inhaber lautende Aktien ohne Nennbetrag (Stückaktien)*) in W.E.T. Automotive Systems A.G., a stock corporation organized under the laws of the Federal Republic of Germany with its seat in Odelzhausen, its business address at Rudolf-Diesel-Str. 12, 85235 Odelzhausen and registered with the commercial register of the local court of Munich under HRB 119793 (the "**Company**") and Gentherm Inc. holds 2,660 of the bearer shares with no par value (*auf den Inhaber lautende Aktien ohne Nennbetrag (Stückaktien)*) in the Company. The Company has a registered share capital of EUR 9,600,000 divided into 3,200,000 bearer shares with no par value (each a "**W.E.T. Share**").
- P.3 **Whereas**, Balaton holds 442,253 of the W.E.T. Shares (the "**Balaton-Shares**"), which are booked on deposit accounts to the benefit of Balaton.
- P.4 **Whereas**, Purchaser (then named Amerigon Europe GmbH) as controlling entity and the Company as controlled entity entered into a domination and profit and loss transfer agreement on June 16, 2011 (the "**DPLTA**").
- P.5 **Whereas**, the annual shareholders' meeting of the Company dated August 16, 2011 (the "**2011 Shareholders' Meeting**") has adopted, inter alia, the following resolutions:
- resolutions under agenda item 3 and agenda item 4 on the discharge of the members of the executive board of the Company and the members of the advisory board of the Company, respectively, for fiscal year 2010 (the "**Discharge Resolutions 2011**"), and
 - resolution under agenda item 6 on the approval of the DPLTA (the "**DPLTA Approval Resolution**").
- P.6 **Whereas**, the annual shareholders' meeting of the Company dated June 14, 2012 (the "**2012 Shareholders' Meeting**") has adopted, inter alia, the following resolutions:
- resolutions under agenda item 3 and agenda item 4 on the discharge of the members of the executive board of the Company and the members of the advisory board of the Company, respectively, for fiscal year 2011 (the "**Discharge Resolutions 2012**"), and
 - resolution under agenda item 6 on the confirmation pursuant to Sec. 244 German Stock Corporations Act (*AktG*) of the DPLTA Approval Resolution (the "**Confirmatory Resolution**").

- P.7 **Whereas**, following the 2011 Shareholders' Meeting, Balaton filed a challenge and voidance action (*Anfechtungs- und Nichtigkeitsklage*) with the Regional Court Munich I (*Landgericht München I*) (file no. 5 HK O 20488/11) against the Company with respect to the Discharge Resolutions 2011 and the DPLTA Approval Resolution (the "**Balaton Court Action 2011**").
- P.8 **Whereas**, following the 2012 Shareholders' Meeting, Balaton filed a challenge and voidance action (*Anfechtungs- und Nichtigkeitsklage*) with the Regional Court Munich I (*Landgericht München I*) (file no. 5 HK O 14081/12) against the Company with respect to the Discharge Resolutions 2012 and the Confirmatory Resolution (the "**Balaton Court Action 2012**").
- P.9 **Whereas**, Balaton, furthermore, filed two applications with the Regional Court Munich I (*Landgericht München I*) (file no. 17 HK O 27730/11 and 17 HK O 16045/12) AktG against the Company each regarding the appointment of a special auditor pursuant to Sec. 142 para. 2 German Stock Corporations Act (*AktG*) (the "**Balaton Court Applications**" and, together with the Balaton Court Action 2011 and the Balaton Court Action 2012, the "**Balaton Actions**").
- P.10 **Whereas**, through separate agreements Balaton and Gentherm intend to settle the Balaton Actions and Purchaser desires to acquire, and Balaton is willing to exchange the Balaton-Shares against shares in Gentherm Inc. as ultimate parent company of the Company and a cash payment . as consideration (the "**Balaton Documentation**"). The Balaton Documentation includes (i) an agreement setting out the structure of the Balaton Documentation as well as the steps to be taken for its consummation (the "**Framework Agreement**"), (ii) an agreement governing the exchange and transfer of the Balaton-Shares against shares in Gentherm Inc. and cash payment as consideration (the "**SPA**"), (iii) an agreement providing for certain obligations of Balaton as shareholder of Gentherm Inc. (the "**Balaton Rights Agreement**") and (iv) an agreement providing for the settlement of the Balaton Actions (the "**Settlement Agreement**") and an agreement governing the registration and resale of Gentherm shares (the "**Registration Rights Agreement**").
- P.11 **Whereas**, the consummation of the Framework Agreement requires the involvement of a trustee and, hence, this Agreement is entered into by the Parties. The rights and obligations of Trustee are exclusively governed by this Agreement and not by the Balaton Documentation.
- P.12 **Whereas**, Trustee will receive to keep in escrow (i) a payment from the Purchaser, the amount of which shall not fall short of EUR 6,500,000.00, (the "**Escrow Amount**"), (ii) a physical share certificate from Gentherm Inc. representing 3,300,000 shares of Gentherm's shares of common stock (the "**Share Certificate**") a sample of which has been exchanged before the date hereof, (iii) the Balaton-Shares and (iv) originals of the signed declarations of withdrawal for each Balaton Action drafts of which are attached hereto as **Annex P.12** (the

“**Declarations of Withdrawal**” and the Declarations of Withdrawal together with the Share Certificate, the “**Escrow Items**”).

Now, therefore, it is agreed as follows:

**1.
Definitions**

“**2011 Shareholders’ Meeting**” is defined in Section P.5.

“**2012 Shareholders’ Meeting**” is defined in Section P.6.

“**Agreement**” is defined in the Recitals.

“**Balaton**” is defined in the Recitals.

“**Balaton Actions**” is defined in Section P.9.

“**Balaton Court Action 2011**” is defined in Section P.7.

“**Balaton Court Action 2012**” is defined in Section P.8.

“**Balaton Court Applications**” is defined in Section P.9.

“**Balaton Documentation**” is defined in Section P.10.

“**Balaton Rights Agreement**” is defined in Section P.10.

“**Balaton-Shares**” is defined in P.3.

“**Business Day**” shall mean a day on which the banks are open to the public for regular business in both Frankfurt am Main, Germany and Michigan, United States.

“**Cash Consideration**” shall be the amount which will be notified by Balaton and Gentherm in writing to the Trustee on the day of signing of the SPA at the latest.

“**Company**” is defined in Section P.2.

“**Confidential Information**” shall mean any information relating to the Balaton Documentation and/or this Agreement, the nature and details of the negotiations that preceded the execution of this Agreement, and information shared by the Parties with each other concerning their respective businesses at any time prior to execution of this Agreement, in whatever form, and includes information given orally and in any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information, except to the extent that the relevant facts (i) are or become public knowledge other than as a result of any breach of Section 13 of this Agreement, (ii) are or were known by the relevant person before the date the information is or was disclosed to it or (iii) are lawfully obtained after that date.

“**Confirmatory Resolution**” is defined in Section P.6.

“**Declarations of Withdrawal**” is defined in Section P.12.

“**Discharge Resolutions 2011**” is defined in Section P.5.

“**Discharge Resolutions 2012**” is defined in Section P.6.

“**DPLTA**” is defined in Section P.4.

“**DPLTA Approval Resolution**” is defined in Section P.5.

“**Escrow Accounts**” shall mean the Trustee Account and the Trustee’s Deposit Account collectively.

“**Escrow Amount**” is defined in Section P.12.

“**Escrow Items**” is defined in Section P.12.

“**Extended Release Actions**” is defined in Section 5.2.2.

“**Framework Agreement**” is defined in Section P.10.

“**Gentherm**” is defined in the Recitals.

“**Gentherm Inc.**” is defined in the Recitals.

“**Gentherm Representative**” shall mean an attorney-at-law of Milbank, Tweed, Hadley & McCloy LLP with business address Taunusanlage 15, 60323 Frankfurt or Maximilianstrasse 15, 80539 Munich, or any person nominated by Gentherm Inc. prior to the satisfaction of the Release Actions.

“**Nominated Purchaser Account**” shall mean Purchaser’s bank account which was communicated in writing by Purchaser to Trustee.

“**Nominated Purchaser Deposit Account**” shall mean Purchaser’s deposit account which was communicated in writing by Purchaser to Trustee.

“**Nominated Balaton Account**” shall mean the bank account of Balaton communicated in writing by Balaton to Trustee.

“**Nominated Balaton Deposit Account**” shall mean the deposit account of Balaton as communicated in writing by Balaton to Trustee.

“**Notice**” is defined in Section 9.1.

“**Parties**” is defined in the Recitals.

“**Party**” is defined in the Recitals.

“**Purchaser**” is defined in the Recitals.

“**Proceedings Courts**” shall mean the district court Munich I and the Higher Regional Court of Munich.

“**Receipt Confirmations**” is defined in Section 5.2.2.

“**Registration Rights Agreement**” is defined in Section P.10.

“**Release Actions**” is defined in Section 5.1.2.

“**Settlement Agreement**” is defined in P.10.

“**Share Certificate**” is defined in Section P.12.

“**SPA**” is defined in Section P.10.

“**Trustee**” is defined in the Recitals.

“**Trustee Account**” shall mean the account held by the Trustee at Bethmann Bank AG, Munich, sort code 501 203 83, account no. 224 0455, IBAN DE82 5012 0383 0002 2404 55 and BIC DELB DE 33XXX or any other bank account of the Trustee which was communicated by Trustee to Balaton and Genthern.

“**Trustee’s Deposit Account**” shall mean the deposit account held by the Trustee at Bethmann Bank AG, Munich, sort code 501 203 83 and deposit account no. 224 045 001 or any other Trustee’s deposit account which was communicated by Trustee to Balaton and Genthern.

“**W.E.T. Share**” is defined in Section P.2.

2.

Appointment of Trustee

- 2.1 Balaton and Genthern hereby jointly appoint Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten as Trustee (*Treuhänder*) for the purposes of this Agreement and Trustee hereby accepts such appointment. For the purposes of this Agreement and as set forth further in Section 2.2 the Parties agree that (i) Trustee shall establish each of the Escrow Accounts in its own name and that each of the Escrow Accounts shall be kept for the account of Balaton and Purchaser and (ii) Trustee shall keep the Escrow Items for the account of Balaton and Genthern. Trustee agrees to hold and release any monies and/or shares deposited into the Escrow Accounts (or any one of them) and/or the Escrow Items in accordance with the terms of this Agreement.
- 2.2 Upon deposit of the Balaton-Shares into the Trustee’s Deposit Account or delivery of the Escrow Items to Trustee (or in each case any portion thereof) Trustee shall in each case become possessor (*Besitzer*), but not legal owner (*Eigentümer*) of the Balaton-Shares or the Escrow Items (or in each case any portion thereof) respectively. Upon request of Balaton, Trustee shall confirm in writing to Balaton at any time that it holds the Balaton-Shares as trustee for Balaton as long as the release of the Balaton-Shares pursuant to Section 5.3 of this Trustee Agreement has not occurred.
- 2.3 The rights and obligations of Trustee shall be exclusively governed by and construed in accordance with the provisions of this Agreement without recourse to Sections 675 para. 1, 611 et seqq. (*Dienstvertrag, der eine Geschäftsbesorgung zum Gegenstand hat*) and Sections 662 et seqq. (*Auftrag*) of the German Civil Code (*Bürgerliches Gesetzbuch*).

3.

Treatment during Escrow Period

- 3.1 The Escrow Amount, the Balaton-Shares and the Escrow Items shall be deposited with Trustee on terms that Trustee may not withhold (*zurückbehalten*), set-off (*aufrechnen*) or otherwise net (*verrechnen*) the Escrow Amount, the Balaton-Shares or Escrow Items or any portion thereof with regard to any charges or any other claims or defense Trustee may have against Balaton or Gentherm.
- 3.2 Trustee shall not release the Escrow Amount, the Balaton-Shares or Escrow Items or any portion thereof, except as expressly provided for in this Agreement.
- 3.3 None of the Parties shall seek, request or otherwise call or claim for the release of the Escrow Amount, the Balaton-Shares or the Escrow Items or any portion thereof other than in accordance with the terms and conditions of this Agreement.
- 3.4 The Escrow Accounts shall be non-interest bearing account(s).

4.

Deposit and Receipt of Escrow Amount, the Balaton-Shares and Escrow Items

- 4.1 Balaton, Gentherm Inc. or Purchaser, as the case may be, shall notify the Trustee immediately on (i) the deposit of the Escrow Amount into the Trustee Account, (ii) the deposit of the Balaton-Shares into the Trustee's Deposit Account or (iii) the delivery of the Escrow Items to the Trustee (or in each case any portion thereof).
- 4.2 Trustee shall deliver to Balaton and Gentherm notices materially in the form contained in **Annex 4.2** as soon as practicable following (i) the deposit of the Escrow Amount into the Trustee Account, (ii) the deposit of the Balaton-Shares into the Trustee's Deposit Account and (iii) the delivery of the Escrow Items to the Trustee (or in each case any portion thereof).

5.

Release of Escrow Amount, Balaton-Shares and Escrow Items

- 5.1 Trustee shall apply the Declarations of Withdrawal in accordance with the terms of this Section 5.1 in each case and shall release any of the Declarations of Withdrawal only as follows:
 - 5.1.1 in accordance with corresponding (*übereinstimmenden*) written instructions by Balaton and Gentherm Inc., in the form attached hereto as **Annex 5.1.1**; or

- 5.1.2 to the Proceeding Courts in reasonable time, upon fulfillment of all of the following actions (the “**Release Actions**”):
- (a) Gentherm and Balaton having signed the Settlement Agreement, whereas the Trustee shall not exchange or make available to Gentherm or Balaton or any third party the signature pages of the Settlement Agreement and the signed Declarations of Withdrawal, and, therefore, the Settlement Agreement shall not become effective, prior to the confirmation by the Trustee that it has received the Share Certificate from Gentherm;
 - (b) Gentherm and Balaton having signed the SPA and the Registration Rights Agreement;
 - (c) Gentherm and Balaton having signed the Balaton Rights Agreement;
- in each case of (a)-(c) as notified to the Trustee in writing by Gentherm Representative and Balaton;
- (d) providing of a confirmation by Gentherm Representative and Balaton relating to the publication of the Agreement, the Framework Agreement, the Settlement Agreement, the SPA, the Registration Rights Agreement, and the Balaton Rights Agreement in their original language and as translations into the German language of each of the afore mentioned agreements by the Company in the Federal Gazette (*Bundesanzeiger*);
 - (e) Gentherm Inc. having placed the Share Certificate with Trustee;
 - (f) Purchaser having paid the Escrow Amount to the Trustee Account;
 - (g) the Balaton-Shares having been booked into the Trustee’s Deposit Account; however, Balaton shall transfer the Balaton-Shares only upon notice of the Trustee that Gentherm has placed the Share Certificate with Trustee and that the Escrow Amount was paid to the Trustee Account; and
 - (h) Balaton having delivered the Declarations of Withdrawal to Trustee; or
- 5.1.3 to Balaton if (i) following ten days of signing this Agreement (x) Gentherm has not signed all of the agreements mentioned in 5.1.2 (a)-(c) or (y) the Release Actions in 5.1.2 (d), (e) and (f) have not been fulfilled or (z) Gentherm Inc. has not presented the notice attached hereto in draft form as **Annex 5.1.3** to Trustee and (ii) Balaton has requested the release from Trustee; or
- 5.1.4 to Balaton if Section 5.2.3, 5.3.3 or 5.4.3 applies.

- 5.2 Trustee shall apply such portion of the Escrow Amount equal to the Cash Consideration from the Trustee Account in accordance with the terms of this Section 5.2 in each case and shall release such amount from the Trustee Account only as follows:
- 5.2.1 in accordance with corresponding (*übereinstimmenden*) written instructions by Balaton and Purchaser, in the form attached hereto as **Annex 5.2.1**; or
 - 5.2.2 to Balaton and the Nominated Balaton Account upon (i) fulfillment of all of the Release Actions and (ii) presentation of proof of submission of the Declarations of Withdrawal to the Proceedings Courts in the form of copies of the Declarations of Withdrawal postmarked (*mit dem Eingangsstempel versehen*) by the Proceedings Courts (the “**Receipt Confirmations**”) (such Receipt Confirmations together with the Release Actions, the “**Extended Release Actions**”) received by the Trustee; or
 - 5.2.3 to Purchaser and to the Nominated Purchaser Account if (i) following ten days of signing of this Agreement (w) Balaton has not signed all of the agreements mentioned in 5.1.2 (a)-(c) or (x) the Release Actions in 5.1.2 (g) and (h) have not been fulfilled or (y) Gentherm Inc. has not presented the notice attached hereto in draft form as **Annex 5.1.3** to Trustee and (ii) Purchaser has requested the release from Trustee; or
 - 5.2.4 to Purchaser and to the Nominated Purchaser Account if Section 5.1.3, 5.3.3 or 5.4.3 applies
- 5.3 Trustee shall apply the Balaton-Shares in accordance with the terms of this Section 5.3 in each case and shall release any Balaton-Shares from the Trustee’s Deposit Account only as follows:
- 5.3.1 in accordance with corresponding (*übereinstimmenden*) written instructions by Balaton and Purchaser, in the form attached hereto as **Annex 5.3.1**; or
 - 5.3.2 to Purchaser and to the Nominated Purchaser Deposit Account upon fulfillment of all of the Extended Release Actions; or
 - 5.3.3 to Balaton and to the Nominated Balaton Deposit Account if (i) by following ten days of this signing this Agreement (w) Gentherm has not signed all of the agreements mentioned in 5.1.2 (a)-(c) or (x) the Release Actions in 5.1.2 (d), (e) and (f) have not been fulfilled or (y) Gentherm Inc. has not presented the notice attached hereto in draft form as **Annex 5.1.3** to Trustee and (ii) Balaton has requested the release from Trustee; or
 - 5.3.4 to Balaton and to the Nominated Balaton Deposit Account if Section 5.1.3, 5.2.3 or 5.4.3 applies.

- 5.4 Trustee shall apply or provide, as the case may be, the Share Certificate in accordance with the terms of this Section 5.4 in each case and shall release the Share Certificate only as follows:
- 5.4.1 in accordance with corresponding (*übereinstimmenden*) written instructions by Balaton and Gentherm Inc., in the form attached hereto as **Annex 5.4.1**; or
 - 5.4.2 to Balaton immediately upon fulfillment of all of the Extended Release Actions; or
 - 5.4.3 to Gentherm Representative if (i) following ten days of signing this Agreement (w) Balaton has not signed all of the agreements mentioned in 5.1.2 (a)-(c) or (x) the Release Actions in 5.1.2 (g) and (h) have not been fulfilled or (y) Gentherm Inc. has not presented the notice attached hereto in draft form as **Annex 5.1.3** to Trustee and (ii) Gentherm Representative has requested the release from Trustee; or
 - 5.4.4 to Gentherm Representative if Section 5.1.3, 5.2.3 or 5.3.3 applies.
- 5.5 Unless otherwise explicitly provided for in Sections 5.1 to 5.4, Trustee shall (i) release the Declarations of Withdrawal on the Business Day following the day of fulfillment of the last of the Release Actions at the latest and (ii) instruct the payments and bookings out of the Escrow Accounts or release of the Share Certificate on the Business Day following the day of fulfillment of the last of the Release Actions at the latest.
- 5.6 The Parties hereby agree that none of the Escrow Accounts or Escrow Items there under or in connection therewith may be pledged, provided as collateral in any other way, sold, assigned or transferred.

6.

Fees and Expenses of Trustee

The fees of Trustee for the negotiation and execution of this Agreement, as the case may be, the setting-up of the Escrow Accounts, the administration of the Escrow Accounts, the safekeeping of the Escrow Items from time to time, the release of the Escrow Amount, the Balaton-Shares and/or the Escrow Items shall be an one-time fee of EUR 7,000.00 net and all reasonable expenses (including bank charges and fees incurring in connection with the Escrow Accounts), in each case plus applicable VAT, payable by Gentherm Inc. within ten Business Days after the receipt of (i) the first notice pursuant to Section 5 hereof and (ii) respective invoice to Gentherm Inc. respectively.

7.

Liability of Trustee

- 7.1 Trustee shall not be liable and shall bear no obligation or responsibility to any person for any action performed or omitted under or in connection with this Agreement, in particular in respect of the operation of the Escrow Accounts, the application of the Escrow Amount or the Balaton-Shares and the safekeeping of the Escrow Items (or in each case any portion thereof), unless such liability arises as a result of Trustee having failed to meet the standard of care of a prudent business man (*Sorgfalt eines ordentlichen Kaufmanns*) intentionally (*vorsätzlich*) or gross negligently (*grob fahrlässig*), it being understood that the total liability of the Trustee under or in connection with this Agreement, to the extent legally permitted, shall in any event be limited to EUR 250,000.00.
- 7.2 Trustee shall be entitled to rely on, and shall be protected in acting upon, and shall be entitled to treat as genuine and as the document it purports to be, any instruction letter, paper or other document furnished to it by Balaton and/or Purchaser, Gentherm Inc. and/or the Gentherm Representative believed by Trustee, acting reasonably, to be genuine and to have been signed and presented by the proper person or persons.
- 7.3 Balaton and Gentherm, jointly and severally, shall indemnify and hold harmless Trustee and any of its partners and employees from and against any and all liabilities, obligations, losses, damages, penalties, judgments, costs, expenses, actions or demands whatsoever (including any interest thereon) that may be imposed on or incurred by Trustee in connection with any action, claim or proceeding of any kind brought, or threatened to be brought, against Trustee as a result of its acting hereunder regarding the Escrow Accounts or the Escrow Items, unless Trustee failed to meet the standard of care of a prudent business man intentionally or gross negligently with respect to any such action.
- 7.4 Apart from the above, the Trustee shall be responsible for any voting rights notifications (*Stimmrechtsmitteilungen*) to the Company or the Federal Financial Supervisory Authority (*BaFin*) for the Balaton-Shares booked in the Trustee's Deposit Account pursuant to the German Securities Trading Act (*WpHG*). Neither Gentherm nor Balaton shall indemnify, reimburse or be liable for the aforementioned obligation to be fulfilled by Trustee.

8. Variation and Waiver

No variation of this Agreement (including this Section 8) shall be valid unless it is in writing and signed by or on behalf of each Party. A transmission by telefax shall be sufficient, while any other electronic transmission by email or electronic form shall not be sufficient to comply with the written form requirement. The expression "variation" shall include any waiver, variation, supplement, deletion or replacement however effected.

**9.
Notices**

- 9.1 All declarations, notices or other communications under the Agreement (“**Notice**”) shall be in writing and in the English language and delivered by hand, by courier, by facsimile or scanned letter transmitted by email to the person at the addresses set forth in Section 9.2, or such other addresses as may be designated by the respective Party to the other Parties in the same manner.
- 9.2 Any Notice to be given under or in connection with the Agreement shall be addressed as follows:
- (a) If directed to Balaton:
Deutsche Balaton AG, Attn: Jens Jüttner, Ziegelhäuser Landstraße 1 69120 Heidelberg, Fax +49 62 21 6 49 24 24, e-mail: juettner@deutsche-balaton.de and flick@deutsche-balaton.de
 - (b) If directed to Purchaser or Gentherm Inc.:
Gentherm Europe GmbH and Gentherm Incorporated, Attn: Daniel R. Coker, 21680 Haggerty Road, Suite 101, Northville, Michigan 48167, United States of America, Fax +1 248 504 0500, e-mail: dcoker@gentherm.com
with a copy to: Dr. Peter Memminger, Milbank, Tweed, Hadley & McCloy LLP, Taunusanlage 15, 60325 Frankfurt am Main, Fax +49 (0) 69 71914 3500, e-mail: pmemminger@milbank.com
 - (c) If directed to Trustee:
Dr. Sebastian Olk, at Hackenstraße 5, 80331 Munich, Fax +49 (0) 89 24 22 411 – 50, e-mail: Sebastian.Olk@gof-partner.com
with a copy to: Dr. Tilmann Gütt, Hackenstraße 5, 80331 Munich, Fax +49 (0) 89 24 22 411 – 50, e-mail: Tilmann.Guett@gof-partner.com
- 9.3 Each Party shall communicate any change of its respective address as soon as possible in writing to the respective other Parties. Until such communication, the address as hitherto shall be relevant.
- 9.4 The receipt of copies of Notices by a Party’s advisor shall not constitute or substitute the receipt of such Notices by the Party itself.

**10.
Replacement and Retirement of Trustee**

- 10.1 Following a thirty days’ prior written notice of Trustee to Balaton and Gentherm, Trustee may appoint and transfer all (but not only parts) of the Escrow Amount, the Balaton-Shares and the Escrow Items and assign his rights and obligations

under and in connection with this Agreement to a replacement trustee (being a German notary or any other person reasonably acceptable to both Balaton and Gentherm) to hold the Escrow Amount, the Balaton-Shares and the Escrow Items (but in each case not only portions thereof) on exactly the same terms as set out in this Agreement, subject always to such replacement trustee undertaking in full all of the obligations of Trustee under or pursuant to this Agreement. The Parties agree that neither Balaton nor Gentherm shall have to make any payments in connection with any such replacement of Trustee.

10.2 Upon prior written notice of Balaton and Gentherm to Trustee, Balaton and Gentherm may jointly appoint a replacement Trustee and, in such case, Trustee will transfer all (but not only parts) of the Escrow Amount, the Balaton-Shares and the Escrow Items and assign his rights and obligations under and in connection with this Agreement to such replacement trustee.

10.3 Following the transfer of all of the Escrow Amount, the Balaton-Shares and the Escrow Items to a replacement escrow agent in accordance with Section 10.1 or 10.2, Trustee shall automatically be discharged from its obligations under this Agreement, provided, however, that (i) the obligations pursuant to the last sentence of Section 10.1 and (ii) Sections 6, 8, 9 and 12 through 14 shall continue to have full force and effect.

11.

Termination

This Agreement shall terminate automatically and cease to have any further effect (other than in relation to accrued liabilities hereunder which shall survive such termination and Sections 6 through 14) upon release of (the last portion of) the Escrow Amount, the Balaton-Shares and the Escrow Items pursuant to Section 5.

12.

Confidentiality

The Parties mutually agree that this Agreement shall be published pursuant to Section 149 German Stock Corporation Act (*AktG*) including a convenience translation into the German language in the Federal Gazette (*Bundesanzeiger*) following signing of the Framework Agreement, the Settlement Agreement, the Balaton Rights Agreement and the SPA.

13.

Governing Law and Jurisdiction

13.1 The Agreement shall be governed by and construed in all respects in accordance with the laws of the Federal Republic of Germany with the exception of (i) its conflict of laws provisions and (ii) the rules of the Vienna Convention for Sale of Goods dated April 11, 1980.

- 13.2 To the extent legally permissible, the courts of Munich, Germany have exclusive jurisdiction to settle any dispute arising out of or in connection with the Agreement.

14.

Miscellaneous

- 14.1 In case of doubt, the meaning of the German expressions shall prevail over the meaning of the English expressions to which they relate.
- 14.2 A Party's failure or delay to insist on strict performance of any provision of this Agreement or exercise any power, right or remedy hereunder shall not operate as or be deemed to be a waiver thereof or of any right or remedy for breach of a like or different nature nor shall any single or any partial exercise of any power, right or remedy preclude its further exercise or the exercise of any other power, right or remedy.
- 14.3 In the event that any provision of this Agreement shall be or become invalid or unenforceable or if this Agreement should show a gap, this shall not affect the validity of the remaining provisions of this Agreement. In any such case, such valid and enforceable provision shall apply which the Parties would have agreed upon in the light of the economic purpose pursued with this Agreement, had they considered the matter when executing this Agreement.
- 14.4 Except as otherwise stated in the Agreement, all payments under or in connection with the Agreement shall be made free of all taxes, bank charges and other deductions by wire transfer of immediately available funds, value as of the relevant due date.
- 14.5 Except as otherwise stated in the Agreement, the Parties shall not be entitled to exercise any right of set-off or retention right with respect to any payment or action to be made by them under the Agreement unless their claim is finally decided by a final court judgment or arbitration award.
- 14.6 Except as otherwise stated in the Agreement, each of the Parties hereto shall pay their own costs and expenses in relation to the preparation, execution and carrying into effect of the Agreement.
- 14.7 Except as otherwise stated in the Agreement, no Party shall be entitled to assign any rights or claims under the Agreement without the prior written approval of the other Parties.
- 14.8 Except as provided for in Section 14 for the Company, none of the provisions of this Agreement shall give rise to any rights of any third person not a Party.

Deutsche Balaton AG

/s/ Jens Jüttner

Gentherm Europe GmbH

/s/ Peter Memminger, as representative
based on a PoA

Gentherm Incorporated

/s/ Peter Memminger, as representative
based on a PoA

**Gütt Olk Feldhaus Partnerschaft von
Rechtsanwälten**

/s/ Sebastian Olk

Landgericht München I
80316 München

18.02.2013 st-ri

Vorab per Telefax: 5597-3003

Az.: 5 HK O 14081/12

In Sachen

Deutsche Balaton Aktiengesellschaft

Ziegelhäuser Landstr. 1, 69120 Heidelberg,
vertr.d.d. Vorstand, Herren Rolf Birkert und Jens Jüttner

- Klägerin -

Prozessbevollmächtigter: Rechtsanwalt Prof. Dr. Klaus Steiner
Wörthseestr. 25, 82237 Wörthsee

g e g e n

W.E.T. Automative Systems AG

Rudolf-Diesel-Str. 12, 85235 Odelzhausen,
vertr.d.d. Vorstand, Herren Caspar Baumhauer, Thomas Liedl und Frithjof Oldorff und
vertr.d.d. Aufsichtsrat, Herren Dr. Franz Scherer, Dr. Walter Hasselkus und Dr. Peter Paul Moll

- Beklagte -

Prozessbevollmächtigte: Rechtsanwälte P+P Pöllath + Partners
Kardinal-Faulhaber-Str. 10, 80333 München

wegen Anfechtung

erkläre ich namens der Klägerin:

Die Klägerin nimmt ihre Klage vom 11.07.2012 hiermit zurück.

Prof. Dr. Klaus Steiner
Rechtsanwalt

Landgericht München I
80316 München

18.02.2013 st-ri

Vorab per Telefax: 5597-3003

Az.: 17 HK O 16045/12

In Sachen

Deutsche Balaton Aktiengesellschaft

Ziegelhäuser Landstr. 1, 69120 Heidelberg,
vertr.d.d. Vorstand, Herren Rolf Birkert und Jens Jüttner

- Antragstellerin -

Prozessbevollmächtigter: Rechtsanwalt Prof. Dr. Klaus Steiner
Wörthseestr. 25, 82237 Wörthsee

g e g e n

W.E.T. Automative Systems AG

Rudolf-Diesel-Str. 12, 85235 Odelzhausen,
vertr.d.d. Vorstand, Herren Caspar Baumhauer, Thomas Liedl und Frithjof Oldorff
vertr.d.d. Aufsichtsrat, Herren Dr. Franz Scherer, Dr. Walter Hasselkus und Dr. Peter Paul Moll

- Antragsgegnerin -

Prozessbevollmächtigte: Rechtsanwälte P+P Pöllath + Partners
Kardinal-Faulhaber-Str. 10, 80333 München

wegen Sonderprüfung

erkläre ich namens der Antragstellerin:

Die Antragstellerin nimmt den Antrag vom 02.08.2012 hiermit zurück.

Prof. Dr. Klaus Steiner
Rechtsanwalt

Annex P.12 – Draft of Declarations of Withdrawal

Oberlandesgericht München
Gerichtsabteilung (Zivil)
80097 München

18.02.2013 st-ri

Vorab per Telefax: 5597-3570

Az.: 7 U 1805/12 (Az. I. Instanz LG München I: 5 HK O 20488/11)

In Sachen

Deutsche Balaton Aktiengesellschaft

Ziegelhäuser Landstr. 1, 69120 Heidelberg,
vertr.d.d. Vorstand, Herren Rolf Birkert und Jens Jüttner

- Klägerin -

Prozessbevollmächtigter: Rechtsanwalt Prof. Dr. Klaus Steiner
Wörthseestr. 25, 82237 Wörthsee

g e g e n

W.E.T. Automative Systems AG

Rudolf-Diesel-Str. 12, 85235 Odelzhausen,
vertr.d.d. Vorstand, Herren Caspar Baumhauer, Thomas Liedl und Frithjof Oldorff und
vertr.d.d. Aufsichtsrat, Herren Dr. Franz Scherer, Dr. Walter Hasselkus und Dr. Peter Paul Moll

- Beklagte –

Prozessbevollmächtigte: Rechtsanwälte P+P Pöllath + Partners
Kardinal-Faulhaber-Str. 10, 80333 München

wegen Anfechtung

erkläre ich namens der Klägerin:

Die Klägerin nimmt ihre Klage vom 15.09.2011 hiermit zurück.

Prof. Dr. Klaus Steiner
Rechtsanwalt

Landgericht München I
80316 München

18.02.2013 st-ri

Vorab per Telefax: 5597-3003

Az.: 17 HK O 27730/11

In Sachen

Deutsche Balaton Aktiengesellschaft

Ziegelhäuser Landstr. 1, 69120 Heidelberg,
vertr.d.d. Vorstand, Herren Rolf Birkert und Jens Jüttner

- Antragstellerin -

Prozessbevollmächtigter: Rechtsanwalt Prof. Dr. Klaus Steiner
Wörthseestr. 25, 82237 Wörthsee

g e g e n

W.E.T. Automative Systems AG

Rudolf-Diesel-Str. 12, 85235 Odelzhausen,
vertr.d.d. Vorstand, Herren Caspar Baumhauer, Thomas Liedl und Frithjof Oldorff
vertr.d.d. Aufsichtsrat, Herren Dr. Franz Scherer, Dr. Walter Hasselkus und Dr. Peter Paul Moll

- Antragsgegnerin -

Prozessbevollmächtigte: Rechtsanwälte P+P Pöllath + Partners
Kardinal-Faulhaber-Str. 10, 80333 München

wegen Sonderprüfung

erkläre ich namens der Antragsstellerin:

Die Antragstellerin nimmt den Antrag vom 24.11.2011 hiermit zurück.

Prof. Dr. Klaus Steiner
Rechtsanwalt

Annex 4.2 – Draft of Receipt Notice

To: Deutsche Balaton AG, Fax: 06221 6492424

To: [Gentherm Inc., fax numbers]

To: [Purchaser, fax numbers]

RE: [ESCROW AMOUNT/SHARES IN W.E.T. AUTOMOTIVE SYSTEMS AG/SHARE CERTIFICATE/ DECLARATIONS OF WITHDRAWAL]

Please be aware that the sum of EUR 6,500,000 has been deposited in the Trustee Account (accounts [account details]) on [date] pursuant to the Trustee Agreement dated [date] between Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten, Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH.

/

Please be aware that 442,253 shares in W.E.T. Automotive Systems AG have been deposited in the Trustee's Deposit Account (accounts [account details]) on [date] pursuant to the Trustee Agreement dated [date] between Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten , Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH.

/

Please be aware that shares certificates representing 3,300,000 shares in Gentherm Inc. have been deposited with me on [date] pursuant to the Trustee Agreement dated [date] between Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten, Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH.

/

Please be aware that declarations of withdrawal by Deutsche Balaton AG relating to the [file number of proceedings] have been deposited with me on [date] pursuant to the Trustee Agreement dated [date] between Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten , Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH.

Yours faithfully,

[Signature(s) of Trustee]

Annex 5.1.1 – Joint Release Instruction re. Declarations of Withdrawal

To: Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten

Attention: Dr. Sebastian Olk

Fax: 089 24 22 411—50

RE: [DECLARATIONS OF WITHDRAWAL]

The undersigned hereby instruct you pursuant to the Trustee Agreement dated [*date*] between Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten, Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH to [handover/deliver] the declarations of withdrawal of Deutsche Balaton AG relating to [*file number of proceedings*] to [*name*].

Yours faithfully,

[*Signatures*]

Annex 5.1.3 – Draft Notification re. Waiver

To: Deutsche Balaton AG, fax number 06221 6492424

To: Gütt Olk Feldhaus, fax number 089 24 22 411—50

RE: [NOTIFICATION REGARDING RECEIPT OF WAIVER]

Please be aware that on [*date*] we have obtained the last outstanding indications of waiver or non-exercise of rights, from our holders of Gentherm Inc.'s Series C Preferred Stock effectively waiving the rights such holders have to participate in the issuance of equity by Gentherm Inc. on the same basis as the equity issuance of Gentherm Inc. described in the Framework Agreement between Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH dated [*date*].

Yours faithfully,

[*Signature(s) for Gentherm Inc.*]

Annex 5.2.1 – Joint Release Instruction re. Escrow Amount

To: Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten
Attention: Dr. Sebastian Olk
Fax: 089 24 22 411—50
RE: [ESCROW AMOUNT]

The undersigned hereby instruct you pursuant to the Trustee Agreement dated [date] between Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten, Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH to pay the amount of EUR [amount] from the Trustee Account (account [account details]) to the following account:

[account details].

Yours faithfully,

[Signatures]

Annex 5.3.1 – Joint Release Instruction re. Shares

To: Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten

Attention: Dr. Sebastian Olk

Fax: 089 24 22 411—50

RE: [SHARES IN W.E.T. AUTOMOTIVE SYSTEMS AG]

The undersigned hereby instruct you pursuant to the Trustee Agreement dated [*date*] between Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten, Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH to instruct your bank to book [*number*] of shares in W.E.T. Automotive Systems AG from the Trustee's Deposit Account (account [*account details*]) to the following deposit account:

[*account details*].

Yours faithfully,

[*Signatures*]

Annex 5.4.1 – Joint Release Instruction re. Share Certificate

To: Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten

Attention: Dr. Sebastian Olk

Fax: 089 24 22 411—50

RE: [SHARE CERTIFICATE FOR COMMON STOCK IN GENTHERM INC.]

The undersigned hereby instruct you pursuant to the Trustee Agreement dated [*date*] between Gütt Olk Feldhaus Partnerschaft von Rechtsanwälten, Deutsche Balaton AG, Gentherm Inc. and Gentherm Europe GmbH to [handover/deliver] the share certificate representing 3,300,000 shares of Gentherm Common Stock to [*name*].

Yours faithfully,

[*Signatures*]

Settlement Agreement
(the “Settlement Agreement”)

Milbank, Tweed, Hadley & McCloy LLP

Taunusanlage 15
60325 Frankfurt am Main, Germany

Settlement Agreement

dated as of February 15, 2013

by and among

1. **Deutsche Balaton AG**, a stock corporation organized under the laws of the Federal Republic of Germany, with its seat in Heidelberg and its business address at Ziegelhäuser Landstraße 1, 69120 Heidelberg, and registered with the commercial register of the local court of Mannheim under HRB 338172 (“**Balaton**”)
2. **Gentherm Incorporated**, a corporation organized under the laws of the State of Michigan, USA, with its seat in Northville, USA and its business address at Northville, Michigan, 21680 Haggerty Road, Ste. 101, 48167 USA (“**Gentherm Inc.**”)
3. **Gentherm Europe GmbH**, a limited liability company organized under the laws of the Federal Republic of Germany, with its seat in Augsburg and its business address at Ulmer Straße 160B, 86156 Augsburg, and registered with the commercial register of the local court of Augsburg under HRB 25596 (“**Gentherm Europe**”)

- the parties under 2. and 3. collectively “**Gentherm**” -

- Balaton, Gentherm Inc. and Gentherm Europe each a “**Party**” and, collectively, the “**Parties**” -

Table of Contents

1. Definitions	7
2. Increase of the DPLTA Cash Consideration	8
3. No Exercise of DPLTA Put Option by Balaton	10
4. Withdrawal of Balaton Actions	10
5. Further Undertakings of Balaton	11
6. Costs	12
7. Application of Framework Agreement	12

List of Annexes

Annex	Topic
Annex P.11	Executed Framework Agreement
Annex 2.1	Letter of Comfort
Annex 4.1	Declarations of Withdrawal

Preamble

- P.1 **Whereas**, Gentherm Inc. holds all shares in Gentherm Europe.
- P.2 **Whereas**, Gentherm Europe holds 2,429,403 of the bearer shares with no par value (*auf den Inhaber lautende Aktien ohne Nennbetrag (Stückaktien)*) in W.E.T. Automotive Systems A.G., a stock corporation organized under the laws of the Federal Republic of Germany with its seat in Odelzhausen, its business address at Rudolf-Diesel-Str. 12, 85235 Odelzhausen and registered with the commercial register of the local court of Munich under HRB 119793 (the “**Company**”) and Gentherm Inc. holds 2,660 of the bearer shares with no par value (*auf den Inhaber lautende Aktien ohne Nennbetrag (Stückaktien)*) in the Company. The Company has a registered share capital of EUR 9,600,000 divided into 3,200,000 bearer shares with no par value (each a “**W.E.T. Share**”), which are admitted for trading in the Regulated Market of the Frankfurt Stock Exchange.
- P.3 **Whereas**, Balaton holds 442,253 of the W.E.T. Shares (the “**Shares**”), which are booked on deposit accounts in different banks in Germany.
- P.4 **Whereas**, Gentherm Europe (then named Amerigon Europe GmbH) as controlling entity and the Company as controlled entered into a domination and profit and loss transfer agreement on June 16, 2011 (the “**DPLTA**”).
- P.5 **Whereas**, pursuant to Sec. 305 AktG of the German Stock Corporation Act (*Aktiengesetz*—“**AktG**”) in conjunction with § 5 of the DPLTA, Gentherm Europe is obliged to acquire, upon demand of an outside shareholder of the Company, such outside shareholder’s W.E.T. Shares against a consideration in cash (the “**DPLTA Put Option**” and the “**DPLTA Cash Consideration**”, respectively). Pursuant to § 5.1 of the DPLTA, the DPLTA Cash Consideration amounts to EUR 44.95 per W.E.T. Share for which the DPLTA Put Option is exercised. The DPLTA Put Option can only be exercised upon the DPLTA having become effective.
- P.6 **Whereas**, the annual shareholders’ meeting of the Company dated August 16, 2011 (the “**2011 Shareholders’ Meeting**”) has adopted, inter alia, the following resolutions:
- resolutions under agenda item 3 and agenda item 4 on the discharge of the members of the executive board of the Company and the members of the advisory board of the Company, respectively, for fiscal year 2010 (the “**Discharge Resolutions 2011**”), and
 - resolution under agenda item 6 on the approval of the DPLTA (the “**DPLTA Approval Resolution**”).

- P.7 **Whereas**, the annual shareholders' meeting of the Company dated June 14, 2012 (the "**2012 Shareholders' Meeting**") has adopted, inter alia, the following resolutions:
- resolutions under agenda item 3 and agenda item 4 on the discharge of the members of the executive board of the Company and the members of the advisory board of the Company, respectively, for fiscal year 2011 (the "**Discharge Resolutions 2012**"), and
 - resolution under agenda item 6 on the confirmation pursuant to Sec. 244 AktG of the DPLTA Approval Resolution (the "**Confirmatory Resolution**").
- P.8 **Whereas**, following the 2011 Shareholders' Meeting, Balaton filed a challenge and voidance action (*Anfechtungs- und Nichtigkeitsklage*) with the Regional Court Munich I (*Landgericht München I*) (file no. 5 HK O 20488/11) against the Company with respect to the Discharge Resolutions 2011 and the DPLTA Approval Resolution (the "**Balaton Court Action 2011**"). By first instance decision of the Regional Court Munich I (*Landgericht München I*) dated April 5, 2012, the court declared the DPLTA Approval Resolution void, but dismissed the Balaton Court Action 2011 with respect to the Discharge Resolutions 2011. Each of the Company and Balaton appealed against this first instance decision to the Higher Regional Court of Munich (*Oberlandesgericht München*) (file no. 7 U 1805/12). Such appeal has not yet been decided on.
- P.9 **Whereas**, following the 2012 Shareholders' Meeting, Balaton filed a challenge and voidance action (*Anfechtungs- und Nichtigkeitsklage*) with the Regional Court Munich I (*Landgericht München I*) (file no. 5 HK O 14081/12) against the Company with respect to the Discharge Resolutions 2012 and the Confirmatory Resolution (the "**Balaton Court Action 2012**").
- P.10 **Whereas**, Balaton, furthermore, filed two applications with the Regional Court Munich I (*Landgericht München I*) (file no. 17 HK O 27730/11 and 17 HK O 16045/12) against the Company each regarding the appointment of a special auditor pursuant to Sec. 142 para. 2 AktG (the "**Balaton Court Applications**") and, together with the Balaton Court Action 2011 and the Balaton Court Action 2012, the "**Balaton Actions**"). By first instance decision of the Regional Court Munich I dated January 17, 2013 one of the Balaton Court Applications (file no. 17 HK O 27730/11) was dismissed. The other Balaton Court Application (file no. 17 HK O 16045/12) has not yet been decided on.
- P.11 **Whereas**, while holding up their respective legal positions regarding the subject matters of the various Balaton Actions, the Parties intend to finally settle all

Balaton Actions and in this connection have signed a framework agreement, which is attached to this Settlement Agreement as **Annex P.11** (the “**Framework Agreement**”).

P.12 **Whereas**, in order to allow for the other outside shareholders of the Company a benefit of the reached Agreement, Gentherm has proposed and agreed to offer such outside shareholders of the Company an additional payment provided for in Section 2.1 to 2.7.

Now, therefore, it is agreed as follows:

1. Definitions

“**2011 Shareholders’ Meeting**” is defined in Section P.6.

“**2012 Shareholders’ Meeting**” is defined in Section P.7.

“**Additional Cash Consideration**” is defined in Section 2.1.

“**AktG**” is defined in Section P.5.

“**Balaton**” is defined in the Recitals.

“**Balaton Actions**” is defined in Section P.10.

“**Balaton Court Action 2011**” is defined in Section P.8.

“**Balaton Court Action 2012**” is defined in Section P.9.

“**Balaton Court Applications**” is defined in Section P.10.

“**Balaton Documentation**” is defined in the Framework Agreement.

“**Company**” is defined in Section P.2.

“**Confirmatory Resolution**” is defined in Section P.7.

“**Court Increase Amount**” is defined in Section 2.3.

“**Discharge Resolutions 2011**” is defined in Section P.6.

“**Discharge Resolutions 2012**” is defined in Section P.7.

“**DPLTA**” is defined in Section P.4.

“**DPLTA Approval Resolution**” is defined in Section P.6.

“**DPLTA Put Option**” is defined in Section P.5.

“**DPLTA Cash Consideration**” is defined in Section P.5.

“**Framework Agreement**” is defined in Section P.11.

“**Gentherm**” is defined in the Recitals.

“**Gentherm Europe**” is defined in the Recitals.

“**Gentherm Inc.**” is defined in the Recitals.

“**Parties**” is defined in the Recitals.

“**Party**” is defined in the Recitals.

“**Shares**” is defined in Section P.3.

“**SpruchG**” is defined in Section 2.3.

“**Total Cash Consideration**” is defined in Section 2.1.

“**W.E.T. Share**” is defined in Section P.2.

2.

Increase of the DPLTA Cash Consideration

- 2.1 Gentherm Europe shall pay to each outside shareholder of the Company who exercises the DPLTA Put Option, in addition to the DPLTA Cash Consideration as set forth in § 5.1 of the DPLTA, a further consideration in cash in the amount of EUR 40.05 per W.E.T. Share for which the DPLTA Put Option is exercised by such outside shareholder (the “**Additional Cash Consideration**”). The total amount of the DPLTA Cash Consideration and the Additional Cash Consideration payable per W.E.T. Share for which the DPLTA Put Option is exercised, therefore amounts, subject to the following paragraphs, to EUR 85.00 (the “**Total Cash Consideration**”). Gentherm Inc. shall issue another letter of comfort (*Patronatserklärung*), attached hereto as **Annex 2.1**, which covers the total Additional Cash Consideration.
- 2.2 The Additional Cash Consideration shall become payable together with the DPLTA Cash Consideration and under the same terms and conditions, under which the DPLTA Cash Consideration becomes payable. However, no interest pursuant to Sec. 305 para. 3 sentence 3 AktG shall accrue on the Additional Cash Consideration; other statutory claims for interest on the Additional Cash Consideration (e.g. because undue payment (*Zahlungsverzug*)) shall remain unaffected.
- 2.3 Should the competent court in an appraisal proceeding pursuant to Sec. 1 no. 1 of the German Act on Appraisal Proceedings (*Spruchgesetz* – “**SpruchG**”) determine by non-appealable decision a consideration pursuant to Sec. 305 AktG exceeding the DPLTA Cash Consideration, or should such a consideration be agreed upon in a settlement of such appraisal proceeding or in order to avert such an appraisal proceeding, (the amount exceeding the DPLTA Cash Consideration, the “**Court Increase Amount**”), the Additional Cash Consideration shall be set off against such Court Increase Amount.

- 2.4 Furthermore, the Additional Cash Consideration shall be set off against any interest accrued pursuant to Sec. 305 para. 3 sentence 3 AktG on the DPLTA Cash Consideration and/or a Court Increase Amount.
- 2.5 The Additional Cash Consideration per W.E.T. Share payable to an outside shareholder exercising the DPLTA Put Option shall be reduced by the total amount of
- (i) the cash compensations (*Ausgleichszahlungen*) per W.E.T. Share pursuant to Sec. 304 AktG paid to outside shareholders prior to the payment of the Additional Cash Consideration to the relevant outside shareholder exercising the DPLTA Put Option; and
 - (ii) dividend or other distributions per W.E.T. Share paid by the Company to its shareholders between the date of this Settlement Agreement and the payment of the Additional Cash Consideration to the relevant outside shareholder exercising the DPLTA Put Option.
- 2.6 The Additional Cash Consideration shall be paid out to the outside shareholders of the Company, upon their exercise of the DPLTA Put Option, concurrently with the DPLTA Cash Consideration. The payment shall be exclusively effected by wire transfer to the respective outside shareholder's account with his depository institute (*depotführendes Institut*) in exchange for re-booking the relevant W.E.T. Shares from his securities account to the relevant securities account of Gentherm Europe. The payment shall be deemed to be effected already upon its receipt by the outside shareholder's depository institute. In the case of a German depository institute, the payment shall be effected free of costs and expenses for the outside shareholder; any additional charges (if any) charged by a non-German depository institute, shall be borne by the respective outside shareholder.
- 2.7 The provisions of this Sec. 2 shall constitute a genuine contract for the benefit of third parties (*echter Vertrag zugunsten Dritter*) within the meaning of Sec. 328 of the German Civil Code in relation to the outside shareholders of the Company who are entitled to the Additional Payment pursuant to this Sec. 2.
- 2.8 In case Gentherm does not comply with its obligations owed to other outside shareholders in the Company as provided for in Sec. 2.1 through 2.7 of this Agreement and such other outside shareholders raise, because of such non-compliance, claims against Balaton, Gentherm shall indemnify Balaton in an amount of 90% of all proven cost and expenses resulting from such claims of other outside shareholders in the Company against Balaton.

3.

No Exercise of DPLTA Put Option by Balaton

- 3.1 Balaton, Gentherm Inc. and Gentherm Europe have agreed in a separate agreement on a sale of all Shares to Gentherm Europe against a cash payment and shares in Gentherm Inc. as consideration.
- 3.2 In consideration thereof, Balaton hereby undertakes vis-à-vis each of Gentherm Europe and Gentherm Inc. not to exercise the DPLTA Put Option for any of the Shares.
- 3.3 Furthermore, Balaton undertakes vis-à-vis each of Gentherm Europe and Gentherm Inc. not to exercise the DPLTA Put Option for any W.E.T. Shares Balaton may hold in the future and to ensure that none of its current subsidiaries or affiliates (in the meaning of Section 290 German Commercial Code – *HGB*) will exercise the DPLTA Put Option for any W.E.T. Shares such subsidiaries or affiliates may hold in the future; provided however, that any W.E.T. Shares held by subsidiaries or affiliates on the date hereof may be the subject of exercise of the DPLTA Put Option. The aforementioned obligation of Balaton in relation to subsidiaries shall only apply to the extent legally possible. To the extent Balaton will acquire or otherwise own after the date hereof a subsidiary or affiliate in the meaning of Section 290 German Commercial Code (*HGB*) which owns shares in the Company, Balaton shall procure that such subsidiary or affiliate shall sell the shares in the Company for a price of EUR 85 per share to Gentherm Europe GmbH instead of exercising the DPLTA Put Option for such shares.
- 3.4 The publications required in connection with the technical execution of the DPLTA and the DPLTA Put Option shall be handled by the Company and Gentherm Europe, respectively.

4.

Withdrawal of Balaton Actions

- 4.1 Balaton hereby undertakes vis-à-vis each of Gentherm Inc. and Gentherm Europe to withdraw in full each of the Balaton Court Action 2011, the Balaton Court Action 2012 and the Balaton Court Applications by filing respective declarations of withdrawal (*Klage- bzw. Antragsrücknahme*) substantially as attached to this Settlement Agreement in draft form as **Annex 4.1** with the respective competent courts.
- 4.2 Upon request of Gentherm Inc., Balaton shall declare its consent to the registration of the DPLTA vis-à-vis the commercial register and shall make all other declarations and take all other measures reasonably requested by Gentherm Inc. which are necessary or expedient to allow for a swift registration of the DPLTA with the commercial register. However, this does not include any voting

rights instructions or constitutes an acting-in-concert; as long as Balaton owns the Shares, Balaton exclusively exercises the voting rights and is free and not bound as to its voting rights pursuant to this Settlement Agreement.

- 4.3 Balaton undertakes vis-à-vis each of Gentherm Inc. and Gentherm Europe not to initiate (directly or indirectly) any further proceedings or investigations, and not to assert or assign any claims or take any other legal steps, against the Company, Gentherm Inc., Gentherm Europe or any of their respective officers, directors, or other members of corporate bodies with respect to any matter which (i) existed prior to the date hereof and are the subject of the Balaton Actions, or (ii) which exists on the date hereof and relates to the Company, or (iii) which exists on the date hereof and could reasonably be known to Balaton and relates to Gentherm Inc. and Gentherm Europe. To the extent any such proceedings or investigations have already been initiated, or such claims made or steps taken, by Balaton or any of its subsidiaries, Balaton shall ensure that they are promptly withdrawn or otherwise terminated, provided that this obligation shall apply to subsidiaries of Balaton to the extent legally possible. In particular, neither Balaton nor, to the extent legally possible, its subsidiaries or affiliates shall challenge the validity or effectiveness, or claim the voidance, of the DPLTA, the DPLTA Approval Resolution or of any other resolution of the 2011 Shareholder's Meeting, the 2012 Shareholder's Meeting or of any other past, present or future shareholders' meeting of the Company. Furthermore, Balaton undertakes not to join or support in any manner any third party in connection with an action described in this Section 4.3, except for withdrawals or other terminations of proceedings or investigations.
- 4.4 Upon execution of all actions provided for in Section 5.2 and 5.3 of the Framework Agreement, all claims of Balaton relating to the Balaton Actions or otherwise in connection with Balaton's shareholding in the Company or any actions of the officers, directors or other members of the corporate bodies of Gentherm Inc., Gentherm Europe or the Company and their termination are settled and, as a matter of precaution to the extent still existing after the execution of the actions provided for in Section 5.2 and 5.3 of the Framework Agreement, are hereby waived, such waiver hereby accepted by Gentherm Inc. as the representative of any of the aforementioned legal and natural persons who are not party to this Agreement.

5.

Further Undertakings of Balaton

- 5.1 Balaton undertakes vis-à-vis each of Gentherm Inc. and Gentherm Europe, not to acquire or offer to acquire (in either case, directly or indirectly) any shares in the Company for a period of four years.

- 5.2 Balaton undertakes vis-à-vis each of Gentherm Inc. and Gentherm Europe, not to undertake or support any action that would have the potential to reduce the number of shareholders of the Company that exercise the DPLTA Put Option. Balaton also undertakes vis-à-vis each of Gentherm Inc. and Gentherm Europe, not to undertake or support any action that would have the potential to negatively impact the execution and registration of a squeeze-out of minority shareholders in the Company.
- 5.3 Balaton shall, to the extent legally possible, impose the undertakings of Sections 4.2, 4.3, 5.1 and 5.2 on its respective legal successor.

6.

Costs

- 6.1 Balaton undertakes not to file an application for determination of costs by court (*Kostenfestsetzungsantrag*) in relation to any of the Balaton Actions.
- 6.2 Gentherm Europe shall reimburse to Balaton the legal court fees payable by Balaton in relation to the Balaton Actions plus an additional lump sum of EUR 25,000 for lawyer's cost Balaton had in connection with the Balaton Actions (except for the legal court fees in relation to the Balaton Court Application with file no. 17 HK O 27730/11) upon respective invoice by Balaton (to which adequate evidence for such court fees shall be attached). The above payment shall fall due within 10 banking days from the later of (i) the receipt of the respective invoice by Gentherm Europe and (ii) the registration of the DPLTA with the commercial register of the Company. Gentherm indemnifies Balaton against all costs the Company claims from Balaton as a result of the withdrawal of any or all of the Balaton Actions, e.g., filed by an application for determination of costs by court (*Kostenfestsetzungsantrag*) by the Company in relation to any of the Balaton Actions.
- 6.3 The provisions of Sec. 6.1 and Sec. 6.2 above are subject to the conditions precedent of the withdrawal of all Balaton Actions having been effected by Balaton pursuant to Sec. 4.1 sentence 1 above and the condition that Balaton have complied, in all material respects, to each of its obligations under this Agreement and each of the other agreements of the Balaton Documentation.
- 6.4 For the avoidance of doubt, the foregoing provisions shall not affect, and are not to the benefit of, any person involved in any of the Balaton Actions who is not a Party (except for the Company).

7.

Application of Framework Agreement

Sections 6 (Confidentiality), 8 (Notices), 9 (Choice of Law, Venue), 10 (Interpretation, Formalities, Severability) and 11 (Miscellaneous) of the Framework Agreement shall apply to this Settlement Agreement mutatis mutandis. The Parties are aware that this Agreement becomes effective upon Publication as defined in the Framework Agreement.

[remainder of page intentionally blank]

SIGNATURE PAGE – SETTLEMENT AGREEMENT

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be signed by a duly authorized signatory thereof, all as of the date first written above.

Deutsche Balaton AG

/s/ Jens Jüttner

Gentherm Europe GmbH

/s/ Peter Memminger, as representative based on a PoA

Gentherm Incorporated

/s/ Peter Memminger, as representative based on a PoA

Annex P.11 – Executed Framework Agreement

[See the executed Framework Agreement which is part of this publication.]

Gentherm Incorporated
21680 Haggerty Road, Ste. 101
Northville, Michigan, USA

Patronatserklärung

1. Die Gentherm Europe GmbH, eingetragen im Handelsregister des Amtsgerichts Augsburg unter HRB 25596 (**“Gentherm Europe”**), hat mit der W.E.T. Automotive Systems Aktiengesellschaft, eingetragen im Handelsregister des Amtsgerichts München unter HRB 119793 (**“W.E.T. AG”**), haben am 16. Juni 2011 einen bisher noch nicht im Handelsregister eingetragenen Beherrschungs- und Gewinnabführungs-vertrag abgeschlossen (der **“Beherrschungs- und Gewinnabführungs-vertrag”**).
2. In § 2 einer Vereinbarung vom 15. Februar 2013 (abgeschlossen unter anderem zwischen Gentherm Europe und Deutsche Balaton AG mit der Bezeichnung **“Settlement Agreement”** (die **“Vereinbarung”**)) hat sich Gentherm Europe verpflichtet, eine freiwillige zusätzliche Zahlung an diejenigen außenstehenden Aktionäre der W.E.T. AG zu zahlen, die ihre Aktien der Gentherm Europa gemäß den Bestimmungen des Beherrschungs- und Gewinnabführungsvertrages andienen. Die Berechnung und die tatsächliche Höhe dieser zusätzlichen freiwilligen Zahlung (die **“freiwillige Zahlung”**) ergeben sich aus § 2 der Vereinbarung.
3. In § 2 der Vereinbarung hat sich Gentherm, Inc. mit Sitz in Northville, Michigan, USA (**“Gentherm, Inc.”**) verpflichtet auch hinsichtlich der Gesamthöhe der Freiwilligen Zahlung eine Patronatserklärung abzugeben.

Die Gentherm, Inc. verpflichtet sich hiermit uneingeschränkt und unwiderruflich gegenüber Gentherm Europe, dafür Sorge zu tragen, dass Gentherm Europe in der Weise geleitet wird und finanziell ausgestattet ist, dass Gentherm Europe zu jeder Zeit in der Lage ist, ihren Verpflichtungen aus § 2 der Vereinbarung nachzukommen.

Letter of Comfort

1. Gentherm Europe GmbH, registered with the commercial register at the local court of Augsburg under HRB 25596 (**“Gentherm Europe”**), entered on June 16, 2011 into a not yet registered domination and profit and loss transfer agreement with W.E.T. Automotive Systems Aktiengesellschaft, registered with the commercial register at the local court of Munich under HRB 119793 (**“W.E.T. AG”**) (the **“Domination and Profit and Loss Transfer Agreement”**).
2. Pursuant to Section 2 of an agreement dated February 15, 2013 (Gentherm Europe and Deutsche Balaton AG are among others parties of this so called Settlement Agreement (the **“Agreement”**)) Gentherm Europe is obliged to pay by choice an additional amount to these outside shareholders of W.E.T. AG, which under the regulations of the Domination and Profit and Loss Transfer Agreement offer their shares to Gentherm Europe. The calculation and the final amount of this additional and optional payment (the **“Optional Payment”**) are stipulated in Section 2 of the Agreement.
3. Under Section 2 of the Agreement Gentherm, Inc. with its seat in Northville, Michigan USA (**“Gentherm, Inc.”**) is obliged to issue a new letter of comfort in regard of the Optional Payment.

Gentherm, Inc. hereby undertakes vis-à-vis Gentherm Europe, thoroughly and irrevocably, to ensure that Gentherm Europe is managed and capitalized in such manner that Gentherm Europe has, at any time, the ability to fully comply with its obligations under Section 2 of the Agreement.

Diese Patronatserklärung unterliegt dem Recht der Bundesrepublik Deutschland. Die deutsche Fassung ist maßgeblich.

This letter of comfort is subject to the laws of the Federal Republic of Germany. The German version shall prevail.

Name:
Date:

Name:
Date:

Annex 4.1 – Declarations of Withdrawal

Vorab per Telefax: [Faxnummer]

[Landgericht München I [Adresse]
/ Oberlandesgericht München [Adresse]]

– [7 U 1805/12 / 5 HK O 14081/12 / 17 HK O 27730/11 / 16045/12] –

In Sachen

Deutsche Balaton AG, Ziegelhäuser Landstraße 1, 69120 Heidelberg, vertreten durch den Vorstand, [Namen der Vorstandsmitglieder],

– “[Klägerin/Antragstellerin]” –

Prozessbevollmächtigte: [Name Prozessbevollmächtigter]

gegen

W.E.T. Automotive Systems AG, Rudolf-Diesel-Straße 12, 85235 Odelzhausen, vertreten durch den Vorstand, Herren Caspar Baumhauer, Thomas Liedl und Frithjof Oldorff, [und den Aufsichtsrat, Herren Dr. Franz Scherer, Dr. Walter Hasselkus und Dr. Peter Paul Moll],

– “[Beklagte/Antragsgegnerin]” –

Prozessbevollmächtigte: Rechtsanwälte P+P Pöllath + Partners, Kardinal-Faulhaber-
Straße 10, 80333 München

erkläre ich namens der [Klägerin/Antragstellerin]:

Die [Klägerin/Antragsstellerin] nimmt [die Klage/den Antrag] hiermit zurück.

[Name Prozessvertreter]

- Rechtsanwalt -

Share Purchase Agreement
(the "SPA")

Milbank, Tweed, Hadley & McCloy LLP

Taunusanlage 15
60325 Frankfurt am Main, Germany

Share Purchase Agreement

dated as of February 15, 2013

by and among

1. **Deutsche Balaton AG**, a stock corporation organized under the laws of the Federal Republic of Germany, with its seat in Heidelberg and its business address at Ziegelhäuser Landstraße 1, 69120 Heidelberg, and registered with the commercial register of the local court of Mannheim under HRB 338172 (“**Balaton**”)
2. **Gentherm Incorporated**, a corporation organized under the laws of the State of Michigan, USA, with its seat in Northville, USA and its business address at Northville, Michigan, 21680 Haggerty Road, Ste. 101, 48167 USA (“**Gentherm Inc.**”)
3. **Gentherm Europe GmbH**, a limited liability company organized under the laws of the Federal Republic of Germany, with its seat in Augsburg and its business address at Ulmer Straße 160B, 86156 Augsburg, and registered with the commercial register of the local court of Augsburg under HRB 25596 (“**Purchaser**”)

- the parties under 2. and 3. collectively “**Gentherm**” -

- Balaton, Gentherm Inc. and Purchaser each a “**Party**” and, collectively, the “**Parties**” -

Table of Contents

1. Definitions	5
2. Sale and Purchase of the Shares	6
3. Consideration	6
4. Representations, Warranties and Covenants of Balaton relating to the Shares	7
5. Indemnification	8
6. Representations / Covenants of Balaton relating to Gentherm Common Stock	9
7. Representations, Warranties and Covenants of Gentherm Inc.	10
8. Transfer of the Shares	14
9. Transfer of Gentherm Common Stock and Covenant of Gentherm Inc.	14
10. Application of Framework Agreement	15

List of Annexes

Annex	Topic
Annex P.5	Executed Framework Agreement
Annex 3.2	Sample Calculation

Preamble

- P.1 **Whereas**, Gentherm Inc. holds all shares in Purchaser.
- P.2 **Whereas**, Purchaser holds 2,429,403 of the bearer shares with no par value (*auf den Inhaber lautende Aktien ohne Nennbetrag (Stückaktien)*) in W.E.T. Automotive Systems A.G., a stock corporation organized under the laws of the Federal Republic of Germany with its seat in Odelzshausen, its business address at Rudolf-Diesel-Str. 12, 85235 Odelzhausen and registered with the commercial register of the local court of Munich under HRB 119793 (the “**Company**”), and Gentherm Inc. holds 2,660 of the bearer shares with no par value (*auf den Inhaber lautende Aktien ohne Nennbetrag (Stückaktien)*) in the Company. The Company has a registered share capital of EUR 9,600,000 divided into 3,200,000 bearer shares with no par value.
- P.3 **Whereas**, Balaton holds 442,253 of the bearer shares with no par value in the Company (the “**Shares**”), which are booked on deposit accounts in different banks in Germany.
- P.4 **Whereas**, Purchaser desires to acquire, and Balaton is willing to exchange the majority of its Shares against shares in Gentherm Inc. as ultimate parent company of the Company and the remainder of its Shares against a cash payment subject to and under the terms of this SPA and the Framework Agreement.
- P.5 **Whereas**, the Parties and the Trustee have executed a trustee agreement dated February 12, 2013 and a framework agreement (the “**Framework Agreement**”), which is attached to this SPA as **Annex P.5**.

Now, therefore, it is agreed as follows:

1. Definitions

“**Balaton**” is defined in the Recitals.

“**Balaton Documentation**” is defined in the Framework Agreement.

“**Cash Consideration**” is defined in Section 3.2.

“**Closing**” is defined in the Framework Agreement.

“**Closing Date**” is defined in the Framework Agreement.

“**Company**” is defined in Section P.2.

“**Gentherm**” is defined in the Recitals.

“**Gentherm Common Stock**” is defined in the Framework Agreement.

“**Gentherm Inc.**” is defined in the Recitals.

“**Framework Agreement**” is defined in Section P.5.

“**Losses**” is defined in Section 5.1.

“**NasdaqGS**” means The NASDAQ Global Select Market.

“**Parties**” is defined in the Recitals.

“**Party**” is defined in the Recitals.

“**Publication**” is defined in the Framework Agreement.

“**Purchaser**” is defined in the Recitals.

“**Registration Rights Agreement**” is defined in the Framework Agreement.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Securities Act**” is defined in Section 6.2(a)

“**Shares**” is defined in Section P.3.

“**Share Certificate**” is defined in the Framework Agreement.

“**Stock Consideration**” is defined in Section 3.3.

“**Trustee**” is defined in the Framework Agreement.

“**Trustee Account**” is defined in the Framework Agreement.

2.

Sale and Purchase of the Shares

2.1 Balaton hereby sells the Shares to Purchaser, together with all ancillary rights (*Nebenrechte*) pertaining thereto, including all dividend rights (*Gewinnbezugsrechte*) to undistributed profits of the current business year and of prior business years. Purchaser hereby accepts such sale.

2.2 The transfer of the Shares shall take place as set further in Section 8 of this SPA.

3.

Consideration

3.1 The purchase price for the Shares due by Gentherm to Balaton shall be comprised of a cash payment and of the delivery of Gentherm Common Stock.

3.2 The portion of the purchase price payable in cash shall be an aggregate total amount equal based on the following formula (the “**Cash Consideration**”):

(1) 442,253, less

(2) (i) 3,300,000 multiplied by (ii) \$13.00, then (iii) converted from U.S. Dollars to Euros at the exchange rate in effect on the date of signing of the Framework Agreement displayed at www.eurofx.de at the date of signing

of the Framework Agreement at 2:00 p.m. Frankfurt/Main time under the column "MEAN" in the line EUR/USD, then (iv) divided by €85,

(3) The difference (1) minus (2) multiplied by €85 equals the Cash Consideration.

A sample calculation of the Cash Consideration amount is attached as Annex 3.2.

- 3.3 The balance of the purchase price shall be payable in Gentherm Common Stock (the "**Stock Consideration**") and shall be an aggregate total number of 3,300,000 fully paid and non-assessable shares of Gentherm Common Stock to be represented in the Share Certificate.
- 3.4 On Closing, Purchaser shall pay the Cash Consideration to the Trustee Account as set further in Section 5.2 of the Framework Agreement.
- 3.5 Before Closing, Gentherm Inc. shall have placed the Share Certificate, except for the restrictive legend and limitations provided in Section 6.2, free and clear of any and all restrictive legends, liens, encumbrances, pledge rights, usufructs or other rights of third parties with the Trustee as set in Section 5.2 of the Framework Agreement. Gentherm hereby confirms that it is not required to send the Share Certificate to Gentherm Inc. for having registered the shares represented by the Share Certificate with the US Securities and Exchange Commission.

4.

Representations, Warranties and Covenants of Balaton relating to the Shares

Balaton hereby represents, warrants and undertakes for the benefit of Gentherm, by way of an independent guarantee agreement under Section 311 paragraph 1 German Civil Code (*BGB*), that the following is true and correct as of Closing and, without creating any additional rights or remedies whatsoever beyond those provided for in Section 5, agrees and acknowledges that Gentherm is entering into this SPA in reliance on such representations, warranties and undertakings:

- 4.1 Balaton has the right, power and authority to execute and perform the Balaton Documentation and to carry out the transactions contemplated hereby and thereby.
- 4.2 The Balaton Documentation has been duly executed and delivered by Balaton and constitutes the valid and binding agreement of Balaton enforceable against Balaton in accordance with its terms, subject to applicable insolvency and other similar laws affecting the enforceability of creditors' rights generally.
- 4.3 Neither the execution and performance of the Balaton Documentation nor the consummation of the transactions contemplated hereby or thereby will conflict with, or result in, a breach or violation of any of the terms of, or constitute a default under, or require any consent not yet obtained with respect to, any other agreement or instrument by which Balaton is bound, any existing law, regulation,

judgment or order applicable to Balaton or any of Balaton's charter documents or bylaws.

- 4.4 The Shares (i) are held of record and beneficially owned solely by Balaton; and (ii) are free and clear of any encumbrances, pledge rights, usufructs or other rights of third parties.
- 4.5 Balaton has not entered into any agreement, nor is Balaton otherwise bound by any regulation, judgment or order, to transfer the Shares other than as to transfers provided for in this SPA, the Framework Agreement, the Balaton Rights Agreement and/or the Trustee Agreement.
- 4.6 Balaton has no option or other right to acquire shares of the Company and hereby waives any such rights which Balaton may have.
- 4.7 There are no claims, nor are there any facts or circumstances that may give rise to a claim, disputing or challenging the title (both of record and beneficially) to any of the Shares.
- 4.8 Except for the Shares, Balaton holds no shares in the Company.
- 4.9 Except for the Shares, no shares in the Company are attributed to Balaton pursuant to Sec. 22 German Securities Trading Act (*WpHG*).

5.
Indemnification

- 5.1 Balaton agrees to indemnify (*Schadensersatz leisten*) Gentherm as follows:
Balaton hereby agrees with Purchaser to indemnify Purchaser and Gentherm Inc. respectively against losses and damages (together, the "**Losses**") arising from each and every breach of any of the representations and warranties made by Balaton in Section 4 that would not have existed or arisen or been incurred had the relevant representation and warranty in Section 4 been true or complied with; provided, however, that the total liability of Balaton under this Section 5 shall not exceed the total amount of US Dollar 42,900,000 plus the amount of the Cash Consideration.
- 5.2 In case of a breach of representations, warranties and covenants made by Balaton, Balaton will have thirty (30) days from receipt of written notice from Purchaser describing such breach and the Losses therefrom in reasonable detail to cure such breach (*Naturalrestitution*); provided, however, that any such cure shall not relieve Balaton from the indemnification obligations of Section 5.1 that arose as a result of the breach prior to being cured.
- 5.3 The Parties are in agreement and hereby expressly confirm that the warranties, representations, agreements, undertakings and covenants made under this Agreement represent a special agreement within the meaning of Section 311

paragraph 1 BGB and that neither such agreement nor any other declaration made by Balaton in this SPA shall be construed to be a guarantee of the properties of a thing (*Beschaffheitsgarantie*) within the meaning of Sections 443 or 444 German Civil Code (*BGB*). Any other warranty claims (*Gewährleistungsrechte*) of any Party are hereby excluded, irrespective of their cause in law, in particular for any material deficiencies and liability to defects or damage for or in connection with the Shares. This shall also apply to claims based on breach of pre-contractual obligations (*culpa in contrahendo*, section 311 German Civil Code), violation of a positive duty of contract (*positive Forderungsverletzung*) and/or violation of contractual, pre-contractual or statutory duty.

- 5.4 Claims of Gentherm based on liability of Balaton under Section 4 shall be barred by the statute of limitations (*Verjährung*) three (3) years after the Closing.

6.

Representations / Covenants of Balaton relating to Gentherm Common Stock

Balaton hereby represents, warrants and agrees by way of an independent guarantee agreement under Section 311 paragraph 1 German Civil Code (*BGB*) for the benefit of Gentherm Inc. as follows:

- 6.1 **Investigation by Balaton.** Balaton has conducted its own independent review and analysis of the businesses, assets, condition, operations and prospects of Gentherm and acknowledges that Balaton has had satisfactory access to the publicly filed documents of Gentherm Inc. for this purpose available at <http://www.gentherm.com/page/sec-filings>. In entering into this SPA, Balaton has relied solely upon its own investigation and analysis and the representations and warranties of Gentherm in this SPA.

- 6.2 **Investment Intent.** Balaton

- (a) understands and agrees that the shares of Gentherm Common Stock representing the Stock Consideration have not been registered under the United States Securities Act of 1933, or under the securities laws of any other country or jurisdiction; and that the shares of Gentherm Common Stock representing the Stock Consideration shall bear the following restrictive legend:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until six months after the closing date, except in either case in accordance with Regulation S under the Securities Act or another available exemption from the registration requirements of the Securities Act (and any applicable state securities laws) or pursuant to an effective registration

statement. No hedging transaction can be conducted with regard to the securities except as permitted by the Securities Act. Terms used above have the meanings given to them by Regulation S “

- (b) understands and agrees that the Stock Consideration may not be offered to be sold, sold or transferred in the absence of (i) an effective registration statement for such securities under the Securities Act or (ii) a valid exemption from registration under the Securities Act;
- (c) represents and certifies that it is not a U.S. Person (and is not receiving the Stock Consideration for the account or benefit of any U.S. Person) within the meaning of Regulation S under the Securities Act;
- (d) agrees that it will offer to sell or sell or otherwise transfer the Stock Consideration only in accordance with the provisions of Regulation S or Rule 144 under the Securities Act or pursuant to any other available exemption from registration under the Securities Act or an effective registration statement under the Securities Act, and that hedging transactions involving the Stock Consideration may not be conducted unless in compliance with the Securities Act;
- (e) agrees that Gentherm Inc. will refuse to register any transfer of the Stock Consideration not made in compliance with clause (d) above; and
- (f) represents and certifies that it will acquire the Stock Consideration for its own account for the purpose of investment.

6.3 As it concerns a breach of the representations and warranties made by Balaton in this Section 6, Section 5 shall apply mutatis mutandis, whereby Balaton's indemnification undertaking provided for in Section 5.1 shall be agreed with Gentherm Inc. For the avoidance of doubt, the indemnification amount of US Dollar 42,900,000 plus the amount of the Cash Consideration at set forth in Section 5 shall be the maximum amount to be paid by Balaton for any and all breaches of any representation in this SPA.

7.

Representations, Warranties and Covenants of Gentherm Inc.

Gentherm Inc. and Purchaser hereby guarantee to Balaton by way of an independent guarantee agreement within the meaning of Section 311 paragraph 1 German Civil Code (*BGB*) for the benefit of Balaton, that the following statements are true and correct as of Closing, whereby such guarantees shall only be given by Gentherm Inc. and Purchaser as far as the respective guarantee relates to them, and agree and acknowledge that Balaton is entering into this SPA in reliance on such representations, warranties and undertakings:

7.1 Gentherm Inc. is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan. Gentherm Inc. has all requisite

corporate power and authority to carry on its business as now conducted and as proposed to be conducted. Gentherm Inc. is duly qualified to transact business and is in good standing in each jurisdiction where it is legally required to be so qualified.

- 7.2 Gentherm Inc. and Purchaser represent that they have full corporate power and authority to enter into the Balaton Documentation including the Trustee Agreement and have obtained all necessary approvals of its board of directors or similar bodies in this connection. The Balaton Documentation and the Trustee Agreement have been duly and validly executed and delivered to Gentherm Inc. and Purchaser and constitutes a legal, valid and binding obligation of Gentherm Inc. and Purchaser enforceable against Gentherm Inc. and Purchaser in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- 7.3 The Balaton Documentation and the Trustee Agreement have been duly executed and delivered by Gentherm and constitutes the valid and binding agreement of Gentherm enforceable against Gentherm in accordance with its terms, subject to applicable insolvency and other similar laws affecting the enforceability of creditors' rights generally.
- 7.4 Neither the execution and performance of the Balaton Documentation including the Trustee Agreement nor the consummation of the transactions contemplated hereby or thereby will conflict with, or result in, a breach or violation of any of the terms of, or constitute a default under, or require any consent not yet obtained with respect to, any other agreement or instrument by which Gentherm is bound, any existing law, regulation, judgment or order applicable to Gentherm or any of Gentherm's charter documents or bylaws.
- 7.5 The Gentherm Common Stock comprising the Stock Consideration, when issued, will be duly authorized and validly issued, fully paid and non-assessable, will be issued in compliance with all applicable securities laws, will be free of preemptive or similar rights, will have been admitted for trading on the NasdaqGS, and will be free of restrictions on transfer other than restrictions on transfer under Section 6.2 of this SPA and under applicable securities laws.
- 7.6 Gentherm Inc. does not undertake or conduct to and shall not pay any dividend, capital increase other than pursuant to the Balaton Documentation, merger, exchange of shares of Gentherm Inc. or conduct a stock split of any Gentherm shares as long as the Share Certificate has not been delivered from Trustee to Balaton, except that this provision shall terminate in the event the transactions contemplated by the Framework Agreement are terminated in accordance with the terms thereof. No dividend or other rights for shareholders of Gentherm Inc will

be declared for record days between February 7, 2013 and receipt of the Share Certificate by Balaton from the Trustee, except that this provision shall terminate in the event the transactions contemplated by the Framework Agreement are terminated in accordance with the terms thereof. Notwithstanding the foregoing, Gentherm shall be free to pay any regularly scheduled dividends to its Series C Preferred Stockholders as they become due.

- 7.7 There is no action pending by Gentherm Inc. or, to Gentherm Inc.'s knowledge, by NasdaqGS to delist the Gentherm Common Stock from the NasdaqGS, nor has Gentherm Inc. received any notification that the NasdaqGS is contemplating terminating such listing.
- 7.8 As of the date hereof and as of the Closing Date (immediately prior to the issuance of the Share Certificate), the authorized and outstanding capital stock of Gentherm Inc. consists of:
- 59,991,000 shares of Gentherm Common Stock (of which 4,991,000 can only be issued as preferred shares and the balance can only be issued as common shares), of which 29,830,292 common shares and 2,332 preferred shares are issued and outstanding. All of the outstanding shares of Gentherm Common Stock have been duly authorized, are fully paid and nonassessable and were issued in compliance with all applicable federal and state securities laws;
- 2,332 shares of preferred stock, without par value, of which 2,332 shares are issued and outstanding and are designated as Series C 8% Convertible Preferred Stock.
- 7.9 Upon their issuance, the shares represented by the Share Certificate will not represent 10% or more of the Gentherm Common Stock. Immediately following the Closing and the issuance and delivery of the Share Certificate to Balaton, and for so long as both (a) Balaton beneficially owns no more than eleven percent (11%) of the outstanding Gentherm Common Stock and (b) Balaton complies with the Balaton Rights Agreement, Gentherm acknowledges and agrees that Balaton will not be deemed an "affiliate" of Gentherm for purposes of Rule 144 under the Securities Act.
- 7.10 Gentherm represents and agrees that neither it nor any of its affiliates (as defined in Regulation 501 under the Securities Act) nor any person acting on its or their behalf has engaged or will engage in any "directed selling efforts" (as defined in Regulation S) with respect to the Gentherm Common Stock representing the Stock Consideration;
- 7.11 Gentherm represents that it is subject to the reporting requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, and that it shall use its reasonable best efforts to remain subject to, and comply with, such reporting requirements for at least one (1) year from the date hereof.

- 7.12 Gentherm represents that neither it nor its affiliates (as defined in Rule 501 under the Securities Act) nor any person acting on its or their behalf have made any offer or sale of securities which is integrated with the current transaction in a manner that would require registration under the Securities Act, and Gentherm agrees to take reasonable precautions designed to ensure that, for a period of six months subsequent to the date of closing, any sale or offer to sell or solicitation of any offer to buy or otherwise negotiate in respect of any security of the same or similar class as the Gentherm Common Stock, within the United States or to U.S. Persons (as defined in Rule 902 under the Securities Act), directly or indirectly, by Gentherm, any of its affiliates or any person acting on their behalf, will not occur under circumstances that would require the registration of the Stock Consideration under the Securities Act.
- 7.13 Since January 1, 2012, Gentherm Inc. has filed with the SEC all forms, reports, schedules, statements and other documents required to be filed by it under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (collectively, the "Gentherm SEC Documents"). As of their respective dates or, if amended, as of the date of the last such amendment, the Gentherm SEC Documents, including, without limitation, any financial statements or schedules included therein, complied in all material respects with the applicable requirements of the Securities Act and the Exchange Act, and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the balance sheets (including the related notes) included in the Gentherm SEC Documents fairly presented in all material respects the financial position of Gentherm Inc. as of the respective dates thereof, and the other related financial statements (including the related notes) included therein fairly presented in all material respects the results of operations and cash flows of Gentherm Inc. for the respective periods or as of the respective dates set forth therein. Each of the balance sheets and statements of operations and cash flows (including the related notes) included in the Gentherm SEC Documents has been prepared in all material respects in accordance with generally accepted accounting principles, except as otherwise noted therein and subject, in the case of unaudited interim financial statements, to normal year-end adjustments.
- 7.14 At Balaton's request, which may be made at any time after six months have lapsed since the date the Share Certificate was delivered to Balaton, Gentherm will cooperate with and assist Balaton (including without limitation causing Gentherm's transfer agent to take appropriate action) in (a) converting the Share Certificate to electronic (DWAC eligible) form and (b) removing the Securities Act restriction from the Stock Consideration. At any time, including prior to the lapse of the six month period described above, Gentherm will cooperate and assist Balaton (including without limitation in obtaining appropriate and necessary

blanket legal opinions, in removing the restrictive legend on the shares being sold, and causing Gentherm's transfer agent to take appropriate action) with respect to any sale of the Stock Consideration made in accordance with the Registration Rights Agreement or under Rule 144.

- 7.15 As it concerns a breach of the representations and warranties made by Gentherm Inc. or Purchaser in this Section 7, Section 5 shall apply mutatis mutandis, whereby Gentherm Inc.'s and Purchasers' combined total liability shall be limited to USD 42,900,000 plus the amount of the Cash Consideration.

8.

Transfer of the Shares

Balaton and Purchaser hereby agree that, conditional upon (*aufschiebend bedingt*) the passing of the Share Certificate from the Trustee to Balaton,

- 8.1 title to the Shares, including in relation thereto (i) the co-ownership rights to the underlying global share certificates, (ii) any certificates for interest, dividends or renewal (*Zins- und Gewinnanteilsscheine, Erneuerungsscheine*) and (iii) any rights to subscribe for newly issued shares in the Company (*Bezugsrechte*), and
- 8.2 Balaton's existing membership rights relating to the Shares, and
- 8.3 Balaton's claims for delivery (*Herausgabe- und Auslieferungsansprüche*) of its portion of the Shares vis-à-vis the Trustee,
- are hereby transferred to Purchaser in accordance with sections 398, 413 German Civil Code (*BGB*).

9.

Transfer of Gentherm Common Stock and Covenant of Gentherm Inc.

- 9.1 Balaton and Gentherm Inc. hereby agree that the ownership of the shares in Gentherm Common Stock representing the Stock Consideration shall transfer from Gentherm Inc. to Balaton upon the passing of the Share Certificate from the Trustee to Balaton including any title, shareholder rights relating to the shares represented by the Share Certificate and Gentherm's claims for delivery (*Herausgabe- und Auslieferungsansprüche*) of Share Certificate vis-à-vis the Trustee.
- 9.2 Gentherm Inc. will register for resale by Balaton under the Securities Act all of the Gentherm Common Stock representing the Stock Consideration in accordance with the terms of the Registration Rights Agreement and subject to reasonable cooperation from Balaton in accordance with the terms of the Registration Rights Agreement. Any costs, fees, taxes and charges for the registration of the Gentherm Common Stock representing the Stock Consideration or accrued in connection with the registration shall be borne by Gentherm Inc.

9.3 Gentherm agrees to comply, at its own cost, with the regulations of the NasdaqGS so that Gentherm's common stock, including the Gentherm Common Stock representing the Stock Consideration, continues to be listed on the NasdaqGS during the effectiveness of the Form S-3 and Gentherm will not delist the Gentherm common stock from the NasdaqGS during such period.

10.

Application of Framework Agreement

Sections 6 (Confidentiality), 8 (Notices), 9 (Choice of Law, Venue), 10 (Interpretation, Formalities, Severability) and 11 (Miscellaneous) of the Framework Agreement shall apply to this SPA mutatis mutandis. The Parties are aware that this Agreement becomes effective upon Publication as defined in the Framework Agreement.

[remainder of page intentionally blank]

SIGNATURE PAGE – SHARE PURCHASE AGREEMENT

IN WITNESS WHEREOF, the Parties have caused this SPA to be signed by a duly authorized signatory thereof, all as of the date first written above.

Deutsche Balaton AG

/s/ Jens Jüttner

Gentherm Europe GmbH

/s/ Peter Memminger, as
representative based on a PoA

Gentherm Incorporated

/s/ Peter Memminger, as
representative based on a PoA

Annex P.5 – Executed Framework Agreement

[See the executed Framework Agreement which is part of this publication.]

Annex 3.2 – Sample Calculation

Number of W.E.T. Shares held by Balaton:	442,253
Number of Shares of Gentherm Stock to be Issued to Balaton:	3,300,000
Market Value of above shares of Gentherm Stock at \$13.00 per share:	\$ 42,900,000
Assumed exchange rate for the signing date:	\$1.30/€1.00
Market Value of above shares of Gentherm Stock in Euros:	€ 33,000,000
/ €85	/ €85
Number of W.E.T. Shares Purchased for Gentherm Stock:	388,235
Number of W.E.T. Shares to be Purchased for Cash:	54,018
Number of W.E.T. Shares being purchased for Cash:	54,018
x 85 Euro	x €85
	€4,591,530

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made and entered into as of February 15, 2013, by and between Gentherm Incorporated, a Michigan corporation (the "Company") and Deutsche Balaton AG, a stock corporation organized under the laws of the Federal Republic of Germany (the "Holder" and, together with any subsequent Holders pursuant to this Agreement, the "Holders").

WHEREAS, the Company is issuing to the Holder effective as of the date hereof 3,300,000 shares of the common stock, without par value, of the Company; and

WHEREAS, the Company, the Holder and Gentherm Europe GmbH have entered into a Framework Agreement dated as of February 15, 2013 which contemplates, among other things, that the parties will enter into this Agreement (the "Framework Agreement").

NOW, THEREFORE, in consideration of the representations, covenants and agreements contained herein, and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. REGISTRATION RIGHTS.

1.1 Certain Definitions. As used in this Agreement, in addition to the terms defined elsewhere in this Agreement, the following terms shall have the following respective meanings:

"Business Day" means any day other than a day on which the SEC is closed.

"Common Stock" means the common stock, without par value, of the Company.

"Deferral Notice" has the meaning specified in Section 1.5(h).

"Effectiveness Period" means the period during which any Registrable Securities are outstanding.

"Prospectus" means the prospectus included in any Registration Statement (including, without limitation, a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance upon Rule 415 promulgated under the Securities Act), as amended or supplemented by any amendment or prospectus supplement, including post-effective amendments, and all materials incorporated by reference or explicitly deemed to be incorporated by reference in such prospectus.

"Registrable Securities" means (i) the 3,300,000 shares of Common Stock of the Company issued to the Holder under the terms of the Framework Agreement (the "Framework Shares"), and (ii) all shares of Common Stock issued to the Holder in connection with any stock split, stock dividend, recapitalization or similar event affecting the Framework Shares; provided, however, that as to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (a) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been sold, transferred, disposed of or exchanged in accordance with such Registration Statement; (b) such securities shall have been otherwise transferred, new securities not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of such securities shall not require registration under the Securities Act; (c) such securities shall have ceased to be outstanding; (d) such securities have been sold to, or

through, a broker, dealer or underwriter in a public distribution or other public securities transaction or (e) four years have lapsed since the Framework Shares were first delivered to the Holder.

“Registration Expenses” means all expenses incurred by the Company in complying with Sections 1.2 and 1.3 hereof, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, state “blue sky” fees and expenses, and accountants’ expenses, provided, Registration Expenses shall not include any commissions or other fees of any broker, dealer or underwriter incurred in connection with a sale of Registrable Securities, fees or expenses of counsel to the Holders, and any taxes applicable to any Holder with respect to any transfer or sale of Registrable Securities.

“Registration Statement” means any registration statement that covers the Registrable Securities pursuant to the provisions of this Agreement, including the Prospectus included in such registration statement, amendments (including post-effective amendments) and supplements to such registration statement, and all exhibits to and all materials incorporated by reference in such registration statement.

“Resale Shelf Registration Statement” has the meaning specified in Section 1.2(a).

“Rule 144” means Rule 144 promulgated under the Securities Act.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated by the SEC thereunder.

“Securities Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the SEC thereunder.

“Underwritten Takedown” shall mean an underwritten public offering of Registrable Securities pursuant to the Resale Shelf Registration Statement as amended or supplemented.

1.2 Resale Shelf Registration Rights.

(a) Registration Statement Covering Resale of Registrable Securities. The Company shall prepare and file or cause to be prepared and filed with the SEC, no later than two (2) Business Days after the date of this Agreement, a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 of the Securities Act registering the resale from time to time by Holders of all of the Registrable Securities held by the Holders (the “Resale Shelf Registration Statement”). The Resale Shelf Registration Statement shall be on Form S-3 or another appropriate form permitting registration of such Registrable Securities for resale by such Holders. The Company shall use reasonable best efforts to cause the Resale Shelf Registration Statement to be declared effective under the Securities Act as soon as practicable, and to keep the Resale Shelf Registration Statement effective under the Securities Act at all times until the expiration of the Effectiveness Period.

(b) Notification and Distribution of Materials. The Company shall notify the Holders in writing of the effectiveness of the Resale Shelf Registration Statement and shall furnish to the Holders, without charge, such number of copies of the Resale Shelf Registration Statement (including any amendments, supplements and exhibits), the Prospectus contained therein (including each preliminary prospectus and all related amendments and supplements) and any documents incorporated by reference in the Resale Shelf Registration Statement or such other

documents as the Holders may reasonably request in order to facilitate the sale of the Registrable Securities in the manner described in the Resale Shelf Registration Statement.

(c) Amendments and Supplements. Subject to the provisions of Section 1.2(a) above, the Company shall promptly prepare and file with the SEC from time to time such amendments and supplements to the Resale Shelf Registration Statement and Prospectus used in connection therewith as may be necessary to keep the Resale Shelf Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all the Registrable Securities during the Effectiveness Period.

(d) Notice of Certain Events. The Company shall promptly notify the Holders in writing of any request by the SEC for any amendment or supplement to, or additional information in connection with, the Resale Shelf Registration Statement required to be prepared and filed hereunder (or Prospectus relating thereto). The Company shall promptly notify each Holder in writing of the filing of the Resale Shelf Registration Statement or any Prospectus, amendment or supplement related thereto or any post-effective amendment to the Resale Shelf Registration Statement and the effectiveness of any post-effective amendment.

(e) Underwritten Takedown. If the Company receives a request from one or more Holders (the requesting Holder(s) shall be referred to herein as the “Requesting Holder”) for the Company to effect the Underwritten Takedown of all or any portion of the Requesting Holder’s Registrable Securities having an estimated aggregate market value of at least \$10,000,000, and specifying the intended method of disposition thereof, then the Company shall promptly (i) give notice of such requested Underwritten Takedown (each such request shall be referred to herein as a “Demand Takedown”) at least 10 Business Days prior to the anticipated filing date of the prospectus or supplement relating to such Demand Takedown to the other Holders and (ii) use its reasonable best efforts to effect, as expeditiously as possible, the offering in such Underwritten Takedown of:

(A) subject to the limitations set forth in Section 1.2(f), all Registrable Securities for which the Requesting Holder has requested such offering under Section 1.2(e), and

(B) subject to the limitations set forth in Section 1.2(f), all other Registrable Securities that any Holders (all such Holders, together with the Requesting Holder, the “Selling Holders”) have requested the Company to offer by request received by the Company within seven Business Days after such Holders receive the Company’s notice of the Demand Takedown,

all to the extent necessary to permit the disposition (in accordance with the intended methods specified by the Requesting Holder) of the Registrable Securities to be offered.

Promptly after the expiration of the seven-Business Day-period referred to above in this Section 1.2(e), the Company will notify all Selling Holders of the identities of the other Selling Holders and the number of shares of Registrable Securities requested to be included in the Underwritten Takedown.

(f) Underwriter Cutback. If the managing underwriter in an Underwritten Takedown advises the Company and the Requesting Holder that, in its view, the number of shares of

Registrable Securities requested to be included in such underwritten offering exceeds the largest number of shares that can be sold without having an adverse effect on such offering, including the price at which such shares can be sold (the “Maximum Offering Size”), the Company shall include in such underwritten offering, up to the Maximum Offering Size, Registrable Securities requested to be included in such Underwritten Takedown by all Selling Holders and allocated pro rata among such Selling Holders on the basis of the relative number of Registrable Securities held by each such Selling Holder at such time (it being understood that for the purposes of calculating the relative number of Registrable Securities held by any Selling Holder, in the event such Selling Holder owns any security of the Company that may be converted, exercised or exchanged into Registrable Securities, the relative number of Registrable Securities held by such Selling Holder shall be determined as if such Selling Holder exercised such equity security on a cashless exercise basis).

(g) Selection of Underwriters. Selling Holders holding a majority of the Registrable Securities requested to be sold in an Underwritten Takedown shall have the right to select an underwriter or underwriters in connection with such Underwritten Takedown, which underwriter or underwriters shall be reasonably acceptable to the Company. In connection with an Underwritten Takedown, the Company shall enter into customary agreements (including an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities in such Underwritten Takedown, including, if necessary, the engagement of a “qualified independent underwriter” in connection with the qualification of the underwriting arrangements with the Financial Industry Regulatory Authority, Inc.

1.3 Piggyback Rights. If the Company proposes to register any shares of Common Stock under the Securities Act (other than any registration for the account of the Company of securities issued pursuant to any employee benefit plan or in any acquisition by the Company, or a registration statement on Form S-4, S-8 or another form not available for registering the Registrable Securities for sale to the public) during the one year period following the date of this Agreement, the Company will provide written notice to each Holder of such registration at least fifteen (15) Business Days prior to the filing of the prospectus or supplement relating to such registration and the Company shall include in such registration all Registrable Securities held by the Holders requested to be so included in writing by such Holders not more than three (3) Business Days after the date such Holders receive such written notice from the Company; provided, however, that if, in the case of an underwritten offering, the managing underwriter informs the Company that, in its view, the number of shares held by the Holders requested to be included exceeds the amount which can be sold in such offering without having an adverse effect on such offering, including the price at which such shares can be sold, the Company shall include in such offering, first, all of the shares the Company has proposed to register; second, as many of the Registrable Securities requested to be included in such underwritten offering (pro rata based on the number of Registrable Securities that each Holder owns at such time) as can be included without adversely affecting such offering; and, third, any other shares of Common Stock proposed to be included in such offering (allocated among such holders in such manner as they and the Company may agree); provided, however, that in no event may less than one-quarter of the total number of shares of Common Stock to be included in such underwritten offering be made available for Registrable Securities. In any registration

effected under this Section 1.3, the Company (or its designee) shall select the underwriters, if any, in connection with such offering. Notwithstanding the foregoing, the Company may postpone or withdraw the filing or the effectiveness of such registration at any time in its sole discretion.

1.4 Expenses of Registration. All Registration Expenses incurred in connection with the performance of the Company's obligations under Sections 1.2 and 1.3 shall be borne by the Company.

1.5 Registration Procedures. The Company shall keep each Holder advised in writing as to the initiation of the registrations described in Sections 1.2 and 1.3 and as to the completion thereof. At its expense the Company shall:

(a) upon written request, before filing any Registration Statement or Prospectus or any amendments or supplements thereto with the SEC, furnish to the Holder of a majority of such Registrable Securities intended to be sold in such offering copies of all such documents proposed to be filed and use reasonable efforts to reflect in each such document when so filed with the SEC such comments as such Holder reasonably shall propose within one Business Day of the delivery of such copies to the Holder, provided that the Company shall not have any obligation to modify any information if the Company expects that so doing would cause the Registration Statement, Prospectus or any amendments or supplements thereto to contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(b) subject to Section 1.5(h), prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement continuously effective for the Effectiveness Period; cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) under the Securities Act; and use reasonable efforts to comply with the provisions of the Securities Act applicable to it;

(c) prior to any public offering of Registrable Securities, use its reasonable best efforts to (i) register or qualify the Registrable Securities covered by the Registration Statement under such securities or "blue sky" laws of such jurisdictions in the United States as the Holders of Registrable Securities included in such Registration Statement (in light of their intended plan of distribution) may request and (ii) take such action necessary to cause such Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental authorities as may be necessary by virtue of the business and operations of the Company and do any and all other acts and things that may be necessary or advisable to enable the Holders of Registrable Securities included in such Registration Statement to consummate the disposition of such Registrable Securities in such jurisdictions; provided, however, that the Company shall not be required to qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify or take any action to which it would be subject to general service of process or taxation in any such jurisdiction where it is not then otherwise so subject;

(d) use reasonable best efforts to cause all such Registrable Securities registered pursuant hereto to be listed on each securities exchange or over-the counter market on which

similar securities issued by the Company are then listed or, if no securities are then listed, on The NASDAQ Global Select Market;

(e) provide a transfer agent and registrar (which may be the same entity) for all such Registrable Securities no later than the effective date of such Registration Statement;

(f) as promptly as reasonably practicable, but within three (3) Business Days in any event, give notice to the Holders (1) when any Prospectus, Prospectus supplement, Registration Statement or post-effective amendment to a Registration Statement has been filed with the SEC and, with respect to a Registration Statement or any post-effective amendment, when the same has been declared effective (provided, however, that the Company shall not be required by this clause (1) to notify the Holders of the filing of a Prospectus supplement that does nothing more substantive than name one or more Holders as selling security holders), and (2) of any request, following the effectiveness of a Registration Statement under the Securities Act, by the SEC or any other federal or state governmental authority for amendments or supplements to such Registration Statement or related Prospectus or for additional information;

(g) give notice to the Holders within one (1) Business Day following notice to the Company (1) of the issuance by the SEC or any other federal or state governmental authority of any stop order or injunction suspending or enjoining the use of any Prospectus or the effectiveness of a Registration Statement or the initiation or threatening of any proceedings for that purpose, (2) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, and (3) of the happening of any event that makes any statement made in a Registration Statement or the related Prospectus untrue in any material respect or that requires changes in order to make the statements therein not misleading;

(h) prepare and file a post-effective amendment to such Registration Statement or a supplement to the related Prospectus or any document incorporated therein by reference, or file any other required document that would be incorporated by reference into such Registration Statement and Prospectus, so that such Registration Statement does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that such Prospectus does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and, in the case of a post-effective amendment to a Registration Statement, subject to the next sentence, use commercially reasonable efforts to cause it to be declared effective as promptly as is reasonably practicable, and give notice to the Holders listed as selling security holders in such Prospectus that the availability of the Registration Statement is suspended (a "Deferral Notice") and, upon receipt of any Deferral Notice, each such Holder agrees not to sell any Registrable Securities pursuant to the Registration Statement until such Holder's receipt of copies of the supplemented or amended Prospectus or until it is advised in writing by the Company that the Prospectus may be used, and has received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such Prospectus. The Company shall use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of the Registration Statement as promptly as possible (and promptly notify in writing each Holder covered by such Registration Statement of the withdrawal of any such order), except that if in the good faith

judgment of the Company public disclosure of a material fact or event would be prejudicial to or contrary to the interests of the Company, the Company may, upon giving prompt written notice to the Holders, delay such action for the shortest period of time, but in no event more than thirty (30) days, determined by the Company to be necessary for such purpose;

(i) in the event of any underwritten public offering of Registrable Securities, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an underwriting agreement. The Company shall, if requested by the managing underwriter or underwriters or any holder of Registrable Securities included in such offering, promptly incorporate in a prospectus supplement or post-effective amendment such information as such managing underwriter or underwriters or any holder of Registrable Securities reasonably requests to be included therein, and which is reasonably related to the offering of such Registrable Securities, including, without limitation, with respect to the Registrable Securities being sold by such Holder to such underwriter or underwriters, the purchase price being paid therefor by such underwriter or underwriters and any other terms of an underwritten offering of the Registrable Securities to be sold in such offering, and the Company shall promptly make all required filings of such prospectus supplement or post-effective amendment;

(j) furnish to each holder of Registrable Securities included in any Registration Statement a signed counterpart, addressed to such holder, of (1) any opinion of counsel to the Company delivered to any underwriter dated the effective date of the Registration Statement or, in the event of an underwritten offering, the date of the closing under the applicable underwriting agreement, in customary form, scope, and substance, at a minimum to the effect that the Registration Statement has been declared effective and that no stop order is in effect, which counsel and opinions shall be reasonably satisfactory to the underwriter or underwriters, if any, and its respective counsel and (2) any comfort letter from the Company's independent public accountants delivered to any underwriter in customary form and covering such matters of the type customarily covered by comfort letters as the managing underwriter or underwriters reasonably request. In the event no legal opinion is delivered to any underwriter, the Company shall furnish to each holder of Registrable Securities included in such Registration Statement, at any time that such holder elects to use a Prospectus, an opinion of counsel to the Company to the effect that the Registration Statement containing such Prospectus has been declared effective and that no stop order is in effect;

(k) reasonably cooperate, and cause each of its principal executive officer, principal financial officer, principal accounting officer, and all other officers and members of the management to reasonably cooperate in any offering of Registrable Securities hereunder, which cooperation shall include, without limitation, the preparation of the Registration Statement with respect to such offering and all other offering materials and related documents, and reasonable participation in meetings with underwriters, attorneys, accountants and potential stockholders;

(l) upon reasonable notice and during normal business hours, make available for inspection by the holders of Registrable Securities included in such Registration Statement, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant, or other professional retained by any holder of Registrable Securities included in such Registration Statement or any underwriter, all financial and other records, pertinent corporate documents and properties of the Company, and cause all of the Company's

officers, directors, and employees and the independent public accountants who have certified its financial statements to make themselves reasonably available to discuss the business of the Company and to supply all information reasonably requested by any such holder, underwriter, attorney, accountant or agent in connection with such Registration Statement as shall be necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors, and employees to supply all information reasonably requested by any of them in connection with such Registration Statement, provided that, unless the disclosure of such information is necessary to avoid or correct a misstatement or omission in the Registration Statement or the release of such information is ordered pursuant to an order from a court of competent jurisdiction, the Company shall not be required to provide any information if (i) the Company believes, after consultation with counsel for the Company, that to do so would cause the Company to forfeit an attorney-client privilege that was applicable to such information or (ii) if either (A) the Company has requested and been granted from the SEC confidential treatment of such information contained in any filing with the SEC or documents provided supplementally or otherwise, or (B) the Company reasonably determines in good faith that such information is confidential and so notifies the parties in writing, unless in the case of (B) the parties requesting such information agree to enter into a confidentiality agreement in customary form and subject to customary exceptions;

(m) reasonably cooperate with each holder of Registrable Securities and each underwriter or agent, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the Financial Industry Regulatory Authority, Inc.;

(n) in the event of any underwritten public offering of Registrable Securities, cause senior executive officers of the Company to participate in customary "road show" presentations that may be reasonably requested by the managing underwriter in any such underwritten offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto; and

(o) otherwise, in good faith, cooperate reasonably with, and take such customary actions as may reasonably be requested by the Holders, in connection with such registration.

1.6 Indemnification.

(a) The Company agrees to indemnify and hold harmless, to the fullest extent permitted by law, each Holder, the partners, members, officers, directors and stockholders of each Holder and any other person, if any, who controls each Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Securities Exchange Act against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this Section 1.6 shall not apply to any loss, liability, claim,

damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information about any Holder furnished to the Company by or on behalf of such Holder expressly for use in the Registration Statement (or any amendment thereto), or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(b) Each Holder agrees to indemnify and hold harmless the Company, and its officers and directors, and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Securities Exchange Act severally and not jointly against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 1.6(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or any preliminary prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information about such Holder furnished to the Company by or on behalf of such Holder expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto).

(c) Each party entitled to indemnification under this Section 1.6 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not be withheld unreasonably), and the Indemnified Party may participate in such defense at such Indemnified Party's expense. The failure of any Indemnified Party to give notice as provided herein shall relieve the Indemnifying Party of its obligations under this Section 1.6 only if such failure is materially prejudicial to the ability of the Indemnifying Party to defend such action, and such failure shall in no event relieve the Indemnifying Party of any liability that he or it may have to any Indemnified Party otherwise than under this Section 1.6. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability with respect to such claim or litigation. No Indemnifying Party shall be liable for any settlement for any action or claim referred to in this Section 1.6 effected without its written consent, such consent not to be unreasonably withheld or delayed.

(d) If the indemnification provided under this Section 1.6 hereof from the Indemnifying Party is unavailable or insufficient to hold harmless an Indemnified Party in respect of any loss, liability, claim, damage and expense referred to herein, then the Indemnifying Party, in lieu of indemnifying the Indemnified Party, shall contribute to the amount paid or payable by the Indemnified Party as a result of such loss, liability, claim, damage and expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnified Party, as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, was made by,

or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the Indemnifying Party's and Indemnified Party's relative intent, knowledge, access to information and opportunity to correct or prevent such action; provided, however, that the liability of any Holder under this Section 1.6(d) shall be limited to the amount of the net proceeds received by such Holder in such offering giving rise to such liability. The amount paid or payable by a party as a result of the losses or other liabilities referred to above shall be deemed to include, subject to the limitations set forth in Sections 1.6(a), 1.6(b) and 1.6(c) above, any legal or other fees, charges or expenses reasonably incurred by such party in connection with any investigation or proceeding. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 1.6(d) were determined by pro rata allocation or by any other method of allocation, which does not take account of the equitable considerations referred to in this Section 1.6(d). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution pursuant to this Section 1.6(d) from any person who was not guilty of such fraudulent misrepresentation.

(e) The indemnification provided for under this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Party or any officer, director or controlling person of such indemnified party and shall survive the transfer of securities by such Indemnified Party.

1.7 Information by Holders. Each Holder shall furnish to the Company such information and certifications regarding such Holder and the distribution proposed by such Holder as the Company may reasonably request in writing and as shall be required in connection with any Registration Statement. Each Holder shall notify the Company in writing within thirty (30) days following the consummation of a transaction the result of which is that such Holder no longer holds Registrable Securities.

1.8 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the SEC that may permit the sale of the Common Stock to the public without registration, the Company shall for so long as Registrable Securities are outstanding:

(a) make and keep public information available as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Securities Exchange Act; and

(c) so long as any Holder owns any securities constituting or representing Registrable Securities, furnish to such Holder upon request a written statement by the Company as to its compliance with the reporting requirements of Rule 144, and of the Securities Act and the Securities Exchange Act.

1.9 Removal of Legends. If requested by a Holder, the Company shall cooperate with such Holder and the Company's transfer agent to facilitate the timely preparation and delivery of certificates (or execution of a book entry transfer) representing Registrable Securities that are covered by the Registration Statement, which certificates or transfer shall be free, to the extent permitted by applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may reasonably request.

1.10 Notice of Change. Within five (5) Business Days following any change in the number of outstanding shares of Common Stock exceeding 50,000 shares since the date of the last such notification made pursuant to this Section 1.10 or, if no notifications have been made under this Section 1.10, then in comparison to the number of outstanding shares as of the date of this Agreement, Gentherm shall provide the Holders with written notice of such change.

2. MISCELLANEOUS.

2.1 Notices. All notices and other communications provided for or permitted hereunder shall be made in writing shall in the English language and delivered by hand, by courier, by facsimile or scanned letter transmitted by email to the person at the addresses set forth below, or such other addresses as may be designated by the respective party to the other parties in the same manner, and shall be deemed given (i) when made, if made by hand delivery, (ii) upon confirmation of transmission, if made by facsimile or email during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient, or (iii) one (1) Business Day after being deposited with such courier, if made by overnight courier, to the parties as follows (or such other address for a party as shall be specified in a notice given accordance with this Section 2.1):

- (a) if to the Holder, to:
- Deutsche Balaton AG
Attn: Jens Jüttner
Martin Flick
Ziegelhäuser Landstraße 169120
Heidelberg
Fax +49 62 21 6 49 24 24
e-mail:juettner@deutsche-balaton.de and flick@deutsche-balaton.de

If to any other Holder, at the address for such Holder then appearing in the books of the Company.

- (b) If to the Company, to:
- Gentherm Incorporated
Attn: Daniel R. Coker
21680 Haggerty Road, Suite 101
Northville, Michigan 48167, United States of America
Fax +1 248 504 0500
e-mail: dcoker@gentherm.com

with a copy to:

Dr. Peter Memminger
Milbank, Tweed, Hadley & McCloy LLP
Taunusanlage 15, 60325
Frankfurt am Main
Fax +49 (0) 69 71914 3500
e-mail: pmemminger@milbank.com

2.2 Governing Law. This Agreement shall be governed and construed under the laws of the State of New York, without regard to conflicts of laws and principles thereof.

2.3 Successors and Assigns; Transfer of Registration Rights. The rights and obligations set forth in this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. The rights of a Holder under this Agreement may be transferred by a Holder to a transferee who acquires or holds Registrable Securities equal to at least two percent (2%) of the then outstanding shares of Common Stock, in which case such transferee shall become an additional Holder under this Agreement; provided, however, that such transferee has executed and delivered to the Company a properly completed agreement to be bound by the terms of this Agreement substantially in the form attached hereto as Exhibit A (an "Addendum Agreement"), and the transferor shall have delivered to the Company, no later than five (5) Business Days following the date of the transfer, written notification of such transfer setting forth the name of the transferor, the name and address of the transferee, and the number of Registrable Securities so transferred. The execution of an Addendum Agreement in accordance with this Section 2.3 shall constitute a permitted assignment of this Agreement.

2.4 Captions. The captions of the several sections and paragraphs of this Agreement are included for reference only and shall not limit or otherwise affect the meaning thereof.

2.5 Amendments. Upon the written consent of the Company and the Holders of at least fifty-one percent (51%) of the Registrable Securities at the time in question, compliance with any of the provisions, covenants and conditions set forth in this Agreement may be waived, or any of such provisions, covenants or conditions may be amended or modified; provided, however, that notwithstanding the foregoing, any amendment hereto or waiver hereof that adversely affects one Holder, solely in its capacity as a holder of the shares of capital stock of the Company, in a manner that is materially different from the other Holders (in such capacity) shall require the consent of the Holder so affected. No course of dealing between any Holder or the Company and any other party hereto or any failure or delay on the part of a Holder or the Company in exercising any rights or remedies under this Agreement shall operate as a waiver of any rights or remedies of any Holder or the Company. No single or partial exercise of any rights or remedies under this Agreement by a party shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder or thereunder by such party.

2.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which taken together shall constitute but one and the same instrument.

2.7 Severability. If any term, provision, covenant or restriction of this Agreement is held to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, and the parties hereto shall use their reasonable best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

2.8 Entire Agreement. This Agreement is intended by the parties hereto as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and the registration rights granted by the Company with respect to the Registrable Securities.

2.9 Other Registration Rights. The Company represents and warrants that no person, other than a Holder of Registrable Securities, has any right to require the Company to register any securities of the Company for sale or to include such securities of the Company in any registration filed by the Company for the sale of securities for its own account or for the account of any other person. This Agreement supersedes any other registration rights agreement or similar agreement with any Holder. After the date of this Agreement, the Company shall not enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder registration rights on a parity with or senior to those granted to the Holders hereunder without the prior written consent of the Holders of at least fifty-one percent (51%) of the Registrable Securities then outstanding.

2.10 Further Assurances. At any time or from time to time after the date hereof, the parties hereto agree to cooperate with each other, and at the request of any other party, to execute and deliver any further instruments or documents and to take all such further action as the other party may reasonably request in order to evidence or effect the consummation of the transactions contemplated hereby and to otherwise carry out the intent of the parties hereunder.

2.11 Termination. This Agreement shall terminate and be of no further force or effect when there shall no longer be any Registrable Securities outstanding; provided, that the provisions of Section 1.6 shall survive any termination.

2.12 No Third Party Beneficiaries. Except as otherwise provided in Section 1.6, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, under or by reason of this Agreement.

[SIGNATURES APPEAR ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement on the date first written above.

COMPANY:
GENTHERM INCORPORATED

/s/ Peter Memminger, as
representative based on a PoA

HOLDER:
DEUTSCHE BALATON AG

/s/ Jens Jüttner

Exhibit A

Addendum Agreement

This Addendum Agreement (“Addendum Agreement”) is executed on _____, 20____, by the undersigned (the “New Holder”) pursuant to the terms of that certain Registration Rights Agreement dated as of February _____, 2013 (the “Agreement”), by and between the Company and the Holder identified therein, as such Agreement may be amended, supplemented or otherwise modified from time to time. Capitalized terms used but not defined in this Addendum Agreement shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Addendum Agreement, the New Holder agrees as follows:

- 1.1 Acknowledgment. New Holder acknowledges that New Holder is acquiring certain shares of the Common Stock of the Company (the “Stock”) [or other equity securities of the Company that are convertible, exercisable or exchangeable for shares of Common Stock of the Company (the “Convertible Securities”)] as a transferee of such Stock [or Convertible Securities] from a party in such party’s capacity as a “Holder” under the Agreement, and after such transfer, New Holder shall be considered a “Holder” for all purposes under the Agreement.
- 1.2 Agreement. New Holder hereby (a) agrees that the Stock [or Convertible Securities] shall be bound by and subject to the terms of the Agreement and (b) adopts the Agreement with the same force and effect as if the New Holder were originally a party thereto.
- 1.3 Notice. Any notice required or permitted by the Agreement shall be given to New Holder at the address or facsimile number listed below New Holder’s signature below.

NEW HOLDER:

Print Name: _____

By: _____

Name: _____

Title: _____

Address: _____

Facsimile Number: _____

ACCEPTED AND AGREED:

GENTHERM INCORPORATED

By:

Name:

Title:

Balaton Rights Agreement

(the “BRA”)

Milbank, Tweed, Hadley & McCloy LLP

Taunusanlage 15
60325 Frankfurt am Main, Germany

Balaton Rights Agreement

dated as of February 15, 2013

by and among

1. **Deutsche Balaton AG**, a stock corporation organized under the laws of the Federal Republic of Germany, with its seat in Heidelberg and its business address at Ziegelhäuser Landstraße 1, 69120 Heidelberg, and registered with the commercial register of the local court of Mannheim under HRB 338172 (“**Balaton**”)
2. **Gentherm Incorporated**, a corporation organized under the laws of the State of Michigan, USA, with its seat in Northville, USA and its business address at Northville, Michigan, 21680 Haggerty Road, Ste. 101, 48167 USA (“**Gentherm Inc.**”)

- Balaton, Gentherm Inc. each a “**Party**” and, collectively, the “**Parties**” -

Table of Contents

1. Definitions	5
2. Standstill	6
3. Miscellaneous	7

List of Annexes

Annex	Topic
Annex P.3	Executed Framework Agreement

Preamble

- P.1 **Whereas**, Gentherm Inc. holds all shares in Gentherm Europe GmbH, a limited liability company organized under the laws of the Federal Republic of Germany, with its seat in Augsburg and its business address at Ulmer Straße 160B, 86156 Augsburg, and registered with the commercial register of the local court of Augsburg under HRB 25596 (“**Purchaser**”).
- P.2 **Whereas**, Purchaser is the majority shareholder of W.E.T. Automotive Systems A.G., a stock corporation organized under the laws of the Federal Republic of Germany with its seat in Odelzshausen, its business address at Rudolf-Diesel-Str. 12, 85235 Odelzhausen and registered with the commercial register of the local court of Munich under HRB 119793 (the “**Company**”).
- P.3 **Whereas**, Purchaser desires to acquire, and Balaton is willing to exchange all of its shares in the Company against shares in Gentherm Inc. as ultimate parent of the Company and a cash payment as consideration by separate agreement and in this connection the Parties have executed a framework agreement, which is attached to this BRA as **Annex P.3** (the “**Framework Agreement**”).
- P.4 **Whereas**, in connection with the Framework Agreement, the Parties have also executed other agreements among them, including a Settlement Agreement by which the Parties settled certain legal actions concurrent with the transactions described in the Framework Agreement.
- P.5 **Whereas**, Gentherm Inc. has requested and Balaton has agreed to observe certain restrictions relating to its shareholding in Gentherm Inc. pursuant to this BRA.

Now, therefore, it is agreed as follows:

1. Definitions

“**BRA**” is defined in the Recitals.

“**Balaton**” is defined in the Recitals.

“**Closing Date**” is defined in the Framework Agreement.

“**Company**” is defined in Section P.2.

“**Framework Agreement**” is defined in P.3.

“**Gentherm**” is defined in the Recitals.

“**Gentherm Inc.**” is defined in the Recitals.

“Parties” is defined in the Recitals.

“Publication” is defined in the Framework Agreement.

“Purchaser” is defined in the Recitals.

“Settlement Agreement” is defined in the Framework Agreement.

2. Standstill

Standstill. Balaton undertakes for a period of four years from and after the Closing Date, without prior written approval of Gentherm Inc. and if not expressly stated otherwise in the following, that neither it nor, to the extent legally permissible, any of its affiliated companies within in the meaning of Section 15 German Stock Corporation Act (*AktG*), nor any of its or theirs directors or officers, will:

- (a) directly or indirectly, purchase, acquire or otherwise own, whether as the beneficial owner and/or record owner, (other than pursuant to a stock split or stock dividend or share buyback) shares in Gentherm (or securities convertible into shares in Gentherm) that would result in total direct or indirect ownership of more than 11% of the outstanding share capital of Gentherm (taking into account all convertible securities owned);
- (b) make any shareholder proposal for any meeting of shareholders of Gentherm Inc. or written consent thereof, other than a confidential proposal to the board of directors of Gentherm Inc.;
- (c) attempt to control or influence the management or board, or the policies, of the Company or Gentherm Inc., except as permitted pursuant to (b);
- (d) participate, solicit, request, advise, assist or encourage others to, take any of the following actions:
 - (i) the formation of a voting trust or group or similar arrangement with respect to shares in Gentherm;
 - (ii) the solicitation of proxies or written consents from shareholders of Gentherm Inc.;
 - (iii) the participation in any director election contest in respect of Gentherm Inc.;
 - (iv) an attempt to call, or request the call of, a special meeting of the shareholders of Gentherm Inc.; or
 - (v) make a public statement critical of Gentherm Inc. or its subsidiaries or affiliates or any of their directors, officers or employees, or take any other action likely to damage the reputation of such persons.

3.
Miscellaneous

- 3.1 The Parties each acknowledge and agree that money damages would not be a sufficient remedy for any breach (or threatened breach) of this BRA by Balaton and that, in the event of any breach or threatened breach hereof, Gentherm Inc. will be entitled to seek injunctive and other equitable relief. Such remedies will not be the exclusive remedies for a breach of this BRA, but will be in addition to all other remedies available at law or in equity.
- 3.2 This BRA shall be governed by and construed in accordance with the laws of the State of Michigan, without regard to its conflict of laws principles. The Parties each (a) irrevocably and unconditionally consent to the personal jurisdiction and venue of the federal or state courts located in Oakland County, Michigan; (b) agree that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court; (c) agree that it shall not bring any action relating to this Agreement or otherwise in any court other than the federal or state courts located in Michigan; and (d) irrevocably waive the right to trial by jury.
- 3.3 Sections 6 (Confidentiality), 8 (Notices), 10 (Interpretation, Formalities, Severability) and 11 (Miscellaneous) of the Framework Agreement shall apply to this BRA mutatis mutandis. The Parties are aware that this Agreement becomes effective upon Publication as defined in the Framework Agreement

[remainder of page intentionally blank]

SIGNATURE PAGE – BALATON RIGHTS AGREEMENT

IN WITNESS WHEREOF, the Parties have caused this Balaton Rights Agreement to be signed by a duly authorized signatory thereof, all as of the date first written above.

Deutsche Balaton AG

/s/ Jens Jüttner

Gentherm Incorporated

/s/ Peter Memminger, as representative
based on a PoA

Annex P.3 – Executed Framework Agreement

[See the executed Framework Agreement which is part of this publication.]



NEWS RELEASE for February 15, 2013

Contact: Allen & Caron Inc
Jill Bertotti (investors)
jill@allencaron.com
Len Hall (media)
len@allencaron.com
(949) 474-4300

GENTHERM ANNOUNCES AGREEMENT TO ACQUIRE ALL W.E.T. SHARES OWNED BY LARGEST MINORITY SHAREHOLDER

Clears Path to Complete Integration of W.E.T.

NORTHVILLE, MICHIGAN, U.S.A. AND HEIDELBERG, GERMANY (February 15, 2013) . . . Gentherm Incorporated (NASDAQ-GS: THRM), the global market leader and a developer of innovative thermal management technologies, today announced it has reached an agreement to acquire all the shares of W.E.T. Automotive Systems AG (W.E.T.) owned by Heidelberg, Germany-based Deutsche Balaton AG, the largest minority shareholder of W.E.T. The acquisition of the shares by Gentherm is a major step in completing its acquisition of W.E.T., a publicly-traded German automotive thermal control and electronic components company. Deutsche Balaton remains indirectly a shareholder of W.E.T. via Gentherm.

Upon completion of the transaction, Deutsche Balaton has agreed to withdraw its legal case opposing the registration of a Domination and Profit and Loss Transfer Agreement (DPLTA), which, under German law, would essentially allow Gentherm and W.E.T. to be managed as one operational entity.

Gentherm initially acquired a majority interest in W.E.T. in May 2011 to create a larger and more global company with a broad range of thermal products and manufacturing capabilities. "The purchase of Deutsche Balaton's shares will enable Gentherm to more completely achieve the synergies inherent in the combined companies," noted Gentherm President and CEO Daniel R. Coker.

The transaction involves the issuance of 3.3 million Gentherm common shares and payment of approximately \$7.5 million in cash in exchange for Deutsche Balaton's 442,253 shares in W.E.T. (or 13.8 percent of the total outstanding W.E.T. shares). For a limited time, the holders of the Gentherm Series C Preferred Stock have the right to purchase up to 30 percent, in the aggregate, of any common share offering. Such holders have all agreed to waive those rights in connection

with the stock issuance to Balaton described above. For purposes of the transaction, the Gentherm shares are valued at \$13.00 per share, yielding an €85 per share valuation of the W.E.T. shares. Another minority shareholder in W.E.T. has agreed to simultaneously sell 23,044 W.E.T. shares to Gentherm for €85 per share in cash. The acquisition of Deutsche Balaton's shares and the shares held by such other minority shareholder will bring the total stock of W.E.T. held by Gentherm to 2,897,360 shares, representing approximately 90 percent of W.E.T.'s outstanding shares. Closing of the transaction is expected to occur within a few days.

"The share purchase will allow Gentherm and W.E.T. to continue the process of combining into one entity, integrating our broad array of capabilities and fulfilling the promise of the acquisition we have always envisioned," Coker said. "Upon the registration of a DPLTA, we will be able to accelerate this process and better serve our customers and generate greater shareholder value without the ongoing distraction of legal issues associated with the combination of the two companies."

"Upon closing of the transaction, Deutsche Balaton, which has proven to be a savvy investor in W.E.T., having held its position for 10 years, will be a significant European investor in Gentherm," added Coker. "This fits well with our strategy to expand our global shareholder base to include investors located outside the U.S., and we are pleased to have Deutsche Balaton as an equity partner."

"We have always believed in W.E.T. and recognized it as a very valuable asset in our portfolio. We are convinced that the combination of Gentherm and W.E.T. will create an extraordinary value opportunity and are enthusiastic about being able to participate," said Thomas Zours, Chairman of the Supervisory Board at Deutsche Balaton.

In connection with the share purchase from Deutsche Balaton, Gentherm has agreed to offer to acquire, upon registration of the DPLTA, the remaining shares of W.E.T. held by other minority shareholders. Such remaining shares represent approximately 10 percent of the total outstanding W.E.T. shares. Gentherm will offer a total payment of €85 per W.E.T. share, or an aggregate of approximately \$37 million in cash. Further details about the technical implementation of such offer will be announced shortly after the registration of the DPLTA.

Gentherm and W.E.T. intend to pursue swift registration of the DPLTA after the transaction is consummated.

About Gentherm

Gentherm Incorporated (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 seat and steering wheel systems, cable systems and other electronic devices. The Company's advanced technology team is developing more efficient materials for thermoelectrics and systems for waste heat recovery and electrical power generation for the automotive market that may have far-reaching applications for consumer products as well as industrial and technology markets. Gentherm has more than 6,000 employees in facilities in the U.S., Germany, Mexico, China, Canada, Japan, England, Korea, Malta, Hungary and the Ukraine. For more information, go to www.gentherm.com.

Certain matters discussed in this release are forward-looking statements that involve risks and uncertainties, and actual results may be different. Important factors that could cause the Company's actual results to differ materially from its expectations in this release are risks that sales may not significantly increase, additional financing, if necessary, may not be available, new competitors may arise and adverse conditions in the automotive industry may negatively affect its results. The liquidity and trading price of its common stock may be negatively affected by these and other factors. Please also refer to Gentherm's Securities and Exchange Commission (SEC) filings and reports, including, but not limited to, its Form 10-Q for the period ended September 30, 2012, and its Form 10-K for the year ended December 31, 2011; all of which are available free of charge on the SEC's website at www.sec.gov. Gentherm expressly disclaims any intent or obligation to update any forward-looking statements.

###



GENTHERM

NEWS RELEASE for February 21, 2013

Contact: Allen & Caron Inc
Jill Bertotti (investors)
jill@allencaron.com
Len Hall (media)
len@allencaron.com
(949) 474-4300

GENTHERM ANNOUNCES CLOSING OF TRANSACTION TO ACQUIRE ALL W.E.T. SHARES OWNED BY LARGEST MINORITY SHAREHOLDER

NORTHVILLE, MICHIGAN, U.S.A. AND HEIDELBERG, GERMANY (February 21, 2013) . . . Gentherm Incorporated (NASDAQ-GS: THRM), the global market leader and a developer of innovative thermal management technologies, today announced the closing of the previously announced acquisition of all the shares of W.E.T. Automotive Systems AG (W.E.T.) owned by Heidelberg, Germany-based Deutsche Balaton AG, the largest minority shareholder of W.E.T.

Gentherm issued 3.3 million common shares and paid approximately \$7.5 million in cash in exchange for Deutsche Balaton's 442,253 shares in W.E.T. (or 13.8 percent of the total outstanding W.E.T. shares). Another minority shareholder in W.E.T. has agreed to sell 23,044 W.E.T. shares to Gentherm for €85 per share in cash. The above acquisitions bring the total stock of W.E.T. held by Gentherm to 2,897,360 shares, representing approximately 90 percent of W.E.T.'s outstanding shares.

In connection with the closing, Deutsche Balaton withdrew its legal case opposing the registration of a Domination and Profit and Loss Transfer Agreement (DPLTA), which, under German law, allows Gentherm and W.E.T. to be managed as one operational entity. Gentherm has agreed to offer to acquire, upon registration of the DPLTA, the remaining shares of W.E.T. held by other minority shareholders for a total payment of €85 per W.E.T. share, or an aggregate of approximately \$37 million in cash.

Gentherm and W.E.T. will now pursue swift registration of the DPLTA.

About Gentherm

Gentherm Incorporated (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 seat and steering wheel systems, cable systems and other electronic devices. The Company's advanced technology team is developing more efficient materials for thermoelectrics and systems for waste heat recovery and electrical power generation for the automotive market that may have far-reaching applications for consumer products as well as industrial and technology markets. Gentherm has more than 6,000 employees in facilities in the U.S., Germany, Mexico, China, Canada, Japan, England, Korea, Malta, Hungary and the Ukraine. For more information, go to www.gentherm.com.

Certain matters discussed in this release are forward-looking statements that involve risks and uncertainties, and actual results may be different. Important factors that could cause the Company's actual results to differ materially from its expectations in this release are risks that sales may not significantly increase, additional financing, if necessary, may not be available, new competitors may arise and adverse conditions in the automotive industry may negatively affect its results. The liquidity and trading price of its common stock may be negatively affected by these and other factors. Please also refer to Gentherm's Securities and Exchange Commission (SEC) filings and reports, including, but not limited to, its Form 10-Q for the period ended September 30, 2012, and its Form 10-K for the year ended December 31, 2011; all of which are available free of charge on the SEC's website at www.sec.gov. Gentherm expressly disclaims any intent or obligation to update any forward-looking statements.

####